



## LAFCO MEETING AGENDA

Board Meeting Chambers, 70 West Hedding Street, First Floor

San Jose, CA 95110

October 17, 2018

10:00 AM

Please note the meeting time

**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 JUNE 6, 2018 LAFCO MEETING**

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**PUBLIC HEARING**

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**4. PROPOSED REVISION OF LAFCO BYLAWS TO INCLUDE POLICIES FOR DISCLOSURE OF EX PARTE COMMUNICATION & POLICIES FOR RECONSIDERATION**

**Recommended Action:**

1. Amend the LAFCO Bylaws to include:
  - a. Ex Parte Communication Disclosure Policies
  - b. Reconsideration Policies

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**ITEMS FOR ACTION / INFORMATION**

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**5. ANNUAL FINANCIAL AUDIT REPORT (JUNE 30, 2018)**

**Recommended Action:**

1. Receive a presentation from Chavan & Associates, LLP on LAFCO's Annual Financial Audit Report.
2. Receive and file the Annual Financial Audit Report (June 30, 2018) prepared for Santa Clara LAFCO by Chavan & Associates, LLP.

**6. LAFCO COMMUNICATIONS AND OUTREACH PLAN**

**Recommended Action:**

CEQA Action

1. Determine that the Communications and Outreach Plan and the recommendations of this staff report are exempt from the requirements of the California Environmental Quality Act (CEQA) under §15061(b)(3) of the CEQA Guidelines.



Communications and Outreach Draft Plan

2. Receive a presentation on the Communications and Outreach Plan.
3. Adopt the Communications and Outreach Plan, with any revisions as necessary.
4. Amend the LAFCO Bylaws to include policies for Commissioner Pledge.
5. Authorize the LAFCO Executive Officer to amend the L Studio service agreement, subject to LAFCO Counsel's review and approval, in order to (a) extend the agreement term to December 31, 2019, and (b) include an additional amount not to exceed \$48,500 for building a new LAFCO website, creating a professional PowerPoint presentation, and designing public exhibits.

**7. 2017-2018 LAFCO ANNUAL REPORT**

**Recommended Action:** Accept the 2017-2018 Annual Report

**8. EXECUTIVE OFFICER'S REPORT**

**8.1 PARTICIPATION IN GLOBAL CLIMATE ACTION SUMMIT AFFILIATE EVENT:  
A TALE OF THREE VALLEYS**

For Information Only

**8.2 SPUR SAN JOSE'S LUNCH PANEL: THE FUTURE OF AGRICULTURE IN  
SANTA CLARA COUNTY**

For Information Only

**8.3 TOUR AND MEETING WITH STATE DEPARTMENT OF CONSERVATION  
STAFF**

For Information Only

**8.4 MEETINGS WITH STATE WATER RESOURCES CONTROL BOARD STAFF  
ON SMALL WATER SYSTEMS**

For Information Only

**8.5 MEETING ON THE PROPOSED AGRICULTURAL WORKER HOUSING  
DEVELOPMENT IN UNINCORPORATED COUNTY OUTSIDE GILROY**

For Information Only

**8.6 PHONE CALL REGARDING SANTA CLARA COUNTY'S AUDIT OF THE  
SOUTH SANTA CLARA COUNTY FIRE PROTECTION DISTRICT**

For Information Only

- 8.7 **MEETING WITH CITY OF GILROY STAFF ON POTENTIAL URBAN SERVICE AREA EXPANSIONS AND ANNEXATIONS**  
For Information Only
- 8.8 **MEETING WITH SANTA CLARA COUNTY PLANNING STAFF ON VARIOUS ISSUES**  
For Information Only
- 8.9 **INQUIRIES FROM PROPERTY OWNERS ON VARIOUS ISSUES**  
For Information Only
- 8.10 **CONFERENCE CALL WITH STATE DEPARTMENT OF CONSERVATION STAFF ON PRIME FARMLAND DEFINITIONS**  
For Information Only
- 8.11 **SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING**  
For Information Only
- 8.12 **SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS MEETING**  
For Information Only
- 8.13 **INTER-JURISDICTIONAL GIS WORKING GROUP MEETINGS**  
For Information Only
- 8.14 **COMMENT LETTER ON CORDOBA CENTER PROJECT DRAFT ENVIRONMENTAL IMPACT REPORT**  
For Information Only
- 9. **CALAFCO RELATED ACTIVITIES**
  - 9.1 **SANTA CLARA LAFCO RECEIVES 2018 “MOST EFFECTIVE COMMISSION” AWARD**  
For Information Only
  - 9.2 **REPORT ON THE 2018 CALAFCO ANNUAL CONFERENCE**  
For Information Only
  - 9.3 **CALAFCO WHITE PAPER: CREATING SUSTAINABLE COMMUNITIES AND LANDSCAPES**  
For Information Only

**9.4 SANTA CLARA LAFCO TO HOST 2019 CALAFCO STAFF WORKSHOP IN SAN JOSE**

**For Information Only**

**10. PENDING APPLICATIONS / UPCOMING PROJECTS**

10.1 Morgan Hill Urban Service Area Amendment 2018

**11. COMMISSIONER REPORTS**

**12. NEWSPAPER ARTICLES / NEWSLETTERS**

12.1 The Sphere, October 2018

**13. WRITTEN CORRESPONDENCE**

13.1 Letters from the Special District Risk Management Authority Regarding President's Special Acknowledgement Awards

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**CLOSED SESSION**

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**14. PERFORMANCE EVALUATION**

Public Employee Performance Evaluation (Government Code §54957)

Title: LAFCO Executive Officer

**15. ADJOURN**

Adjourn to the regular LAFCO meeting on December 5, 2018 at 1:15 PM in the Board Meeting Chambers, 70 West Hedding Street, San Jose.



**LAFCO MEETING MINUTES**  
**WEDNESDAY, JUNE 6, 2018**

**CALL TO ORDER**

The meeting was called to order at 1:17 p.m.

**1. ROLL CALL**

The following commissioners were present:

- **Alternate Commissioner Terry Trumbull** (voted in place of Commissioner Vicklund Wilson and served as chairperson for the meeting)
- **Commissioner Sequoia Hall**
- **Commissioner Sergio Jimenez**
- **Commissioner Rob Rennie**
- **Commissioner John L. Varela**
- **Commissioner Mike Wasserman**
- **Alternate Commissioner Russ Melton**

The following commissioners were absent:

- **Chairperson Ken Yeager**
- **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**

**2. PUBLIC COMMENTS**

Doug Muirhead, a resident of Morgan Hill, stated his interest in staff working on policy review and revisions, and in conducting additional outreach. To that end, he noted that it would be helpful if there is a way to account for staff time that is not spent on processing applications.

**Acting Chairperson Trumbull** congratulated Commissioner Wasserman on his reelection to a new four-year term on the Santa Clara County Board of Supervisors.

**3. APPROVE MINUTES OF APRIL 4, 2018 LAFCO MEETING**

The Commission approved the minutes of the April 4, 2018 LAFCO meeting.

Motion: Wasserman

Second: Varela

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

NOES: None          ABSTAIN: None          ABSENT: Yeager

**MOTION PASSED**

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

Ms. Palacherla provided the staff report.

This being the time and place for the public hearing, **Acting Chairperson Trumbull** declared the public hearing open, determined that there are no speakers from the public, and closed the public hearing.

The Commission:

1. Adopted the Final Budget for Fiscal Year 2018-2019.
2. Found that the Final Budget for Fiscal Year 2019 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorized staff to transmit the Final LAFCO Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association and the Special Districts Association.
4. Directed the County Auditor–Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

Motion: Varela

Second: Jimenez

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

NOES: None          ABSTAIN: None          ABSENT: Yeager

**MOTION PASSED**

**5. PROPOSED REVISION OF FEE SCHEDULE AND ADOPTION OF FEE POLICIES**

Ms. Palacherla presented the staff report.

This being the time and place for the public hearing, **Acting Chairperson Trumbull** declared the public hearing open, determined that there are no speakers from the public, and closed the public hearing.

The Commission:

1. Adopted **Resolution No. 2018-04**, revising the LAFCO Fee Schedule effective on June 8, 2018.
2. Amended the LAFCO Bylaws to include the proposed policies on LAFCO Fees.

Motion: Jimenez

Second: Rennie

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

NOES: None      ABSTAIN: None      ABSENT: Yeager

**MOTION PASSED**

## 6. **INDEPENDENT PROFESSIONAL AUDIT SERVICES**

Ms. Palacherla presented the staff report.

A brief discussion ensued regarding the appointment of a member on consultant selection, and **Commissioner Jimenez** offered to serve on the interview panel.

The Commission:

1. Authorized staff to issue a Request for Proposals for an independent Certified Public Accounting firm to audit LAFCO's financial statements and prepare its General Purpose Financial Statements for the fiscal years ending June 30, 2018, June 30, 2019, June 30, 2020, and June 30, 2021.
2. Delegated authority to the LAFCO Executive Officer to enter into an agreement with the most qualified consultant in an amount not to exceed \$50,000 for a 4-year contract and to execute any necessary amendments, subject to LAFCO Counsel's review and approval.
3. Appointed Commissioner Sergio Jimenez to serve on the consultant interview panel.

Motion: Hall

Second: Wasserman

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

NOES: None      ABSTAIN: None      ABSENT: Yeager

**MOTION PASSED**

7. EXECUTIVE OFFICER'S REPORT

7.1 REPORT ON THE INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE MEETING

The Commission noted the report.

7.2 UPDATE ON THE LAFCO COMMUNICATIONS AND OUTREACH PLAN

The Commission noted the report.

7.3 MEETING WITH STATE WATER RESOURCE CONTROL BOARD STAFF ON MUTUAL WATER COMPANIES AND SMALL WATER SYSTEMS IN COUNTY

**Acting Chairperson Trumbull** informed that the State legislature transferred authority over drinking water to the State Water Resources Control Board (SWRCB) about three years ago.

Doug Muirhead, a resident of Morgan Hill, provided the examples of San Pedro Ponds and the State Board's consolidation efforts and suggested that the Commission discuss and consider policy development to address issues surrounding ground water recharge, water services extensions, land use, growth inducement, and other environmental factors in the South County.

**Commissioner Wasserman** indicated that part of LAFCO's mission is to encourage efficient delivery of services, and stated that it was important to provide safe, reliable water supply. In response to an inquiry by **Commissioner Wasserman**, Ms. Noel informed that staff also does not have detailed information at this time but that the initial conversation with SWRCB involved discussions regarding the viability of some small water systems. She indicated more information will be provided to the Commission after staff's meeting with SWRCB in mid-July. **Commissioner Wasserman** observed that SWRCB has reached out for a reason but the bottom line should be safe, reliable, economical, and efficient delivery of water, whenever possible.

**Commissioner Varela** indicated that well owners of the small water companies have reached out to SCVWD but it is not clear how SCVWD could provide assistance. He also suggested that the option of Morgan Hill or Gilroy incorporating the small water systems in their service area be considered.

**Acting Chairperson Trumbull** informed that as a member of the Palo Alto Utilities Commission he is aware that a charge was added to water bills to fund water clean up mainly in San Joaquin Valley and there may be some in Santa Clara County. He indicated that the Water Board may consider providing funds to the SCVWD for the clean-up efforts.



**Commissioner Rennie** reported that he attended a local government conference where some people were advocating for better services for low income communities and questioning why LAFCOs do not support service extensions. As a LAFCO commissioner, he explained to other participants that service extensions can have growth-inducing impacts. He suggested that CALAFCO consider creative solutions to address this issue. Ms. Palacherla advised that there are various bills in the legislative process attempting to address this concern but funding issues remain. She indicated that this issue is more prevalent in the Central Valley but informed that SWRCB has identified a few failing systems in the county and will provide more information to staff at a meeting scheduled for mid-July. She added that staff and SWRCB discussed a similar issue three years ago for a small local community but there was no follow-up due to lack of funding for the required new infrastructure. **Commissioner Rennie** suggested that LAFCO be more innovative and flexible in addressing such situations.

**Commissioner Hall** reminded that the perchlorate plume in the San Martin area was on the top ten super fund sites.

**7.4 MEETING WITH MORGAN HILL STAFF AND REPRESENTATIVES OF SOUTH COUNTY CATHOLIC HIGH SCHOOL ON PROPOSED URBAN SERVICE AREA AMENDMENT**

The Commission noted the report.

**7.5 MEETING WITH COUNTY PLANNING STAFF ON PROPOSED AGRICULTURAL WORKER HOUSING DEVELOPMENT IN UNINCORPORATED AREA NEAR GILROY**

The Commission noted the report.

**7.6 MEETING WITH COUNTY PLANNING AND SANTA CLARA VALLEY OPEN SPACE AUTHORITY STAFF ON THE SANTA CLARA VALLEY AGRICULTURAL PLAN**

The Commission noted the report.

**7.7 MEETING WITH THE NATURE CONSERVANCY AND GREENBELT ALLIANCE STAFF ON POTENTIAL PARTNERSHIPS**

The Commission noted the report.

**7.8 PRESENTATION TO THE SOUTH COUNTY REALTORS ALLIANCE**

The Commission noted the report.

**7.9 SILICON VALLEY AT HOME (SV@HOME) LUNCHTIME FORUM: WHEN LOCAL DECISIONS TAKE ON REGIONAL IMPORTANCE**

The Commission noted the report.

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

The Commission noted the report.

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

The Commission noted the report.

**8. LEGISLATIVE REPORT**

Ms. Noel presented the staff report.

The Commission:

1. Accepted the report.
2. Took a support position and authorized staff to send letters of support for the following:
  - a. AB 3254 (Assembly Local Government Committee) Omnibus Bill
  - b. AB 2258 (Caballero) LAFCOs Grant Program
  - c. AB 2238 (Aguilar-Curry) Hazard Mitigation Plan and Safety Element
  - d. AB 2600 (Flora) Regional Park and Open Space Districts
  - e. SB 929 (McGuire) Independent Special Districts Internet Websites.

Motion: Varela

Second: Wasserman

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

NOES: None      ABSTAIN: None      ABSENT: Yeager

**MOTION PASSED**

**9. CALAFCO RELATED ACTIVITIES**

**9.1 2018 CALAFCO ANNUAL CONFERENCE ON OCTOBER 3-5**

The Commission authorized commissioners and staff to attend the Annual Conference and directed that associated travel expenses be funded by the LAFCO Budget for Fiscal Year 2019.

Motion: Wasserman

Second: Varela

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

NOES: None      ABSTAIN: None      ABSENT: Yeager

**MOTION PASSED**

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

The Commission noted the report.

**9.3 DESIGNATE VOTING DELEGATE AND ALTERNATE**

The Commission appointed Commissioner Vicklund Wilson as the voting delegate and Commissioner Sergio Jimenez as alternate voting delegate.

Motion: Wasserman      Second: Varela

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

NOES: None      ABSTAIN: None      ABSENT: Yeager

**MOTION PASSED**

**9.4 REPORT ON THE 2018 CALAFCO STAFF WORKSHOP (APRIL 11- 13)**

The Commission noted the report.

**10. PENDING APPLICATIONS / UPCOMING PROJECTS**

There was none.

**11. COMMISSIONER REPORTS**

There was none.

**12. NEWSPAPER ARTICLES / NEWSLETTERS**

There was none.

**13. WRITTEN CORRESPONDENCE**

There was none.

**14. CLOSED SESSION: PERFORMANCE EVALUATION**

The Commission adjourned to closed session at 1:52 p.m., and reconvened to open session at 2:08 p.m., with no reportable action.

**14. ADJOURN**

The Commission adjourned at 2:09 p.m., to the regular LAFCO meeting on August 1, 2018 at 1:15 p.m., in the Board Meeting Chambers, 70 West Hedding Street, San Jose.

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

\_\_\_\_\_  
Terry Trumbull, Acting Chairperson  
Local Agency Formation Commission of Santa Clara County

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

DRAFT

**LAFCO MEETING: October 17, 2018**  
**TO: LAFCO**  
**FROM: Neelima Palacherla, Executive Officer**  
**Mala Subramanian, Legal Counsel**  
**Dunia Noel, Analyst**  
**SUBJECT: PROPOSED REVISION OF LAFCO BYLAWS TO INCLUDE POLICIES FOR DISCLOSURE OF EX PARTE COMMUNICATION & POLICIES FOR RECONSIDERATION**

### **STAFF RECOMMENDATION**

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1. Amend the LAFCO Bylaws to include:
  - a. Ex Parte Communication Disclosure Policies (**Attachment A**)
  - b. Reconsideration Policies (**Attachment B**)

### **BACKGROUND**

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In April 2014, LAFCO adopted a set of Bylaws, which have periodically been revised to provide further clarity on the Commission's practices and procedures.

As a best practice to promote transparency and open government, LAFCO staff is recommending that a LAFCO Commissioner's communication outside of the public hearing be disclosed on the record. However, LAFCO's current Bylaws do not include policies for the disclosure of ex parte communication. Such policies help foster fairness and transparency in the Commission's proceedings.

Over the last few years, some applicants have requested that LAFCO reconsider its decision. At which time, there has been some confusion about the processes and deadlines that apply to these requests. LAFCO's current Bylaws do not include policies to guide the Commission's procedures for processing a request for reconsideration of a LAFCO resolution making determinations/decision. Such policies are needed in order to clarify the Commission's process for considering such requests and to ensure that such requests are considered in a consistent manner.

Therefore staff has drafted policies for the Commission's consideration and adoption that clarify the following:

- Policies for Commissioner disclosure of ex parte communication, and
- Commission's procedures for processing a request for reconsideration of a LAFCO resolution making determinations/decisions.

### **NEXT STEPS**

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Upon the Commission's adoption of the proposed new policies, staff will amend the LAFCO Bylaws to include the new policies and the updated Bylaws will be posted on the LAFCO website.

### **ATTACHMENTS**

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- Attachment A: Proposed policies on Ex Parte Communication Disclosure
- Attachment B: Proposed policies on Reconsideration of a LAFCO Resolution making Determinations/Decisions

**AGENDA ITEM # 4**  
**Attachment A**

**Include the following policies in the LAFCO Bylaws, under the section titled “Conduct of Meeting.”**

**DISCLOSURE OF EX PARTE COMMUNICATION**

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1. Commissioners shall use their best efforts to track ex parte contacts pertaining to applications that are subject to a public hearing pursuant to the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000 (Act).
2. Ex parte contacts include oral or written communications concerning applications that are subject to a public hearing pursuant to the Act which occur outside of a noticed public hearing. Contacts shall include phone calls, meetings, site visits, and written communications, including emails.
3. If an ex parte communication regarding the public hearing matter occurs, the Commissioner shall verbally disclose (1) the identity of the individual(s) with whom the Commissioner had contact; and (2) the substance of the information communicated. The commissioners shall verbally disclose written communication, unless such correspondence is forwarded to LAFCO staff in advance of the public hearing for inclusion in the agenda packet.
4. Following the closure of the public hearing and prior to a final decision, commissioners shall refrain from any contacts pertaining to the item, other than clarifying questions directed to LAFCO staff.
5. The LAFCO meeting agenda shall note public hearing items that require disclosure of ex parte communication.





**Include the following policies in the LAFCO Bylaws, under the section titled “Conduct of Meeting.”**

**RECONSIDERATION OF A LAFCO RESOLUTION MAKING DETERMINATIONS**

- 1) Notwithstanding Section 19 of the Bylaws (Rosenberg’s Rules of Order), any request for reconsideration of a resolution making determinations shall be processed in accordance with the CKH Act, specifically Government Code Section 56895, and not Rosenberg’s Rules of Order.
- 2) If the LAFCO Executive Officer receives a request for reconsideration pursuant to Government Code Section 56895(a) of the CKH Act, the request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration.
- 3) Upon receipt of a timely request for reconsideration, the Commission shall first determine whether there are new or different facts that could not have been presented previously.
- 4) If the Commission determines that there are no new or different facts that could not have been presented previously, the Commission shall not reconsider the matter and shall disapprove the request for reconsideration.
- 5) If the Commission determines that there are new or different facts that could not have been presented previously, the Commission shall then consider the request and receive any oral or written testimony and at the conclusion of its consideration, the Commission may approve with or without amendment, wholly, partially, or conditionally, or disapprove the request for reconsideration.



**LAFCO MEETING: October 17, 2018**  
**TO: LAFCO**  
**FROM: Neelima Palacherla, Executive Officer**  
**Lakshmi Rajagopalan, Analyst**  
**SUBJECT: ANNUAL FINANCIAL AUDIT REPORT (JUNE 30, 2018)**

**STAFF RECOMMENDATION**

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1. Receive a presentation from Chavan & Associates, LLP on LAFCO's Annual Financial Audit Report.
2. Receive and file the Annual Financial Audit Report (June 30, 2018) prepared for Santa Clara LAFCO by Chavan & Associates, LLP.

**BACKGROUND**

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On June 6, 2018, LAFCO authorized staff to issue a Request for Proposals (RFP) for an independent Certified Public Accounting firm to audit LAFCO's financial statements. Commissioner Sergio Jimenez was appointed to serve on the consultant selection panel.

On June 07, 2018, LAFCO staff released o RFP for an independent Certified Public accounting firm to audit LAFCO's financial statements and prepare its General Purpose Financial Statements for Fiscal years ending 2018, 2019, 2020 and 2021. LAFCO received four proposals in response to its RFP.

LAFCO staff, staff from the County Controller-Treasurer's Office and Commissioner Jimenez evaluated the proposals and selected Chavan & Associates, LLP. LAFCO entered into an agreement with Chavan & Associates, LLP for a four-year contract (for Fiscal years 2018, 2019, 2020 and 2021) at a total cost of \$40,000.

Over the last couple of months, LAFCO staff worked with staff from the County Executive's Office and County Controller-Treasurer's Office to provide requested background information and to compile requested financial information and accounting procedures for the audit period.

We extend special thanks to staff from the County Controller-Treasurer's Department and Office of the County Executive for their efforts and assistance during the audit process.

## AUDIT REPORT

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The independent auditing firm of Chavan & Associates, LLP, prepared the LAFCO financial audit for FY 2018. (**Attachment A**) The audit report for fiscal year ending June 30, 2018 will be the first year that LAFCO has issued its separate audited financial statements. In prior years, LAFCO was reported as a special revenue fund, together with other funds, in the County of Santa Clara's Comprehensive Annual Financial Report

The audit was conducted in accordance with the generally accepted auditing standards as specified in the report. The auditors found LAFCO's financial statements present fairly, in all material aspects, the financial position of LAFCO, as of June 30, 2018.

Key financial highlights from the audit for the fiscal year ending June 30, 2018 are as follows:

- LAFCO implemented GASB statement number 75 during the year, which requires local governments to record its unfunded actuarial accrued liability for other postemployment benefits (OPEB) as of June 30, 2018. As a result, LAFCO reported a net OPEB liability of \$282,391 at June 30, 2018 and a prior period adjustment to beginning net position of \$304,058 at July 1, 2017.
- Total net position decreased by \$375,322, from 2017 to 2018 primarily due to the implementation of GASB 75.
- Noncurrent liabilities increased by \$406,398 mainly due to the implementation of GASB 75 and an increase to net pension liabilities of \$112,552.
- Total deferred outflows of resources increased by \$84,025 mainly due to an increase in pension deferrals of \$49,598 and OPEB deferrals of \$34,427.

The audit did not identify any internal control deficiencies or material weaknesses in the presentation of LAFCO's financial information.

Provided for the Commission's information are additional documents entitled, the Management Letter and the Commission Letter dated September 13, 2018, (see **Attachment B**) which provide information relating to the audit, according to auditor's professional standards, on the auditor's responsibilities with regard to the audit of Santa Clara LAFCO.

## ATTACHMENTS

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Attachment A: Annual Financial Audit Report (June 30, 2018)

Attachment B: Management Letter dated October 9, 2018; and Commission Letter dated September 13, 2018.

**AGENDA ITEM # 5**  
**Attachment A**

**Local Agency Formation Commission**  
**of**  
**Santa Clara County**

Annual Financial Audit Report

June 30, 2018



**CHAVAN & ASSOCIATES, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
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SAN JOSE, CA 95129

# Local Agency Formation Commission of Santa Clara County

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**FINANCIAL  
SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Commissioners  
Local Agency Formation Commission of Santa Clara County  
San Jose, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Local Agency Formation Commission of Santa Clara County (LAFCO), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise LAFCO's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to LAFCO's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LAFCO's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of LAFCO, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance





with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of pension contributions, schedule of changes in net pension liability, schedule of OPEB contributions, and schedule of changes in net OPEB liability as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, LAFCO adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The effects of this Statement are described in Note 1 to the basic financial statements. LAFCO currently funds this obligation on a pay-as-you go basis. LAFCO anticipates that its ongoing funding and current resources are sufficient to meet its obligations as they come due. Our opinion is not modified with respect to this matter.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2018 on our consideration of LAFCO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAFCO's internal control over financial reporting and compliance.

C & A LLP

September 13, 2018  
San Jose, California

*Management's Discussion and Analysis*

# Local Agency Formation Commission of Santa Clara County

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

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## INTRODUCTION

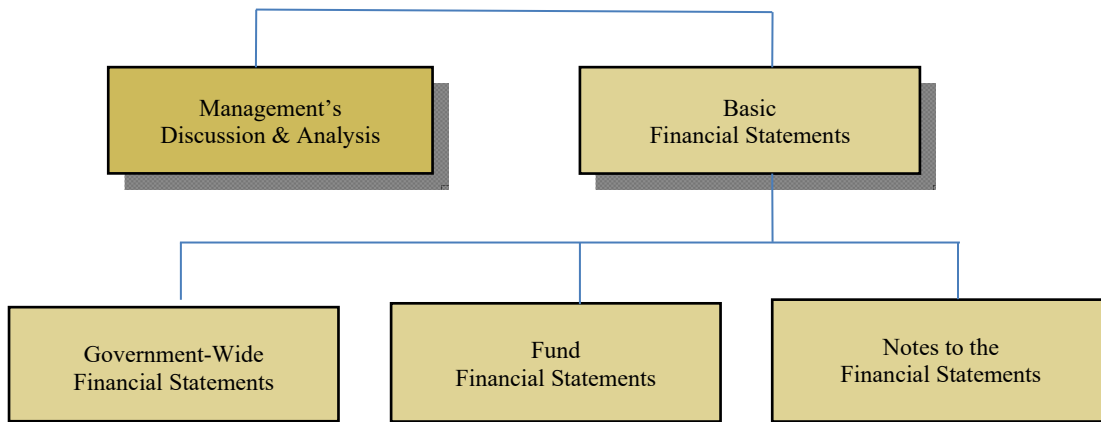
The Management's Discussion and Analysis (MD&A) is a required section of LAFCO's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of LAFCO's financial performance during the fiscal year that ended on June 30, 2018. This report will (1) focus on significant financial issues, (2) provide an overview of LAFCO's financial activity, (3) identify changes in LAFCO's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of LAFCO's operations and financial standing.

## USING THE ANNUAL REPORT

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole organization, presenting both an aggregate view of LAFCO's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

### Required Components of the Annual Financial Report



The view of LAFCO as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2017 - 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report LAFCO's net position and changes in net position. This change in net position is important because it tells the reader that, for LAFCO as a whole, the financial position of LAFCO has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include changing laws in California restricting revenue growth, facility conditions and other factors.

## Local Agency Formation Commission of Santa Clara County

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

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In the Statement of Net Position and the Statement of Activities, LAFCO reports governmental activities. Governmental activities are the activities where LAFCO's programs and services are reported. LAFCO does not have any business type activities.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2018 were as follows:

- The fiscal year ended June 30, 2018 is the first year that LAFCO has presented separate audited financial statements. In prior years, LAFCO was reported as a special revenue fund in the County of Santa Clara's Comprehensive Annual Financial Report.
- LAFCO implemented GASB statement number 75 during the year, which requires local governments to record its unfunded actuarial accrued liability for other postemployment benefits (OPEB) as of June 30, 2018. As a result, LAFCO reported a net OPEB liability of \$282,391 at June 30, 2018 and a prior period adjustment to beginning net position of \$304,058 at July 1, 2017.
- Total net position decreased by \$375,322, from 2017 to 2018 primarily due to the implementation of GASB 75.
- Noncurrent liabilities increased by \$406,398 mainly due to the implementation of GASB 75 and an increase to net pension liabilities of \$112,552.
- Total deferred outflows of resources increased by \$84,025 mainly due to an increase in pension deferrals of \$49,598 and OPEB deferrals of \$34,427.

### REPORTING LAFCO'S MOST SIGNIFICANT FUNDS

#### Fund Financial Statements

The analysis of LAFCO's fund financial statements begins with the balance sheet. Fund financial reports provide detailed information about LAFCO's major funds. LAFCO uses one operating fund, the General Fund, to account for a multitude of financial transactions.

#### Governmental Funds

The General Fund is a governmental fund type and is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of LAFCO's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Local Agency Formation Commission of Santa Clara County**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

**LAFCO AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of LAFCO as a whole. Table 1 provides a summary of LAFCO's net position as of June 30, 2018 as compared to June 30, 2017:

<b>Table 1 - Summary of Statement of Net Position</b>				
Description	2018	2017	Change	Percentage Change
<b>Assets</b>				
Current Assets	\$ 502,616	\$ 514,731	\$ (12,115)	-2.35%
<b>Deferred Outflows</b>	<b>\$ 257,600</b>	<b>\$ 173,575</b>	<b>\$ 84,025</b>	<b>48.41%</b>
<b>Liabilities</b>				
Current Liabilities	\$ 37,923	\$ 33,554	\$ 4,369	13.02%
Noncurrent Liabilities	1,314,367	907,969	406,398	44.76%
Total Liabilities	<b>\$ 1,352,290</b>	<b>\$ 941,523</b>	<b>\$ 410,767</b>	<b>43.63%</b>
<b>Deferred Inflows</b>	<b>\$ 59,259</b>	<b>\$ 22,794</b>	<b>\$ 36,465</b>	<b>159.98%</b>
<b>Net Position</b>				
Unrestricted	<b>\$ (651,333)</b>	<b>\$ (276,011)</b>	<b>\$ (375,322)</b>	<b>57.62%</b>

The decrease to net position was attributable to the implementation of GASB 75 to record LAFCO's net OPEB liability and an increase to LAFCO's net pension liability, mostly related to a decrease in the actuarial discount rate. The increases to deferred outflows and inflows can also be directly attributed to benefit plan changes.

**Local Agency Formation Commission of Santa Clara County**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

Table 2 shows the changes in net position for fiscal year 2018 as compared to 2017.

<b>Table 2 - Summary of Changes in Net Position</b>				
Description	2018	2017	Change	Percentage Change
<b>Revenues</b>				
Program revenues:				
Operating grants and contributions	\$ 802,944	683,987	\$ 118,957	17.39%
Charges for services	25,817	20,436	5,381	26.33%
General revenues:				
Investment income	12,620	7,930	4,690	59.14%
<b>Total Revenues</b>	<b>841,381</b>	<b>712,353</b>	<b>129,028</b>	<b>18.11%</b>
<b>Program Expenses</b>				
General government	912,645	698,655	213,990	30.63%
<b>Total Expenses</b>	<b>912,645</b>	<b>698,655</b>	<b>213,990</b>	<b>30.63%</b>
<b>Change in Net Position</b>	<b>(71,264)</b>	<b>13,698</b>	<b>(84,962)</b>	<b>-620.25%</b>
<b>Beginning Net Position</b>	<b>(276,011)</b>	<b>(289,709)</b>	<b>13,698</b>	<b>-4.96%</b>
<b>Prior Period Adjustment</b>	<b>(304,058)</b>	<b>-</b>	<b>(304,058)</b>	<b>-100.00%</b>
<b>Ending Net Position</b>	<b>\$ (651,333)</b>	<b>\$ (276,011)</b>	<b>\$ (375,322)</b>	<b>57.62%</b>

Program revenues increased due an increased share of operating costs charged back to member agencies during the year. Program expenses increased due to the implementation of GASB 75 (OPEB) and changes to assumptions, such as the discount rate, in LAFCO's pension plan which is maintained by the County of Santa Clara. See Note 4 and Note 5 for information related to LAFCO's benefit plans.

**LAFCO'S FUND BALANCE**

Table 3 provides an analysis of LAFCO's fund balances and the total change in fund balances from the prior year.

<b>Table 3 - Summary of Fund Balance</b>				
Description	2018	2017	Change	Percentage Change
General Fund	\$ 464,693	\$ 481,177	\$ (16,484)	-3.43%

## Local Agency Formation Commission of Santa Clara County

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

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### LAFCO'S NONCURRENT LIABILITIES

Table 4 summarizes LAFCO's noncurrent liabilities as of June 30, 2018 as compared to the prior fiscal year.

Table 4 - Summary of Noncurrent Liabilities				
	2018	2017	Change	Percentage Change
Net OPEB Liability	\$ 282,391	\$ -	\$ 282,391	100.00%
Net Pension Liability	837,372	724,820	112,552	15.53%
Compensated Absences	194,604	183,149	11,455	6.25%
Total Noncurrent Liabilities	<u>\$ 1,314,367</u>	<u>\$ 907,969</u>	<u>\$ 406,398</u>	<u>44.76%</u>

### GENERAL FUND BUDGETING HIGHLIGHTS

LAFCO's budget is prepared according to California law and in the modified accrual basis of accounting.

Changes from LAFCO's General Fund 2017/2018 original budget to the final budget are detailed in the required supplementary information section along with a comparison to actual activity for the year ended. The final budgeted revenue was \$837,894. The final budgeted expenditures and other uses of funds were \$1,042,733.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commission adopted its FY 2019 Budget at the June 7, 2018 LAFCO meeting. The budget includes appropriations totaling \$1,131,997 which is a 4.4% increase from FY 2018. In addition, LAFCO maintains a contingency reserve of \$150,000. The budget assumes a roll-over of \$259,171 in fund balance from the previous fiscal year and does not anticipate a change in application fees and investment revenue (\$39,000) from the previous year.

### CONTACTING LAFCO'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of LAFCO's finances and to show LAFCO's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact the Executive Officer, LAFCO of Santa Clara County, 777 North First Street, Suite 410, San Jose, CA 95112.

*Basic Financial Statements*



# Local Agency Formation Commission of Santa Clara County

## Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 499,996
Interest receivable	2,620
Total Assets	<u>\$ 502,616</u>
<b>Deferred Outflows of Resources</b>	
OPEB adjustments	\$ 34,427
Pension adjustments	223,173
Total Deferred Inflows of Resources	<u>\$ 257,600</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 10,583
Accrued liabilities	27,340
Total current liabilities	<u>37,923</u>
Noncurrent liabilities:	
Net OPEB liability	282,391
Net pension liability	837,372
Compensated absences	194,604
Total noncurrent liabilities	<u>1,314,367</u>
Total Liabilities	<u>\$ 1,352,290</u>
<b>Deferred Inflows of Resources</b>	
OPEB adjustments	\$ 45,868
Pension adjustments	13,391
Total Deferred Inflows of Resources	<u>\$ 59,259</u>
<b>Net Position</b>	
Unrestricted	\$ (651,333)
Total Net Position	<u>\$ (651,333)</u>

*The notes to basic financial statements are an integral part of this statement*

**Local Agency Formation Commission of Santa Clara County**

Statement of Activities

For the Fiscal Year Ended June 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges</u>	<u>Operating</u>	<u>Net (Expense)</u>
		<u>for</u>	<u>Grants and</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Contributions</u>	<u>Changes in</u>
				<u>Net Position</u>
Governmental activities:				
General government	\$ 912,645	\$ 25,817	\$ 802,944	\$ (83,884)
Total governmental activities	<u>\$ 912,645</u>	<u>\$ 25,817</u>	<u>\$ 802,944</u>	<u>(83,884)</u>
General revenues:				
Investment income				<u>12,620</u>
Change in net position				<u>(71,264)</u>
Net position beginning				(276,011)
Prior period adjustment (GASB 75 Net OPEB Liability)				<u>(304,058)</u>
Net position beginning, as adjusted				<u>(580,069)</u>
Net position ending				<u>\$ (651,333)</u>

*The notes to basic financial statements are an integral part of this statement*

**Local Agency Formation Commission of Santa Clara County**

Balance Sheet  
Governmental Funds  
June 30, 2018

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	General Fund
<b>ASSETS</b>	
Cash and investments	\$ 499,996
Interest receivable	2,620
	<hr/>
Total Assets	\$ 502,616
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 10,583
Accrued liabilities	27,340
	<hr/>
Total Liabilities	37,923
	<hr/>
<b>FUND BALANCE</b>	
Unassigned	464,693
	<hr/>
Total Fund Balance	464,693
	<hr/>
Total Liabilities and Fund Balance	\$ 502,616
	<hr/> <hr/>

*The notes to basic financial statements are an integral part of this statement*

**Local Agency Formation Commission of Santa Clara County**

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2018

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Total fund balance - governmental funds \$ 464,693

Amounts reported in the Statement of Net Position are different because:

The differences between projected and actual amounts in pension and OPEB plans are not included in the plans actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:

OPEB adjustments:

Difference between actual and expected experience	(34,026)
Difference between actual and expected earnings	(4,179)
Change in assumptions	(7,663)
Contribution subsequent to measurement date	34,427

Pension adjustments:

Difference between actual and expected experience	(1,104)
Difference between actual and expected earnings	26,276
Change in assumptions	109,478
Contribution subsequent to measurement date	75,132

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term (noncurrent) liabilities at year-end consists of:

Net OPEB liability	282,391	
Net pension liability	837,372	
Compensated absences	<u>194,604</u>	<u>(1,314,367)</u>

Total net position - governmental activities \$ (651,333)

*The notes to basic financial statements are an integral part of this statement*

**Local Agency Formation Commission of Santa Clara County**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

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	General Fund
Revenues:	
Intergovernmental	\$ 802,944
Charges for services	25,817
Investment income	12,620
Total revenues	841,381
Expenditures:	
Current:	
Employee services	628,536
Professional services	134,218
Commission fees	5,400
Facilities	41,120
Insurance	4,893
Supplies	18,954
Memberships	8,674
Travel	14,582
Miscellaneous	1,488
Total expenditures	857,865
Net change in fund balances	(16,484)
Fund balances beginning, July 1, 2017	481,177
Fund balances ending, June 30, 2018	\$ 464,693

*The notes to basic financial statements are an integral part of this statement*

**Local Agency Formation Commission of Santa Clara County**

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance  
to the Statement of Activities

For the Fiscal Year Ended June 30, 2018

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Total net change in fund balance - governmental funds \$ (16,484)

In governmental funds, actual contributions to pension and OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. (43,325)

In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year, vacation earned exceeded the amounts used. (11,455)

Change in net position of governmental activities \$ (71,264)

*The notes to basic financial statements are an integral part of this statement*

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

### A. General

The Local Agency Formation Commission of Santa Clara County (the “Commission” or “LAFCO”) was established in 1963 to administer a complex series of statutory laws and enabling acts that serve to encourage the orderly development and reorganization of Local Government Agencies, essential to the social, fiscal and economic wellbeing of the State. The Commission operates under the authority of Government Code Section 56000 and the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000.

The Commission is composed of seven members who include two county supervisors, two city council representatives, two special district representatives and one member representing the public at large. Commission members serve a four-year term.

### B. Reporting Entity

LAFCO’s combined financial statements include the accounts of all its operations. LAFCO evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit’s reporting entity for general purpose financial reports is the ability of the governmental unit’s elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit’s power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2018, LAFCO does not have any component units but is a blended component unit of the County of Santa Clara.

### C. Accounting Principles

The accounting policies of LAFCO conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

### D. Basis of Presentation

#### **Government-wide Financial Statements:**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of LAFCO. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of LAFCO's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. LAFCO does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of LAFCO, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of LAFCO.

## **Fund Financial Statements:**

Fund financial statements report detailed information about LAFCO. The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities and deferred inflows are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. LAFCO has only one operating fund.

## E. Basis of Accounting

### **Government-Wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments and service charges are recognized as revenues in the year for which they are levied. Expenses are recorded when liabilities are incurred.

### **Governmental Fund Financial Statement:**

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the LAFCO, "available" means collectible within the current period or within 60 days after year-end.



# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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Non-exchange transactions, in which the LAFCO receives value without directly giving equal value in return, include assessments and interest income. Under the accrual basis, revenue from assessments is recognized in the fiscal year for which the assessments are levied. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

## Deferred Outflows/Deferred Inflows of Resources:

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

When applicable, unamortized portions of the gain and loss on refunding debt are reported as deferred inflows and deferred outflows of resources, respectively. Deferred outflows and inflows of resources are reported for the changes related to benefit plans. In addition, when an asset is recorded in governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

## Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unearned revenue.

## Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

## F. Fund Accounting

The accounts of LAFCO are organized into one operating fund, the General Fund which has separate set of self-balancing accounts that comprise of LAFCO's assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures.

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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## G. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the Commission must adopt a final budget no later than June 15th. A public hearing must be conducted to receive comments prior to adoption. The Commissioners' satisfied these requirements.

## H. Cash and Equivalents

For purposes of the statement of net position, the Commission considers all short-term highly liquid investments, including restricted assets, amounts held with fiscal agent and amounts held in the County's investment pool, to be cash and cash equivalents. Amounts held in the County's investment pool are available on demand to the Commission.

## I. Cash and Investments

As described in Note 2, LAFCO's cash and investments are held with the Santa Clara County Treasury, as part of the cash and investment pool with other County Funds. In accordance with GASB Statement No. 31, investments are stated at fair value. However, the value of the pool shares in the County Treasurer's investment pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of LAFCO's position in the pool. The County Treasurer's investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by Section 27134 of the California Government Code. Statutes authorize the County to invest in the following:

1. Obligations of the County or any local agency and instrumentality in or of the State of California;
2. Obligations of the U.S. Treasury, agencies and instrumentalities;
3. Bankers' acceptances eligible for purchase by Federal Reserve System;
4. Commercial paper;
5. Repurchase agreements or reverse repurchase agreements;
6. Medium-term notes with a five-year maximum maturity of corporations operating within the United States and rated in the top three rating categories;
7. Guaranteed investment contracts

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

## Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

### J. Prepaid Expenditures

LAFCO has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. LAFCO has chosen to report the expenditure during the benefiting period.

### K. Capital Assets

Capital assets, which may include land, structures and improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the Commission's capitalization threshold is met. Amortization of assets acquired under capital lease is included in depreciation and amortization. Currently, LAFCO has no items meeting the capital asset criteria.

### L. Compensated Absences

Accumulated unpaid vacation and sick leave are recorded as a liability when future payments for such compensated absences have been earned by employees based on pay and salary rates in effect at year end. This liability is recorded in the government-wide statement of net position to reflect LAFCO's obligation to fund such costs from future operations. LAFCO includes its share of Social Security and Medicare payments made on behalf of the employees in its accrual for compensated absences. Unused vacation and sick leave are paid out upon separation from LAFCO based on the terms stated in the Memorandum of Understanding between the employees' bargaining units and LAFCO. LAFCO does not accrue for compensated absences in its governmental fund statements and recognizes liabilities for compensated absences only if they are due and payable in an event such as termination.

### M. Long-Term Debt/Noncurrent Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. LAFCO did not have any long-term debt outstanding as of June 30, 2018 but did have noncurrent obligations from benefit plans and compensated absences.

### N. Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## O. Fund Balance Classifications

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, LAFCO classifies governmental fund balances as follows:

*Nonspendable* fund balance includes amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

*Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* fund balances includes amounts constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by LAFCO's commission.

*Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the General Manager.

*Unassigned* fund balance includes positive amounts within the general fund which have not been classified within the above mentioned categories and negative fund balances in other governmental funds.

LAFCO uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, LAFCO would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

## P. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by LAFCO or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. LAFCO applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted contributions whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

## Q. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB Statement No. 68) requires that the reported results pertain to liability and asset information within certain defined timeframes. Liabilities are based on the results of actuarial calculations performed as of June 30, 2016. For this report, the following timeframes are used for LAFCO's pension plans:

Valuation Date (VD).....	June 30, 2016
Measurement Date (MD).....	June 30, 2017
Measurement Period (MP).....	June 30, 2016 to June 30, 2017

## R. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the LAFCO's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

## S. Implemented New Accounting Pronouncements (Change in Accounting Principles)

**GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions** - The provisions in Statement 75 are effective for the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for

## Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

As of June 30, 2018, according to GASB 75, LAFCO's net OPEB liability must be recognized. Therefore, the previous net OPEB liability as of June 30, 2017 in the amount of \$304,058 has been shown as a restatement of net position on the Statement of Activities as a separate line item.

### T. Upcoming Accounting and Reporting Changes

**GASB Statement No. 83, *Certain Asset Retirement Obligations*.** - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. LAFCO doesn't believe this statement will have a significant impact on LAFCO's financial statements.

**GASB Statement No. 84, *Fiduciary Activities*.** - The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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encouraged. LAFCO doesn't believe this statement will have a significant impact on LAFCO's financial statements.

**GASB Statement No. 86, *Certain Debt Extinguishment Issues*.** - The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged. LAFCO doesn't believe this statement will have a significant impact on LAFCO's financial statements.

**GASB issued Statement No. 87, *Leases*.** - The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for LAFCO's fiscal year ending June 30, 2021. LAFCO doesn't believe this statement will have a significant impact on LAFCO's financial statements.

## NOTE 2 - CASH AND INVESTMENTS

### Summary of Cash and Investments

LAFCO maintained cash with the Santa Clara County Treasurer's commingled pool totaling \$499,996 as of June 30, 2018.

### Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

See the County of Santa Clara's Comprehensive Annual Financial report at [https://www.sccgov.org/sites/fin/ControllerTreasurer%20Department/CAFR%20Report/Pages/Comprehensive-Annual-Financial-Report-\(CAFR\).aspx](https://www.sccgov.org/sites/fin/ControllerTreasurer%20Department/CAFR%20Report/Pages/Comprehensive-Annual-Financial-Report-(CAFR).aspx) for information regarding the County's commingled pool's recurring fair value measurements as of June 30, 2018.

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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## Cash in Santa Clara County Treasury

The fair value of LAFCO's investment in the county pool is reported at amounts based on LAFCO's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Santa Clara County investment pool funds were available for withdrawal on demand and had an average weighted maturity of 479 days.

All cash and investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average cash and investment balances of the various funds of the County.

## Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

### a) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. LAFCO manages its exposure to interest rate risk by investing in the Santa Clara County investment pool, which had a fair value of approximately \$7.5 billion as of June 30, 2018.

### b) Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the County's investment pool is governed by the County's general investment policy. The County's investments included U.S. government securities, medium-term corporate notes, commercial paper, certificates of deposit or obligations explicitly guaranteed by the U.S. government that are not considered to have credit risk exposure. The County's two other investment types, LAIF and money market mutual funds, are not rated. The money pooled with the County of Santa Clara Investment Pool is not subject to a credit rating.

### c) Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, LAFCO's deposits may not be returned to it. LAFCO does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.



# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the money invested by LAFCO in the County of Santa Clara Investment Pool).

## d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. LAFCO's investment in the County's commingled pool is diversified by the County Treasurer by limiting the percentage of the portfolio that can be invested in any one issuer's name. Investments in U.S. Treasuries, U.S. Agency securities explicitly backed by the U.S., and mutual and pooled funds are not subject to this limitation.

More than 5% of the County's commingled pooled investments are invested with the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank.

## NOTE 3 - NONCURRENT LIABILITIES

The following summarized LAFCO's noncurrent liabilities as of June 30, 2018:

Description	Balance July 01, 2017	Adjustments & Additions	Deletions	Balance June 30, 2018
Net Pension Liability	574,038	276,725	13,391	837,372
Net OPEB Liability	-	338,485	56,094	282,391
Compensated Absences	183,149	11,455	-	194,604
Total Noncurrent Liabilities	<u>\$ 757,187</u>	<u>\$ 626,665</u>	<u>\$ 69,485</u>	<u>\$ 1,314,367</u>

## NOTE 4 - DEFINED BENEFIT PENSION PLAN

### Plan Description

All qualified permanent and probationary employees are eligible to participate in LAFCO's Miscellaneous Employee Pension Plan (the Plan), an agent multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are equal to the product of a benefit multiplier, the employee's retirement age and final compensation. The cost of living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such members who established CalPERS membership on or after January 1, 2013 are

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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known as “PEPRA” members.

The Plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to 1/1/2013	On or after 1/1/2013
Benefit formula	2% @ 55 2.5% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55-60	62
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.00%
Required employee contribution rates	8.000%	6.500%
Required employer contribution rates	18.978%	18.978%

## Employees Covered

At June 30, 2018, there were four active employees covered by the plan.

## Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Public Employees Retirement Fund (PERF) is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous
Contributions - employer	\$ 72,514
Contributions - employee	29,734
Total	\$ 102,248

## Pension Liabilities

As of June 30, 2018, LAFCO reported a net pension liability of \$837,372.

LAFCO’s net pension liability for the Plan is measured at a .027% proportionate share of the County of Santa Clara’s miscellaneous pension plan’s net pension liability, based on contributions made during the fiscal year. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. LAFCO’s proportion of the net pension liability was based on a projection of LAFCO’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. LAFCO’s net pension liability for its agent multiple employer plan is measured as the total pension

**Local Agency Formation Commission of Santa Clara County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

liability less the fiduciary net position for each plan. The change in the net pension liability for the plan is as follows:

	<b>Plan</b>		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net pension liability</b>
Balance at June 30, 2017 (6/30/2016 MD)	\$ 2,520,658	\$ 1,795,838	\$ 724,820
Service cost	66,427	-	66,427
Interest	189,609	-	189,609
Changes of assumptions	158,690	-	158,690
Differences between expected and actual experience	(2,638)	-	(2,638)
Benefit payments	(116,090)	-	(116,090)
Change in proportionate share	-	-	-
Employer contributions	-	72,514	(72,514)
Employee contributions	-	29,734	(29,734)
Net investment income	-	199,967	(199,967)
Benefit payments	-	(116,090)	116,090
Net plan to resource movement	-	(28)	28
Administrative expense	-	(2,651)	2,651
Other	-	-	-
Net change	295,998	183,446	112,552
Balance at June 30, 2018 (6/30/2017 MD)	<u>\$ 2,816,656</u>	<u>\$ 1,979,284</u>	<u>\$ 837,372</u>

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2018, LAFCO recognized pension expense of \$110,336.

At June 30, 2018, LAFCO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 119,985	\$ 10,507
Differences between Expected and Actual Experience	1,780	2,884
Differences between Projected and Actual Investment Earnings	26,276	-
Pension Contributions Made Subsequent to Measurement Date	75,132	-
	<u>\$ 223,173</u>	<u>\$ 13,391</u>

LAFCO reported \$75,132 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Miscellaneous</u>
2019	\$ 27,236
2020	69,036
2021	49,061
2022	(10,683)
2023	-
Thereafter	-
	<u>\$ 134,650</u>

## Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

## Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<b>Asset Class</b>	<b>New</b>		
	<b>Strategic Allocation</b>	<b>Real Return Years 1 - 10 (a)</b>	<b>Real Return Years 11+ (b)</b>
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
<b>Total</b>	<b>100.00%</b>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

## Sensitivity of the Net Pension Liability to Changes in the Discount

The following presents LAFCO's net pension liability, calculated using the discount rate, as well as what LAFCO's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 1,223,609
1% Decrease	7.15%
Net Pension Liability	\$ 837,372
1% Increase	8.15%
Net Pension Liability	\$ 518,297

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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## Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

## NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

### Plan Description

LAFCO participates in a Santa Clara County (the County) maintained cost-sharing multiple-employer defined benefit postemployment healthcare plan (the OPEB plan). The County's OPEB Plan provides healthcare benefits to eligible County, or LAFCO, employees and their dependents.

The County participates in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent multiple-employer postemployment health plan, to fund other postemployment benefits through CalPERS. The CERBT plan's audited financial statements are available at <https://www.calpers.ca.gov/docs/forms-publications/gasb-75-schedule-changes-fiduciary-net-position-2017.pdf>.

### Benefits Provided

All County employees hired prior to August 12, 1996, with at least five years of service after attaining age 50 are covered under the OPEB Plan upon retirement. For employees hired after August 12, 1996 and on or before June 18, 2006, the eligibility requirements were increased to a minimum of eight years of service after attaining age 50. For employees hired after June 19, 2006 and mostly on or before September 30, 2013, the eligibility requirements were increased to a minimum of ten years of service after attaining age 50, age 52 for Miscellaneous employees hired on or after January 1, 2013. For a majority of the employees hired beginning in August 2013 (mostly on and after September 30, 2013), the eligibility requirements were increased to a minimum of fifteen years of service and attaining age 50 for Safety employees and 52 for Miscellaneous employees. For all of the above, employees must retire from CalPERS directly from the County. The County does not cover premium cost associated with dependents.

### Employees Covered by Benefit Terms

At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Active employees	4
Inactive employees	-
<b>Total employees</b>	<u><u>4</u></u>

### Contributions

LAFCO makes contributions based on an actuarially determined rate and are approved by the authority of LAFCO's Commission through the annual budget adoption. Total contributions during the year were \$34,427. Total contributions included in the measurement period were \$38,559. The actuarially determined contribution for the measurement period was \$34,079. LAFCO's contributions were 11.03% of payroll during the measurement period June 30, 2017 (reporting period June 30, 2018).

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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## Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

<b>Valuation Date:</b>	June 30, 2017
<b>Measurement Date:</b>	June 30, 2017
<b>Actuarial Cost Method:</b>	Entry-Age Actuarial Cost Method
<b>Amortization Method:</b>	30-Year Closed Amortization, Level Percent of Payroll
<b>Amortization Period:</b>	30 years
<b>Asset Valuation Method:</b>	Market Value
<b>Actuarial Assumptions:</b>	
<b>Discount Rate</b>	7.00%
<b>Inflation</b>	2.75%
<b>Wage Inflation</b>	3.00%
<b>Salary Increases</b>	Miscellaneous: 10.90% to 3.30%, varying by service, including wage inflation
<b>Investment Rate of Return</b>	7.0%, Net of investment expenses
<b>Medical Cost Trend Rates:</b>	
<b>Non-Medicare medical plan</b>	7.00% graded down to an ultimate of 4.50% over 10 years
<b>Medicare medical plan</b>	6.50% graded down to an ultimate of 4.50% over 8 years
<b>Medicare Part B</b>	4.50%

## Discount Rate

The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability (TOL) as of June 30, 2017, the measurement date, for the fiscal year ended June 30, 2018.

## Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

### Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
International Equity	57.00%	6.960%
Fixed Income	27.00%	1.360%
Real Estate	8.00%	4.460%
Treasury Inflation Protected Securities	5.00%	3.860%
All Commodities	3.00%	3.860%
<b>Total</b>	<u>100.00%</u>	

### Net OPEB Liability

LAFCO's net OPEB liability was measured as of June 30, 2017 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2018 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2018, for the measurement date of June 30, 2017:

Fiscal Year Ended June 30, 2018 (Measurement Date June 30, 2017)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at June 30, 2017</b>	\$ 488,207	\$ 155,257	\$ 332,949
Service cost	14,472	-	14,472
Interest in Total OPEB Liability	34,597	-	34,597
Employer contributions	-	28,891	(28,891)
Employer implicit subsidy	-	-	-
Employee contributions	-	1,325	(1,325)
Balance of diff between actual and exp experience	(40,235)	-	(40,235)
Balance of diff between actual and exp earnings	-	-	-
Balance of changes in assumptions	(9,061)	-	(9,061)
Actual investment income	-	16,679	(16,679)
Administrative expenses	-	(563)	563
Benefit payments	(16,867)	(16,867)	-
Other	-	3,999	(3,999)
<b>Net changes</b>	<u>(17,095)</u>	<u>33,464</u>	<u>(50,559)</u>
<b>Balance at June 30, 2018</b>	<u>\$ 471,112</u>	<u>\$ 188,721</u>	<u>\$ 282,391</u>
Covered Payroll at Measurement Date	\$ 349,612		
Total OPEB Liability as a % of covered payroll	134.75%		
Plan Fid. Net Position as a % of Total OPEB Liability	40.06%		
Service cost as a % of covered payroll	4.14%		
Net OPEB Liability as a % of covered payroll	80.77%		



# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

## Deferred Inflows and Outflows of Resources

At June 30, 2018, LAFCO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected experience	\$ -	\$ (34,026)
Difference between actual and expected earnings	-	(4,179)
Change in assumptions	-	(7,663)
OPEB contribution subsequent to measurement date	34,427	-
<b>Totals</b>	<b>\$ 34,427</b>	<b>\$ (45,868)</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$34,427 resulting from LAFCO contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30,</b>	
2019	\$ (8,652)
2020	(8,652)
2021	(8,652)
2022	(8,652)
2023	(7,607)
Thereafter	(3,652)
<b>Total</b>	<b>\$ (45,868)</b>

## OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2018, for the measurement date of June 30, 2017:

Service cost	\$ 14,472
Interest in TOL	34,597
Expected investment income	(11,455)
Other	(3,999)
Employee contributions	(1,325)
Difference between actual and expected experience	(6,209)
Difference between actual and expected earnings	(1,045)
Change in assumptions	(1,398)
Administrative expenses	563
<b>OPEB Expense</b>	<b>\$ 24,201</b>

**Local Agency Formation Commission of Santa Clara County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2018, for the measurement date of June 30, 2017:

Net OPEB liability ending	\$ 282,391
Net OPEB liability beginning	<u>(332,949)</u>
Change in net OPEB liability	(50,559)
Changes in deferred outflows	-
Changes in deferred inflows	45,868
Employer contributions	<u>28,891</u>
<b>OPEB Expense</b>	<b><u><u>\$ 24,201</u></u></b>

**Sensitivity to Changes in the Discount Rate**

The net OPEB liability of LAFCO, as well as what LAFCO's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	<b>Discount Rate</b>		
	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
	<b>(1% Decrease )</b>	<b>(Current Rate)</b>	<b>(1% Increase )</b>
Net OPEB Liability	\$ 350,706	\$ 282,391	\$ 226,543

**Sensitivity to Changes in the Healthcare Cost Trend Rates**

The net OPEB liability of LAFCO, as well as what LAFCO's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows

	<b>Trend Rate</b>		
	<b>3.0%</b>	<b>4%</b>	<b>5.0%</b>
	<b>(1% Decrease )</b>	<b>(Current Rate)</b>	<b>(1% Increase )</b>
Net OPEB Liability	\$ 214,890	\$ 282,391	\$ 371,843

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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## NOTE 6 - RISK MANAGEMENT

LAFCO is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. LAFCO is a member of the Special District Risk Management Authority (SDRMA). During the fiscal year ended June 30, 2018, LAFCO had the following coverages subject to the terms, conditions and exclusions as provided in the Memorandum of Coverage from SDRMA.:

	<u>Limits</u>
Property	
Property	\$ 1,000,000,000
Boiler and Machinery	\$ 100,000,000
Pollution	\$ 2,000,000
Cyber	Limits on File
General Liability	
Bodily Injury	\$ 2,500,000
Property Damage	\$ 2,500,000
Public Officials Personal	\$ 500,000
Employment Benefits	\$ 2,500,000
Employee/Public Officials E&O	\$ 2,500,000
Employment Practices Liability	\$ 2,500,000
Employee/Public Officials Dishonesty	\$ 1,000,000
Auto Liability	
Auto Bodily Injury	\$ 2,500,000
Auto Property Damage	\$ 2,500,000
Uninsured Motorist	Limits on File
Workers' Compensation	
Employers Liability	\$ 5,000,000
Workers' Compensation	Statutory

Workers' compensation coverage as noted above is for Commissioners while employees are covered by Santa Clara County. There have not been any claims in any of the last three fiscal years and there were no reductions in LAFCO's insurance coverage during the current year. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage.

## NOTE 7 - COMMITMENTS AND CONTINGENCIES

### Litigation

LAFCO may be exposed to various claims and litigation during the normal course of business. However, management believes there were no matters that would have a material adverse effect on LAFCO's financial position or results of operations as of June 30, 2018.

### Operating Leases

LAFCO is under a current lease for building space at 777 North First Street, San Jose, California. The lease has a sixty-two-month term that expires on March 31, 2022. The base rent ranges from \$3,404 to \$3,982 which includes a 4% increase on the first of April every year.

# Local Agency Formation Commission of Santa Clara County

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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As of June 30, 2018, the future minimum lease payments were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 42,906
2020	44,625
2021	46,407
2022	<u>35,838</u>
Total	<u>\$ 169,776</u>

Total rent expense for the year ended June 30, 2018 was \$41,120

## NOTE 8 - SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**Local Agency Formation Commission of Santa Clara County**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual (GAAP)  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 798,894	\$ 798,894	\$ 802,944	\$ 4,050
Charges for services	35,000	35,000	25,817	(9,183)
Investment income	4,000	4,000	12,620	8,620
Total revenues	837,894	837,894	841,381	3,487
Expenditures:				
Current:				
Employee services	685,072	685,072	628,536	56,536
Professional services	250,237	250,237	134,218	116,019
Commission fees	10,000	10,000	5,400	4,600
Facilities	42,764	42,764	41,120	1,644
Insurance	5,000	5,000	4,893	107
Supplies	19,736	19,736	18,954	782
Memberships	8,674	8,674	8,674	-
Travel	18,750	18,750	14,582	4,168
Miscellaneous	2,500	2,500	1,488	1,012
Total expenditures	1,042,733	1,042,733	857,865	184,868
Net change in fund balance	(204,839)	(204,839)	(16,484)	188,355
Fund balance beginning	481,177	481,177	481,177	-
Fund balance ending	<u>\$ 276,338</u>	<u>\$ 276,338</u>	<u>\$ 464,693</u>	<u>\$ 188,355</u>

LAFCO employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

## Local Agency Formation Commission of Santa Clara County

### Schedule of Contributions for Pension Plans

For the Fiscal Year Ended June 30, 2018

Plan Measurement Date	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Fiscal Year Ended	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially Determined Contributions (ADC)	\$ 72,514	\$ 64,817	\$ 56,192	\$ 50,865
Contributions in Relation to ADC	72,514	64,817	56,192	50,865
<b>Contribution Deficiency (Excess)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Covered Employee Payroll</b>	<b>\$ 381,587</b>	<b>\$ 356,470</b>	<b>\$ 335,288</b>	<b>\$ 322,075</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>19.00%</b>	<b>18.18%</b>	<b>16.76%</b>	<b>15.79%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2016

Assumptions Used: Entry Age Normal

Inflation Assumed at 2.75%.

Investment Rate of Returns set at 7.5%.

The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Asset valuation method is Market Value of Assets.

Payroll growth 3.00%.

The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

\*\* Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

## Local Agency Formation Commission of Santa Clara County

### Schedule of Changes in Net Pension Liability

For the Fiscal Year Ended June 30, 2018

Measurement Period	2017	2016	2015	2014
Fiscal Year	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 66,427	\$ 56,283	\$ 54,109	\$ 54,769
Interest	189,609	180,987	171,403	162,515
Changes of assumptions	158,690	-	(42,028)	-
Differences between expected and actual experience	(2,638)	3,559	(3,558)	-
Benefit payments	(116,090)	(108,619)	(101,138)	(94,224)
Change in proportionate share	-	-	-	-
Net change in Total Pension Liability	295,998	132,210	78,787	123,060
Total pension liability - beginning	2,520,658	2,388,448	2,309,660	2,186,600
Total pension liability - ending	<u>\$ 2,816,656</u>	<u>\$ 2,520,658</u>	<u>\$ 2,388,448</u>	<u>\$ 2,309,660</u>
<b>Plan fiduciary net position</b>				
Employer contributions	\$ 72,514	\$ 64,817	\$ 56,192	\$ 50,865
Employee contributions	29,734	28,002	26,336	27,292
Net investment income	199,967	9,509	39,872	266,077
Benefit payments	(116,090)	(108,619)	(101,138)	(94,224)
Net plan to resource movement	(28)	47	(156)	-
Administrative expense	(2,651)	(1,099)	(2,032)	-
Other	-	-	-	-
Net change in plan fiduciary net position	183,446	(7,342)	19,074	250,011
Plan fiduciary net position - beginning	1,795,838	1,803,180	1,784,106	1,534,095
Plan fiduciary net position - ending	<u>\$ 1,979,284</u>	<u>\$ 1,795,838</u>	<u>\$ 1,803,180</u>	<u>\$ 1,784,106</u>
Net pension liability	\$ 837,372	724,820	585,268	525,555
Plan fiduciary net position as a percentage of the total pension liability	70.27%	71.24%	75.50%	77.25%
Covered payroll	381,587	356,470	335,288	322,075
Net pension liability as a percentage of covered payroll	219.44%	203.33%	174.56%	163.18%
Total pension Liability as a percentage of covered payroll	738.14%	707.12%	712.36%	717.12%

\*\* Fiscal year 2015 was the first year of implementation, therefore only four years are shown.



# Local Agency Formation Commission of Santa Clara County

## Schedule of Contributions for OPEB Plans

For the Fiscal Year Ended June 30, 2018

<b>Measurement Period</b>	<b>2017</b>
<b>Fiscal Year</b>	<b>2018</b>
Actuarially determined contribution (ADC)	\$ 34,079
Less: actual contribution in relation to ADC	(38,559)
Contribution deficiency (excess)	<u>\$ (4,480)</u>
Covered payroll for the fiscal year 2017/18	\$ 349,612
Contributions as a percentage of covered payroll	11.03%

**Notes to Schedule:**

*Assumptions and Methods*

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry-Age Actuarial Cost Method
Amortization Method:	30-Year Closed Amortization, Level Percent of Payroll
Amortization Period:	30 years
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Wage Inflation	3.00%
Salary Increases	Miscellaneous: 10.90% to 3.30%, varying by service, including wage inflation
Investment Rate of Return	7.0%, Net of investment expenses
Medical Cost Trend Rates:	
Non-Medicare medical plan	7.00% graded down to an ultimate of 4.50% over 10 years
Medicare medical plan	6.50% graded down to an ultimate of 4.50% over 8 years
Medicare Part B	4.50%

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

## Local Agency Formation Commission of Santa Clara County

### Schedule of Changes in Net OPEB Liability

For the Fiscal Year Ended June 30, 2018

<b>Measurement Period</b>	<b>2017</b>
<b>Fiscal Year</b>	<b>2018</b>
<b>Total OPEB liability</b>	
Service cost	\$ 14,472
Interest	34,597
Changes of benefit terms	-
Differences between expected and actual experience	(40,235)
Changes of assumptions	(9,061)
Benefit payments	(16,867)
Net change in Total OPEB Liability	(17,095)
Total OPEB Liability - beginning	488,207
Total OPEB Liability - ending	<u>\$ 471,112</u>
 <b>Plan fiduciary net position</b>	
Employer contributions	\$ 28,891
Employer implicit subsidy	-
Employee contributions	1,325
Net investment income	16,679
Difference between estimated and actual earnings	-
Benefit payments	(16,867)
Other	3,999
Administrative expense	(563)
Net change in plan fiduciary net position	33,464
Plan fiduciary net position - beginning	155,257
Plan fiduciary net position - ending	<u>\$ 188,721</u>
 Net OPEB liability	 \$ 282,391
 Plan fiduciary net position as a percentage of the total OPEB liability	  40.06%
 Covered employee payroll	 \$ 349,612
 Net OPEB Liability as a percentage of covered payroll	 80.77%
 Total OPEB Liability as a percentage of covered payroll	 134.75%

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

**OTHER INDEPENDENT  
AUDITOR'S REPORTS**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Commissioners  
Local Agency Formation Commission of Santa Clara County  
San Jose, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of LAFCO as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise LAFCO's basic financial statements, and have issued our report thereon dated September 13, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LAFCO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LAFCO's internal control. Accordingly, we do not express an opinion on the effectiveness of LAFCO's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LAFCO's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not



express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

September 13, 2018  
San Jose, California



**AGENDA ITEM # 5**  
**Attachment B**

Management Letter  
June 30, 2018

Prepared by  
Chavan & Associates, LLP  
Certified Public Accountants





To the Local Agency Formation Commission of Santa Clara County

### **Introduction and Internal Controls**

In planning and performing our audit of the basic financial statements of as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered 's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of 's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of Communication**

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing, and communicate additional information that may be relevant to future Agency decision making. Accordingly, this communication is not intended to be and should not be used for any other purpose.

C & A LLP

October 9, 2018  
San Jose, California





To the Commission  
Local Agency Formation Commission of Santa Clara County

We have audited the basic financial statements of the Local Agency Formation Commission of Santa Clara County as of and for the year ended June 30, 2018, and have issued our report thereon dated September 13, 2018. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Local Agency Formation Commission of Santa Clara County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Local Agency Formation Commission of Santa Clara County's audited financial statements doesn't extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.



### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to management.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Local Agency Formation Commission of Santa Clara County is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements include accumulated depreciation related to capital assets and unfunded liabilities and expenses based on assumptions in actuarial studies performed on defined benefit pension plans (GASB 68 and GASB 65).

We evaluated the key factors and assumptions used to develop the identified estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Local Agency Formation Commission of Santa Clara County's financial statements relate to: cash and investments, capital assets, long-term obligations and defined benefit pension plans.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.



### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

In addition, professional standards require us to communicate to you all material, corrected and uncorrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material, corrected or uncorrected misstatements noted during the audit.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Local Agency Formation Commission of Santa Clara County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in a separate letter dated September 13, 2018.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Findings or Issues**

In the normal course of our professional association with the Local Agency Formation Commission of Santa Clara County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Local Agency Formation Commission of Santa Clara County's auditors.



**Chavan & Associates, LLP**  
Certified Public Accountants

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This report is intended solely for the information and use of the Board and management of the Local Agency Formation Commission of Santa Clara County and is not intended to be and should not be used by anyone other than these specified parties.

*C & A LLP*

September 13, 2018  
San Jose, California

**LAFCO MEETING: October 17, 2018**  
**TO: LAFCO**  
**FROM: Neelima Palacherla, Executive Officer**  
**Dunia Noel, Analyst**  
**SUBJECT: COMMUNICATIONS AND OUTREACH PLAN**

### **STAFF RECOMMENDATIONS**

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#### **CEQA ACTION**

1. Determine that the Communications and Outreach Plan and the recommendations of this staff report are exempt from the requirements of the California Environmental Quality Act (CEQA) under §15061(b)(3) of the CEQA Guidelines.

#### **COMMUNICATIONS AND OUTREACH DRAFT PLAN & IMPLEMENTATION**

2. Receive a presentation on the Communications and Outreach Plan.
3. Adopt the Communications and Outreach Plan (**Attachment A**), with any revisions as necessary.
4. Amend the LAFCO Bylaws to include policies for Commissioner Pledge (**Attachment B**).
5. Authorize the LAFCO Executive Officer to amend the L Studio service agreement, subject to LAFCO Counsel's review and approval, in order to (a) extend the agreement term to December 31, 2019, and (b) include an additional amount not to exceed \$48,500 for building a new LAFCO website, creating a professional PowerPoint presentation, and designing public exhibits. Please see **Attachment C** for Proposed Budget & Scope of Services.

#### **PREPARATION OF THE COMMUNICATIONS AND OUTREACH PLAN**

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In October 2017, LAFCO directed staff to issue a Request for Proposals (RFP) for a professional services firm to prepare and implement a Communications and Outreach Plan for LAFCO.

In late November 2017, LAFCO retained L Studio, through an RFP process, to prepare and implement a Communications and Outreach Plan for LAFCO. The L Studio consultant team consists of Marianna Leuschel, Michael Meehan, and Chad Upham.

In December 2017, the consultants initiated the development of the Plan with a discovery phase where they reviewed existing communications and media for Santa Clara LAFCO in order to obtain an overview of LAFCO and its existing communications and outreach efforts.

In January 2018, the consultants surveyed current Santa Clara LAFCO commissioners to gather information on LAFCO's communications goals, challenges and opportunities. LAFCO staff then developed a map of LAFCO stakeholders to assist the consultants' efforts.

In February 2018, the consultants conducted twelve stakeholder interviews in order to gather information from the broadest perspectives, including farmers and realtors, LAFCO applicants and environmental advocates, elected officials and local agency staff, and general public. The interviews focused on individuals who had interacted with Santa Clara LAFCO directly and whose views were informed by first-hand exposure to the agency. Through the stakeholder interviews and the survey of current LAFCO commissioners, the consultants identified communications and outreach issues and opportunities to reach LAFCO's target stakeholder audiences.

On March 17, 2018, the consultants presented and discussed their findings at a public workshop for Santa Clara LAFCO commissioners and further explored communications and outreach strategies with the Commission. A diverse array of stakeholders, including local agency staff, environmental advocates, realtors, a lobbyist, and members of the community/general public attended and provided valuable input.

Over the last several months staff has worked with the consultants to discuss the draft outline and potential elements of the Plan and to provide feedback on some of the initial design concepts for the new identity and communications materials.

The consultants then developed the draft Plan and communications materials with insights from commissioners, staff and a group of diverse stakeholders.

## **CONTENTS OF COMMUNICATIONS AND OUTREACH PLAN**

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### **Messages, Strategies, and Tools for LAFCO Communications & Outreach**

The Plan presents strategies and tools to guide the Commission as it aims to expand understanding of LAFCO's role and responsibility in promoting sustainable growth and good governance.

The Report includes a historical context and brief overview of the process used to develop the Plan. The Report also identifies the core issues and a problem statement to be addressed through the recommended strategies, actions and tools presented in the Plan. The Plan presents four broad messages and opportunities, intended for

incorporation across all communications, and outreach audiences. The Plan also presents strategies and actions aimed at addressing the issues identified in the Plan and guiding principles for delivering messages to LAFCO's diverse stakeholders. The Plan offers recommendations for the tools needed to deliver on abovementioned strategies. Lastly, the recommended tools and activities are summarized into a schedule for implementation with the goal of completing the Plan implementation over a 12 months period, following adoption of the Plan.

Implementation of the Plan will fall largely to LAFCO staff, with support from consultants in terms of design of communication materials, as well as ongoing leadership of the Commission.

### **Identity Style Guide, Guiding Principles, Special Templates**

As part of the Scope of Services, the consultants have also prepared an Identity Style Guide for LAFCO which will help facilitate the extension of the proposed new identity into all communications produced and maintain the consistency and visual integrity of the identity over time. The Guide includes a new LAFCO identity, campaign tagline, and naming standards; and a new color palette, fonts, and typography for LAFCO's documents. The Guide also includes a redesign of LAFCO business cards, letterhead, and mailing labels that incorporates the new LAFCO identity/logo. Lastly, the Guide includes new templates for staff to use to prepare fact sheets, annual reports, and e-announcements or email blasts. Please see **Attachment A1** for the Identity Style Guide.

## **IMPLEMENTATION OF COMMUNICATIONS AND OUTREACH PLAN**

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### **"What is LAFCO?" Brochure**

Staff and the consultants are in the process of preparing a new "What is LAFCO?" brochure, which will be the primary communications tool for Santa Clara LAFCO. The brochure will be used to educate all audiences about the history of LAFCO's mission and mandate, commissioner's role in upholding the mandate, how LAFCO functions, and what LAFCO has accomplished over 50 years in Santa Clara County. The brochure will also include the new narrative about what is unique to Santa Clara County and how LAFCO thinks ahead to create public value for the good of the county as a whole.

### **County and Cities Boundaries Map: Sustainable Growth and Conservation**

Staff and the consultants are also preparing an updated version of the current County and Cities Boundary Map, which will be designed as a complementary tool to the "What is LAFCO?" brochure and can be used as a stand-alone document or handed out in conjunction with the brochure. In addition to the updated version of the county map featuring cities boundaries, the map will feature farmlands and open space, other graphics and narrative to describe how development and conservation are integral to each other.

Staff will be incorporating the Plan's broad messages into these materials to reach a diverse audience. It is anticipated that both of these tools will be completed by year end. The Plan includes snapshots of design concepts for the brochure and map.

### **Commissioner Pledge and Policies on Administration of Pledge**

The Plan states that there is a need for increased institutional "culture" within the Commission. According to the Plan, institutional culture is reflected outwardly in the form of resiliency and consistency, reinforcing mission and mandate, clarity of expectations, credibility and trust.

The Plan recommends that all commissioners sign a single page Pledge acknowledging their role in representing LAFCO as a Commissioner. The consultants have drafted a Pledge and staff has prepared policies for administering the Pledge, for the Commission's consideration and adoption. Please see **Attachment B** for proposed Pledge and Policies.

### **AS A RETURN ON LAFCO'S INVESTMENT, CONSIDER EXTENDING CONSULTANT CONTRACT TO IMPLEMENT OTHER KEY RECOMMENDATIONS**

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LAFCO has invested a substantial amount of time and financial resources in the development of the Communications and Outreach Plan. The consultant team, through their preparation of the Plan, has learned a great deal about Santa Clara LAFCO, its diverse stakeholders, and its specific communications and outreach needs. As a return on LAFCO's investment thus far, LAFCO can further utilize the consultant's professional expertise and newfound local knowledge to help implement the Plan's other key recommendations.

### **Redesign/Build New Website, Create Professional Presentation and Exhibits**

The Plan states that "the LAFCO website is the primary portal for distributing information to all stakeholders and should reflect the new narrative and identity, as well as the recommended principles of putting forward a message that is positive, personal, proactive and accessible." As part of the Plan, the consultants have audited LAFCO's current website and recommended changes to update the current site and/or build a new website.

Given the age of the current website, the Plan recommends that a new website be built with current technology to achieve LAFCO's goals for better communication and functionality. Such a website would be built to anticipate the needs of the organization for the next 5+ years, including paperless workflows, security, evolving messaging, tracking analytics, document archives, compatibility with mobile devices, and maintenance requirements. The Plan recommends integration of the new identity and new communications messages into the website and also the inclusion of additional content to align with the best practices of public agency transparency.

The Plan also states that in-person presentations are one of the most effective ways to share the Santa Clara LAFCO story with new Commissioners as well as elected officials



and staff of the County, Cities, Special Districts; interest groups; and community associations. The Plan recommends that a new PowerPoint presentation be developed that reflects LAFCO's new identity and narrative in a clear and memorable way and which can be used by LAFCO staff to reach these key target audiences. The Plan also recommends that a series of exhibits be developed, for temporary display in public spaces around the County, or at events, to tell the LAFCO story.

L Studio has prepared a proposed budget and scope of services for additional communication tools, specifically a redesign/build of the LAFCO website; development of a professional PowerPoint presentation for Commissioners, and local agency staff and elected officials; and designing of public exhibits. The budget and scope of services is provided in **Attachment C** for the Commission's consideration and approval.

The LAFCO Budget for Fiscal Year 2018-2019 includes sufficient funding for the proposed additional scope of services for an amount not to exceed \$48,500.

## **ENVIRONMENTAL ANALYSIS**

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The Plan presents strategies and tools to guide the Commission as it aims to expand understanding of LAFCO's role and responsibility in promoting sustainable growth and good governance, in the county as a whole.

Therefore, the Plan and implementation of the Plan is exempt from the requirements of the California Environmental Quality Act (CEQA) under §15061(b)(3) of the CEQA Guidelines. Section 15061(b)(3) states that the activity is covered by the general rule that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

## **NEXT STEPS**

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Upon adoption of the Plan, staff will post the adopted Plan on the LAFCO website.

Staff and the consultants will finalize the design and print copies of the "What is LAFCO?" Brochure and the County and Cities Boundary Map, and distribute them to LAFCO Commissioners and to affected agencies and others, as necessary.

If directed, staff will revise the LAFCO Bylaws to include the Commissioner Pledge Policies. All Commissioners will receive a copy of the Pledge for their signature.

If directed, Executive Officer Palacherla will amend the L Studio service agreement to extend the agreement term, and include the additional scope of services and the specified not to exceed amount. Staff will then begin working with the consultants to complete the tasks included in the scope of services.

Lastly, staff will incorporate the Communications and Outreach Plan's remaining implementation priorities into future work plans for the Commission's consideration

and approval. Staff will update the Commission on the further implementation of the Plan.

**ATTACHMENTS**

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Attachment A: Communications and Outreach Plan September 2018

Attachment A1: Identity Style Guide

Attachment B: Commissioner Pledge Policies, including Commissioner Pledge

Attachment C: Proposed Budget & Scope of Services for Additional Communications Tools

**COMMUNICATIONS AND OUTREACH PLAN**  
**SEPTEMBER 2018** DRAFT

SANTA  
CLARA  
**LAFCO**



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**SANTA CLARA LAFCO  
COMMUNICATIONS AND  
OUTREACH PLAN**

September 2018 DRAFT

Prepared For  
Local Agency Formation Commission  
of Santa Clara County

Prepared By  
L Studio  
Acre Policy  
Covive



**For 55 years, LAFCO has played a vital role in creating livable communities in Santa Clara County** by curbing urban sprawl, protecting agricultural and open space lands, and encouraging the efficient delivery of services. In the era of climate change and resiliency planning, LAFCO's role in shaping the county's future has only become more crucial. Yet, LAFCO remains relatively unknown and there is a general lack of understanding for what LAFCO does and why it is important — which hinders the Commission's effectiveness.

The Communications and Outreach Plan represents a groundbreaking effort to address this challenge in a comprehensive manner. Prepared by communication consultants with insights from commissioners, staff and a group of diverse stakeholders, the Plan presents strategies and tools to guide the Commission as it aims to expand understanding of LAFCO's role and responsibility in promoting sustainable growth and good governance, in the county as a whole.

Thank you to everyone who participated in the development of the Communications Plan and we look forward to continuing dialogue as we begin its implementation.

**Ken Yeager**  
*Chairperson*

**Susan Vicklund Wilson**  
*Vice-Chairperson*

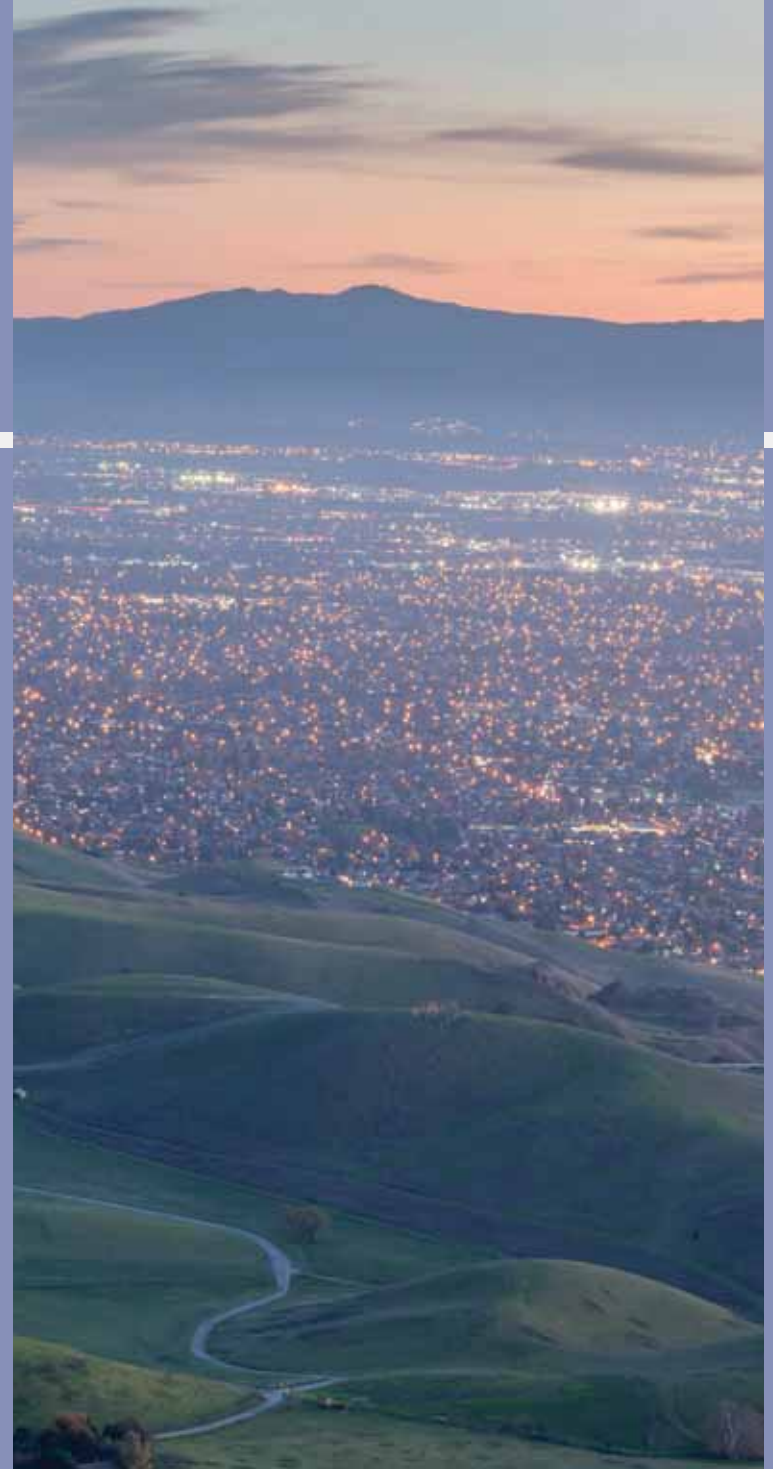
This report reflects the findings and recommendations from the research conducted by the consulting team hired to develop this Communications Plan:

**Marianna Leuschel, L Studio**  
**Michael Meehan, Acre Policy**  
**Chad Upham, Covive**

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# SECTION ONE: **OVERVIEW**

Section One provides some historical context and a brief overview of the process used to develop this plan. It also identifies the core issues and problem statement to be addressed through the recommended set of strategies, actions, and tools that follow.





# CONTEXT FOR THE PLAN



Santa Clara and neighboring Bay Area counties map

By 1963, the landscape of Santa Clara County was undergoing radical change. The economic, social, and geographic terrains had been shifting in response to a post-war surge of new residents settling in the County. Housing and business development boomed, but the growth was piecemeal and disorderly.

One result of this period was a sprawling suburban area that became difficult and costly to manage and to efficiently provide urban services such as sewer and water lines. Another result was the permanent loss of prime farmland resources, making it difficult for California's largest industry at that time to sustain itself in a previously abundant agricultural valley. The pattern of growth in post-war Santa Clara County reflected ad hoc decisions by developers, landowners, and local elected officials, with little-to-no strategic planning for the future.

Similar land use dynamics were being experienced across California. In response, the state legislature sought a solution. A steward was required to



oversee growth, an entity empowered by the State government, but with locally focused expertise. In 1963, the California Legislature mandated the formation of **Local Agency Formation Commissions**, or LAFCOs, in each county. The power to regulate local government boundaries is exclusive to the State, but since 1963, under regularly revisited state law, the Legislature charges LAFCOs to carry out this authority. As such, it is the responsibility of LAFCOs to promote growth that is orderly, with a rational eye set upon the future health of their communities.





The Legislature recognizes that the logical formation and determination of local agency boundaries is 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.

(Gov. Code §56300.) (Cortese-Knox-Hertzberg Government Reorganization Act of 2000; the California State Legislature's renewed statutory mandate for LAFCOs.)

Within its first decade, the Santa Clara County LAFCO coordinated unprecedented agreements between the County government and Cities within it. These agreements were known as the **Urban Development Policies** and established cross-sector collaboration in pursuit of compact growth and sustaining the quality of life that attracted so many to call this area their new home. Cities, the County, and LAFCO made important mutual commitments, adopting **“urban service area”** boundaries, projecting orderly growth patterns into the future. These agreements, unique to Santa Clara County, vested an increased responsibility in LAFCO. LAFCO is charged with enforcement and with reconciling often-competing interests in pursuit of a more efficient, more livable, and more sustainable land use pattern.

Over the past 55 years, Santa Clara County's LAFCO has been a stalwart for growth that is compact and well-managed. LAFCO's influence has in turn protected the economic viability of the Valley's agricultural industry as well as its public resources and open spaces. Managing urban boundaries also directly improves the efficiency of urban services and infrastructure, passing on cost-effectiveness to local taxpayers.

Meanwhile, since the formation of LAFCO, Santa Clara County's population has doubled. Sprawling Phoenix, Atlanta, and Houston experienced similar booms, but without regulatory bodies such as LAFCO they have resulted in some of the least efficient and least walkable metropolises — and they are now actively struggling to make up for past oversight.

By order of the State, LAFCOs are charged with stewarding the future of their Counties. In Santa Clara county, LAFCO has curbed the loss of productive agricultural lands, encouraged the densification and walkability of our cities, increased regional climate resilience, and ensured the cost-effective delivery of services that are funded by taxpayers.

Today, a new dynamism characterizes Santa Clara County. **Population growth** is expected to continue in the County, with the total shortly cresting over two million and adding some **300,000 more by 2030**. Already, housing affordability is at an all-time low, and daily traffic is at an all-time high. Through its planning and regulatory authority, and its State mandate to guide urban development

patterns, LAFCO will look out for the public interest and ameliorate these challenges.

In response to ever-more shifts in the county landscape, a renewed focus on the important role of LAFCO is needed. The purpose of this Communications and Outreach Plan is to better articulate the mandate of LAFCO and to enhance its effectiveness. A well-understood and effective LAFCO will result in more resilient working lands and public open space lands, increased efficiency of local government, and development optimized for livability, sustaining the quality of life that has brought such prosperity to Santa Clara County.

We are grateful to the commissioners, our twelve interviewees, and to the public workshop attendees for their time and insights — essential to the development of this plan.

# DEVELOPMENT OF THE PLAN

Through a Request for Proposals (RFP) process, LAFCO retained us as a consultant team to prepare and help implement a Communications and Outreach Plan. As LAFCO's consultant team, we initiated the development of this plan with a discovery phase, through which we sought to grasp the full history of LAFCO, and to better understand barriers and opportunities for its improved effectiveness.



This process consisted of the following steps:

- » **Review of existing communications and media for Santa Clara LAFCO;**
- » **Survey of current Santa Clara LAFCO Commissioners;**
- » **Interviews with twelve, diverse, external LAFCO stakeholders;**
- » **Meetings with current LAFCO staff;**
- » **Public Workshop with LAFCO Commissioners.**

We worked with LAFCO staff to develop a list of key stakeholders to interview. We sought to gather external perspectives on LAFCO's work that were as diverse as possible. We began by using the stakeholder map, gleaned insights and opinions from across a wide spectrum of perspectives from farmers and realtors, LAFCO applicants and environmental advocates, elected officials and local administrators. We focused on those who had interacted with Santa Clara LAFCO directly and whose views would be informed by first-hand exposure to the agency. Twelve interviews in total were conducted.

During our stakeholder interviews and survey of current LAFCO Commissioners we looked for outreach and communications-related opportunities, while also working to better understand the appropriate audiences for this plan. In the Commissioner survey we asked questions such as, "How would you like the public to think of LAFCO and its work in Santa Clara County?" and "Who do you believe are the most important target audiences for LAFCO's communications planning?" These inquiries led to our identification of four **key target stakeholder audiences** for this plan:

- » **Current and future Santa Clara LAFCO Commissioners;**
- » **Elected officials and staff of the County, Cities and Special Districts in Santa Clara County;**
- » **Landowners, including farmers and developers, in Santa Clara County; and**
- » **The general public of Santa Clara County.**

# SANTA CLARA LAFCO STAKEHOLDERS

## LAFCO COMMISSIONERS

- County (2, plus 1 alternate)
- Cities (1, plus 1 alternate)
- City of San Jose (1, plus 1 alternate)
- Special Districts (2, plus 1 alternate)
- Public (1, plus 1 alternate)

## LAFCO STAFF

## INTERNAL STAKEHOLDERS

## EXTERNAL STAKEHOLDERS

### COUNTY

- Board of Supervisors
- Planning Commissioners
- County Executive's Office
- Planning Department
- Department of Environmental Health
- Ag. Commissioner's Office
- Roads and Airports Department
- Public Health Department
- Office of Supportive Housing
- Office of Economic Development
- Office of County Counsel
- Surveyor's Office
- Assessor's Office
- Controller—Treasurer Department
- Recorder's Office

### CITIES (15)

- Council Members
- Planning Commissioners
- City Managers
- Planning Directors
- Public Works Directors
- City Attorneys
- Cities Association of Santa Clara County

### OTHER ENTITIES

- Private Water Companies
- Mutual Water Companies
- Stanford University
- Moffett Field
- Civil Grand Jury

### PUBLIC

### SPECIAL DISTRICTS (28)

- Board Members
- General Managers
- Board Clerks
- Special Districts Association of Santa Clara County

### REGIONAL AGENCIES

- MTC
- ABAG
- BAAQMD
- SWRCB—Division 17

### MEDIA

- San Jose Mercury News
- Gilroy Dispatch
- Morgan Hill Times
- Silicon Valley Business Journal
- Metro
- Other Community Papers

### INTEREST GROUPS

- San Francisco Bay Area Planning and Urban Research (SPUR)
- Greenbelt Alliance
- Sierra Club
- Audubon Society
- Committee for Green Foothills
- Save Open Space Gilroy
- Morgan Hill Thrive
- San Martin Neighborhood Alliance
- American Farmland Trust
- Santa Clara County Farm Bureau
- Food System Alliance—Santa Clara County
- League of Women Voters
- Chambers of Commerce
- The Silicon Valley Organization
- Joint Venture Silicon Valley
- Silicon Valley Leadership Group
- Building Industries Association
- Developers/Real Estate Brokers
- Property Owners
- Farmers and Ranchers
- Local Rotaries

## ISSUE #1: Lack of a clear and accurate understanding of what LAFCO represents.

Most of the recommendations in this Plan are equally useful in addressing all audiences, while some are more specifically targeted. In **Section Three**, we frame suggested strategies and actions in the context of questions that directly address these four stakeholder groups, but many of those identified strategies are widely applicable as well.

The discovery phase yielded a number of insights, which we honed into **four key issues**. We presented and discussed our findings in a public workshop for current Santa Clara Commissioners, through which we gained additional insights. We synthesized the need and occasion for this plan into a problem statement. From these key issues and problem statement, we have built out the rest of this plan into three primary components: goals and strategies organized into four overarching themes; more targeted strategies and actions in consideration of the four key audiences; and a suite of tools and recommendations for implementation.

What follows in this section are the four elemental issues we address in this plan and our guiding problem statement.

Whether it is the purpose of LAFCO as an agency, the role of its staff, or the prerogative of its Commissioners, there is an evident lack of clarity and accuracy in perceptions of LAFCO. Without clarity, expectations become unwieldy to manage, leading to avoidable frustration and disappointments. Some perceive LAFCO to consist of unelected officials with too much power over underrepresented constituencies. The motives and roles of Commissioners and staff are sometimes questioned and viewed with skepticism. The perceived delineation of roles and coordination (or lack thereof) among regional/local land use agencies and policies is muddled at best. In sum, misperceptions proliferate in the absence of a clear and accurate understanding of LAFCO's mandate. Without a strategy for effectively communicating what LAFCO represents, an environment is created where expectations become misaligned and the subsequent three issues also take root.

*In brief:*

- » **Lack of clarity and accuracy in perceptions of LAFCO;**
- » **Expectations become unwieldy to manage, leading to avoidable frustration and disappointments;**
- » **Motives and roles of Commissioners and staff are questioned and viewed with skepticism;**
- » **Misperceptions proliferate in absence of clear and accurate understanding of LAFCO's mandate;**
- » **Expectations become misaligned and the subsequent three issues also take root.**



## **ISSUE #2:** **Perception that LAFCO's role is to 'just say no'.**

There is a perception among stakeholders, both favorably and unfavorably, that LAFCO's role within regional land use dynamics is to 'just say no'. For some this is a strategic advantage and strength of the entity, something written into the legislative purpose of LAFCOs. For others this is the basis of a critique targeted at the Staff's implementation of LAFCO processes and policies. From some perspectives, there is a belief that LAFCO promotes no growth rather than orderly growth, and that it is not open for collaboration. So much of how LAFCO's role is perceived has to do with the vantage point of the stakeholder, but there is an important opportunity to emphasize the public benefits of LAFCO functions and policies. By focusing on the mission and mandate outlined in Issue #1, as well as the positive vision outlined in Issue #4, less skepticism and pressure will be visited upon LAFCO itself as an agency. This perception also indicates a need for increased facetime and familiarity with staff. Distrust and misunderstandings are bred in ignorance, not only of mission and vision, but also of those perceived to be working behind the scenes.

*In brief:*

- » **Role seen both as strategic advantage and strength, and as critique targeting implementation of processes and policies;**
- » **Belief that LAFCO promotes 'no growth' rather than 'orderly growth';**
- » **Opportunity to emphasize public benefits of LAFCO functions and policies;**
- » **Indicates a need for increased face time and familiarity with staff and Commissioners;**
- » **Distrust proliferates in absence of clear and accurate understanding of LAFCO's mandate.**





## ISSUE #3: Need for increased institutional 'culture'.



Directly and indirectly, our stakeholder groups pointed to a lack of resiliency and consistency within the Commission, an overall 'culture' deficit, in the institutional sense. Often seen as a secondary component to the workplace, especially in government, culture radiates across the work itself and can create feedback loops that impact other agency goals. An institutional culture is reflected outward in the form of resiliency and consistency, reinforcing mission and mandate, clarity of expectations, credibility and trust. Strong internal cultures encourage leadership and empower agencies with a sense of purpose. There is great potential benefit in having a strong internal culture for Santa Clara LAFCO as an agency.

In the absence of institutional culture, LAFCO misses several important opportunities. By design, the Commission is intended to be diverse in its makeup and to see turnover, but the lack of a consistent sense of what it means to be a Commissioner and what they are charged with can feed into an unstable dynamic more prone to politicization. Without a strong, identifiable role and voice among Commissioners, LAFCO's outward facing credibility and legitimacy are left at increased risk, which also puts undue pressure on LAFCO staff. Given that the final authority in the LAFCO structure lies with the Commission's actions, those who make up this body deserve to inherit and pass on an uncompromising sense for the mandate, policies and processes of LAFCO.

*In brief:*

- » **Lack of resiliency and consistency within Commission, institutional 'culture' deficit;**
- » **Lack of understanding for Commissioners feeds unstable dynamic prone to politicization;**
- » **In absence of identifiable role/voice among Commissioners, LAFCO's credibility/legitimacy is at increased risk;**
- » **This puts undue pressure on LAFCO staff and policies;**
- » **Commissioners deserve to inherit and pass on an uncompromising sense for LAFCO mandate/policies/processes.**

## **ISSUE #4:** **Need for articulating a positive regional vision under LAFCO principles.**

While comprehension and perceptions of LAFCO varied, we heard from nearly every respondent that LAFCO is an important and necessary entity for Santa Clara County. We heard from many that LAFCO has “resulted in a lot of good over the years”. However so much of this “good” is an absence of development, and the presence of some elusive and intangible benefits, such as government efficiency, access to open space, and improved quality of life. Unlike development, unlike public parks, there is no roadside signage or physical manifestation of LAFCO’s work. It is difficult to grasp the counterfactual of a world without LAFCO.

The mission and vision behind LAFCO needs to be better articulated. All stakeholders seemed to yearn for an integration of the whole County, but there were widely varying visions for how that might occur. Some stakeholders concerned with housing and economic development believe that there is a simple equation at play: The region needs housing, and peri-urban farmland is where there is still room. Breaking through this narrative is difficult and will require a concise articulation of smart growth principles and a positive vision for the region’s future under such dynamics. This vision ought to be made personal for all County residents. Ideally this vision is shared and coordinated amongst other groups and agencies, in order to leverage off of one another for a broader reach.

*In brief:*

- » **Unanimous that LAFCO is important/necessary entity for County;**
- » **Difficult to grasp the counterfactual of a world without LAFCO;**
- » **The mission and vision behind LAFCO needs to be better articulated;**
- » **Many believe a simple equation is at play: region needs housing and the only “room” left is within farmland — breaking through this narrative is difficult;**
- » **A different, positive vision for region’s future under smart growth dynamics is required.**



# PROBLEM STATEMENT

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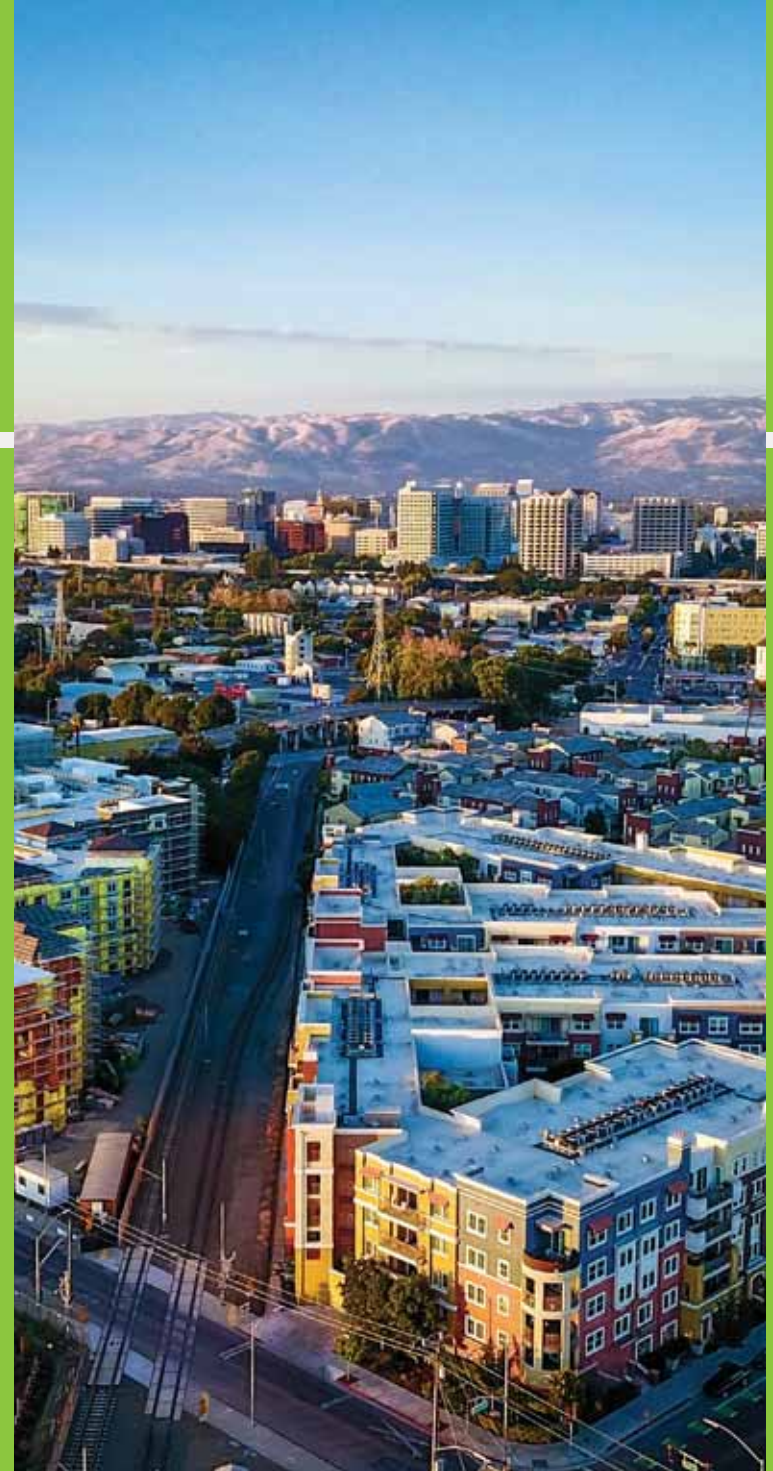
**LAFCO plays a vital role** in creating **livable, sustainable communities** in Santa Clara County. However, among key stakeholders such as local agencies and community members, **expectations** for LAFCO processes and responsibilities are not clear, and **comprehension** of the LAFCO mandate is lacking. In order to better fulfill LAFCO's role and **create a new narrative**, a coordinated strategy and implementation plan for outreach and communications is needed.



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## SECTION TWO: **MESSAGES**

The primary goal of this Plan, as highlighted in the problem statement, is to create a new LAFCO narrative in order to better fulfill its mission. The first step toward this goal is to address the lack of a clear and accurate understanding of the mandate and mission behind LAFCO, what LAFCO represents. The path to ameliorate this concern is to help all of LAFCO's stakeholders fully understand LAFCO's purpose, why it was created, what it has accomplished over 55 years, and the importance of its role today. This section of the Plan presents four broad messages and opportunities, intended for incorporation across all communications and outreach to all audiences.



**MESSAGE #1:****LAFCO Thinks Ahead****OPPORTUNITY:**

Proactively convey LAFCO's *function*, in addition to what LAFCO *represents*.

The **mission** of LAFCO is to promote orderly growth and development in Santa Clara County by:

- » Preserving agricultural lands and open space;
- » Curbing urban sprawl;
- » Encouraging efficient delivery of services;
- » Exploring and facilitating regional opportunities for fiscal sustainability; and
- » Promoting public accountability and transparency of local agencies to improve governance.

In other words, **it is LAFCO's mandate to think ahead**. LAFCO was created in California to make hard decisions that ensure collective needs will be met and future generations can prosper. **It is LAFCO's job to fulfill a vision for the future of the County**. Amidst tremendous growth, the urgency of short-term demands has led to unsustainable patterns of development. LAFCO works to meet public needs without the inefficiencies of sprawl, without irrevocably losing agricultural lands and open space.

LAFCO is charged with reconciling often-competing interests in pursuit of a more efficient, more livable, and more sustainable growth pattern.

In looking ahead, **LAFCO works for a smarter future**. It is LAFCO's job to understand and learn from past mistakes to ensure future progress, by guiding when and where growth occurs. LAFCO's actions facilitate sustainable growth and continued prosperity in the County, without sacrificing smart use of land and public resource efficiency. LAFCO fosters cross-sector collaboration in pursuit of policies that sustain quality of life for all who call this County home. LAFCO works to manage expectations from all stakeholders so that they may anticipate how to work within LAFCO policies and effectively plan ahead themselves. LAFCO envisions a better future and is here to help local governments to grow and plan accordingly. **LAFCO is thinking ahead, and it encourages others to think ahead too.**

**MESSAGE #2:**

# **LAFCO is Unique; a Local Steward of Public Good**

**OPPORTUNITY:**

Facilitate increased *familiarity* with LAFCO staff, Commissioners, and its State-mandated processes; Reinforce a strong voice and an easily identifiable, consistent role for LAFCO and a strong internal culture for Santa Clara LAFCO as an agency.

LAFCO is a unique public agency; for example it is the **only local agency with a state mandate to protect agricultural lands**. LAFCO operates exclusively at the local level, while its powers and decision-making processes follow directly from State law. **The California Legislature formed LAFCOs as local stewards** and continues to empower them with the authority to directly oversee local agency boundaries, ensuring a balance of growth, development, and land conservation. The sole objective of the processes and people behind LAFCO is to uphold the State mandate for public stewardship.

The people behind LAFCO consist of Commissioners and Staff. **Other than the public member, LAFCO Commissioners are local elected officials who represent the entire County in upholding the LAFCO mandate**. Distinct from their roles as elected officials, LAFCO Commissioners bear the responsibility of representing all county residents. It is the unique duty of LAFCO Commissioners to evaluate decisions

weighing impacts upon the public and county as a whole. LAFCO is staffed by professionals who work to make recommendations that the Commissioners deliberate over in all decision-making processes according to State-dictated procedures that ensure a transparent, public participation process. Similarly, LAFCO policies are adopted by the Commissioners at public meetings with ample opportunity for public participation. **LAFCO actions are taken by publicly elected officials and one public member, seated as Commissioners**, and LAFCO actions take place at public meetings with opportunity for input. LAFCO Staff and Commissioners carry a long history and a strong track record for demonstrating consistency and principled decision-making. **Together, the people and processes behind LAFCO foster good stewardship of public resources.**

**MESSAGE #3:****LAFCO Creates Public Value****OPPORTUNITY:**

Capture how LAFCO's work yields *real public benefits* for the County and position LAFCO to own this narrative.

One role of LAFCO is to facilitate future growth dynamics that result in the preservation of open space and farmlands. LAFCO is a powerful public tool for forward-thinking and responsible oversight, yet the value of LAFCO spreads far beyond individual actions and policies. Vital public benefits are at the core of LAFCO's work, and **it is in part due to LAFCO that quality of life in Santa Clara County has remained so high through such dramatic changes and growth.** LAFCO's mission clearly states what it is mandated to do, but the collective 'why' behind LAFCO lies in the public benefits accrued from its presence.

LAFCO's work yields many public benefits, which include:

- » **Minimizing traffic;**
- » **Promoting housing affordability;**
- » **Protecting open space, and farmland;**
- » **Safeguarding air and water resources;**
- » **Increasing the sustainability and livability of communities; while also**
- » **Minimizing costs to taxpayers for government services and infrastructure.**

LAFCO minimizes traffic by promoting orderly growth and disincentivizing sprawl, which results in shorter trips and fewer cars on the road. LAFCO promotes housing affordability by encouraging cities to make the best and most complete use of their lands, building "within" rather than "out" and resulting in more cost-effective housing options. LAFCO protects open space and working lands by requiring that urban areas are developed efficiently and effectively first, before nearby farmlands and open space are converted for development. LAFCO safeguards local air and water resources by preventing the loss of natural resources such as open space and working lands, which help support healthy air and water cycles. LAFCO increases the sustainability and livability of communities by ensuring that quality of life is not sacrificed under pressure of disorderly growth. LAFCO's actions minimize costs to taxpayers for infrastructure and government services by incentivizing compact, infill growth, which results in more efficient delivery of services. In these ways, **LAFCO's presence creates public value across Santa Clara County, protecting natural resources while facilitating development of vibrant communities.**

**MESSAGE #4:**

# LAFCO Works for the Good of the Whole County

**OPPORTUNITY:**

Articulate a vision for the county as an *interdependent, resilient whole*, and LAFCO as its responsible steward.

From its agricultural roots to its technological present, Santa Clara County has a long history of being exceptional. Today, tremendous tech growth and the remaining farmland and open space are both important elements to the livability and sustainability of the county. The county benefits from a mixed use of its lands and their interrelated relationships. **LAFCO is the preeminent steward of this diversity and dynamism**, steering growth where urban services can be delivered efficiently while protecting vital working lands and open space. Many local policy decisions benefit certain groups at the present or future cost of others within the county. **It is LAFCO's job to carefully consider all sides and to sustain the health and vitality of the county as a whole**, protecting and enhancing its dynamic attributes.

Given its role, **LAFCO assumes a unique position to articulate a vision for the county as an interdependent, resilient whole** — a county that values both technology and agriculture, urban development and open space. LAFCO illuminates the mutually beneficial connections between conservation and sustainable growth, working lands and dynamic urban areas. Through an abiding commitment to its State mandate, LAFCO's presence has enabled the continued economic prosperity of Santa Clara County while sustaining the qualities that have brought such prosperity to the region and that make it such a desirable place to live, work and play. In other words, **LAFCO works for the good of the whole county.**

# KEY MESSAGES

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LAFCO Thinks Ahead

LAFCO is Unique; a Local Steward of Public Good

LAFCO Creates Public Value

LAFCO Works for the Good of the Whole County

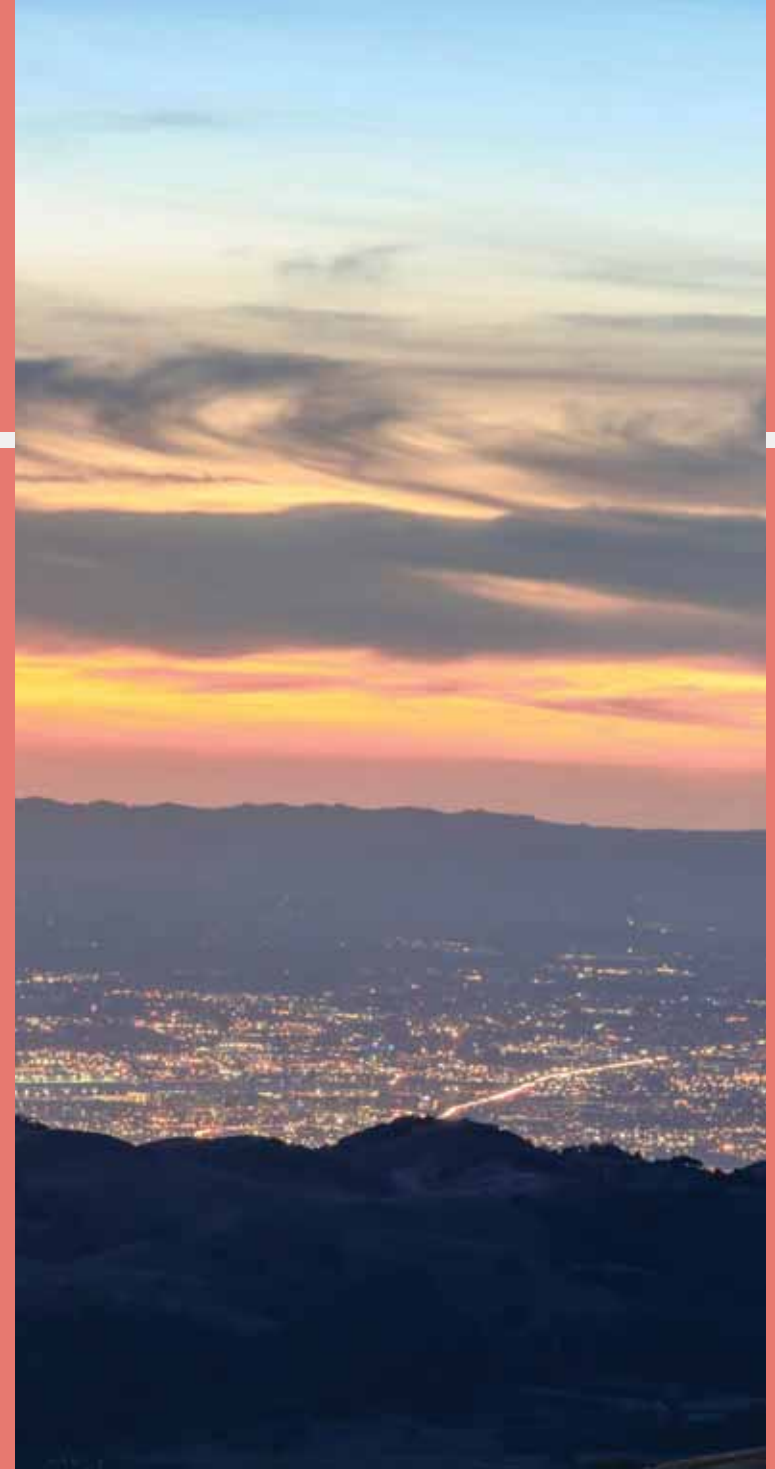


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# SECTION THREE: **STRATEGIES AND ACTIONS**

The strategies and actions presented in Section Three are aimed at addressing the issues identified in Section One.

This section is intended to focus suggested strategies and actions within the context of the four target stakeholder audiences, guided by “How might we...” questions. These strategies and actions are based on broader goals for enhancing communications with each group of stakeholders, but many of these recommendations are applicable to multiple stakeholder groups.



## How might we assist present and future Commissioners in serving the mission of LAFCO?

### RECOMMENDED STRATEGY

Advance a strong internal culture for Commissioners and ensure that they are empowered to engage all audiences on the importance of LAFCO's role and to translate how LAFCO's work sustains quality of life across the County.

### RECOMMENDED ACTIONS

#### 1. UPDATE AND PROVIDE ORIENTATION PROGRAM FOR NEW COMMISSIONERS.

Staff currently conducts an orientation program to educate incoming Commissioners about the history of LAFCO, its State mandate, its policies, the role of Commissioners and Staff, and the process for review of applications. Update the current presentation used for this orientation program to include the new narrative resulting from this Plan. This orientation program will ensure that the Commissioners fully understand LAFCO's mission and how LAFCO functions, and provide the background necessary to serve on the Commission.

#### 2. CREATE A PLEDGE FOR COMMISSIONERS.

Develop a pledge for Commissioners to take at their first Commission meeting, through which they acknowledge the understanding of their role to further the mission of LAFCO and the importance of their leadership in representing LAFCO. Establish standard protocols for administering the pledge and incorporate into the existing bylaws.

#### 3. CREATE A WELCOME-PACKET FOR NEW COMMISSIONERS.

Update the current welcome packet containing the facts about LAFCO, its mission and mandate, its policies and bylaws, the role and expectations for Commissioners, how it fulfills its mission, and talking points for all audiences. This will serve as a reference for all Commissioners and help commissioners manage expectations in working with the County, cities, special districts, landowners and the public.

#### 4. CONDUCT PERIODIC STUDY SESSIONS/ WORKSHOPS WITH COMMISSIONERS.

Continue to organize study sessions or workshops that can be held prior to Commission meetings as needed, to keep Commissioners up to date on changes in State, regional, and local planning and policy, as well as other trends in land use and local governance that are of interest to Santa Clara LAFCO. LAFCO staff will schedule and organize these workshops, inviting guest speakers relevant to the workshop topics.

#### 5. ACKNOWLEDGE THE LEADERSHIP ROLE OF LAFCO COMMISSIONERS.

Make announcements through LAFCO newsletters and in local media on changes to the Commission to promote new leadership and raise general awareness about the important role the Commission serves. Continue to host events to welcome new Commissioners and recognize outgoing Commissioners.

#### 6. ENLIST COMMISSIONERS' PARTICIPATION IN COMMUNITY OUTREACH THROUGH SOCIAL MEDIA.

Encourage Commissioners to engage their constituents using their existing social media accounts to post announcements about LAFCO meetings, links to newsletters and news in local media, retweet LAFCO posts and events relevant to LAFCO.



## How might we facilitate greater alignment between LAFCO and other **local government bodies** in the effort to curb sprawl, preserve agricultural lands and open space, and encourage efficient delivery of services?

### RECOMMENDED STRATEGY

Engage all relevant elected officials and staff on common challenges and opportunities, laying out clearly where, when, and how LAFCO can assist local government to realize regional goals.

### RECOMMENDED ACTIONS

#### 7. HIGHLIGHT LAFCO'S URBAN DEVELOPMENT POLICIES.

Feature the current Urban Development Policies (which were developed and adopted jointly by the County, Cities and LAFCO in 1971) in new communications, by highlighting the policies themselves as well as the process by which they were created, to more effectively communicate their purpose and their unique value in serving Santa Clara County.

#### 8. MEET WITH NEW CITY COUNCIL MEMBERS AND PLANNING STAFF.

Organize periodic meetings triggered by turnover of elected officials and planning staff in select cities with potential LAFCO applications to educate them about LAFCO's mandate, policies, and the State legislative guidance for the Commission. These meetings will also provide the opportunity to proactively address potential impending applications to LAFCO and manage expectations for the application process. Continue to attend standing or regular meetings of local agency staff and/or elected officials.

#### 9. PUBLICIZE THE RESULTS OF SERVICE REVIEWS.

Promote the results of Service Reviews through LAFCO newsletters, annual reports and periodically in the local media to communicate the ways that LAFCO is encouraging the efficient delivery of services and the cost of those services to taxpayers.

#### 10. CREATE FACT SHEETS ON LAFCO DECISION MAKING PROCESS AND OTHER RELEVANT SUBJECTS.

Create a diagram and fact sheet that outlines the application process to LAFCO. Explicitly state what LAFCO governs and how LAFCO makes decisions on applications that are presented to the Commission. Create other fact sheets on topics such as island annexations, best practices for transparency and accountability, infill development, agricultural preservation etc.

#### 11. MAIL A PACKAGE OF THE NEW COMMUNICATIONS MATERIALS TO ELECTED OFFICIALS AND STAFF IN THE CITIES, SPECIAL DISTRICTS AND THE COUNTY.

Share the "What is LAFCO?" brochure and new edition of the County and Cities Boundaries Map with elected officials and staff with a cover letter that explains the intent for better communications and shared outcomes.



## How might we aid **landowners** in better understanding **LAFCO's mandate and policies** in relation to their lands?

### RECOMMENDED STRATEGY

Proactively manage expectations from landowners and developers around the role of LAFCO, making its policies and processes accessible and legible.

### RECOMMENDED ACTIONS

#### **12. CONTINUE TO ENCOURAGE PRE-APPLICATIONS MEETINGS PRIOR TO APPLICATION SUBMITTAL.**

Proactively explain policies at an early stage in the application process to manage expectations and understanding of policies, process and costs for applicants, and create a dialogue prior to application.

#### **13. PROVIDE PRESENTATIONS ON LAFCO'S MANDATE AND POLICIES.**

Continue to make presentations at City Council meetings and attend public workshops during cities' long-range planning efforts (such as General Plan updates) to help city officials and staff, landowners and communities better understand LAFCO's mission, mandate and process for decision-making.



## How might we engage a public audience, to better understand the importance of LAFCO's role in improving the quality of life in Santa Clara County?

### RECOMMENDED STRATEGY

Position LAFCO as a steward of public benefits and future livability in Santa Clara County.

### RECOMMENDED ACTIONS

#### 14. HOLD A PUBLIC WORKSHOP.

Invite the public to attend a workshop to present what LAFCO does and why it matters to the public. Also show how LAFCO supports other regional and local planning efforts and contributes to the quality of life in the county as a whole. Distribute new communications materials and engage the public in dialogue around issues relevant to LAFCO.

#### 15. CREATE A PUBLIC EXHIBIT.

An exhibit that visually displays the new narrative can support a formal presentation at a public workshop as well as for other public events. It can be put on display in public spaces (City Hall, schools, public libraries) to raise awareness about the role and value of LAFCO to everyone in the County.

#### 16. DEVELOP PARTNERSHIPS WITH ORGANIZATIONS WITH GOALS COMMON TO LAFCO.

Continue to engage representatives of local organizations and citizens who can highlight the value of LAFCO's role in the County and help educate and enlist their membership to further engage the public.

#### 17. CREATE AND USE A TWITTER ACCOUNT FOR @SANTACLARALAFCO.

"Take a seat at the digital roundtable" by participating in social media to be more visible, engaged and engaging with stakeholder organizations and individuals. Follow other relevant agencies, organizations, elected officials, and public figures; retweet posts that are in line with LAFCO policies and principles, and use the account to post meeting announcements, links to newsletters and resources, make statements on important policy decisions, and share examples of positive planning policy and outcomes in action.

#### 18. LAUNCH TARGETED SOCIAL MEDIA CAMPAIGNS.

To attract attention to the positive outcomes from LAFCO's work in Santa Clara, selectively launch small social media campaigns using hashtags appropriate to a specific project or issue.

#### 19. BUILD A NEW SANTA CLARA LAFCO WEBSITE.

Create a new website built around the messaging outlined in this plan and redesign the site using the new Santa Clara LAFCO identity. The website is the primary portal for distributing information to all stakeholders and should reflect the strategies and story outlined in this plan as well as the recommended principles of putting forward a message that is positive, personal, proactive and accessible.

# GUIDING PRINCIPLES

Here are a few guiding principles for delivering messaging to any of LAFCO's diverse stakeholders. These are broad suggestions on tone and posture to guide some best practices for LAFCO communications and outreach. Overtime, these principles for delivering the new narrative will help develop a collective 'voice' that all LAFCO representatives can own, build a stronger culture within LAFCO, and facilitate better communications with all audiences.

## BE POSITIVE

- » Make explicit what LAFCO says "yes" to — e.g. orderly growth, infill development near transit and jobs, minimizing impacts on infrastructure and traffic, protection of open space and agricultural lands, climate resiliency, efficient delivery of public services and deployment of taxpayer dollars.
- » Recognize that we would not have the "good" that we have if LAFCO did not say "no".

## BE PERSONAL

- » Demonstrate how LAFCO listens and is responsive to community concerns while managing expectations of key stakeholders and staying aligned with its own mission and mandate.
- » Translate the benefits of what LAFCO does into language that aligns with how the public perceives and values quality of life in the county.

## BE PROACTIVE

- » Assertively extend LAFCO communications and outreach.
- » Engage the public on the role of LAFCO, the benefits of creating livable, sustainable communities and minimizing the costs of services and infrastructure.

## BE ACCESSIBLE

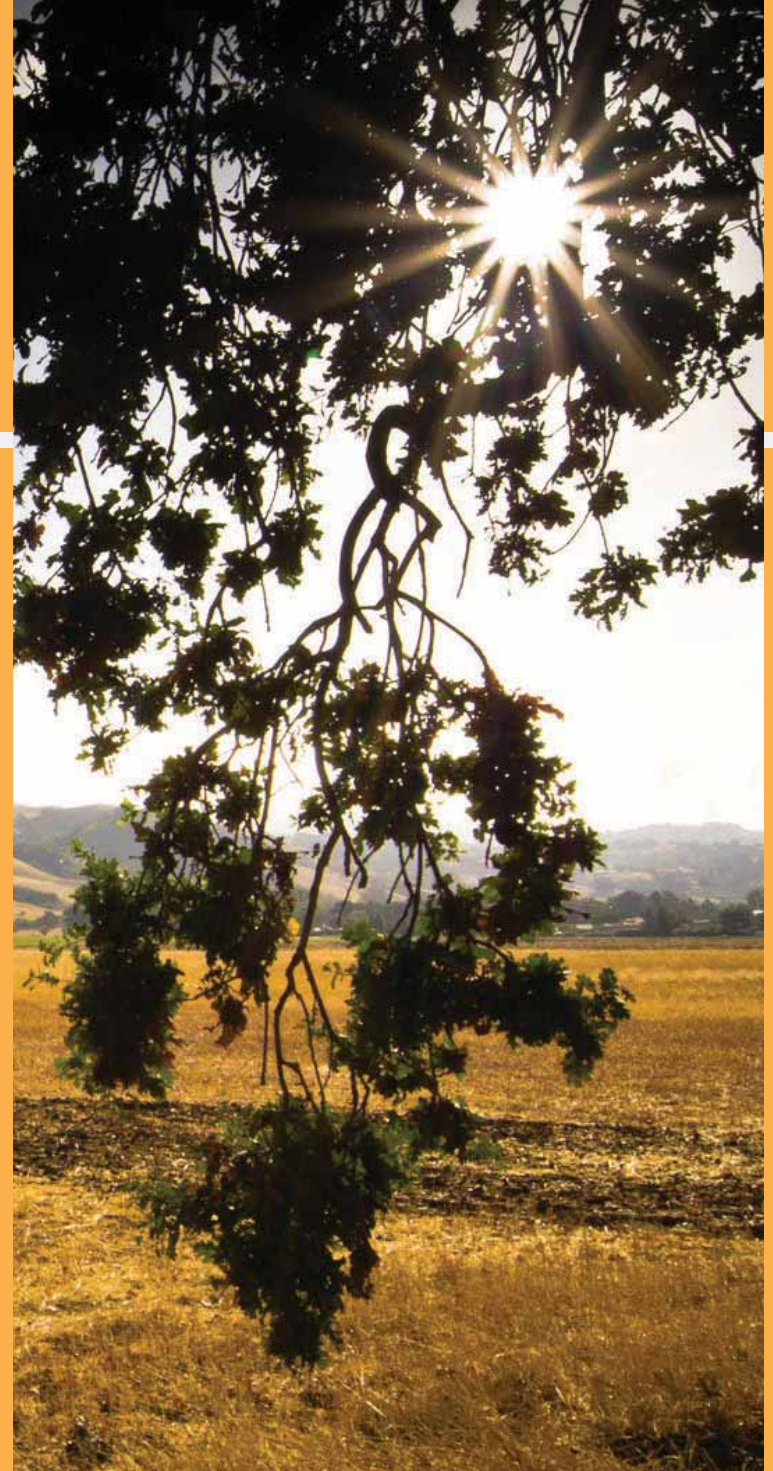
- » Communicate with all audiences using simple, clear language.
- » Be direct about what LAFCO can and cannot approve within its mission and mandate to potential applicants, in advance of the application process.



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## SECTION FOUR: **TOOLS**

This section of the plan offers recommendations for the tools needed to deliver on the above strategies. Some of these tools are broadly applicable, designed for addressing all audiences, while others target specific goals and audiences.



# IDENTITY



## SANTA CLARA LAFCO IDENTITY

The following are objectives for updating the LAFCO identify and communications tools and templates.

- Unique, recognizable logo/ wordmark
- Distinct color palette
- Distinct photo/illustration style
- Distinct fonts and typography for all communications
- Strong supporting design elements, grids, layouts
- Consistent naming of organization
- Consistent presentation of high-level messaging across materials

This new identity was designed to replace the current LAFCO logo. The new identity incorporates the name 'Santa Clara' into a proprietary wordmark to distinguish this LAFCO from others in the State. The gradation of colors used to illustrate the word LAFCO suggests its future focus and conveys a clean and contemporary image. The combination of fonts and colors in this wordmark create a distinct identity that is simple, recognizable and timeless. Specifications for using the new identity in black and white as well as full color are provided in the Style Guide.

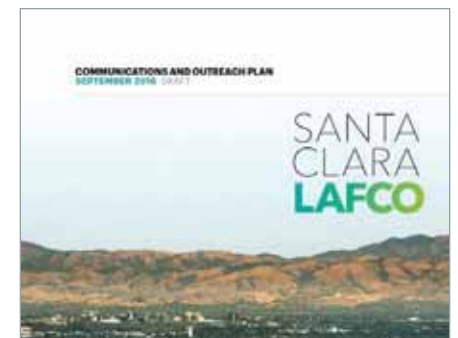
## STATIONERY

The new identity for Santa Clara LAFCO is reflected in the redesign of the LAFCO business cards and letterhead. The design is straightforward and professional, without excessive design elements or costly printing techniques which would be inappropriate for a public agency.



## STYLE GUIDE

Guidelines for application of the new identity and visual style elements — including a selection of secondary fonts, colors and other graphic elements — help direct the extension of the identity into all communications produced in-house, as well as with outside vendors, to maintain consistency and visual integrity of the identity over time.



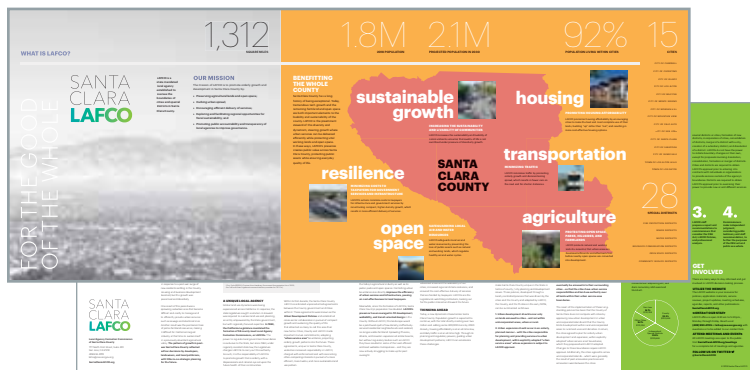
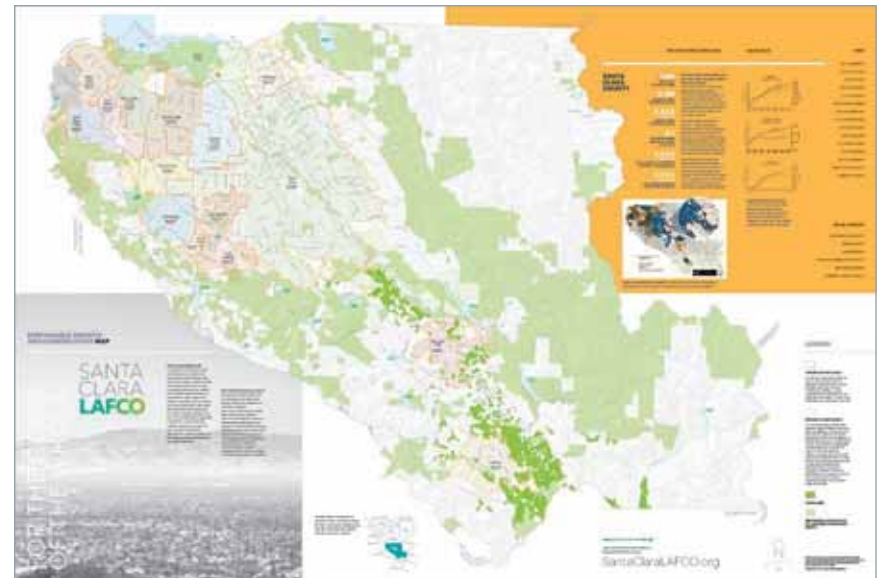
# BROCHURES

## WHAT IS LAFCO?

This is the primary communications tool for Santa Clara LAFCO which can be used to educate all audiences about the history of LAFCO's mission and mandate, the Commissioners' role in upholding the mandate, how it functions, and what it has accomplished over 50 years in Santa Clara County. It also features the new narrative about what is unique to Santa Clara County and how LAFCO thinks ahead to create public value for the good of the county as a whole.

## COUNTY AND CITIES BOUNDARIES MAP

An updated version of the current County and Cities Boundaries Map is designed as a complementary tool to the What is LAFCO? brochure. It can be used as a stand-alone document or handed out in conjunction with the brochure. The map will also depict farmlands and open space, other graphics and narrative to describe how development and conservation are integral to each other, population growth, statistics, urban development policies, and historic context.



Visuals shown in this section are for concept only.

# TEMPLATES

In addition to the printed brochures described above, the following design templates are provided for new communications tools that are developed and produced in house. These tools can be targeted to individual audiences or for specific announcements to augment the general messages included in the public facing brochures.

## FACT SHEETS

A template to direct both content organization and design for a series of Fact Sheets is provided as a part of this plan. These can be used to provide detailed information about relevant topics to specific audiences. They will also provide the flexibility for Staff to update information and create Fact Sheets for new topics on a periodic basis. LAFCO Staff will be responsible for developing the content and implementing these materials.



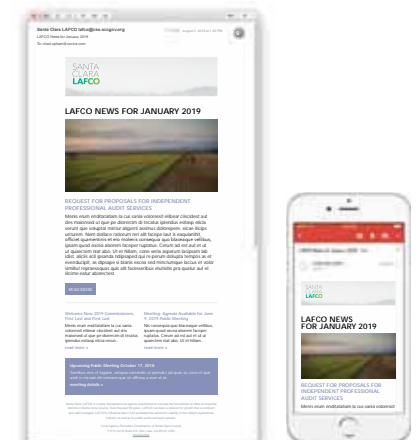
## ANNUAL REPORT

An updated design template for Annual Reports applying the new logo and visual/style elements is provided as a part of this plan, along with recommendations for content to include in future reports. LAFCO Staff will be responsible for developing the content and implementing these materials.



## NEWSLETTER/ANNOUNCEMENTS

A template for the design of a new digital newsletter is provided as a part of this plan. This new template can be distributed to all audiences, including the current list of recipients for regular LAFCO meeting announcements and agendas. Content can include announcements for changes to the Commission, upcoming presentations and meetings, reports on Service Reviews, links to newly published annual reports, and other timely notices and news.



Visuals shown in this section are for concept only.



# WEBSITE

\*not included in current contract

An audit of the current website and recommended changes to update the current site, or the potential to build a new website, is included as a part of this plan. Other LAFCO websites have been analyzed to provide a useful standard of comparison to create the recommendations outlined.

Primary website recommendations include:

- Update or redesign website to be responsive for optimal viewing and navigation on mobile devices
- Update or redesign website to integrate strong new identity and narrative
- Integrate most important messages and dynamic content (meetings, etc.) on website home page
- Use up-to-date navigation structure and content management system for ease of use and maintenance
- Use an analytics tool to measure website traffic, most-frequently visited pages and downloads
- Build foundation to anticipate digital communication needs of the organization for the next 5+ years including paperless workflows, security, evolving messaging, document archives, and maintenance requirements
- Add content to align with best practices for public agency transparency

## NEW LAFCO WEBSITE\*

The LAFCO website is the primary portal for distributing information to all stakeholders and should reflect the new narrative and identity, as well as the recommended principles of putting forward a message that is positive, personal, proactive and accessible. Given that the current website is 5 years old, a new website built with current technology is recommended to achieve LAFCO's goals for better communications and functionality.

# PRESENTATIONS

In-person presentations are one of the most effective ways to share the Santa Clara LAFCO story to the constituents that are most interested and engaged in the work of LAFCO. These types of presentations provide an appropriate platform for engaging LAFCO's audiences in the full narrative as described by the themes outlined in this plan, as well as its background and history of accomplishments. Making presentations to small targeted groups also allows for an exchange of ideas, facilitating a more transparent and friendly dialogue.

Design of compelling presentations typically begins with an outline and storyboard, gathering and organizing all important topics and supporting visual concepts, considering length, pacing, and impact of presentation, whether self-guided or presented by a speaker. The storyboard is then built out into a full design presentation with clear hierarchy of messages and effective images, charts and diagrams. By outlining, storyboarding and designing updated presentations, the LAFCO messages can be presented in a way that is clear and memorable.

## **SANTA CLARA LAFCO PRESENTATION — COMMISSION, COUNTY, CITIES AND SPECIAL DISTRICTS\***

A new PowerPoint presentation should be developed to reflect LAFCO's new identity and narrative. The same core story can be used for the orientation program of new Commissioners as well as for presentations to elected officials and staff of the County, Cities and Special Districts, with the addition of custom modules developed for each individual audience as needed. Preparing an outline, storyboard, and simple design format will ensure the document is useful and stands out as an exemplary resource for commissioners.

## **SANTA CLARA LAFCO PRESENTATION — GENERAL PUBLIC\***

A separate presentation should be developed for purposes of presenting LAFCO's story to the general public, addressing the concerns and values of County citizens and LAFCO's role in creating public benefits and enhancing the quality of life throughout the County.

\*not included in current contract

## **EXHIBITS\***

A series of exhibits should be developed to tell the LAFCO story for temporary display in public spaces around the County such as City Hall, public libraries and schools. Exhibits may take the form of a series of large 24"x36" or 30"x45" re-useable mounted posters for display on walls or easels, pop-up banner stands, or other similar formats for temporary or semi-permanent installation.

# MEDIA

\*not included in current contract

Protocols should be developed for publishing regular activity from the Commission, including appointment of new Commissioners and acknowledgement of outgoing Commissioners, profiles of local issues, as well as outcomes of Service Reviews. Referencing the guiding principles in this plan will help guide development of press releases, interview statements, and responses to individual and media inquiries.

## **SOCIAL MEDIA CAMPAIGNS\***

Strategies for a social media campaign can be developed for specific issues or projects as needed to facilitate an open, honest dialogue of the issues and reinforce LAFCO's mission and the Commissioners' leadership role. To start, LAFCO can establish a Twitter account for ongoing engagement with local stakeholders on relevant topics. Retweeting positive messages of other local agencies and organizations can serve to keep LAFCO visible and reinforce the mission and mandate of LAFCO.

# TOOLS FOR COMMISSIONERS

\*not included in current contract

## **NEW COMMISSIONER PLEDGE**

A single page pledge for Commissioners to sign in acknowledgement of the understanding of their role in representing LAFCO as a Commissioner, is included as a part of this plan.

## **COMMISSIONERS WELCOME PACKET\***

A welcome packet for all Commissioners should be developed to summarize the facts about LAFCO, its mission and mandate, the role and expectations for Commissioners, how it fulfills its mission working with the County, Cities and Special Districts, landowners and the public, a summary of the 4 messaging themes outlined in this plan and talking points for all audiences. This will serve as an easy reference for Commissioners and ensure consistency across all communications.

---

# SECTION FIVE: **PLAN IMPLEMENTATION AND EVALUATION**

This section summarizes the recommended tools and activities into a schedule for implementation with the goal of completing the Plan implementation over a 12 month period following its final publication. Implementation of these tools and activities will largely fall to LAFCO staff, with the support of consultants to provide high level strategy and design as well as the ongoing leadership of LAFCO Commissioners.



# IMPLEMENTATION PRIORITIES

## INCLUDED WITH PLAN

### Communications Tools

- » Identity
- » Style Guide
- » Stationery Package
- » “What is LAFCO?” Brochure
- » County and Cities Boundaries Map
- » Commissioners’ Pledge
- » Website Recommendations
- » Templates for:
  - Fact Sheets
  - Digital Newsletter
  - Annual Report

## TOOLS

- » Prepare Identity / logo
- » Prepare Style Guide
- » Prepare Stationery Package
- » Prepare “What is LAFCO?” Brochure
- » Prepare County & Cities Boundary Map
- » Draft Commissioners’ Pledge
- » Template for Fact Sheets
- » Template for Digital Newsletter
- » Template for Annual Report
- » Website Upgrade Recommendations
- » Prepare Annual Report
- » Identify topics, prioritize and prepare Fact Sheets
- » Update New Commissioner Orientation Presentation\*
- » Prepare New Commissioner Welcome Packet
- » Prepare Public Exhibits\*
- » Update LAFCO Website\*

## Implementers:

Consultant / Staff  
 Consultant  
 Consultant  
 Consultant / Staff  
 Consultant / Staff  
 Consultant  
 Consultant  
 Consultant  
 Consultant  
 Consultant  
 Consultant  
 Staff  
 Staff  
 Consultant / Staff  
 Staff  
 Consultant  
 Consultant / Staff

## Timeframe:

Completed  
 Completed  
 Completed  
 In progress  
 In progress  
 Completed  
 Completed  
 Completed  
 Completed  
 Completed  
 Completed  
 Fall of each year  
 Ongoing  
 Winter 2018  
 Winter 2018  
 TBD  
 TBD

\*not included in current contract

## ACTIVITIES

	<i>Implementers:</i>	<i>Timeframe:</i>
» Incorporate protocols for administering Commissioners’ pledge into LAFCO bylaws	Staff / Commission	Winter 2018
» Administer the Pledge for Commissioners	Commission	As needed
» Conduct new Commissioner orientation and provide welcome packet	Staff	As needed
» Media announcement for change in Commissioners	Staff	As needed
» Distribute communications materials (brochure and map) to local agencies and key stakeholders	Staff	TBD
» Set up a LAFCO Twitter account and establish protocols	Staff	TBD
» Use existing social media platform to share/promote LAFCO feeds	Commissioners	TBD
» Develop an annual public communications calendar	Staff	Spring of each year
» Conduct study sessions for Commissioners	Staff	As needed
» Meet with city elected officials and planning staff	Staff	As needed
» Attend standing meetings of cities / County and special districts staff / elected officials	Staff	As needed
» Meet with partner organizations, interest groups or interested parties	Staff	As needed
» Publicize service review reports through newsletters	Staff	As needed
» Conduct pre-application meetings	Staff	As needed
» Provide presentations on LAFCO mandate and policies	Staff	As needed
» Organize a public exhibit	Staff	As needed
» Develop partnerships with organizations with goals common to LAFCO	Staff	As needed
» Launch targeted social media campaigns	Staff	TBD

# EVALUATION OF PLAN

The effectiveness of the communications tools, outreach strategies and activities as outlined above will be evaluated over the next three years, from December 2019 - December 2021. As the outcomes of this Plan toward the goal of creating a new narrative will be largely qualitative and difficult to measure through metrics, we recommend that LAFCO staff tracks more general feedback throughout the year, including (but not limited to):

- » **Ongoing responses to communications tools;**
- » **Informal surveys in follow up to meetings;**
- » **General inquiries from stakeholders groups;**
- » **Media and press reports;**
- » **Feedback from LAFCOs in other counties;**
- » **Analytics from outgoing email announcements, website traffic and social media campaigns.**

This feedback can be organized and shared with Commissioners periodically for further input. An annual survey of current Commissioners focused on communications and outreach is another effective means to gather insights that will help refine messaging and communications strategies over time, with the continued goal to raise awareness about the value of Santa Clara LAFCO, and to help LAFCO better fulfill its role in the county.



We would like to acknowledge the contributions made by the LAFCO Commissioners and Staff in the creation of this Communications Plan.

**SANTA CLARA LAFCO  
COMMISSIONERS**

**Ken Yeager, Chairperson**

**Susan Vicklund Wilson, Vice Chairperson**

**Sequoia Hall**

**Sergio Jimenez**

**Rob Rennie**

**John L. Varela**

**Mike Wasserman**

**SANTA CLARA LAFCO  
ALTERNATE COMMISSIONERS**

**Sylvia Arenas**

**Cindy Chavez**

**Yoriko Kishimoto**

**Russ Melton**

**Terry Trumbull**

**SANTA CLARA LAFCO  
STAFF**

**Neelima Palacherla**  
Executive Officer

**Dunia Noel**  
LAFCO Analyst

**Lakshmi Rajagopalan**  
LAFCO Analyst

**Emmanuel Abello**  
LAFCO Clerk

**Malathy Subramanian**  
LAFCO Counsel

**Local Agency Formation Commission  
of Santa Clara County**

777 North First Street, Suite 410  
San Jose, CA 95112

**[SantaClaraLAFCO.org](http://SantaClaraLAFCO.org)**

SANTA  
CLARA  
**LAFCO**

FOR THE GOOD OF THE WHOLE



FOR THE GOOD  
OF THE WHOLE

**AGENDA ITEM # 6**  
**Attachment A1**

---

SANTA  
CLARA  
**LAFCO**

**IDENTITY STYLE GUIDE SEPTEMBER 2018** DRAFT

# INTRODUCTION

**LAFCO plays a vital role** in creating **livable, sustainable communities** in Santa Clara County. A new **identity and communications tools** were developed for the agency to **support strategies and messages** presented in the Communications and Outreach Plan. The **vibrant, modern identity** positions LAFCO as an **approachable resource**, benefiting the whole county.

## CONTENTS

- INTRODUCTION 3**
- LOGO 4**
- CAMPAIGN TAGLINE 5**
- NAMING STANDARDS 6**
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- HORIZONTAL DOCUMENT TEMPLATE 16**
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- BROCHURE 18**
- MAP 19**
- POWERPOINT 20**
- ANNUAL REPORT 21**
- E-NEWSLETTER / ANNOUNCEMENT / EMAIL BLAST TEMPLATE 22**

# LOGO

The Santa Clara LAFCO identity incorporates the name "Santa Clara" into a proprietary wordmark to distinguish this LAFCO from others in the State. The gradation of colors used to illustrate the word LAFCO suggests its future focus and conveys a clean and contemporary image. The combination of fonts and colors in this wordmark create a distinct identity that is simple, recognizable and timeless.

The logo can be used in black as well as reversed out of the LAFCO palette of colors.



Ensure a safety area equal to the capital "O" in LAFCO



Average use size 1.25" wide



Minimum size 0.75" wide



Logo in black



Logo reversed out of LAFCO Gray

# CAMPAIGN TAGLINE

With the new identity and new narrative for LAFCO, a campaign tagline "For the Good of the Whole" has been introduced which reinforces the mission and mandate of the agency. The provocative message is a conversation starter, which supports a number of talking points about the benefits of LAFCO, the role of commissioners, and policies that create public value.

The campaign tagline may be used temporarily for 1-3 years with the launch of the new identity, or may be adopted as a long-term tagline for the organization, if widely accepted and useful in messaging.



The campaign tagline may accompany the logo on business cards, or other stand alone uses.



On document or presentation covers, or large banners, the campaign tagline may be used as a subtle watermark graphic on two lines, running vertically along the left-hand side of the graphic area.

# NAMING STANDARDS

In the past, there have been several different variations of naming configurations in use, with and without abbreviating LAFCO. It is recommended to simplify naming to only two permitted naming standards for efficiency and clarity in the minds of stakeholders.

"Santa Clara LAFCO" puts the county name first, celebrating what is unique about this region.

The long form "Local Agency Formation Commission of Santa Clara County" provides the full legal name of the organization, helps people understand the acronym used in the logo, and identifies the agency's jurisdiction as relating to the county.

In documents where the agency has already been identified with the informal or formal name, the acronym "LAFCO," may be used for brevity.

## Santa Clara LAFCO

Use "Santa Clara LAFCO" as logo and informal name

## Local Agency Formation Commission of Santa Clara County

Use "Local Agency Formation Commission of Santa Clara County" as formal printed legal name

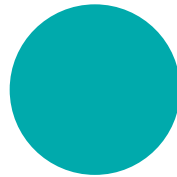
## LAFCO

Acronym for use in body text of documents where the full organization name has already been identified.



# COLOR PALETTE

A vibrant palette of 6 colors has been chosen for Santa Clara LAFCO. The colors can be used to differentiate between different sections in a document.



**LAFCO Teal**

Website RGB  
R0 G170 B173  
#00aaad

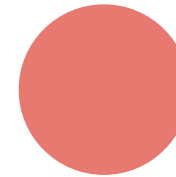
CMYK Equivalent  
C100 M0 Y40 K0



**LAFCO Lime**

Website RGB  
R141 G198 B63  
#8dc63f

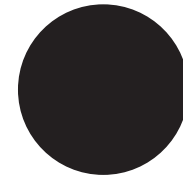
CMYK Equivalent  
C50 M0 Y100 K0



**LAFCO Grapefruit**

Website RGB  
R231 G121 B112  
#e77970

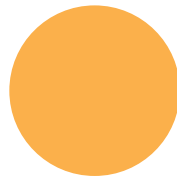
CMYK Equivalent  
C5 M65 Y50 K0



**Black**

Website RGB  
R0 G0 B0  
#000000

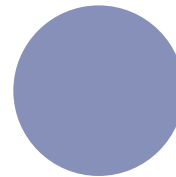
CMYK Equivalent  
C0 M0 Y0 K100



**LAFCO Orange**

Website RGB  
R251 G176 B76  
#fbb04c

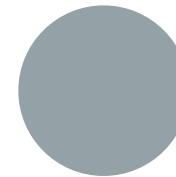
CMYK Equivalent  
C0 M35 Y80 K0



**LAFCO Lavender**

Website RGB  
R135 G144 B184  
#8790b8

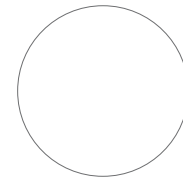
CMYK Equivalent  
C50 M40 Y10 K0



**LAFCO Gray**

Website RGB  
R148 G161 B166  
#94a1a6

CMYK Equivalent  
C45 M30 Y30 K0



**White**

Website RGB  
R255 G255 B255  
#FFFFFF

CMYK Equivalent  
C0 M0 Y0 K0



LAFCO Teal to Lime gradient



# FONTS

The Graphik type family lends itself well to print and screen communications.

The Santa Clara LAFCO templates use the Bold weight for document and slide titles and subheads; Light for large introduction text, body text and captions; and Regular for text reversed on a color.

The Graphik Family is available here: <https://commercialtype.com/catalog/graphik/graphik>

For documents that will be shared and edited on machines that do not have the Graphik font installed, the following fallback fonts may be used: **Arial Regular** and **Arial Bold**. **Palatino** 10pt may be used for body text in staff reports and correspondence formatted in Microsoft Word.

ABCDEFGHIJKLMNOPQRSTUVWXYZ  
abcdefghijklmnopqrstuvwxyz

Graphik Regular

ABCDEFGHIJKLMNOPQRSTUVWXYZ  
*abcdefghijklmnopqrstuvwxyz*

Graphik Regular Italic

ABCDEFGHIJKLMNOPQRSTUVWXYZ  
abcdefghijklmnopqrstuvwxyz

Graphik Light

ABCDEFGHIJKLMNOPQRSTUVWXYZ  
*abcdefghijklmnopqrstuvwxyz*

Graphik Light

**ABCDEFGHIJKLMNOPQRSTUVWXYZ**  
**abcdefghijklmnopqrstuvwxyz**

Graphik Bold

**ABCDEFGHIJKLMNOPQRSTUVWXYZ**  
**abcdefghijklmnopqrstuvwxyz**

Graphik Bold

# TYPOGRAPHY

The following typography examples demonstrate how font size and weight can be used to create a clear hierarchy of messages with a unique style. Consistent use of these contrasts and proportions will build recognition of LAFCO materials even without the logo.

## CATEGORY NAME HERE

# Headline Goes Here on Two Lines

Quist alibus facestotas at. Evellabore libusa doluptiaesci dic tentior essecupam iunt aliberi aturibus **maximus dandenis officia** cusdaecte odiasimet ratinti atiu. Quiam cus, arumqui ut fugita doluption culpa **volupta tisimagnam rest** lamet molorepudam as ut imod quiatis que et omnim quatione odiasimet ratinti atiu dandenis quaspitate moditi.

- » **Rum ipisto tectas molorum quiatibus aut optaeperum.**
- » **Gene venihic temolor sequi officie nimolupta vendeliquia voluptur, quatiunt omnis simint.**

## SECTION TITLE

### TOPIC TITLE GOES HERE

Quist alibus vacestotas a evellabore libusa doluptiaesci dic tentior essecupam iunt aliberi aturibus maximus dandenis quaspitate moditio. Ipsuntotae dolo magnis volorro omnis aut repudant quis.

**Category** Graphik Bold All Caps  
17/17pts with .08" space after

**Headline** Graphik Bold 34/34pts, with  
0.125" space after

**Body Copy** Graphik Light 8.75/12pts  
with .1" space after

**Bold Ideas** Graphik Bold 8.75pts

**Bullet List** Graphik Medium 8.75/12pts  
with .1" space after

**Section Title** Graphik Bold All Caps  
34/34pts

**Topic Title** Graphik Bold All Caps  
8.75/12pts, with .08" space after

**Body Copy** Graphik Light 8.75/12pts  
with .1" space after

# BUSINESS CARD

The new identity for Santa Clara LAFCO is reflected in the redesign of the LAFCO business cards and letterhead. The design is straightforward and professional, without excessive design elements or costly printing techniques which would be inappropriate for a public agency.



# LETTERHEAD

Digital letterhead has been prepared in Microsoft Word which can be used for correspondence, meeting agendas, memos, and staff reports. The master digital file may be updated whenever there are changes to commissioners or contact information.



Local Agency  
Formation Commission  
of Santa Clara County  
777 North First Street, Suite 410  
San Jose, CA 95112  
lafco@ceo.sccgov.org  
SantaClaraLAFCO.org

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

Alternate Commissioners  
Sylvia Arenas  
Cindy Chavez  
Yoriko Kishimoto  
Russ Melton  
Terry Trumbull  
**Executive Officer**  
Neelima Palacherla

Month XX, 20XX

Title First Last  
Company Name  
Building Name  
1234 Main Street Suite A  
City, CA 9XXXX

**RE: Subject Line For This Document Goes Here**

Dear First Last:

Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed diam nonummy nibh euismod tincidunt ut laoreet dolore magna aliquam erat volutpat. Ut wisi enim ad minim veniam, quis nostrud exerci tation ullamcorper suscipit lobortis nisl ut aliquip ex ea commodo consequat. Duis autem vel eum iriure dolor in hendrerit in vulputate velit esse molestie consequat, vel illum dolore eu feugiat nulla facilisis at vero eros et accumsan et iusto odio dignissim qui blandit praesent luptatum zzril delenit augue duis dolore te feugait nulla facilisi.

Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed diam nonummy nibh euismod tincidunt ut laoreet dolore magna aliquam erat volutpat. Ut wisi enim ad minim veniam, quis nostrud exerci tation ullamcorper suscipit lobortis nisl ut aliquip ex ea commodo consequat.

Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed diam nonummy nibh euismod tincidunt ut laoreet dolore magna aliquam erat volutpat. Ut wisi enim ad minim veniam, quis nostrud exerci tation ullamcorper suscipit lobortis nisl ut aliquip ex ea commodo consequat. Duis autem vel eum iriure dolor in hendrerit in vulputate velit esse molestie consequat, vel illum dolore eu feugiat nulla facilisis at vero eros et accumsan et iusto odio dignissim qui blandit praesent luptatum zzril delenit augue duis dolore te feugait nulla facilisi.

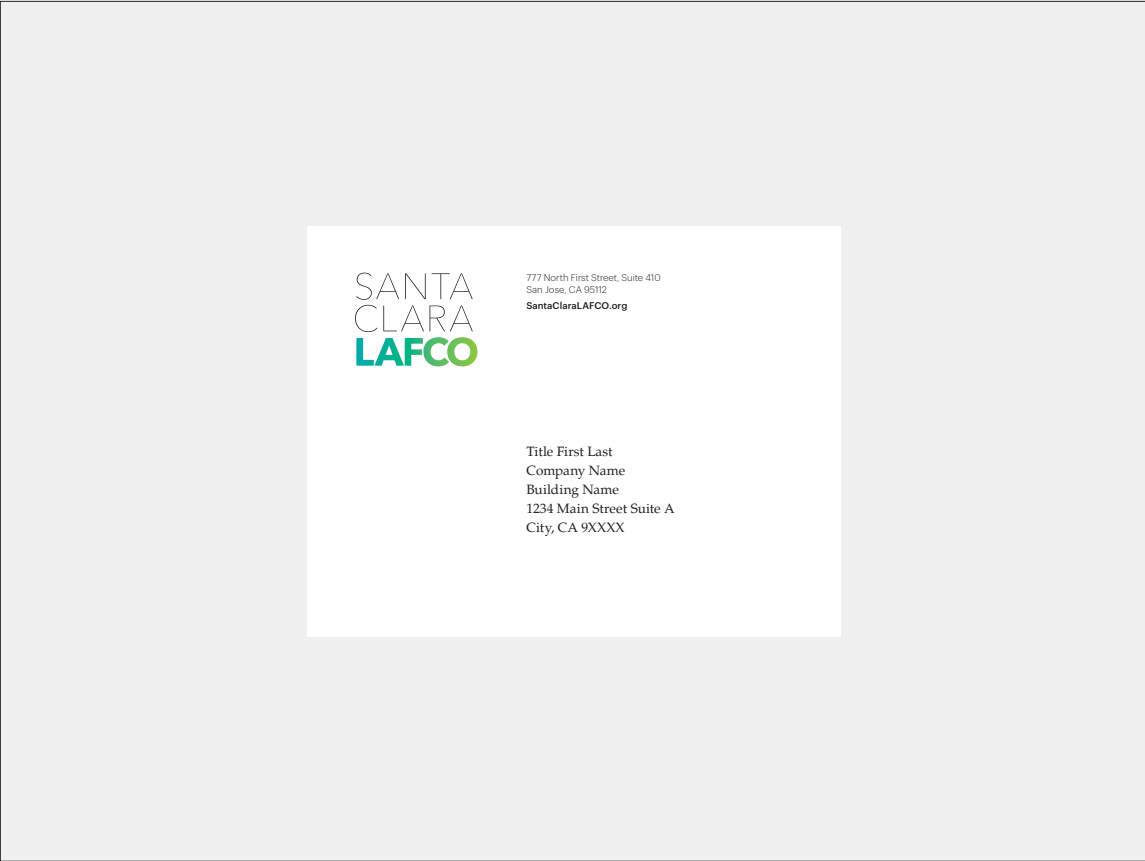
Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed diam nonummy nibh euismod tincidunt ut laoreet dolore magna aliquam erat volutpat. Ut wisi enim ad minim veniam, quis nostrud exerci tation ullamcorper suscipit lobortis nisl ut aliquip ex ea commodo consequat.

Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed diam nonummy nibh euismod tincidunt ut laoreet dolore magna aliquam erat volutpat. Ut wisi enim ad minim veniam, quis nostrud exerci tation ullamcorper suscipit lobortis nisl ut aliquip ex ea commodo consequat. Duis autem vel eum iriure dolor in hendrerit in vulputate velit esse molestie consequat, vel illum dolore eu feugiat nulla facilisis at vero eros et accumsan et iusto odio dignissim qui blandit

# MAILING LABEL

The mailing label is 5.5" x 4.25" in size. Labels may be pre-printed 4-up on quarter-sheet labels, for fast printing of addressees, and for use on any number of mailings including boxes, tubes, and large or small envelopes.

A Word template set up with a sample "To" address has been provided for use with the pre-printed labels.



Mailing label shown on a 9" x 12" envelope (not to scale)

# GUIDING PRINCIPLES

Here are a few guiding principles for delivering messaging to any of LAFCO's diverse stakeholders. These are broad suggestions on tone and posture to guide some best practices for LAFCO communications and outreach. Overtime, these principles for delivering the new narrative will help develop a collective 'voice' that all LAFCO representatives can own, build a stronger culture within LAFCO, and facilitate better communications with all audiences.

### BE POSITIVE

- » Make explicit what LAFCO says 'yes' to — e.g. orderly growth, higher density development near transit and jobs, minimizing impacts on infrastructure and traffic, protection of open space and working lands, climate resiliency, efficient delivery of public services and deployment of taxpayer dollars.
- » Recognize that we would not have the "good" that we have if LAFCO did not say "no".

### BE PERSONAL

- » Demonstrate how LAFCO listens and is responsive to community concerns while managing expectations of key stakeholders and staying aligned with its own mission and mandate.
- » Translate the benefits of what LAFCO does into language that aligns with how the public perceives and values quality of life in the County.

### BE PROACTIVE

- » Assertively extend LAFCO communications and outreach.
- » Engage the public on the role of LAFCO, the benefits of creating livable, sustainable communities and minimizing the costs of services and infrastructure.

### BE ACCESSIBLE

- » Communicate with all audiences using simple, clear language.
- » Be direct about what LAFCO can and cannot approve within its mission and mandate to potential applicants, particularly in advance of the application process.

# HORIZONTAL DOCUMENT TEMPLATE

The horizontal document template is composed of:

**Front cover:** should include the document title as well as the date

**Table of contents:** lists the sections, and should have colors assigned for each section

Section divider page: the background color coordinates with the heading colors in that section

**Statement page:** used for important text that merit extra attention, such as problem statements and key messages

**Body pages:** are laid out in a 4 column grid. Copy can take up all 4 columns, or images can take up 1–2 columns or even the take up the entire bottom of the page

**Back cover:** includes contact information



Front cover

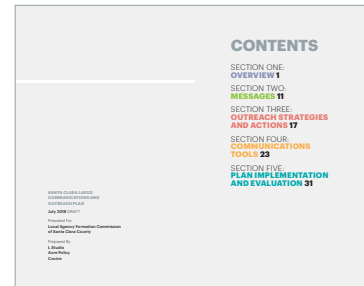
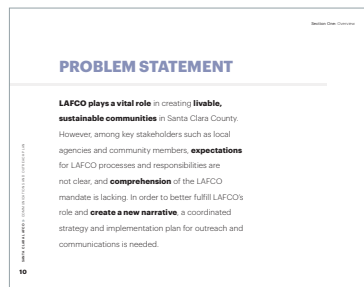


Table of contents



Section divider page



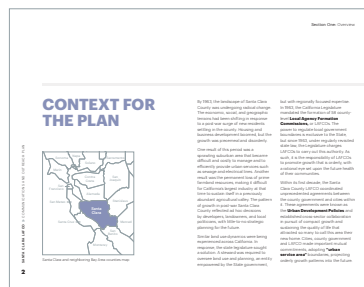
Statement page



Body page



Body page with sidebar copy



Body page with image



Body page with large image



Back cover

# FACT SHEETS

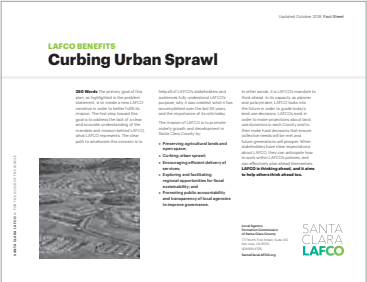
A template to direct both content organization and design for a series of fact sheets has been created. These can be used to provide detailed information about relevant topics to specific audiences. They also provide the flexibility for staff to update information and create fact sheets for new topics on a periodic basis.

The versatile template is composed of a 3 column grid. It has the flexibility to easily accommodate 1–2:

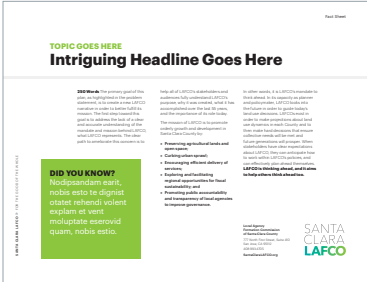
- » images
- » callout boxes
- » charts



Fact sheet with image on upper right



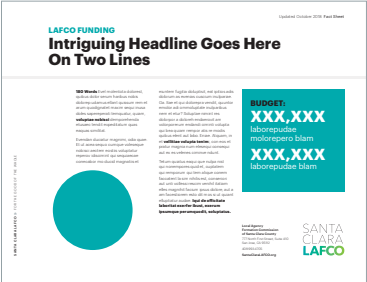
Fact sheet with image on lower left



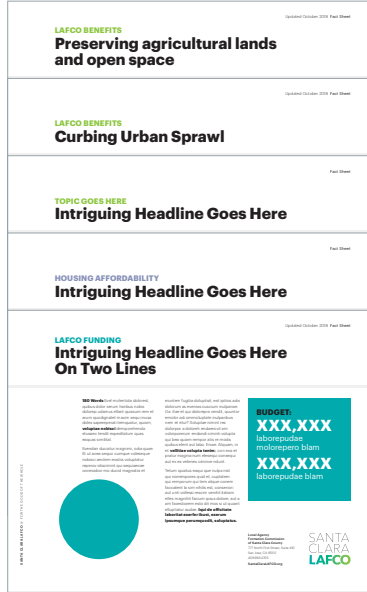
Fact sheet with callout box in lower left



Fact sheet with callout box in lower left and image in upper right



Fact sheet with callout box in lower left and image in upper right



Fact sheets can be displayed stacked on a meeting room table, with category and headline showing, allowing stakeholders to select sheets of interest to them. Digital PDFs are easy to download or share by email.



# BROCHURE

The "What is LAFCO?" brochure is the primary communications tool for Santa Clara LAFCO. It can be used to educate all audiences about the history of LAFCO's mission and mandate, the Commissioners' role in upholding the mandate, how it functions, and what it has accomplished over 50 years in Santa Clara County. It also features the new narrative about what is unique to Santa Clara County and how LAFCO's thinks ahead to create public value for the good of the county as a whole.

The brochure is 5.5" x 11" when folded, and expands to 27.5" x 11" when unfolded.



### WHAT IS LAFCO?

1,312  
SQUARE MILES

1.8M  
2016 POPULATION

2.1M  
PROJECTED POPULATION IN 2030

92%  
POPULATION LIVING WITHIN OFFICE

15  
CITIES

#### SANTA CLARA LAFCO

LAFCO is a state-chartered local agency established to promote orderly growth and development in Santa Clara County by:

- Preserving agricultural lands and open spaces;
- Encouraging efficient behavior of services;
- Expanding and facilitating regional capabilities for local sustainability; and
- Promoting public accessibility and transparency of local agencies to improve governance.

#### BENEFITING THE WHOLE COUNTY

Santa Clara County has a long history of being recognized for its innovation, high growth and the leadership of its political and legal leaders. As a result, public agencies in the county have been able to address the needs of the community and the residents of the county. In these areas, LAFCO provides a unique public value to Santa Clara County, promoting public health and creating a high quality of life.

**sustainable growth**

**housing**

**transportation**

**agriculture**

**open space**

**resilience**

**resource conservation**

FOR THE GOOD OF THE WHOLE

SANTA CLARA COUNTY

28  
SPECIAL DISTRICTS

### WHAT DOES LAFCO DO?

**LAFCO THINKS AHEAD**

LAFCO is a state-chartered local agency established to promote orderly growth and development in Santa Clara County by:

- Preserving agricultural lands and open spaces;
- Encouraging efficient behavior of services;
- Expanding and facilitating regional capabilities for local sustainability; and
- Promoting public accessibility and transparency of local agencies to improve governance.

**LAFCO SERVES PUBLIC VALUES**

LAFCO is a state-chartered local agency established to promote orderly growth and development in Santa Clara County by:

- Preserving agricultural lands and open spaces;
- Encouraging efficient behavior of services;
- Expanding and facilitating regional capabilities for local sustainability; and
- Promoting public accessibility and transparency of local agencies to improve governance.

**LAFCO THINKS AHEAD**

LAFCO is a state-chartered local agency established to promote orderly growth and development in Santa Clara County by:

- Preserving agricultural lands and open spaces;
- Encouraging efficient behavior of services;
- Expanding and facilitating regional capabilities for local sustainability; and
- Promoting public accessibility and transparency of local agencies to improve governance.

FOR THE GOOD OF THE WHOLE

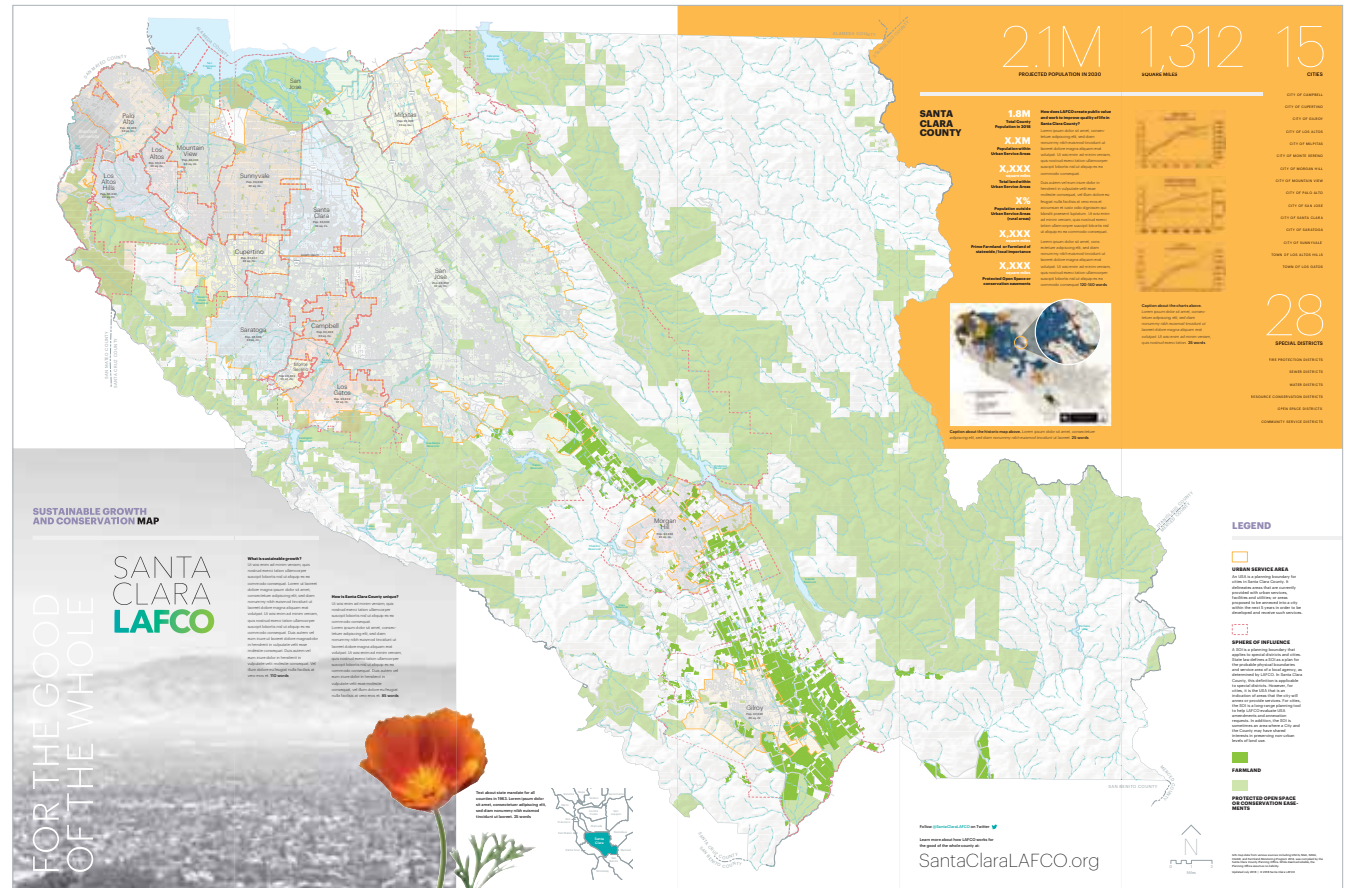
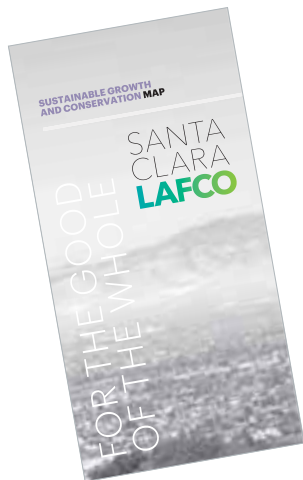
SANTA CLARA COUNTY

28  
SPECIAL DISTRICTS

# MAP

The **Sustainable Growth and Conservation Map** is an updated version of the current County and Cities Boundaries Map. It is designed as a complementary tool to the “What is LAFCO?” brochure and can be used as a stand-alone document or handed out in conjunction with the brochure. In addition to an updated version of the county map featuring cities’ boundaries, farmlands and open space, other graphics and narrative provided in the margins of the map to describe how development and conservation are integral to each other, along with population growth and other statistics, urban development policies, and historic context.

The map is 5.5" x 11" when folded, and expands to 33" x 22" when unfolded.



# POWERPOINT

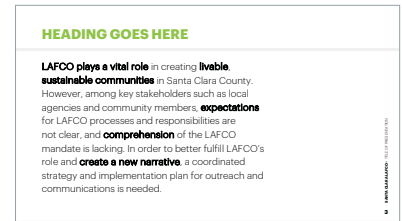
A simple screen presentation template provides a starting point for development of multi-slide presentations. It is recommended that new messaging presentations be developed through a storyboarding process, with each slide designed to convey key ideas as part of a whole narrative. The colors, images, grids, and typography can be adapted as needed.



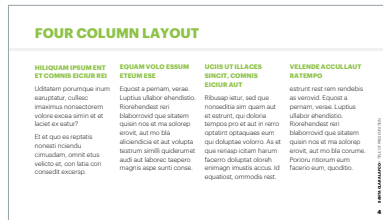
Front cover



Section divider slide in lime color



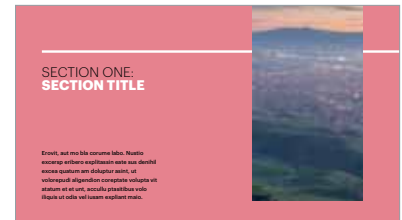
Statement slide



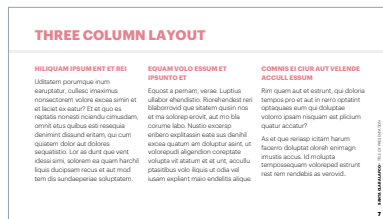
Body slide: four column



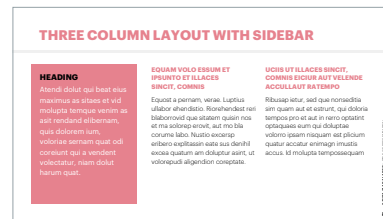
Body slide: four column with image



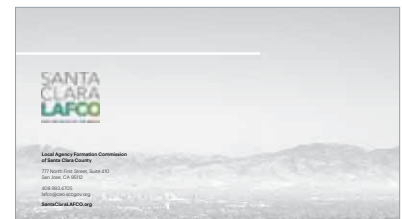
Section divider slide in grapefruit color



Body slide: three column



Body slide: three column with sidebar



Back cover

# ANNUAL REPORT

An updated design template for Annual Reports applying the new identity and brand elements is provided as a part of the Plan, along with recommendations for content to include in future reports. LAFCO Staff will be responsible for developing the content and implementing these materials.



Front cover



Table of contents and opening letter

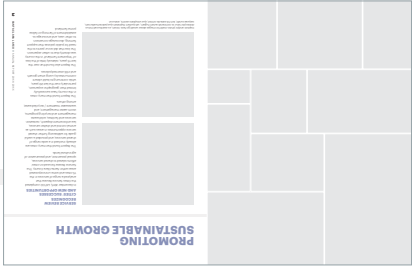


Photo grid page and body page with two columns



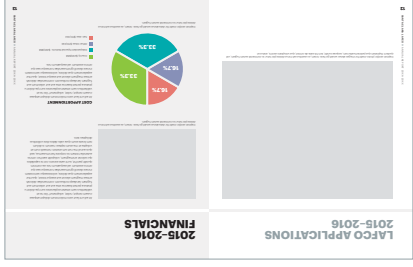
Body page: two columns on gray



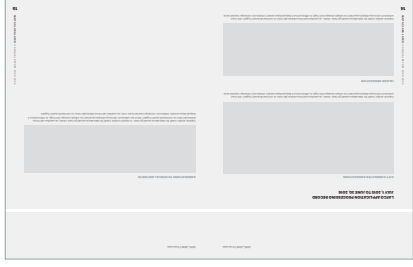
Body page: three columns



Body page: two columns



Body page with large image and financials page



Financials



Back cover

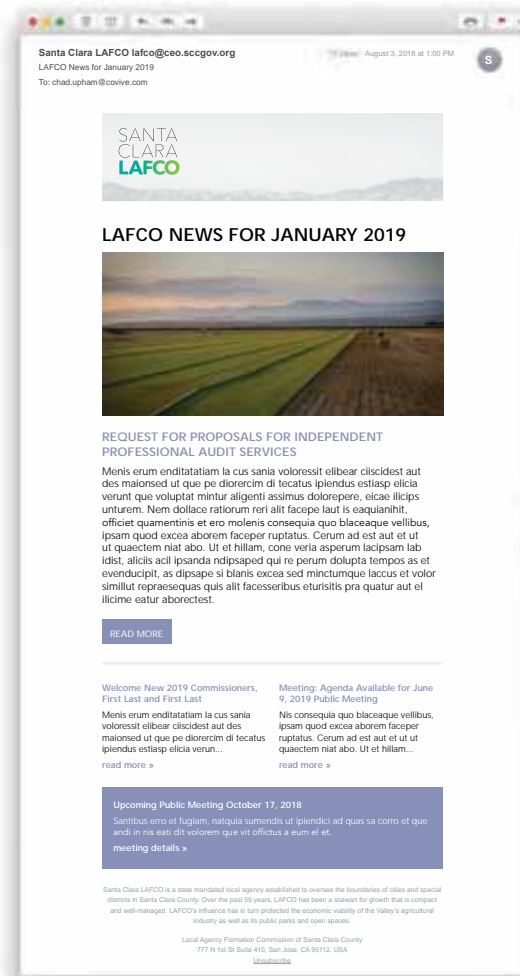
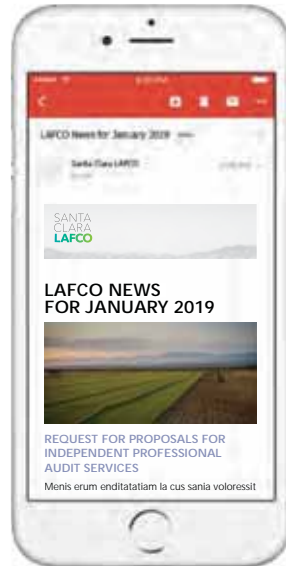
# E-NEWSLETTER / ANNOUNCEMENT / EMAIL BLAST TEMPLATE

A template for a digital newsletter has been created. Announcements using this template can be distributed to all audiences, including the current list of recipients for regular LAFCO meeting announcements and agendas. Content can include announcements for changes to the Commission, upcoming presentations and meetings, reports on Service Reviews, links to newly published annual reports, and other timely notices and news

The fonts sizes have been set up in the template, but are listed on the right. Lavender (#8790b8) is used as the color for buttons and links, and as an accent color for callout boxes.

Campaign Monitor provides professional yet simple-to-use, email creation tools. The text and images can be easily updated in the template. Mailing lists are saved and any duplicate or bounced email addresses are automatically removed to ensure your mailing list is up-to-date.

More information about Campaign Monitor is available here: <https://www.campaignmonitor.com/>



**Heading 1**  
Avenir Bold All Caps Black 24/24 pts

**Heading 2**  
Avenir Bold All Caps Lavender 16/20 pts

**Body 1**  
Avenir 14/17 pts

**Heading 3**  
Avenir Bold 12/15 pts

**Body 2**  
Avenir 16/20 pts

**Callout Box**  
Same text styles as Heading 3 and Body 2 but in white

# CONTACT INFORMATION

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**SANTA CLARA LAFCO  
IDENTITY STYLE GUIDE**

**September 2018** DRAFT

Prepared For  
**Local Agency Formation Commission  
of Santa Clara County**

Prepared By  
**Covive**

Contact  
**Chad Upham**  
[chad.upham@covive.com](mailto:chad.upham@covive.com)  
415.215.1269 voice  
[covive.com](http://covive.com)





SANTA  
CLARA  
**LAFCO**

FOR THE GOOD OF THE WHOLE

**Local Agency Formation Commission  
of Santa Clara County**

777 North First Street, Suite 410  
San Jose, CA 95112

408.993.4705  
lafco@ceo.sccgov.org

**SantaClaraLAFCO.org**

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**Include the following policies in the LAFCO Bylaws, under the section titled "THE COMMISSIONER."**

**COMMISSIONER PLEDGE**

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- 1) All commissioners shall sign the Commissioner Pledge acknowledging their understanding of their unique role and responsibilities as a LAFCO Commissioner.
- 2) All newly appointed commissioners shall receive and sign a copy of the pledge prior to their first LAFCO meeting.
- 3) Copies of the signed pledge shall be provided to the LAFCO Clerk and retained for LAFCO records. A copy of the signed pledge shall be provided to the Commissioner.
- 4) For ceremonial purposes, the LAFCO Chairperson will verbally administer the pledge to newly appointed commissioners at their first LAFCO meeting.
- 5) The LAFCO Commissioner Pledge shall read as follows:

I, \_\_\_\_\_, as LAFCO Commissioner, pledge to uphold LAFCO's mission and mandate to promote sustainable growth and good governance in Santa Clara County:

I pledge to preserve agricultural lands and open space;

I pledge to curb urban sprawl;

I pledge to encourage efficient delivery of services;

I pledge to promote accountability and transparency of local agencies.

As an appointed LAFCO Commissioner, I will represent the interests of the public as a whole, and not solely the interests of my appointing authority. In doing so, I will help LAFCO be a forward thinking agency that stewards public resources for the good of the whole county.

I will faithfully fulfill my duties as a LAFCO Commissioner, recognizing that LAFCO's work yields public benefits and that LAFCO has a unique role and responsibility in shaping the future of the county.

\_\_\_\_\_  
Commissioner Signature

\_\_\_\_\_  
Date



# AGENDA ITEM # 6 Attachment C



Neelima Palacherla, Executive Officer  
LAFCO of Santa Clara County  
777 North First Street, Suite 410  
San Jose, CA 95112

Strategy.  
Storytelling.  
Sustainability.  
[www.lstudio.net](http://www.lstudio.net)

October 9, 2018

**Re:** Proposed budget and timeline for design and production of additional communication tools for Santa Clara LAFCO

## OVERVIEW

The following is a proposed budget and timeline for design and production of additional communication tools for LAFCO.

### **Website Redesign / Rebuild** **\$32,000**

Design and development of new custom agency website in Drupal or WordPress.  
Secure hosting from Pantheon or similar platform, WCAG 2.0 Level AA Accessibility

- List of site features/functionality, technical requirements, messaging/storytelling opportunities, and content items
- Site map / navigation structure
- Wireframes of home page and typical page types including desktop and mobile widths
- 2 unique visual design mock-ups of home page and typical page types for desktop and mobile widths
- Original photography (10-12 final images as a "Buy Out")
- Design refinement of home page and all typical pages and interactive components
- Installation and configuration of CMS and theme, modules/plugins
- Development of all pages including site navigation, home page feature content, static and dynamic content, file and document libraries, and any other interactive features.
- Integration of all new and existing content including files, images, meetings, and bios
- Integration of Google analytics for page views and click event tracking
- Testing, review, and approvals
- Site launch
- Brief website maintenance guide with instructions for basic content management tasks
- Site maintenance for 60 days after launch

Deliverables / Timeline	(16-20 weeks)
- Content, features and technical requirements lists	2 weeks
- Site map / navigation structure	2 weeks
- Wireframes	2 weeks
- Visual Design Mock-ups	2 weeks
- Refined design for all typical pages	2 weeks
- Website development	2-4 weeks
- Website content integration	1-2 weeks
- Website ready for internal review and approval	TBD
- Website launch	TBD
- Website maintenance guide	1 week

Covive, L Studio's partner on web development, recommends Pantheon for hosting of secure websites on a multi-stage development environment with automated back-ups and easy updates. Current pricing for the Basic hosting plan is \$50/mo or \$600/year. Covive also recommends budgeting for 10-15 hours per year for website security updates, incorporation of new special content or features, and other ongoing site maintenance needs

**PowerPoint Presentations for Commissioners / Public** **\$9,000**

Suggested format: HD 16:9 PowerPoint Presentation

- Outline and storyboard of presentations
- Draft of key messages with list of images/photography and diagrams needed
- Preliminary design alternatives. 2 unique directions for cover and all typical slides
- Full design draft with copy provided by LAFCO
- Design refinement based on feedback and production of final artwork
- PowerPoint files for updates and adaptations by LAFCO staff

Deliverables / Timeline (9 weeks)

- Outline and storyboard 2 weeks
- Preliminary design alternatives 2 weeks
- Feedback from LAFCO 1 week
- Round Two Design Draft 1 week
- Feedback from LAFCO 1 week
- Final artwork for approval 2 weeks

**Exhibit Posters** **\$7,500**

Suggested format: 24x36" or 30x45" mounted posters

Series of 4-6 poster exhibits covering topics from brochure and/or presentation

- Storyboard of posters with thumbnail sketches of layouts
- Preliminary design concept (based on brochure, presentation and web design)
- Two (2) Design drafts with all content and images with design refinement based on feedback
- Print-ready artwork and coordination of print production with local vendors

Deliverables / Timeline (8 weeks)

- Outline and storyboard 2 weeks
- Preliminary design draft 2 weeks
- Round Two Design Draft 2 weeks
- Final artwork for approval 2 weeks

**Notes:**

- Additional work will be based on the rate of \$150/hr through 12/31/19.
- Fees include reasonable expenses for local travel, communication, and interim materials.
- Fees do not include reimbursable expenses for the creation and licensing of photography, illustrations or fonts, printing of posters, or website hosting fees.
- Invoicing Schedule: L Studio will invoice at the end of each month for work completed to date as a percent of the total project fees.

**LAFCO MEETING:**                   **October 17, 2018**

**TO:**                                   **LAFCO**

**FROM:**                           **Neelima Palacherla, Executive Officer**  
**Lakshmi Rajagopalan, Analyst**  
**Dunia Noel, Analyst**  
**Emmanuel Abello, Clerk**

**SUBJECT:**                       **2017-2018 LAFCO ANNUAL REPORT**

**STAFF RECOMMENDATION**

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Accept the 2017-2018 Annual Report (July 1, 2017 to June 30, 2018).

**APPLICATION PROCESSING**

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In February 2018, LAFCO considered and approved an Urban Service Area and Sphere of Influence amendment request from the City of Monte Sereno, after waiving the one-year time requirement for resubmittal of the application in December 2017. The Sphere of Influence determinations for Monte Sereno Urban Service Area / Sphere of Influence Amendment 2017 were approved in April 2018.

LAFCO reviewed, approved, and recorded two proposals involving annexations to the West Valley Sanitation District.

During Fiscal Year 2017-2018, LAFCO staff processed ten city-conducted annexations approved by cities. They include two annexations to the Town of Los Altos Hills totaling 4.22 acres and eight annexations to the Town of Los Gatos totaling 43.38 acres.

Please see **Attachment A** for a full accounting of the applications processed by staff from July 1, 2017 to June 30, 2018.

**TELLING THE LAFCO STORY- GROUNDBREAKING EFFORT UNDERWAY**

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For over 55 years, Santa Clara LAFCO has played a vital role in creating livable communities by curbing urban sprawl, protecting agricultural and open space lands, and encouraging the efficient delivery of services. In the era of climate change and resiliency planning, LAFCO's role in shaping the county's future has only become more crucial. Yet, LAFCO remains relatively unknown and there is a general lack of

understanding of what LAFCO does and why it is important – which hinders its effectiveness.

In late November 2017, LAFCO retained L Studio, through an RFP process, to prepare and implement a communications and outreach plan for LAFCO. The consultants initiated the development of the Plan with a discovery phase where they reviewed existing communications and media for Santa Clara LAFCO. They then surveyed current LAFCO Commissioners to gather information on LAFCO's communications goals, challenges, and opportunities. Staff developed a map of key LAFCO stakeholders and the consultants then interviewed key stakeholders. Through the stakeholder interview and the survey of current LAFCO Commissioner, the consultants identified communications and outreach issues and opportunities.

In mid-March, the consultants presented and discussed their findings at a public workshop for Santa Clara LAFCO commissioner and further explored communications and outreach strategies with the Commission. A diverse array of stakeholders also attended the workshop and provided valuable input. The consultants then developed a draft outline and potential elements of the Plan for LAFCO staff's review and feedback.

The consultants are in the process of developing the draft Plan and supporting communications materials for the Commission's consideration and approval. The Plan when completed will present strategies and tools to guide the Commission as it aims to expand understanding of LAFCO's role and responsibility in promoting sustainable growth and good governance, in the county as a whole.

## **PROVIDING CUSTOMER SERVICE AND GUIDANCE**

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### **Pre-Application Meeting on Proposed Morgan Hill Urban Service Area Amendment - South County Catholic High School**

Pre-application meetings are intended to inform prospective applicants, as early as possible, of the particular LAFCO policies and procedures that apply to the anticipated/proposed project and any issues/concerns that LAFCO may have with a proposal. Thus, allowing the applicant to consider and address these issues in advance of submitting an application to LAFCO.

In May 2018, LAFCO staff met with representatives of the South County Catholic High School and City of Morgan Hill staff regarding an anticipated new request for an urban service area (USA) amendment application for the proposed development of the South County Catholic High School in the Southeast Quadrant. The group discussed potential options for the proposal's boundaries and environmental review and how the proposed urban service area expansion request fits into the City's long-term growth/preservation plans. The discussion also focused on other outstanding issues such as provision of services, impacts to agricultural lands, and availability of vacant/underutilized lands within the city limits.

## **Providing Guidance to Potential Applicants on Projects Small and Big**

Over the past year, LAFCO staff has responded to numerous general inquiries and provided guidance to potential applicants on LAFCO policies and procedures. While guidance and responses on some inquiries can be sufficiently provided via a single phone call or e-mail, certain issues and projects may require additional research and meetings in order to effectively address the issues/projects. Staff conducted research and met with the following agencies and entities in FY 2017-2018:

- Cities (Los Altos Hills, Los Gatos, Monte Sereno, Mountain View, and Morgan Hill), County Departments (Roads and Airports), and property owners regarding annexation of unincorporated parcels and unincorporated islands.
- City of Mountain View, land developers, and land appraisers concerning the potential development/redevelopment of federal lands, including the Moffett Field area.
- Property owners from San Jose concerning their interest in detaching their neighborhood from San Jose and annexing to Cupertino to address their land use planning, development and service issues and concerns.
- Real estate investors, land appraisers, and land developers concerning the potential purchase and/or development of various lands located in the southern part of the county.
- County Planning Department regarding a proposed agricultural worker housing development in the unincorporated area near Gilroy, and to discuss the next steps in the County's implementation efforts of the Santa Clara Valley Agricultural Plan.

## **BUILDING BENCH STRENGTH: NEW LAFCO ANALYST HIRED**

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LAFCO's responsibilities have progressively and substantially expanded over the past 15 years, due to change in State law, emerging issues, and related new initiatives in the county and region. To ensure that LAFCO continues to meet its responsibilities and to allow for greater cross training of staff and to support succession planning efforts, in December 2017, LAFCO hired Lakshmi Rajagopalan as the new LAFCO Analyst. There is a significant learning curve when it comes to staffing LAFCO, due to its unique role, state mandated processes and local policies. LAFCO staff have spent a significant amount of time onboarding and cross training the new Analyst on LAFCO's mandate/mission, policies, procedures, and special programs/projects.

## **COMMENT LETTERS CLARIFY LAFCO POLICIES & PROCEDURES**

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LAFCO provides comments on projects undertaken by member agencies to ensure that LAFCO's concerns are considered early, during their planning and development review process of a project.

## **Santa Clara Valley Agricultural Plan**

The Santa Clara County Department of Planning and Development released the draft Santa Clara Valley Agricultural Plan for public review and comment in December 2017. LAFCO has a major stake in ensuring a successful outcome for the Plan, given LAFCO's unique regulatory authority over future city boundaries and its core mandate to preserve farmland and curb urban sprawl.

LAFCO submitted a comment letter on the Plan to the County requesting that certain text edits be made to the Plan to correctly reflect that LAFCO policies discourage premature conversion of agricultural lands and only recommend mitigation where conversion of agricultural lands cannot be avoided or minimized.

LAFCO's letter also stated that the Plan should not rely on conversion of agricultural lands to fund the Agricultural Conservation Easement (ACE) program and that farmworker housing developments should be sited in urban areas with convenient access to urban amenities rather than in rural unincorporated areas which lack urban services.

## **LAFCO's Response to the 2016-2017 Civil Grand Jury Report entitled, "LAFCO's Denials: A High School Caught in the Middle"**

In September 2017, LAFCO provided a detailed response letter to the 2016-2017 Santa Clara County Civil Grand Jury (CGJ) Report entitled "LAFCO's Denials: High School Caught in the Middle" in order to carefully and accurately address the numerous factual errors, misinformation and mischaracterizations contained in the CGJ Report and to more fully inform the CGJ and the public of the facts surrounding LAFCO's consideration of the Morgan Hill Urban Service Area Amendment 2015 application. As mentioned earlier in this report, LAFCO has launched the development of a Communications Plan. Through the implementation of the Plan, LAFCO aims to expand understanding amongst its stakeholder groups such as the CGJ, of LAFCO's role and responsibility in promoting sustainable growth and good governance.

## **MEETINGS WITH STATE AND REGIONAL AGENCIES ON ISSUES OF COMMON CONCERN**

LAFCO maintains strong working relationships with state and regional agencies, periodically meeting with them to discuss issues of common interest and/or concern. In May 2018, LAFCO staff had an initial phone discussion with staff from the State Water Resources Control Board's Division of Drinking Water (DDW) on the Board's interest in consolidating certain struggling small water systems in unincorporated South Santa Clara County with larger, better managed and maintained systems located nearby; and the Board's interest in ensuring that new water systems do not suffer this same fate. Given the seriousness and complexity of this issue, LAFCO staff has agreed to facilitate a joint meeting of DDW staff, County Planning Department staff, and County Department of Environmental Health staff to inform them of this issue and explore



options to address these systems and plan ahead to prevent such situations from occurring in the future.

## **OUTREACH EFFORTS**

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### **LAFCO Orientation Sessions**

LAFCO staff conduct an orientation program to educate incoming Commissioners and their staff about the history of LAFCO, its State mandate, its policies, the role of Commissioners and Staff, and the process for review of applications. In FY 2017-2018, staff conducted two separate orientation sessions for the staff of local elected officials and LAFCO Commissioners

### **LAFCO Presentations to Stakeholder Groups**

LAFCO regularly partners with local associations, and community groups to increase visibility and awareness of LAFCO and its mission and to engage a broader cross section of stakeholders. In addition, staff also presents regularly to diverse stakeholder groups to expand understanding of LAFCO's mandate and mission.

In October 2017, EO Palacherla attended and made a presentation at the Santa Clara County Farm Bureau meeting (October 2017) and at the meeting of the South County Realtors Alliance (May 2018).

## **COUNTYWIDE ASSOCIATIONS & PARTNERSHIPS**

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### **Santa Clara County Special Districts Association**

Executive Officer Palacherla regularly attends the quarterly meetings of the Santa Clara County Special Districts Association and provides updates to the Association on LAFCO activities that are of interest to special districts.

### **Convening the Independent Special District Selection Committee for Countywide Redevelopment Authority Oversight Board Appointments**

Beginning January 1, 2018, state law requires that LAFCO convene the Independent Special Districts Selection Committee (ISDSC) in each county to appoint special district representatives to the newly consolidated Countywide Redevelopment Authority Oversight Board. EO Palacherla convened a meeting of the ISDSC on May 10, 2018. At the meeting, the ISDSC unanimously appointed Tony Estremera (Santa Clara Valley Water District Board Member) as primary representative and Yoriko Kishimoto (Midpeninsula Regional Open Space District Board Member) as alternate representative, to the new Countywide Redevelopment Authority Oversight board.

### **Santa Clara County Association of Planning Officials**

LAFCO staff periodically attend the meetings of the Santa Clara County Association of Planning Officials (SCCAPO). LAFCO hosted the January 2018 SCCAPO meeting, and

staff made a presentation on LAFCO and its role in promoting sustainable growth and good governance in Santa Clara County. The presentation briefly covered the topics of Urban Service Area Amendments, Island Annexations and Out of Agency Contract for Services.

### **Inter-Jurisdictional GIS Working Group**

LAFCO staff participates in the monthly meetings of the Inter-Jurisdictional GIS Working Group which includes staff from the County Planning, County ISD, County Surveyor, County Assessor, County Communications and Dispatching, County Registrar of Voters, and County Roads and Airports. The Group meets regularly to review and resolve various city, special district, and tax rate area GIS boundary discrepancies. LAFCO hosted the Group's February 2018 meeting and LAFCO staff provided an overview and illustration of how Santa Clara LAFCO interacts with various County Departments and the State for jurisdictional boundary changes.

### **Resolution of Commendation to Bill Shoe**

In December 2017, the Commission adopted and presented the Resolution of Commendation to Bill Shoe, retired Santa Clara County Principal Planner in appreciation for his 28 years of service to the County; and his contributions to several important planning projects that support the mission of the Santa Clara LAFCO.

### **WORKING AT THE STATE LEVEL: CALAFCO ACTIVITIES**

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As a dues-paying member of the California Association of LAFCOs, Santa Clara LAFCO is actively involved in CALAFCO activities. The following is a summary of LAFCO's participation during this fiscal year:

#### **Commissioner Vicklund Wilson is Elected to CALAFCO Board**

LAFCO Commissioner Susan Vicklund Wilson was elected to the CALAFCO Board of Directors at the 2017 CALAFCO Annual Conference held in San Diego. As a Director, Commissioner Vicklund Wilson will work with other LAFCO commissioners throughout the state on legislative, fiscal and operations issues that affect LAFCOs.

#### **Very Active Legislative Year**

Commissioner Vicklund Wilson and Executive Officer Palacherla serve on CALAFCO's Legislative Committee which meets regularly during the legislative session to propose new legislation that helps clarify LAFCO procedure or address LAFCO issues, and to discuss and take positions on proposed legislation affecting LAFCOs.

In Fiscal Year 2017-2018, Santa Clara LAFCO took a support position on the following bills:

- AB 3254 (Assembly Local Government Committee) Omnibus Bill
- AB 2258 (Caballero) LAFCOs Grant Program

- AB 2238 (Aguiar-Curry) Hazard Mitigation Plan and Safety Element
- AB 2600 (Flora) Regional Park and Open Space Districts
- SB 929 (McGuire) Independent Special Districts Internet Websites.

### **CALAFCO Annual Conference and Staff Workshop: Attendance & Presentations**

In October 2017, staff, and Commissioners Jimenez, Rennie, Vicklund Wilson and Melton attended the Annual CALAFCO Conference in San Diego. Commissioner Vicklund Wilson was a panelist on a session entitled “Show Me the Money! – Challenges and Opportunities for LAFCO Funding,” and Executive Officer Palacherla was a panelist on a session entitled “Unincorporated Islands: Rescuing City Castaways.”

In April 2018, LAFCO staff attended the Annual CALAFCO Staff Workshop in San Rafael. Executive Officer Palacherla was a panelist on a session entitled “State of the Art on Agricultural Preservation,” and Analyst Noel was a panelist on a session entitled “The Making of a Successful Strategic Plan for LAFCOs – Lessons Learned.”

### **EO Palacherla Helps Develop CALAFCO’s White Paper: State of the Art on Agricultural Preservation**

In February 2018, CALAFCO in partnership with American Farmland Trust (AFT) published a white paper entitled “State of the Art on Agricultural Preservation. A small group of LAFCO Executive Officers, including EO Palacherla, worked closely with AFT 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.

## **ADMINISTRATIVE / OPERATIONAL ACTIVITIES**

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### **Preparation and Adoption of LAFCO’s Annual Budget**

LAFCO, at its February 7, 2018 meeting, established a Finance Committee consisting of Commissioners Hall, Jimenez, and Rennie, and directed the Committee to develop work with staff on the development of a draft budget for Commission consideration. The Committee met in March 2018 and discussed issues related to the budget, including the highlights and progress on the current year work plan, and the status of current year budget.

At its June meeting, LAFCO adopted its Fiscal Year 2018-2019 Budget, as recommended by the Finance Committee, following two public hearings in April and June.

### **Adoption of Revised Fee Schedule**

In June 2018, LAFCO adopted a revised fee schedule in order to ensure an appropriate level of cost recovery. The revised fees more accurately reflect LAFCO’s costs for

processing applications and are based on current staff hourly rates and an assessment of current average staff time spent on processing applications.

### **Adoption of Fee Policies**

In June 2018, LAFCO amended its Bylaws to include new policies on LAFCO fees to guide the Commission's procedures and timelines for establishing, reviewing and amending the LAFCO Fee Schedule; and for considering LAFCO fee waiver requests.

### **Arranging an Independent Audit of LAFCO's Financials**

In order to provide greater clarity and transparency on LAFCO's financial statements, the Commission, at its June meeting, authorized staff to arrange for an annual audit of LAFCO's financials and issue an RFP for an interdependent Certified Public Accounting firm to conduct annual audits of LAFCO for Fiscal Years 2018 through 2021. A RFP was issued on June 7, 2018.

### **ATTACHMENT**

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Attachment A: LAFCO Application Processing Record: July 1, 2017 to June 30, 2018

## LAFCO APPLICATION PROCESSING RECORD

JULY 1, 2017 TO JUNE 30, 2018

### CITY CONDUCTED ANNEXATIONS

CITY	PROPOSAL NAME	DATE RECORDED	DOCUMENT #	ACREAGE APPROVED
Los Altos Hills	Mora Heights Way No. 1	05/07/18	23926661	2.57
	Mora Heights Way No. 2	05/07/18	23926660	1.65
	<i>City Total</i>			<b>4.22</b>
Los Gatos	Englewood Avenue No. 11	09/26/17	23762192	0.47
	Hilow Road No. 7	04/09/18	23905658	0.27
	Hilow Road No. 8	09/26/17	23762190	0.27
	Hilow Road No. 9	05/01/18	23922955	0.27
	Linda Avenue No. 5	05/01/18	23922954	0.21
	Shannon Road No. 27	02/02/18	23861801	28.61
	Shannon Road No. 28	09/26/17	23762193	12.95
	Topping Way No. 7	09/26/17	23762191	0.33
<i>City Total</i>			<b>43.38</b>	

*Total City Conducted Annexations Acreage*      **47.60**

### ANNEXATIONS TO SPECIAL DISTRICTS

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED	ACREAGE APPROVED
West Valley Sanitation District	West Valley Sanitation District 2017-01 (Shannon Road)	Approved 08/02/17	2375677 09/19/17	13.88
	West Valley Sanitation District 2017-02 (Twelve Oaks Road)	Approved 02/07/18	23905659 04/09/18	1.46
	<i>District Total</i>			<b>15.34</b>

*Total Special District Annexations Acreage*      **15.34**

## URBAN SERVICE AREA & SPHERE OF INFLUENCE AMENDMENTS

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED	ACREAGE APPROVED
Monte Sereno	Monte Sereno Urban Service Area/ Sphere of Influence Amendment 2017*	Approved 04/04/18	23926662 05/07/18	7.4

*Total USA/SOI Amendment Acreage*                      **7.4**

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\* LAFCO actions regarding the Monte Sereno Urban Service Area (USA)/ Sphere of Influence (SOI) Amendment included:

- June 7, 2017 – LAFCO denied the USA/SOI Amendment 2016 proposal.
- October 4, 2017 – LAFCO directed that staff agendize for the December meeting, the waiver of the one-year time requirement for resubmitting the Monte Sereno USA/SOI application.
- December 6, 2017 – LAFCO waived the one-year time requirement for resubmittal of the Monte Sereno USA/SOI application.
- December 2017 – The applicant resubmitted the Monte Sereno USA/SOI Amendment application.
- February 7, 2018 – LAFCO approved the resubmitted Monte Sereno USA/SOI Amendment 2017.
- April 4, 2018 – LAFCO approved the determinations for Monte Sereno USA/SOI Amendment 2017.

**LAFCO MEETING:** October 17, 2018  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
Lakshmi Rajagopalan, Analyst  
**SUBJECT:** EXECUTIVE OFFICER'S REPORT

**8.1 PARTICIPATION IN GLOBAL CLIMATE ACTION SUMMIT AFFILIATE EVENT:  
A TALE OF THREE VALLEYS**

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**For Information Only.**

On September 11, 2018, LAFCO staff participated in the Global Climate Action Summit Affiliate Event, titled “A Tale of Three Valleys.” The event was hosted by the Santa Clara Valley Open Space Authority (OSA), County of Santa Clara, City of San Jose, and Terre et Cité, with support from Peninsula Open Space Trust and the League of Women Voters. The Tale of Three Valleys half-day tour began at San Jose City Hall with a presentation on how multiple groups across the world are working together to build climate resilience through land conservation in high growth areas like Silicon Valley and the French Silicon Valley, just south of Paris.

Commissioner Jimenez welcomed the tour group to San Jose and discussed how it is vital to have nature near residents, particularly in high growth areas like San Jose and that natural areas, such as the Coyote Creek Watershed / Coyote Valley, are important to San Jose in terms of public access to open space, flood protection, and carbon sequestration. The event concluded with a mobile tour of farmlands and open space in Coyote Valley, presentations from the host agencies and organizations, and a lunch at Coyote Ridge.

**8.2 SPUR SAN JOSE'S LUNCH FORUM: THE FUTURE OF AGRICULTURE IN SANTA CLARA COUNTY**

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**For Information Only.**

On July 11, 2018, Executive Officer Palacherla participated in SPUR San Jose's lunch forum titled “The Future of Agriculture in Santa Clara County” to discuss local agricultural preservation efforts and the Santa Clara Valley Agricultural Plan. Participants on the panel including Santa Clara County Planning Manager, Santa Clara

County Food System Alliance Board Member and the Santa Clara Valley Open Space Authority General Manager.

EO Palacherla provided an overview of the countywide urban development policies, and discussed how preventing sprawl and encouraging efficient development patterns are important strategies for preserving farmland. The audience consisted of 15-20 attendees including staff from city and county agencies; staff from non-profit organizations; those working in private developer, planning and architecture firms; SJSU students; and engaged local members of the public.

### **8.3 TOUR AND MEETING WITH STATE DEPARTMENT OF CONSERVATION STAFF**

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

On June 8, 2018, LAFCO staff participated in a tour of south county farmlands and open space that was organized by the Santa Clara Valley Open Space Authority (OSA) for State Department of Conservation (DOC) staff. Staff from the County Planning Department also participated in the tour. The tour began with a group discussion of agricultural conservation in the county, the Santa Clara Valley Agricultural Plan, and threats and opportunities for farmland preservation.

EO Palacherla informed the group about the County's longstanding policies that encourage urban growth within existing cities boundaries and that guide development away from agricultural lands and open space and about the important role LAFCO has played in this effort over the years.

The tour included stops/brief discussions at Coyote Ridge and Coyote Valley, Tilton Ranch, and San Martin; and the Pajaro Ranch (owned by The Nature Conservancy) and Pajaro River Agricultural Preserve (owned by OSA), where lunch was provided. The very informative tour provided LAFCO staff with an opportunity to have discussions with DOC staff on various issues of common interest.

### **8.4 MEETINGS WITH STATE WATER RESOURCES CONTROL BOARD STAFF ON SMALL WATER SYSTEMS**

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

As a follow-up to a May 15, 2018 initial conference call, LAFCO staff met with State Water Resources Control Board's Department of Drinking Water (DDW) staff on July 25, 2018 to discuss the status of sixteen (16) small water systems in south Santa Clara County, which were identified by DDW as experiencing technical, managerial and financial difficulties.

The group discussed potential options for each of these systems, including the potential consolidation of these struggling small water systems with better managed and maintained systems located nearby. For the most part, there does not appear to be any readily available solution for these struggling systems. Discussions concerning the feasibility and practicality of consolidation or infrastructure extension to these systems noted the long distances involved, terrain challenges, high costs, lack of funding sources, water supply availability, and overall uncertainty.



Many of these systems serve small subdivisions or developments that were approved by the County decades ago and although the amount of new development that occurs in the unincorporated area is limited, some amount of development can and will occur. Therefore, it is important that development approved in the unincorporated area has a reliable long-term source of water for fire protections and potable purposes and that small water systems serving these development are viable long-term.

In order to understand the County's development review process, and applicable regulations LAFCO staff facilitated another meeting on September 17, 2018 with DDW staff, County Planning Department staff, and County Department of Environmental Health staff. The group discussed issues and options for the identified struggling systems. No new readily available options were identified for the identified struggling systems. The group also discussed how to plan ahead and prevent such situations from occurring in the future; and agreed to work together to better address this issue in the future.

At that meeting, the group also determined that it would be helpful to meet with Santa Clara Valley Water District staff to discuss this issue and to learn more about the groundwater supply and groundwater quality in southern Santa Clara County and the District's sustainable groundwater management program. A meeting is scheduled for late October and LAFCO staff will continue to update the Commission on this matter.

#### **8.5 MEETING ON THE PROPOSED AGRICULTURAL WORKER HOUSING DEVELOPMENT IN UNINCORPORATED COUNTY OUTSIDE GILROY**

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

On August 30, 2018, LAFCO staff met at the Gilroy City Hall with City of Gilroy staff, County Planning Department staff, a property owner, and the property owner's representative Don Gage, to discuss an agricultural worker housing development proposed in an area just outside Gilroy. The project site is unincorporated, and the property owner is seeking water service extension from the City of Gilroy for developing agricultural worker housing in the unincorporated county.

At the meeting, LAFCO staff discussed LAFCO policies and recommended that rather than seeking LAFCO approval for water service extension outside its jurisdictional boundaries, the City should consider seeking an urban service area amendment from LAFCO, so that the property can be annexed to the City and provided with the desired urban services consistent with longstanding LAFCO, County, and Cities policies. LAFCO staff noted that given the type of development proposed, this option would be the most efficient and straight forward process in terms of policy consistency, procedures and cost. However, it appears that the property owner/City want to pursue an out of agency service extension rather than an USA amendment and annexation.

The County and the City of Gilroy are in the process of working with the property owner to prepare an application to LAFCO.

## **8.6 PHONE CALL REGARDING SANTA CLARA COUNTY'S AUDIT OF THE SOUTH SANTA CLARA COUNTY FIRE PROTECTION DISTRICT**

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### **For Information Only.**

On September 28, 2018, EO Palacherla participated in a phone call with staff from the Santa Clara County Management Audit division who are working on an audit of the South Santa Clara County Fire Protection District. EO Palacherla referenced LAFCO's 2010 Fire Service Review Report, and in response to inquiries, discussed LAFCO's role with regard to assessment / oversight of fire districts in the county.

## **8.7 MEETING WITH CITY OF GILROY STAFF ON POTENTIAL URBAN SERVICE AREA EXPANSIONS AND ANNEXATIONS**

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### **For Information Only.**

On August 22, 2018, Gilroy Planning Department staff met with LAFCO staff to informally discuss various urban service area amendments and annexations that the City of Gilroy is potentially considering. LAFCO staff provided a brief overview of LAFCO, including its mission/mandate, and policies as it relates to urban service area amendments. LAFCO staff and Gilroy staff plan to have such informal discussions on a periodic basis, as needed.

## **8.8 MEETING WITH SANTA CLARA COUNTY PLANNING STAFF ON VARIOUS ISSUES**

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### **For Information Only.**

LAFCO staff periodically meets with County Planning Department staff on projects that may potentially affect each agency and on issues of mutual concern or interest. Over the past few months there has been an unusually high volume of items to meet about.

On September 12, 2018, LAFCO staff and County staff met and discussed the following: 1) multiple service extension inquiries in unincorporated areas; 2) SWRCB DDW staff's concerns about the current and long-term viability of small water systems in the unincorporated area; 3) Santa Clara Valley Water District's concerns about their use of the percolation ponds located in the Southeast Quadrant; 4) County's consideration of allowing long-term stay RV parks in the unincorporated area; and 5) a proposed farmworker housing development outside of Gilroy. Some of these topics are covered in greater detail in other sections of this report.

## **8.9 INQUIRIES FROM PROPERTY OWNERS ON VARIOUS ISSUES**

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### **For Information Only.**

LAFCO staff receive on a routine basis numerous inquiries from property owners and their representatives concerning various issues and potential applications. In response, staff provides information via in-person or phone meetings on LAFCO's role and responsibilities, and the applicable LAFCO policies and processes. Presented below is brief sampling of such inquiries, in terms of subject and geography.

- Inquiry from a Monte Sereno property owner concerning the City’s proposed annexation and the redevelopment of the La Hacienda Inn site.
- Multiple inquiries from owners of unincorporated lands outside Monte Sereno and Los Gatos regarding annexation to the West Valley Sanitation District.
- Inquiries from owner and representative of an unincorporated parcel outside San Jose regarding annexation to County Sanitation District No. 2-3.
- Inquiries from a land appraiser and investor/developer concerning future annexation and development of an unincorporated parcel outside of Morgan Hill.

**8.10 CONFERENCE CALL WITH STATE DEPARTMENT OF CONSERVATION STAFF ON PRIME FARMLAND DEFINITIONS**

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**For Information Only.**

On August 6, 2018, LAFCO staff participated on a conference call with the State Department of Conservation (DOC) staff and Monterey LAFCO staff concerning the various ways in which prime farmland is categorized and defined by the State and others, and the various farmland data resources that exist at the State and federal government. DOC staff noted that historically each farmland definition was created for a specific purpose. However, over time some farmland definitions have become commonly used for unintended purposes and that different constituencies are now heavily invested in the use of certain farmland definitions. The group noted the complexity of this issue and agreed that it warrants a broader future discussion.

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

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**For Information Only.**

On September 10, 2018, 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 informing the Association about LAFCO’s budget procedures, the development of LAFCO’s Communications and Outreach Plan and LAFCO’s role in creating livable communities.

The meeting included a presentation by guest speaker, Tony Bowden, Fire Chief, Santa Clara County Central Fire Protection District. The meeting also included a discussion on the formation of a committee to develop policies that address the Association’s position on legislative bills. Special district members/staff in attendance at the meeting provided updates on current projects / issues of interest to the group. The next meeting of the SDA is scheduled for December 3, 2018.

**8.12 SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS MEETING**

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**For Information Only.**

Executive Officer Palacherla and Analyst Noel attended the August 1, 2018 meeting of the SCCAPO that was hosted by the Town of Los Gatos. The meeting included an update from Laurel Prevetti, Los Gatos Town Manager on the formation of Regional

Housing Need Allocation (RHNA) sub-regions for the purpose of providing cities and the County more flexibility to ensure that state mandated housing allocations make sense regionally.

Staff from the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) also provided an update on Horizon/Bay Area Plan 2050. Staff from member agencies also briefly discussed the 2018 Santa Clara County Civil Grand Jury Report on the housing crisis due to the lack of affordable housing in the County.

### **8.13 INTER-JURISDICTIONAL GIS WORKING GROUP MEETINGS**

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

Analyst Noel attended the June, July and August meetings of the Inter-Jurisdictional GIS Working Group that includes various County departments that use and maintain GIS data, particularly LAFCO related data. At the June meeting, County ISD staff presented a new ArcGIS on-line tool that they recently created to compare State provided tax rate area data with jurisdictional boundary data. At the July meeting, County Roads & Airports Department staff presented how jurisdictional boundary data is used in the analysis and resolution of liability issues involving county and city roads and right-of-ways. At the August meeting, attendees discussed why having accurate jurisdictional boundaries is important to the public and local agencies in terms of emergency response and planning, political representation, assessments and service fees, and collection of taxes. The group discussed how this importance might be used to prioritize the group's efforts going forward and obtain additional resources for the group's work.

### **8.14 COMMENT LETTER ON CORDOBA CENTER PROJECT DRAFT ENVIRONMENTAL IMPACT REPORT**

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

In July 2018, LAFCO submitted a comment letter on the Draft Environmental Impact Report for the Cordoba Center Project – a multiuse religious and cultural center, proposed to be located within the unincorporated community of San Martin, along Monterey Road on a 15.9 acre site.

LAFCO's comments focused on the proposed project's impact on agricultural soils; its consistency with the Santa Clara County General Plan policies; and on availability of a reliable long-term source of water for the project's fire protection and potable water needs. Please see **Attachment A** for a copy of the comment letter.

#### **ATTACHMENT**

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Attachment A: LAFCO comment letter on Cordoba Center Project DEIR.

July 30, 2018

VIA E-MAIL [CordobaEIRComments@pln.sccgov.org]

Chris Hoem, Senior Planner  
Santa Clara County Planning Office  
County Government Center  
70 W. Hedding Street, 7th Floor, East Wing  
San Jose, CA 95110

**RE: Draft Environmental Impact Report – Cordoba Center Project**

Dear Mr. Hoem:

Thank you for providing the Local Agency Formation Commission (LAFCO) of Santa Clara County with an opportunity to comment on the Draft Environmental Impact Report (DEIR) for the Cordoba Center Project within the unincorporated community of San Martin and located outside of the City of Morgan Hill's Urban Service Area.

We understand that the project applicant, South Valley Islamic Center (SVIC), proposes to develop the Cordoba Center, a multiuse religious and cultural center to serve the Muslim community of South Santa Clara Valley. The proposed project, on a 15.9-acre site on Monterey Road, would include a mosque, multi-purpose community building, community plaza, a maintenance building, caretaker's dwelling, cemetery, youth camp with restroom facilities, playfield and playground, orchard, site infrastructure for stormwater runoff, sewage disposal and landscape irrigation, and two parking lots for up to 125 vehicles.

LAFCO offers the following comments for the County's consideration:

**PROPOSED PROJECT RAISES GENERAL PLAN CONSISTENCY QUESTIONS/CONCERNS**

The proposed Cordoba Center appears to be a development that is more urban than rural in nature, given the amount of development proposed, anticipated size of population to be served by the proposed use, and the stated need for the extension of water service to the project site. The DEIR notes that water for fire protection and

potable purposes for the proposed Cordoba Center, will be procured from West San Martin Water Works. An existing water main belonging to the West San Martin Water Works (WSMWW), located on California Avenue will be extended to the project site on Monterey Road. The County has adopted several General Plan policies which are applicable to the proposed Cordoba Center and are intended to help the County avoid or mitigate certain environmental effects, including the following:

- As stated in the County General Plan (Page K-1: Background), the major provisions of the “joint urban development policies” of the county include,
  - “Urban development only within cities’ Urban Service Areas (USAs) under cities’ jurisdiction.
  - Expansion of urbanized areas, only in a timely, efficient manner, as cities are capable and willing to provide needed urban services without undermining service levels to existing development.”
- Per County General Plan Policy R-GD 2, “For lands outside cities’ Urban Service Areas (USAs) under the County’s land use jurisdiction, only non-urban, low density uses shall be allowed.”
- Per County General Plan Policy R-GD 6, “Urban types and levels of services shall not be available outside of cities’ Urban Service Areas from either public or private service providers.”
- Per the County General Plan (Page K-3: Control of Special Districts), “Land use policies should take into account the constraints of a given area and not allow development densities which will predictably result in the need for utility extensions.”

It appears that the proposed Cordoba Center is inconsistent with key County General Plan policies which are “intended to preserve the natural resources and preserve the rural character of lands not suitable or intended for urban development.” (Page K-2: Strategy #1: Preserve the Resources and Character Rural Lands).

**COUNTY SHOULD ENSURE THAT THE PROPOSED PROJECT WILL HAVE A RELIABLE LONG-TERM SOURCE OF WATER FOR FIRE PROTECTION AND POTABLE PURPOSES**

As you know, the County does not provide urban services, including water service. Consistent with the “joint urban development policies of the county,” development proposed in the unincorporated area, outside of cities’ Urban Service Areas, is expected to rely on onsite services (i.e. waste water treatment systems and wells). Therefore it is incumbent on the County to ensure that the proposed Cordoba Center will have a

reliable long-term source of water for fire protection and potable purposes and that the proposed source be one that is consistent with County General Plan policies.

As noted above, it is anticipated that water for fire protection and potable purposes for the proposed Cordoba Center will be procured from WSMWW, through the extension of an existing water main belonging to the WSMWW.

As stated in the DEIR (p. 4.4-16) and the Initial Study (p. A-44), the project's estimated water demand for domestic water use (based on the projected wastewater flows) constitutes a relatively small increase in demand in relation to groundwater supply and is a less-than-significant impact. Please specify what the estimated water demand is for the proposed domestic uses. Furthermore, with the exception of the caretaker residence, all other facilities in the proposed project such as the youth camp, community building etc. appear to be institutional uses and not domestic uses. Therefore, please clarify what the estimated water demand is for these uses.

Please include analysis to demonstrate that WSWW has sufficient water supplies available to serve the proposed project in addition to WSWW's existing needs.

The DEIR also identifies an existing well on the site that will be rehabilitated and used for landscape irrigation. The onsite well is part of the Llagas Subbasin. The County should consider and ensure the long-term reliability of the onsite well for landscape irrigation needs.

### **PROPOSED PROJECT WILL RESULT IN THE LOSS OF AGRICULTURAL SOILS AND COUNTY GENERAL PLAN CALLS FOR PRESERVATION OF SUCH SOILS**

The Initial Study (IS) for the proposed project identifies the project site as grazing land as per the California Department of Conservation Farmland Mapping and Monitoring Program's (FMMP) Important Farmland Maps in Appendix A: Exhibit 2-1 (p. A-9). The IS concludes (p. A-10–A-11) that the project would have (1) no potential impact to Prime Farmland conversion or Farmland of Statewide Importance or conflict with existing zoning for agricultural use; and (2) less than significant impacts in the existing environment related to the conversion of farmland to non-agricultural uses. Based on the analysis in the IS, the DEIR (p. 2-2) concludes that the project would not result in significant environmental effects associated with agricultural resources.

Per County General Plan Policy R-RC 57, "Agriculture shall be encouraged, and prime agricultural lands retained for their value to the overall economy and quality of life of Santa Clara County, including: a.) local food production; b.) productive use of lands not intended or suitable for urban development; and c.) preservation of a diminishing natural resource, prime agricultural soils."

While the project site has not been actively farmed since 1987 (p. 3-6), the neighboring sites south and west of the project site are currently being or have recently been farmed,

as stated in the Project Description (Section 3.2.1, p. 3-1) and documented in DEIR Exhibits 3-3b (p. 3-4) and 3-4b (p. 3-5). In addition, the project site and neighboring sites contain soils that are classified as (1) prime farmland soils; and (2) soils of statewide importance (**Attachment A**) as per the “California FMMP Soil Candidate Listing for Prime Farmland and Farmland of Statewide Importance in Santa Clara County” (sources: State Department of Conservation 2016 and County of Santa Clara Planning GIS 2018).

The EIR should acknowledge the presence of such soils and evaluate the impacts of the loss of such soils due to the proposed project.

### **CONCLUSION**

We respectfully request that the County consider the concerns presented in this letter. If you have any questions regarding these comments, please contact me at (408) 993-4713. Thank you again for providing us with the opportunity to comment on this project.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Cc: LAFCO Members

Rob Eastwood, Planning Manager, Santa Clara County Planning Office  
Manira Sandhir, Principal Planner, Santa Clara County Planning Office

### **Enclosure:**

Attachment A: Map of Farmland Soil Classification for Project Site & Vicinity



**LAFCO MEETING: October 17, 2018**  
**TO: LAFCO**  
**FROM: Neelima Palacherla, Executive Officer**  
**Dunia Noel, Analyst**  
**Lakshmi Rajagopalan, Analyst**  
**SUBJECT: CALAFCO RELATED ACTIVITIES**

## **9.1 SANTA CLARA LAFCO RECEIVES 2018 “MOST EFFECTIVE COMMISSION” AWARD**

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### **For Information Only**

Santa Clara LAFCO received the 2018 “Most Effective Commission” Achievement Award at the 2018 Annual CALAFCO Conference. The award recognizes that Santa Clara LAFCO’s recent actions prevented the premature conversion of nearly 1,000 acres of prime agricultural lands, curbed urban sprawl, and guided development away from the last remaining agricultural land in South Santa Clara County – providing a more stable foundation for ongoing and future farmland preservation efforts in Santa Clara County. LAFCO’s actions, coupled with local agency partners’ efforts, have placed Santa Clara County in a strong position to pursue funding opportunities for farmland preservation.

Thanks to the Commission’s leadership, and abiding commitment to its state mandate, Santa Clara LAFCO continues to be respected for its impactful work.

Santa Clara LAFCO also received the “Most Effective Commission” award in 2014 for its proactive multi-year Service Review efforts to provide greater oversight of special districts in order to improve their public accountability and transparency. Also, in 2007, LAFCO received the “Most Effective Commission” award for adoption of its Agricultural Mitigation Policies and for implementation of its successful Island Annexation Program.

## **9.2 REPORT ON THE 2018 CALAFCO ANNUAL CONFERENCE**

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### **For Information Only**

LAFCO staff and Commissioners Varela and Vicklund Wilson attended this year’s CALAFCO Annual Conference which was held at the Tenaya Lodge in Yosemite from October 3<sup>rd</sup> through October 5<sup>th</sup>. The annual conference’s theme was *A Vision for*

*California* and provided an opportunity for LAFCOs across the state to share some of their best practices and learn new techniques and approaches from other LAFCOs.

### **Commissioner Vicklund Wilson Participates on Two Session Panels & Executive Officer Palacherla Moderates Session**

Commissioner Vicklund Wilson, who is on the CALAFCO Board of Directors, served as a panelist on the pre-conference LAFCO orientation session for new commissioners and new LAFCO staff titled “LAFCO 101 – Understanding and Applying the Basics.” Commissioner Vicklund Wilson discussed the role and responsibility of LAFCO Commissioners in representing the interests of the public as a whole and not solely that of the appointing agency. She highlighted that LAFCO Commissioner decisions are final and are supported by statute, local policies and comprehensive analysis.

Commissioner Vicklund Wilson was also a panelist on a session entitled “State Tools for Climate Smart Growth.” Commissioner Vicklund Wilson discussed the unique growth management framework that exists in Santa Clara County and how Santa Clara LAFCO through its careful review of urban service area expansions has been able to contain sprawl, protect resource lands, and allow for significant population growth.

Executive Officer Palacherla organized and moderated a session entitled “Agricultural Preservation: From Vision to Action.” In the session, a diverse group of panelists, including three LAFCO Executive Officers from across the state, staff from the California Department of Conservation, and Andrea Mackenzie (Santa Clara Valley Open Space Authority General Manager) discussed why farmland should be preserved, what types of lands are considered prime farmland, and three case studies on how specific LAFCOs have approached farmland preservation and growth management.

### **Summary of Conference Program**

In addition to the pre-conference session entitled “LAFCO 101 – Understanding and Applying the Basics”; the program for the first day of the conference included two general sessions entitled “The Natural Disaster Phenomenon: How It Is Changing the Way LAFCOs Plan and Respond”; and “Municipal Service Reviews – Friend or Foe? Using MSRs for More Than A Bookend.” LAFCO staff attended a mobile workshop on the topic of tree mortality and its impact to California. As part of the workshop, the group visited several locations to see the devastation first-hand and to hear from local, state, and federal experts on this important issue.

Thursday’s program included regional caucus meetings and elections, commissioner and staff roundtable discussions organized by region, and breakout sessions including “Agricultural Preservation: From Vision to Action”; “LAFCO’s Role to Encourage and Support Local Agency Accountability and Transparency”; “LAFCO & Affordable Housing: What’s the Connection”; “State Tools for Climate Smart Growth”; “LAFCO in a Perfect World: A Facilitated Brainstorming Session on How To Make LAFCOs More Effective”; and “LAFCOs and Fire Protection Services: Synching Up Spheres, Boundaries, Contracts and Auto-Aid.” Friday’s program included general sessions on “Promoting Adaptive Change in a Messy World” and “CALAFCO Legislative Update – A

Conversation with the Assembly Local Government Committee Chair and 2018 Legislative Impacts on LAFCOs. CALAFCO has posted all conference presentation material / handouts on its website at [www.calafco.org](http://www.calafco.org).

The 2019 CALAFCO Annual Conference is scheduled for October 30 – November 1, 2019 at the Hyatt Regency Capitol Park in Sacramento.

### **9.3 CALAFCO WHITE PAPER: CREATING SUSTAINABLE COMMUNITIES AND LANDSCAPES**

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#### **For Information Only**

CALAFCO in partnership with the Strategic Growth Council (SGC) and the California Governor’s Office of Planning and Research (OPR), published a white paper entitled “Creating Sustainable Communities and Landscapes” (**Attachment A**). The white paper is intended to help support coordination among local entities to advance efficient growth and conservation of natural resources. EO Palacherla served on the Advisory Working Group for the project and provided guidance during the development of the White Paper.

### **9.4 SANTA CLARA LAFCO TO HOST 2019 CALAFCO STAFF WORKSHOP IN SAN JOSE**

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#### **For Information Only**

The 2019 CALAFCO Staff Workshop will be held at the Holiday Inn San Jose-Silicon Valley from April 10<sup>th</sup> through April 12<sup>th</sup>. Staff has been working with Pamela Miller, CALAFCO Executive Officer, to help finalize these plans, including attending a June 11<sup>th</sup> tour of the Holiday Inn’s facilities. Santa Clara LAFCO, as the workshop’s host, is responsible for organizing an interesting and informative mobile workshop for interested participants. The mobile workshop will take place on the morning of the first day of the workshop. The workshop will conclude with a lunch and group discussions. Also, traditionally a Commissioner from the host LAFCO welcomes workshop attendees with a brief address.

Ms. Miller was able to negotiate with Holiday Inn to obtain a reduction in conference center rental and hotel room rates. However, Silicon Valley still has some of the highest rates in the state. Therefore, CALAFCO has asked that Santa Clara LAFCO contact other local agencies and entities about potential sponsorships in order to help defray some of the higher costs. CALAFCO’s conferences and staff workshops typically have some sponsorships.

#### **ATTACHMENT**

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Attachment A: CALAFCO White Paper: Creating Sustainable Communities and Landscapes





# Creating Sustainable Communities and Landscapes

Recommended practices and tools for local collaboration on  
climate-smart growth



**CALIFORNIA**  
**STRATEGIC**  
**GROWTH**  
**COUNCIL**



OCTOBER 2018



# INTRODUCTION

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The State of California has a rich history of environmental leadership. With some of the most beautiful landscapes and fertile soils in the country, we have much to protect and conserve. As the State's population grows towards fifty million people, infrastructure demands place intensified levels of stress on California's agricultural and natural wealth. In order to address these challenges, California has led the charge nationally to reduce harmful greenhouse gas emissions, because we recognize that this battle is not only about the environment – it is also about protecting the well-being of our families and communities. To ensure the prosperous future of our State, we must shift to a more conscientious approach to land use planning in California – one that balances the needs of conservation and development<sup>1</sup>. In order to balance these priorities, the State has put new laws in place for new housing and infill development, community resilience, economic growth in urban and rural areas, and set an ambitious target for carbon neutrality by 2045 that relies upon efficient and orderly growth across California.

Reaching California's climate goals will require implementing a variety of strategies including **shifting to more efficient and sustainable land use patterns**. This means focusing our efforts on compact growth in existing neighborhoods, while conserving wildlife habitat, farmland, and open space, also known as natural and working lands. There are many economic, environmental, and health benefits to this kind of focused growth, but the climate-specific benefits are two-fold. First, infill development reduces personal vehicle use by enabling Californians to walk, bike, use transit, engage in shared mobility, or drive only short distances to get where they need to go. This compact development also facilitates

energy and water savings by using these resources more efficiently. Second, protecting farmland and open space is beneficial because these lands can serve to sequester carbon and provide nature-based services to support urban areas, including **natural infrastructure**<sup>2</sup>. Meanwhile, protection of natural and working lands helps to fuel California's agriculture and tourism economies, all the while providing food security and myriad ecosystem services for local communities. This kind of land use is often referred to as smart growth, and it has become a priority in California to plan for such focused development throughout the State.

Cities, counties and special districts are on the front lines of implementing infill development and protecting natural and working lands at the local level. In support of these goals, they can benefit by building strong relationships with Local Agency Formation Commissions (LAFCo), which can also play a critical role in promoting efficient growth. Among many other things, LAFCos have authority to determine the most efficient growth patterns and service areas in a county through the adoption of Spheres of Influence (SOI), the Municipal Service Review (MSR) process, and other LAFCo policies and functions. MSRs can help support better decision-making for service area expansion for when applications from cities and special districts are received or, more pro-actively, when countywide or local general

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2 Natural infrastructure is now a statutorily recognized preference for State agencies and communities, responding to new mandates on addressing climate risk. It is defined as the preservation or restoration of ecological systems, or utilization of engineered systems that use ecological processes, to increase resiliency to climate change, manage other environmental hazards, or both. This may include, but is not limited to, floodplain and wetlands restoration or preservation, combining levees with restored natural systems to reduce flood risk, and urban tree planting to mitigate high heat days. See General Plan Guidelines Chapter 4: Safety for additional information.

<http://opr.ca.gov/planning/general-plan/>

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1 This vision is outlined in the State Planning Priorities, which were codified into law in 2002 (Government Code §65041.1).

plan updates are prepared. This can help support more urban-focused growth by reducing sprawl and set the stage for determining which areas are conserved as natural or working lands. LAFCoS also have a unique opportunity to help facilitate relationships among local agencies and raise awareness of best practices around growth management in support of local efforts to create sustainable communities.

## ABOUT LAFCoS

Created by the Knox-Nisbet Act of 1963, LAFCoS are county-level agencies whose commissions are composed of local city and county elected officials, special district elected officials (in 30 of the 58 LAFCoS), and public members. They were established in response to rapid and disorderly development in California during the post-WWII housing boom – so disorderly that some have referred to this era as the “annexation wars.” At the time, there was a great deal of competition among cities to incorporate quickly and annex as much land as possible, which the legislature recognized as detrimental to the public interest. For this reason, LAFCoS are often called the “watchdogs” of the legislature in promoting orderly development and provision of services.

Local Agency Formation Commissions are becoming more important as a partner in the implementation of State and local goals related to infill development, greenhouse gas emissions reductions, and climate change resilience. In light of California’s commitment to reducing greenhouse gas emissions, smart growth and protection of natural and working lands are crucial. These commitments can also allow a community to become more

resilient to the changing climate and to better prepare for the extreme weather events that are increasingly facing the State. Working together, local governments and LAFCoS have a unique opportunity to advance smart growth policies and practices in every county of the State. Many LAFCoS have recognized their ability to support efficient growth at the city and county level, and are implementing innovative policies that help to preserve agricultural land and open space while also encouraging infill development. Yet LAFCoS also face many challenges, including resource and capacity constraints as well as local political pressure.

## LAFCoS AS PARTNERS IN SMART GROWTH

This paper highlights case studies in which LAFCoS, cities, counties and special districts successfully partnered to reduce suburban sprawl and increase the conservation of natural and working lands, while also considering how to improve community resilience. Developed through a collaboration among the Strategic Growth Council, the Governor’s Office of Planning and Research and the California Association of Local Agency Formation Commissions (CALAFCo), this paper is intended to help support coordination among local entities to advance efficient growth and conservation of natural resources. It also aims to raise awareness of available tools and resources that can be used to create more environmentally and economically sustainable communities throughout California.

## PART I

# CALIFORNIA PLANNING AND CONTEXT: LAY OF THE LAND

California has long been a pioneer on environmental issues, and continues to lead the charge on climate efforts both nationally and internationally. The State had developed a coordinated suite of laws, policies and guiding documents that set the path to reaching our climate goals. The State Planning Priorities – to conserve natural and working lands, promote infill development and equity, and support efficient development patterns – were codified into law in 2002 and support climate and conservation goals concurrently. In 2006, the State adopted the Global Warming Solutions Act (Assembly Bill 32), setting the goal to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020, a reduction of approximately 15% compared to a “business as usual” scenario. This legislation was followed by Senate Bill 32, Executive Order B-30-15, Senate Bill 350, and Executive Order B-55-18 that specify targets beyond 2020, including reducing GHG emissions to 40% below 1990 levels by the year 2030 and carbon neutrality by 2045. These are ambitious goals, particularly in light of the fact that the State’s population is projected to grow to more than 50 million residents by 2050. The Scoping Plan is the State’s roadmap to reach these targets, setting the main strategies that California will use to reduce GHG emissions. Among other strategies, including the use of renewable energies and improving energy efficiency, the Scoping Plan prioritizes infill development to protect natural and working lands.

Another important piece of legislation, The Sustainable Communities and Climate Protection Act of 2008 (Senate Bill 375) has helped set a long-range planning framework for meeting GHG emission reductions through regional land use strategies. This bill requires Metropolitan Planning Organizations (MPOs) or Councils of Government (COGs) for each region of California to create a “Sustainable Communities Strategy,” combining the

The 1978 Urban Strategy first set state planning priorities for California, which were adopted into law in 2002 (Government Code §65041.1). OPR released a second Environmental Goals and Policy Report in November 2015 entitled “A Strategy for California @ 50 Million: Supporting California’s Climate Change Goals.” Briefly, the priorities are to:

- a. Promote infill development and rehabilitation and utilization of existing infrastructure, including water, sewer, and transportation.
- b. Protect the state’s natural and working lands, including agricultural land, lands of cultural and historic significance, wetlands, and wildlands.
- c. Develop in an efficient manner that limits sprawl and minimizes costs to taxpayers.

Regional Transportation Plan and the Regional Housing Needs Assessment into one document that sets guidance for where development should be directed regionally in order to maximize emissions reductions. As a 2016 paper by The Nature Conservancy highlights, the framework established by Senate Bill 375 contributes to reducing GHG emissions in at least three important ways. First, by defining resource areas and farmland where development should be avoided, helping to increase carbon sequestration; second, by encouraging more compact development that can help Californians avoid driving long distances for day-to-day necessities; and third, by promoting investments to encourage infill development.



Not every area of the state is represented by an MPO or a COG<sup>3</sup>, and even for those that are, regional governments' power to enforce these land use strategies is limited, as that power resides in county and city governments. However, MPOs can use their authority over transportation spending to provide incentives for strategy implementation. For example, the Metropolitan Transportation Commission (MTC) has identified priority development areas and priority conservation areas in its Sustainable Communities Strategy known as Plan Bay Area. The MTC provides incentive funding for a city or county to focus activities in these areas. Sustainable Communities Strategies provide useful information for LAFCOs that can be helpful in deciding which land within their jurisdiction should be developed, and which areas should be conserved as agricultural land and open space.

While all land use is local – as the saying goes – State agencies can provide guidance to help create successful growth management policies and practices. The Governor's Office of Planning and Research (OPR) and the Strategic Growth Council (SGC) work together closely to provide resources for local and regional agencies on topics related to land use. OPR develops and manages the General Plan Guidelines, an important “how to” resource for local jurisdictions drafting a general plan and managing urban and suburban growth. This resource includes statutory mandates, guidance, case studies, and best practices to help support local planning initiatives. The most recent version of these guidelines, released in 2017, includes guidance to implement new mandates on climate change, housing, environmental justice, health, air quality, as well as information on legislative changes, policy recommendations, and additional resources. This document will be discussed in more depth in Part V of this paper, in addition to other State resources and tools available to facilitate infill development.

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3 According to Federal law, urbanized area with population of at least 50,000 must be guided and maintained by a regional entity such as an MPO or a COG

## PART II

# THE BENEFITS OF GROWTH MANAGEMENT PRACTICES

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Smart growth is a framework for planning that encourages mixed-use development within existing neighborhoods. This model for growth aims to cultivate compact communities that require less driving to reach daily destinations while protecting nearby farmland and open space from development. There are many compelling reasons to shift land use patterns to a smart growth model – reasons that span economic, social, and environmental considerations.

The economic argument for smart growth is two-fold. First, smart growth spurs the economic vitality of cities, and second, preserving agricultural and natural lands protects California's strong agricultural economy, contributes to local and regional food security, and supports ecosystem health. Research has shown that vibrant, walkable downtown centers are engines for economic growth, and that demand is increasing for housing in walkable, transit-rich places in cities across California and throughout the country. A study by Smart Growth America found that directing growth to existing neighborhoods saves up to 38% on upfront costs for construction of new roads, sewers, water lines and other infrastructure and saves 10% on provision of services such as police, ambulance and fire service costs. Additionally, this study found that on an average per-acre basis, smart growth development provides 10 times more tax revenue than conventional suburban development (Smart Growth America, 2013).

Conserving agricultural lands also has significant benefits. The State of California has some of the most productive agricultural lands in the world and is the country's largest producer and exporter of agricultural products. Additionally, agriculture plays an important role in fueling local economies, providing jobs and improving local and regional food security. It is also a central piece of California's cultural heritage and way of life. CALAFCO and American Farmland Trust published a

paper entitled “[State of the Art on Agricultural Preservation](#)” in February 2018 that provides more detail about the benefits of protecting farmland in California and outlines successful strategies for LAFCOs to do so.

Protecting natural landscapes provides myriad benefits as well. Intact ecosystems support the State's abundant biodiversity while also providing benefits in the form of clean water and air, climate stability, increased resiliency to storm events, conservation of wildlife habitat, and valuable recreation opportunities – just to name a few examples. Natural landscapes can also serve as natural infrastructure, now a statutorily recognized preference for State agencies and communities responding to new mandates on addressing climate risk. These healthy systems improve the quality of life of those who live in California, and draw tourists from around the country and the world.

As already emphasized in this paper, the environmental benefits of infill development are also compelling. Compact cities, towns and neighborhoods make walking, biking and transit use more viable and make it easier for residents to drive less frequently. Minimizing personal vehicle use has significant air quality benefits, reducing both GHG emissions and congestion for those who do opt to drive. Reducing traffic and parking demand themselves can have important air quality benefits because people spend less time running their engines on clogged highways or circling around to find parking. Further, working and natural landscapes – particularly forests – are instrumental in the fight against climate change because they serve as carbon sinks by absorbing and removing carbon dioxide from the air.

Lastly, there is strong evidence that smart growth has meaningful social and health benefits as well. The public health impacts of improved air quality and neighborhood design that is conducive to walking and biking are significant and well-documented. A recent California

Department of Public Health study used the Integrated Transport and Public Health Impacts Model to estimate a variety of health-related outcomes if the State is able to meet its ambitious mobility and health goals. The findings indicate that California could avoid over 2,000 deaths due to chronic disease each year by doubling walking and transit trips and tripling trips taken by bicycle (Maizlish, 2016). The availability of parks and open spaces is another boon for the physical and mental health of individuals, while also providing neighborhood gathering spaces that can help build community. There are some more hidden social benefits as well, such as reducing commute times for families, allowing parents more time to spend with their children; increased transit access, which can have economic benefits for low-income families; and even increased social interaction between residents of walk- and bike-friendly neighborhoods. Researchers have found that social cohesion can be a crucial component determining community resilience in the wake of natural disasters (Klinenberg, 2003; Aldrich and Meyer, 2014). As the intensity and frequency of such disasters increases, the importance of building community must not be overlooked.

For all of these reasons, the State of California is taking steps to encourage smart growth land use patterns, working in concert with local jurisdictions such as cities, counties and special districts. These agencies are at the forefront of the shift towards smart growth because they set local policies to preserve open space and encourage efficient growth. LAFCo's play a critical role in helping to guide city boundary and service provision expansion. They can also take a leadership role in educating and

***“Directing growth to existing neighborhoods saves up to 38% on upfront costs for construction of new roads, sewers, water lines and other infrastructure and saves 10% on provision of services such as police, ambulance and fire service costs. “***

informing local agencies regarding growth management best practices and encouraging collaboration around these issues. As highlighted in the case studies to follow, LAFCo's have many opportunities to support and uphold strong city and county policies such as urban growth boundaries, urban service area boundaries, greenbelts, or community separators. They can also require agricultural land preservation plans, vacant land analysis and absorption studies, as well as agricultural land mitigation, in cases of land annexation or SOI expansion proposals that would allow farmland to be developed. Cities, counties, and special districts are also benefitted by building strong partnerships with LAFCo's, as these relationships can result in increased capacity and better decisions vis-à-vis local development patterns.

# PART III

## LOCAL AGENCY FORMATION COMMISSIONS

Given the important role of LAFcos in local land use decisions, it is important to understand a bit of their history and mandate. As mentioned earlier, LAFcos were established in 1963 by the Knox-Nisbet Act. They are State-mandated county-level entities whose mission is to encourage orderly growth, preserve agricultural land resources, and discourage urban sprawl. LAFcos have both planning and regulatory authority to determine city boundary changes, define city spheres of influence, and manage the creation, consolidation and dissolution of special districts. Their commissioners include local city and county elected officials, public members and, in many cases, special district elected officials. In this role, LAFcos have a unique opportunity to help align local development patterns with statewide goals for sustainability, including improvements in public health, community resilience, economic opportunity, and food security.

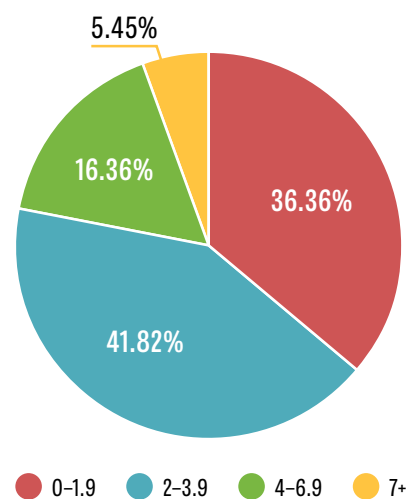
The roles and responsibilities of LAFcos have evolved and expanded over the years. Originally, LAFcos only had power over the incorporation of cities and the creation of special districts. However, the legislature has significantly expanded those initial responsibilities to include the following (CALAFCO Testimony, 2016):

- » Processing city and district annexations and detachments, as well as proposals to dissolve or reorganize the structure of cities and special districts;
- » Determining property tax revenue exchange amounts for agencies in cases of revised city and special district boundaries;
- » Addressing the activation or divestiture of latent services or powers;
- » Conducting sphere-of-influence updates and municipal service reviews;

- » Mapping and planning for disadvantaged unincorporated communities;
- » Complying with the California Environmental Quality Act (CEQA) and Sustainable Communities Strategies created by SB 375; and
- » Conducting special studies.

Despite these expanded responsibilities, LAFcos often operate on small budgets and with limited staff. According to a 2015 CALAFCO survey, more than 36% of these commissions have fewer than two staff members, while only three (5.5%) have seven or more staff. Most LAFcos employ part-time contractual personnel or county staff to help complete tasks on a tight budget. In fact, CALAFCO's survey found that more than 32% of LAFcos have staff members that also work for the county, including some executive officers. This is most common in rural counties. Thus, while these entities are meant to be independent

**FIGURE 1: NUMBER OF LAFCO STAFF**



CREDIT: CALAFCO TESTIMONY, 2016

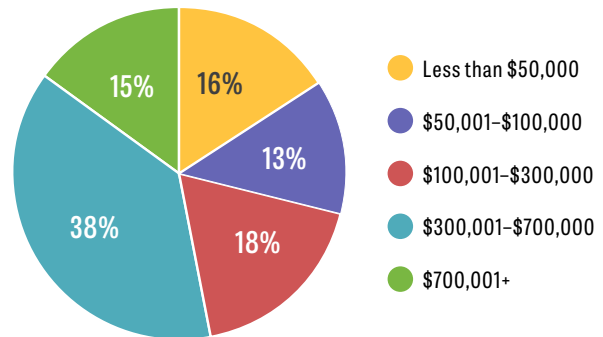
from counties, financial barriers often impede their ability to act independently. See Figure 1 (on previous page) for more details on LAFCo staffing around the state.

LAFCos receive revenues from the counties, cities, and special districts that are eligible to be represented on the commissions. State law requires that the funding be split evenly among the represented agencies (for example, if cities, the county and special districts are all represented on the commission, each will pay a one-third share of the budget). Individual LAFCos are also allowed to modify this funding formula if they so choose. For example, Butte LAFCo has special district representation and all parties involved agreed that special districts pay less than the one-third apportionment. The LAFCo funding structure is one explanation for the considerable diversity in size and capacity of LAFCos across the State. They have so far been ineligible for State grant funding as primary applicants and thus their budgets are highly dependent on the revenue of local agencies and the extent to which funding for LAFCos is prioritized locally. In some cases, local agencies may be reluctant to devote sufficient funds to LAFCos due to political pressure to minimize government functions or to relax regulation on sprawl development.

In light of these challenges, it is perhaps unsurprising that LAFCo budgets vary widely across the State and that most LAFCos are operating on very tight budgets. For example, 16% of LAFCos have an annual budget below \$50,000. As an extreme example, Mono LAFCo adopted a budget of only \$10,869 for FY 2018-2019, and contracts all of its staff through the County. On the other end of the spectrum, 15% have an annual budget that exceeds \$700,000. San Diego LAFCo adopted a budget of \$1,906,694 for FY 2018-19. In CALAFCO's 2015 survey, 34% of LAFCos reported that their budgets were barely sufficient to meet statutory requirements and 11% indicated that their budgets were insufficient to do so (CALAFCO Testimony, 2016).

In addition to funding and capacity challenges, local political pressure can often complicate commission decision-making processes. Considering that most commissioners are locally elected officials, it can be challenging for them to make unpopular decisions

FIGURE 2



CREDIT: CALAFCO TESTIMONY, 2016

regarding annexation proposals or sphere-of-influence extensions, even when proposals are in conflict with the mission and/or policies of the LAFCo. Similarly, when LAFCos do reject popular proposals in order to enforce their policies, they may risk a negative backlash and even efforts to change commission leadership. Since LAFCos tend to have little name recognition and understanding of their mission and goals among the general public, they are particularly vulnerable to negative public opinion in the case of controversial decisions. This is not only concerning for individual commissioners; it can also impede the efficacy of LAFCos, and by extension, of growth management efforts around the State.

In spite of these challenges, LAFCos can be successful in meaningfully influencing land use patterns in their counties, especially through strong and positive partnership with other local bodies. Through the promotion of strong policies, they can help protect farmland and encourage the development of compact, walkable cities. Not only does well-planned growth have important environmental benefits, it can also improve public health, advance equity and drive economic growth. While LAFCos share some significant challenges, many of them have developed strong policies and creative strategies to manage growth in their counties, as outlined in the case studies described in the following section.





**PART IV**  
**CASE STUDIES**





## CASE STUDY: SANTA CLARA COUNTY

PHOTO CREDIT: SANTA CLARA LAFCo

### BACKGROUND

Throughout the 1940s and 1950s, Santa Clara County was in the throes of the so-called “annexation wars,” in which a variety of local agencies and communities were competing to incorporate or annex as much land as possible. For example, in Santa Clara County, seven new cities were incorporated between 1952 and 1957, and the boundaries of existing cities also grew substantially. By the early 1960s, the County was a sprawling patchwork of development that was difficult and expensive to serve, while a significant amount of valuable farmland had been transitioned to urban or suburban land uses. Many other regions in California were experiencing the same problems, which led the State Legislature to create LAFCos in 1963.

### UNIQUE GROWTH MANAGEMENT FRAMEWORK

By the late 1960s, it became clear that a countywide framework for managing urban growth was necessary to address these issues. In the early 1970s, Santa Clara LAFCo, the County, and the 15 cities jointly developed and adopted a set of policies known as the *Countywide Urban Development Policies*. These policies define the roles and responsibilities of local agencies regarding the timing and location of urban development in the County. Two key aspects of these policies are that:

- » Urban development should occur only on lands annexed to cities – and not within unincorporated areas

- » Urban expansion should occur in an orderly, planned manner – with cities responsible for planning, annexing, and providing services to urban development, within boundaries called “urban service areas.”

Subsequently, each of the 15 cities proposed, and LAFCo adopted, urban service area (USA) boundaries delineating lands the cities intended to annex, develop, and provide urban services – while conserving lands not suitable for urban development such as natural and working lands. LAFCo approval is required in order to amend the USAs.

Because USA boundaries determine where and when future growth will occur and services will be provided, LAFCo staff reviews each USA expansion request very carefully.<sup>4</sup> In recognition of this unique growth management framework, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 includes a special provision for Santa Clara County (Government Code §56757), which allows a city to annex land within its USA without Santa Clara LAFCo’s further review and approval.

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<sup>4</sup> LAFCo evaluates whether there are infill development opportunities and whether the city has used its existing supply of vacant land before seeking to expand its USA, whether the expansion would result in conversion of agricultural or open space lands, whether the services and infrastructure needed to support the proposed growth can be financed and provided without negatively impacting current city services, and whether there is an adequate water supply available, among other considerations.

## OUTCOMES

Santa Clara LAFCo's consistent implementation of the growth management framework over the last 45 years has facilitated compact growth and continued economic prosperity in the County. This has enabled the preservation of a vast network of open space lands in close proximity to the cities and the sustained economic viability of farmland outside of the cities. Executive Officer Neelima Palacherla says that Santa Clara LAFCo's USA policy has "stood the test of time." Over the last 20 to 25 years, many cities in the county have accommodated large population increases without outward expansion. The largest city in the County, San Jose, is projected to add 200,000 in population over the next 20 years – all of which the City's Envision 2040 General Plan intends to accommodate within its existing boundaries. This is consistent with the Bay Area's Sustainable Communities Strategy and the growing statewide recognition that reduction of transportation-related GHGs is best accomplished by directing growth into existing infill areas.

However, growth management in Santa Clara County is not always easy and Santa Clara LAFCo has faced many challenges in maintaining orderly and efficient growth. Its recent decisions on two proposals seeking to transition nearly 1,000 acres of prime farmland to suburban and urban uses have affirmed its strength in preventing sprawl and protecting farmland in the face of opposition.

In 2015, the City of Gilroy proposed a USA expansion that would have converted 721 acres of mostly prime farmland to urban uses, just north of the city. When reviewing the City's Environmental Impact Report (EIR), Santa Clara LAFCo found that the City had not adequately analyzed the project's impacts (e.g. water supply, police and fire services, growth inducement, and cumulative impacts), and had neglected to adopt adequate mitigation measures. When the City failed to address the LAFCo's concerns, communicated through multiple comment letters, the LAFCo responded by initiating litigation against the City, which resulted in the City rescinding its certification of the EIR and application. This sequence of events raised the community's awareness of the importance of farmland preservation and curbing sprawl to such an extent that Gilroy voters subsequently approved

a ballot initiative in 2016 to create an urban growth boundary around the city, protecting an additional 2,000 acres of farmland and signaling a long-term positive change in this community's vision.

In 2016, the City of Morgan Hill proposed a USA expansion that would have converted 229 acres of prime farmland to urban uses, just southeast of the city. Prior to the City submitting the proposal, LAFCo staff formally expressed its concerns about the project and worked with the City and other affected local agencies in hopes of developing an alternative plan. However, the City decided to move forward with their original proposal, in spite of the existence of vacant lands within the existing USA and opposition from many members of the local community. Since the proposal did not meet many of the criteria that LAFCo uses to evaluate USA amendment requests, the Commission made the difficult decision to deny the proposal. LAFCo's action, along with local agencies' renewed interest in agricultural preservation, helped spur the County of Santa Clara and Santa Clara Valley Open Space Authority to work together to create a Santa Clara Valley Agricultural Plan that highlights the importance of preserving agricultural land and open space as a climate change mitigation and economic development strategy.<sup>5</sup> The Plan has prompted new local, regional, and state partnerships for the creation of an agricultural conservation program to enable permanent protection of farmland.

## TOOLS UTILIZED

- » Countywide urban development policies
- » Urban Service Area boundaries and policies
- » Early and consistent communication with cities during General Plan update and policy development processes
- » Ensuring adequate environmental impact analysis as a Responsible Agency under CEQA

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<sup>5</sup> The Agricultural Plan was funded in part through a Strategic Growth Council Sustainable Agricultural Lands Conservation Grant



## DRIVERS OF SUCCESS

- » Long-standing countywide urban development policies and a tradition of protecting natural lands
- » Commission's willingness to take bold and politically challenging actions
- » Careful review and detailed analysis of expansion proposals
- » Successful partnerships with local agencies and organizations
- » Presence of a strong constituency who support smart growth and conservation

## CHALLENGES AND LESSONS LEARNED

In spite of its history of strong growth management policies in Santa Clara County that protect its agricultural heritage and open space, recent attempts by cities to significantly extend their Urban Service Areas (USAs) show that there remains pressure for urban sprawl development to occur in the County. Additionally, as time passes and there is staff turnover at local agencies, there is less institutional knowledge of the history of the countywide urban development policies and their role in growth management and relevance to current day planning. As a result, LAFCo recognizes a need to conduct more education and outreach to affected agencies and the community in order to maintain and increase its effectiveness. Recently LAFCo retained a consultant to prepare a Communications and Outreach Plan and help expand an understanding of its mandate and policies among local agencies and the community. Lastly, Santa Clara LAFCo, like many other LAFCos, struggles to build capacity on a tight budget. The LAFCo has recently hired a new staff member, which will help lighten staff workload a bit, but it remains challenging for the LAFCo staff to carry out important research, analysis and communication with few resources.

**95%** OF THE COUNTY'S  
POPULATION

lives within cities' Urban Service Areas

REPRESENTING

LESS THAN **25%**  
OF THE COUNTY LAND AREA

ALMOST **250,000 ACRES**

is protected open space land or  
under conservation easements

## USEFUL LINKS

- » CALAFCO Conference Presentation on Urban Growth Boundaries, 2015: [https://CALAFCO.org/sites/default/files/resources/Urban\\_Growth\\_Boundaries\\_all\\_in\\_one.pdf](https://CALAFCO.org/sites/default/files/resources/Urban_Growth_Boundaries_all_in_one.pdf)
- » San Jose's Envision 2040 General Plan: <http://www.sanjoseca.gov/index.aspx?NID=1737>
- » Santa Clara Valley Agricultural Plan: <https://www.openspaceauthority.org/conservation/current-projects/santa-clara-valley-agricultural-plan.html>
- » Santa Clara Valley Greenprint: <https://www.openspaceauthority.org/conservation/conservation-priorities/santa-clara-valley-greenprint.html>
- » How Urban Development Policies Have Made a Difference in Santa Clara County: 40 Years Later, Policies Still Cutting-Edge and Vital: [http://www.santaclaralafco.org/file/UD\\_Policies\\_in\\_SCC\\_by\\_Don\\_Weden.pdf](http://www.santaclaralafco.org/file/UD_Policies_in_SCC_by_Don_Weden.pdf)
- » LAFCo of Santa Clara County Integrating Growth and Conservation: <http://www.santaclaralafco.org/file/Policies/IntegratingDevAndConsv-RevJul2017.pdf>
- » LAFCo Staff Report for Morgan Hill Urban Service Area Amendment 2015 [https://santaclaralafco.org/images/resumes/agenda\\_packet/StaffReport\\_20160215.pdf](https://santaclaralafco.org/images/resumes/agenda_packet/StaffReport_20160215.pdf)



## CASE STUDY: STANISLAUS COUNTY

PHOTO CREDIT: STANISLAUS LAFCO

### BACKGROUND

Stanislaus County is a relatively rural county containing nine cities, located in California's Central Valley. Its largest city is Modesto, with a population of 212,175 in 2016. Recognizing the diversity in population size and growth management policies among the County's nine cities, the LAFCo Executive Officer, Sara Lytle-Pinhey explains that the Commission employs a "menu approach" to growth management practices. For example, the City of Hughson has a 2-to-1 agricultural mitigation policy in place, while the City of Newman has drawn an urban growth boundary. The County also requires a countywide vote to approve zoning changes from agricultural to residential use, and requires 1-to-1 mitigation for the loss of agricultural land when such developments are approved in the unincorporated areas. The LAFCo recognizes and upholds each of these policies and requires cities to provide a plan for agricultural land preservation as well as an absorption study<sup>6</sup> and a vacant land inventory with each request for a land annexation or SOI expansion.

In addition to upholding growth management policies held by each of the cities and the County, Stanislaus LAFCo establishes SOIs within its jurisdiction that are intended to reflect where growth may occur in a 20-year timeframe. Cities are expected to maintain this planning

boundary and any modifications require careful review by the LAFCo. Additionally, the LAFCo sets a primary area around cities that represents the near-term growth area within the first 10 years of that period.

### AGRICULTURAL PRESERVATION PLAN

The LAFCo's role of ensuring orderly development is not easy considering that the cities in the County have varying degrees of growth management policies in place. Furthermore, each of the cities is surrounded by prime agricultural land (as defined by the California Department of Conservation), in some cases making it difficult for cities to grow in size at all without developing over fertile farmland. In an effort to address this challenge, the LAFCo set in place a policy in 2012 requiring cities to provide an agricultural preservation plan along with their requests to annex land or expand their SOI. These plans must include an analysis of the extent to which local agricultural resources would be impacted by the proposed development, a vacant land inventory and absorption study, and an analysis of possible agricultural land mitigation, among other items. The preservation plan must also demonstrate consistency with the region's Sustainable Communities Strategy, as well as other regional, local and countywide plans.

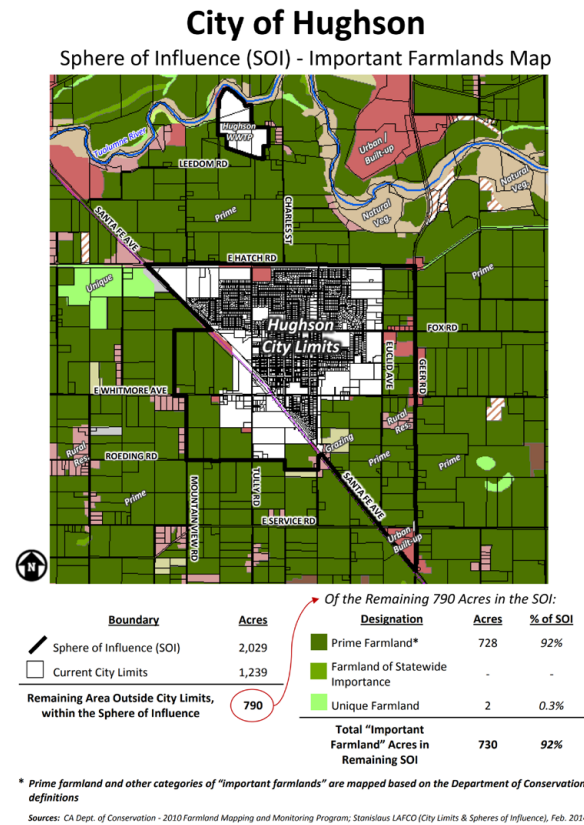
While various factors make it challenging to completely avoid the development of prime agricultural land, the LAFCo published a report in 2014 that mapped prime agricultural lands (as defined by the California Department

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<sup>6</sup> The absorption study is expected to include information about the city's demand for various land uses, its current supply, and the rate of expected growth or absorption of lands.



**FIGURE 3: MAP OF THE CITY OF HUGHSON FROM STANISLAUS LAFCO'S 2014 "CITY SPHERES OF INFLUENCE" REPORT**



Source: Stanislaus LAFCo

of Conservation's Farmland Mapping and Monitoring Program Tool) within and around the SOI of each jurisdiction, thus informing the public of the agricultural lands in the County that are in danger of being developed within the next 20 years. In 2010, the LAFCo also published a 50-year summary report, with tables showing the growth of city boundaries and spheres of influence over time, changes in population and population density, and the average annual growth rate for each city. By making this data public and accessible, the LAFCo informs the public on the state of growth management in the County.

Stanislaus LAFCo also participates in frequent conversation between city and county planning directors through a monthly "Planning Directors Association" meeting. This helps build relationships among the cities, County and LAFCo in a way that encourages collaboration and frequent communication about issues related to

land use in the County. Each year, the Planning Director's Association hosts an educational workshop for all the planning commissioners in the County to share best practices and spark conversation about issues related to planning and growth management.

### OUTCOMES

Stanislaus LAFCo has observed that nearly every city in the County has adopted a policy that either acknowledges the need for applicants to prepare a Plan for Agricultural Preservation or establishes its own strategy for agricultural preservation. Likewise, city general plan updates, specific plans, and their associated environmental documents that have been prepared since adoption of the LAFCo policy have all recognized the need for a Plan for Agricultural Preservation. The LAFCo also notes that cities and developers have initiated discussions with the LAFCo much earlier in their processes in order to better understand expectations during their preparation of a Plan for Agricultural Preservation.

So far, Stanislaus LAFCo has only received a handful of annexation applications that have needed to prepare an Agricultural Plan, which itself could be a positive outcome of the new policy. Consequentially, agricultural mitigation stemming from this policy has been relatively minimal so far, but the existence of the policy may help deter development in unincorporated areas of the County, while also conserving valuable farmland in perpetuity.

### TOOLS UTILIZED

- » Monthly Planning Directors Association meetings between city and county planning directors and LAFCo, including an education workshop for all the planning commissioners in the County to share updates
- » Voter-approved Urban Growth Boundary (City of Newman)
- » Agricultural Preservation Plan required for annexation and SOI expansion requests
- » Agricultural mitigation requirements for Stanislaus County and some cities

## DRIVERS OF SUCCESS

- » Strong agricultural heritage of the region
- » Individual commissioners who prioritize agricultural land conservation
- » Frequent meeting and communication
- » Transparent and informative website

## CHALLENGES AND LESSONS LEARNED

Stanislaus' rural geography and strong agricultural heritage are emblematic of the region. While this is a boon for farming in the County, it also presents the challenge that nearly any development on the fringes of Stanislaus County's nine cities is likely to threaten prime farmland. Thus the stakes for growth management in the County are particularly high.

The cities in Stanislaus County have varying degrees of growth management policies currently in place. For example, while the City of Newman passed a voter-approved urban growth boundary in 2014, a similar measure failed to pass in the City of Modesto the following year. Additionally, the County's growth management policies require one-to-one mitigation for agricultural land, but only when the land is developed for residential use. The policy does not apply to industrial or commercial uses, leaving farmlands vulnerable to development in many cases.

While these factors all present challenges for implementing effective growth management, Stanislaus LAFCo's policies help minimize the loss of farmland and promote orderly growth. By encouraging communication and collaboration among various actors in the County and promoting transparency through clear reporting on growth patterns of cities in the county, the LAFCo has taken initiative to influence the factors within its control.

## USEFUL LINKS:

- » Stanislaus LAFCo's agricultural land preservation policy: <http://www.stanislausLAFCo.org/info/PDF/Policy/Final.AgPolicy.3252015.pdf>
- » City of Newman's Urban Growth Boundary Measure: <http://www.cityofnewman.com/docman/administration/662-measure-z-information/file.html>
- » City Spheres of Influence Report: <http://www.stanislausLAFCo.org/info/PDF/SOI/SOIRReport2014.pdf>
- » 50-Year Annual City Annexation Summary: <http://www.stanislausLAFCo.org/info/PDF/Staff%20Rpts/AnnualCityAnnex12.31.10.pdf>



## CASE STUDY: VENTURA COUNTY

PHOTO CREDIT: VENTURA LAFCO

### BACKGROUND

Ventura County has a long history of enacting measures aimed at protecting its agricultural character from sprawl development. As early as 1967, the County approved a Greenbelt Agreement between the cities of Ventura and Santa Paula under which parties agreed to a policy of non-annexation and non-urban development in the agricultural lands located between the two cities. By 1986, five more agreements had been passed by other cities and the County (Fulton et al., 2003). While these greenbelts are not legally binding, Ventura LAFCo has endorsed these agreements and made a commitment to reject a proposal from a city that is in conflict with a greenbelt agreement, “unless exceptional circumstances are shown to exist” (Commissioners Handbook Section 3.2.4.4).

Another important element of Ventura County’s success in protecting agricultural land is its *Guidelines for Orderly Development (GOD)*, which was first adopted in 1969<sup>7</sup> by the LAFCo, the County and each of the cities within the County. This document is a unique effort to encourage urban development within cities, enhance the regional responsibility of County government, and facilitate orderly planning and development. The *GOD* was influential in setting a County policy that discouraged development outside of city limits, providing an important precedent for later initiatives. Ventura LAFCo’s Executive

7 The document was updated in 1996

Officer, Kai Luoma, pointed out that “The Guidelines have been, and still remain, very influential and are routinely applied throughout the County.” He explained that County staff routinely refer proposed developments to LAFCo and city staff to advise on their compliance with the Guidelines.

### THE SOAR MOVEMENT

Momentum to protect agricultural land increased in the 1980s with Ventura County’s Save Open Space and Agricultural Resources (SOAR) movement. This grassroots campaign was led by local residents concerned about environmental degradation, sprawl, and increased traffic in their communities (Ryan et al. 2004). The first SOAR initiative was approved by the City of Ventura in 1995, building on the existing growth management policies described above. Since then, seven others have been enacted around all of the major cities in Ventura County, as well as in the County’s unincorporated areas. The County’s SOAR initiative requires approval from a majority of County voters in order to rezone unincorporated open space, agricultural or rural land for development. The eight voter-approved SOAR initiatives passed by the cities of Camarillo, Fillmore, Moorpark, Oxnard, Santa Paula, Simi Valley, Thousand Oaks and Ventura, made it necessary to obtain approval from city voters before allowing most types of urban development beyond a City Urban Restriction Boundary (CURB). In the case of the City of Ventura, a vote is required in order to



rezone land designated as agricultural land in the City's general plan. All of the existing SOAR initiatives were recently reaffirmed through 2050 by voters in November 2016.<sup>8</sup> The renewed County initiative added an exemption for processing of locally grown food to support the agricultural industry. The LAFCo plays an important role through supporting and upholding voter-approved SOAR policies in its decision-making.

Another, more recent, example of the LAFCo's role in natural and working land conservation is its development of *Informational Guidelines for the Consideration of Agricultural Mitigation Measures*, providing guidance to lead agencies on mitigation strategies for projects that are likely to result in the conversion of prime agricultural land. The document lists the four following recommended measures: agricultural conservation easements, agricultural land mitigation bank and credits, fee title (ownership), or fees in lieu of the three previously mentioned strategies.

## OUTCOMES

The SOAR initiatives and GOD document have been largely successful in directing development towards cities and existing urban areas. As they are not outright prohibitions on development, these policies have led to more thoughtful deliberations among disparate interests, as developers have had to convince voters directly of the benefit of each project.

Santa Paula's East Area 1 Specific Plan is a good example of the City's SOAR initiative in action. In 2004, the City of Santa Paula signed an MOU with the agribusiness Limoneira for the development of Teague McKeveatt Ranch, a 501-acre ranch contiguous to the City's eastern boundary. The MOU required robust community engagement in the creation of a specific plan to ensure that the project responded to community needs. Taking into account community feedback, the specific plan included both neighborhood and community parks and trails, in addition to local schools and new residences. The plan was unanimously approved by the City Council and

***“Because of SOAR, residents have found a new, sustainable way to grow that bucks the trend of urban sprawl.”***

Planning Commission, at which point the annexation was submitted to a City-wide vote and was overwhelmingly approved by 83% of voters. Since the project site was located in an existing greenbelt, Limoneira was required to mitigate impacts by purchasing a 34-acre agricultural easement located within the City's Area of Interest. The annexation was approved by Ventura LAFCo in 2011.

As shown in this example, SOAR initiatives in the County are strengthened by LAFCo policies that reinforce earlier efforts of Ventura County and its cities to preserve agricultural lands and focus urban growth inside of existing communities. This alignment of efforts results in orderly growth that responds to community needs. In the words of Supervisor Linda Parks, who is on the Ventura LAFCo Commission as well as the board of SOAR, “Because of SOAR, residents have found a new, sustainable way to grow that bucks the trend of urban sprawl.”

## TOOLS UTILIZED

- » Greenbelts
- » City Urban Restriction Boundaries
- » SOAR Initiatives
- » Guidelines for Orderly Development
- » Informational Guidelines for the Consideration of Agricultural Mitigation Measures

<sup>8</sup> SOAR Website.

<http://www.soarvc.org/what-is-soar/> [accessed 2/26/2018]

## DRIVERS OF SUCCESS

- » Strong agricultural history of the region
- » Active local advocates and community organizers
- » Prioritization of agricultural land conservation among LAFCo commissioners
- » Strong early growth management policies set the foundation for later ones
- » Alignment of policies across jurisdictions
- » Successful relationships with cities, special districts and the County

## CHALLENGES & LESSONS LEARNED

Jurisdictions' ability to pass local SOAR initiatives depends on the extent to which the electorate prioritizes the conservation of agricultural land. Thus, local education about the issue is crucial to success. The presence of strong environmental advocates and community organizers combined with the significant agricultural history of Ventura County were instrumental in passing these SOAR initiatives in the 1990s, and in successfully campaigning for their renewal to 2050. While SOAR does not keep a city from annexing land, it does require a vote of the people to change a City Urban Restriction Boundary and allow for development. Ventura LAFCo has a policy to not accept applications for annexation unless voters have approved amending the City Urban Restriction Boundary. This LAFCo policy, along with enforcement of greenbelt agreements, complements SOAR initiatives well. Lastly, since the LAFCo only has jurisdiction over boundary changes, agricultural land conversion does not always fall under its purview. To address this challenge, the LAFCo's guidelines for agricultural land mitigation encourage lead agencies to consider mitigation in cases of agricultural land conversion when reviewing environmental impact assessments.

**1,023,473** TOTAL ACRES  
unincorporated land protected by  
SOAR initiatives in Ventura County

**92,635** ACRES  
Agricultural / Agricultural – Urban Reserve

**921,770** ACRES  
Open Space / Open Space – Urban Reserve

**9,068** ACRES  
Rural / Rural – Urban Reserve

## USEFUL LINKS

- » Ventura County Guidelines for Orderly Development: <http://www.ventura.LAFCo.ca.gov/wp-content/uploads/2005-GuidelineOD-1.pdf>
- » Informational Guidelines for the Consideration of Agricultural Mitigation Measures: <http://www.ventura.LAFCo.ca.gov/wp-content/uploads/Final-Version-of-Mitigation-Guidelines.pdf>
- » Ventura County SOAR website: <http://www.soarvc.org/>
- » Commissioners Handbook: <http://www.ventura.LAFCo.ca.gov/wp-content/uploads/Ventura-LAF-Co-Commissioners-Handbook-Revised-7-19-17.pdf>
- » Ventura County website: <http://www.ventura.org/>
- » Ventura County Resource Management Agency website: <https://vcrma.org/>
- » Santa Paula's East Area 1 Specific Plan <https://www.scribd.com/document/50982927/Santa-Paula-s-East-Area-1-Specific-Plan>



## CASE STUDY: SONOMA COUNTY

### BACKGROUND

Given its location in the northern San Francisco Bay Area and desirable climate, Sonoma County has long grappled with development pressures. In order to preserve its natural heritage, the County set forth a visionary and highly controversial General Plan in 1978 to focus growth in cities while conserving farmlands and natural resource areas. Then, beginning in 1989, Sonoma County also created Community Separators, which serve as green buffers between cities. While Community Separators do not affect underlying land use designations for the area they cover, they are generally located outside of USAs and are designated with agricultural, resource or rural residential land uses. In the 1990s, voters approved the creation of an Agricultural Preservation and Open Space District as well as the strengthening of Community Separator policies to require a vote of the people in order to change the zoning or modify the boundaries of these areas. In 2016, Sonoma County voters overwhelmingly approved a measure to renew and expand the eight existing Community Separators in the County.

The nine cities in the County have also done their part to manage growth. In 1996, the overwhelming voter approval of urban growth boundaries (UGBs) in Santa Rosa and Sebastopol began a wave of similar policies in the remaining cities in the County. Cloverdale was the last to pass its own UGB in 2010. Most of these voter initiatives expire after 20 years (Cloverdale's in 15 years) and have so far been overwhelmingly reapproved by voters.

### LOCAL PARTNERSHIPS

Sonoma LAFCo plays an important role in supporting these local growth management policies. The LAFCo often gets requests from landowners wanting to subdivide their property and asking for an outside service area agreement, but the LAFCo upholds State law (Government Code §56133) that only allows for such extensions of services in the case of an “existing or impending threat to the health or safety of the public or the residents of the affected territory.” Executive Officer Mark Bramfitt also emphasizes that approving ad-hoc service area expansions would likely lead to increased development on the outskirts of Sonoma County’s cities, which would undermine local growth management goals.

The LAFCo also upholds local UGBs and Community Separators in the case of proposals that would not be consistent and maintains close relationships with the local cities and the County. Annexation or SOI expansion proposals that are inconsistent with its policies rarely make it through an initial screening process and on to the LAFCo Commissioners. Instead, such proposals are determined inconsistent with local land use policy by the cities or the County at a much earlier stage. Sonoma County Comprehensive Planning Manager Jane Riley explained that the County’s relationship with the LAFCo is beneficial, explaining that working closely together over the years has ensured smooth communication and a consistent approach.



Sonoma LAFCo also has a strong relationship with the cities within its countywide jurisdiction. The LAFCo's executive officer explains the issues that he works on with cities are fairly minor; cities and special districts sometimes have questions about process, but they all share the same goals of focusing growth within existing cities. The LAFCo's relationship with the County, cities and special districts also includes a good deal of day-to-day education and collaboration. This interaction is largely informal and happens when LAFCo staff consult these local entities on specific projects, proposals and applications. In addition to this daily communication, the LAFCo held a two-hour "LAFCO 101" training for city and County planning staff members in 2017, which was well-received.

## **OUTCOMES**

The County's Community Separator and the UGBs implemented by every city in the County have created a strong framework for efficient development that can be an instructive practice for cities and counties across the State. This strong foundation is reinforced by Sonoma LAFCo's commitment to uphold these policies, as well as its close relationship with the County, cities and special districts. Its role in providing day-to-day education about the importance of growth management, and the policies in place to that end, is also instrumental in promoting infill development and the protection of natural and working lands in Sonoma County. According to Teri Shore, North Bay Regional Director at the Greenbelt Alliance, "Sonoma LAFCo is a strong model for other LAFCos around the state in terms of working with cities and counties and acting when needed to prevent sprawl and loss of farmland and open space to inappropriate development."

## **TOOLS UTILIZED**

- » Urban Growth Boundaries
- » Community Separator Ordinance
- » Agricultural Preservation and Open Space District
- » Communication and Relationship Building

***"Sonoma LAFCo is a strong model for other LAFCos around the state in terms of working with cities and counties and acting when needed to prevent sprawl and loss of farmland and open space to inappropriate development."***

## **DRIVERS OF SUCCESS**

- » Agricultural heritage of the region
- » Constituents that prioritize the preservation of natural and working lands
- » Strong relationships with the County, cities, and special districts
- » Strong city and county growth management policies

## **CHALLENGES AND LESSONS LEARNED**

In the wake of the fires that tore through Sonoma County in 2017, destroying approximately 6,000 housing units in the County, the LAFCo's role has become more important than ever. As the County looks to rebuild, this increased demand for housing need presents a formidable challenge in a region that, like most areas in California, had already struggled to meet local housing needs. The County Board of Supervisors is calling for the construction of 30,000 new units in the next five years to rebuild the homes that were lost while also addressing the housing shortage that pre-dates these historic fires. While the County and cities are committed to concentrating this growth within city limits, it is an unprecedented level of growth for the County and may not be easy to contain. So far, the County plans to meet this target without substantially changing current policies, but community opposition may complicate dense development of some areas, making it harder to achieve

this goal. The LAFCo can be a key player in ensuring that growth management policies are followed even – and especially – in the face of significant growth.

### **USEFUL LINKS**

- » Sonoma LAFCo: <http://www.sonomaLAFCo.org/>
- » Map of Sonoma County Protected Lands:  
<http://www.sonomaopenspace.org/lands/>
- » Sonoma County General Plan: <https://sonomacounty.ca.gov/PRMD/Long-Range-Plans/General-Plan/>
- » Sonoma County Agriculture and Open Space District:  
<http://www.sonomaopenspace.org/>
- » Bay Area Greenprint:  
<https://www.bayareagreenprint.org/>

## PART V

# RECOMMENDED PRACTICES

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As highlighted in these four case studies and doubtless many other examples of local best practices, there are a number of ways for LAFCoS, cities, counties and special districts to work together to implement effective smart growth practices on the local level. For example, setting up regular meetings between local city and county planning departments that include educational presentations and trainings like Stanislaus County does is a powerful technique. The State General Plan Guidelines, and CALAFCO and American Farmland Trust's "State of the Art on Agricultural Preservation," provide detailed policy guidance on best practices to encourage efficient growth management that may provide a useful starting point for discussing appropriate policies to implement locally. Sonoma LAFCo's efforts to educate local agencies on what LAFCoS do and clarify roles between LAFCo staff and city and county staff can also help streamline collaborative efforts and help conserve precious staff time.

In addition to regular meetings and trainings for planning staff of all local agencies, frequent conversation and collaboration can help build a culture of trust across agencies and make it easier to achieve common goals. Working at the intersection of cities, counties, special districts and regional governments, LAFCoS have the opportunity to help facilitate relationship building and collaboration on growth management among these entities.

MPOs and COGs are critical players that have much to gain from deepening relationships with LAFCoS and local agencies. By engaging these local agencies in the development and updates to the SCS for the region, regional governments can ensure local buy-in and build momentum around smart growth practices. For local agencies, collaborating with MPOs on the development of these plans can help align local and regional goals and make it easier for cities, counties, special districts and LAFCoS to adhere to SCSs in their decision-making.

Another strategy that can help local agencies and LAFCoS meet their smart growth goals is education of the general public about the importance of growth management through building relationships with non-traditional partners. These entities may include community-based organizations, advocacy organizations, land trusts, farmer's unions, open space authorities, small businesses and other organizations whose missions align with the implementation of infill development and protection of agricultural land. This type of coalition-building is important for building consensus and momentum around strong agricultural land protection and smart growth.

Local agencies and LAFCoS also have much to gain by creating accessible websites, along with publications and communications documents that clearly explain the benefits of smart growth in everyday parlance and highlight local efforts to encourage sustainable development patterns. In addition, sharing data on the amount and location of prime agricultural land in the county, land area that has been protected through agricultural easements or the Williamson Act, city growth rates over time, and other key data points can empower local advocates and organizations to promote growth management efforts.

Developing relationships with press and communicating with them about local efforts to create more vibrant, walkable cities while protecting natural and working lands is another meaningful way to educate the public about the importance of this work. Many of the strongest growth management policies highlighted in the case studies were voter initiatives, or were passed by elected leaders who are responsible for representing their constituents. Without convincing the public of the value of encouraging infill development and protecting open space, local agencies and LAFCoS will struggle to meet their goals of effective growth management.

Many of the stakeholders that were interviewed for this paper indicated that the vital role LAFCos play in their counties is not often understood by the general public – and is sometimes even misunderstood by the organizations and individuals that LAFCos interact with regularly. This presents an opportunity for LAFCos and their local agency partners to take an active role in educating stakeholders on LAFCos' mission, explaining how their vision for efficient growth management aligns with the sustainable land use policies and decisions of local cities, counties and special districts.

## PART VI

# STATE TOOLS AND SUPPORT FOR CLIMATE SMART GROWTH

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The State of California has created a variety of strategic plans and guidance documents that can help provide a framework for local growth management strategies. The Scoping Plan is California's roadmap for meeting our ambitious climate goals. In addition to setting the path forward to meeting 2030 climate targets, it also highlights the key strategies that are needed in order to reach these goals. Preservation of farmland and open space, including forests and wetlands, and promoting infill development are integral components of the State's climate strategy.

While the Scoping Plan provides the overarching framework for reaching the State's Climate goals, it does not address the more granular details of what that might look like on the local level. The Office of Planning and Research provides more applied guidance to local jurisdictions on how to implement these goals through its *General Plan Guidelines*. This document is a primary resource for local governments to prepare their general plans and update local land use goals, policies, and actions. Statutory mandates, guidance, and recommendations are all included in the document and recent updates in 2017 include recommended policies and mapping tools. Smart growth is a critical part to successful land use management in California. The newest version of the General Plan Guidelines highlights this as a priority in a number of sections, including in land use, transportation, air quality, healthy communities, climate change, and implementation. Importantly, these Guidelines include examples of counties where specific practices are being implemented, to encourage effective leverage of these practices. LAFCo are an important local player who should be consulted during General Plan updates. By encouraging jurisdictions to utilize the General Plan Guidelines and suggesting the use of best practices they highlight, LAFCos can advance strong local and countywide planning practices. It is important to note

that the Scoping Plan and General Plan Guidelines are non-regulatory documents – they are meant to be helpful resources that can assist local agencies in planning for a sustainable, resilient, and prosperous future.

Another way for LAFCos to engage with local agencies to meet common goals is through educating and potentially partnering with local jurisdictions to attract State grant funding to help meet smart growth goals. These funds include the suite of *California Climate Investments* programs that are funded through the State's Cap-and-Trade program, as well as funding available for water investments through the *Water Quality, Supply and Infrastructure Improvement Act* (Proposition 1); dollars for transportation investments through the *Road Repair and Accountability Act*<sup>9</sup> (Senate Bill 1); and new funds for parks and environmental protection available through the *Parks, Environment, and Water Bond* (Proposition 68). Cities and counties would be well served to partner with LAFCos on relevant grant proposals to help build LAFCo capacity and improve local coordination to meet collective goals. For example, it may be helpful to include LAFCo as a subgrantee on a planning grant to update a local Municipal Service Review or to help with planning for a disadvantaged unincorporated community.

The State's Cap-and-Trade program in particular has a number of programs aimed at reducing GHG emissions through smart growth. Programs such as the *Sustainable Agricultural Lands Conservation Program*, the *Affordable Housing and Sustainable Communities Program* and the *Transformative Climate Communities Program* can help local jurisdictions employ agricultural land preservation and infill development strategies to help reduce GHG emissions. The Strategic Growth Council's *Technical Assistance Program* is also available to

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<sup>9</sup> A measure to repeal this bill is slated to be on the November 2018 ballot. If passed, this funding source would no longer be available.

help local jurisdictions – particularly those that classify as disadvantaged or low income communities<sup>10</sup> – identify grant programs that could be a good fit for community needs and provide direct application assistance. See the resources section of this paper for more information about these programs and others.

Senate Bill 73, an element of the 2017 legislative Housing Package allows local governments to create Housing Sustainability Districts. These districts will be located in areas with existing infrastructure and transit and zoned at higher densities to encourage more infill development. Environmental review must be conducted prior to the approval of the district designation, allowing for ministerial approval once the new zoning is in place. Cities will be provided funding incentives to establish these districts. The Housing Package also included *Senate Bill 35*, which creates a streamlined approval process for infill housing developments in localities that have failed to meet their regional housing needs assessment targets. While these pieces of legislation do not affect LAFCoS directly, they provide powerful incentives for cities to focus efforts on smart growth and may be helpful in convincing cities to address the growing housing pressures in California through increased infill development rather than suburban sprawl.

Additionally, State legislation (AB 2087) creating *Regional Conservation Investment Strategies* went into effect in January 2017, encouraging voluntary regional planning processes which are intended to result in higher-quality conservation outcomes. One goal is to direct the placement of development and infrastructure, as well as identify optimal locations for habitat mitigation. Several pilots are nearing completion around the State, including in Santa Clara County. LAFCoS and counties in particular should be involved in these planning processes and/or aware of the resulting conservation strategies, which can support them in their own efforts to guide development.

Lastly, the State of California has partnered with the land use scenario planning software company *UrbanFootprint* to make this scenario planning tool available to all

cities, counties and metropolitan planning organizations in the State free-of-charge. This tool provides planners with informative projections of how land use scenarios will affect a variety of economic and environmental indicators, such as tax revenue, infrastructure costs, energy costs, agricultural land conservation, protection of biodiversity, water use, GHG reductions and air pollution, and more. Not only can UrbanFootprint be a powerful tool to help planners draft effective General Plans, it can also help with local decision-making around development and conservation of land, thereby supporting a stronger relationship between LAFCoS and local jurisdictions. When decision-makers and the public alike are presented with strong data showing that decisions to annex land or expand urban services to undeveloped areas may not only have negative environmental impacts, but economic ones as well, it can be much easier to refuse development that runs contrary to the public's interest.

## CONCLUSION

In spite of some clear challenges, cities, counties, and special districts, supported by LAFCoS and regional agencies, have an opportunity to move the needle on building a healthier and more sustainable California. By educating local decision-makers, local agencies and the public about the importance of focusing development in existing communities while protecting farmlands and open space, they can build local support for smart growth policies. Looking to non-traditional partners in this effort may be a helpful way to reach new audiences and strengthen existing efforts that share similar goals. LAFCoS can also work as conveners and facilitators, bringing together local agencies and helping to foster a culture of trust in their counties. Strong, well-reasoned policies that enjoy broad-based support are also a critical ingredient. In this paper, we have highlighted a number of successful best practices from around the State, but there are doubtless many more. We hope that the State tools and resources offered here will provide LAFCoS, cities, counties, special districts and other local agencies with the information they need to protect Californians from the effects of climate change, while improving public health, the economy, and quality of life in our beautiful State.

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<sup>10</sup> Disadvantaged Communities are designated according to their CalEnviroScreen scores. Low-income communities are determined according to the Assembly Bill 1550 definition.



# RESOURCES

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## LEGISLATION CITED

**Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Assembly Bill 743):** Establishes procedures for local government changes of organization, including city incorporations, annexations to a city or special district, and city and special district consolidations.

**California’s Global Warming Solutions Act of 2006 (Assembly Bill 32):** Requires California to reduce its greenhouse gas emissions to 1990 levels by 2020 — a reduction of approximately 15 percent below emissions expected under a “business as usual” scenario.

**Senate Bill 375:** Directs the Air Resources Board to set regional targets for the reduction of greenhouse gas emissions and for Metropolitan Planning Organizations or Councils of Government to create Sustainable Communities Strategies that plan for the attainment of these targets.

**Senate Bill 535:** Directs State and local agencies to make investments that benefit California’s disadvantaged communities. It also directs the California Environmental Protection Agency (CalEPA) to identify disadvantaged communities for the purposes of these investments based on geographic, socio-economic, public health, and environmental hazard criteria.

**Assembly Bill 1550:** Increased the percent of funds for projects located in disadvantaged communities from 10 to 25 percent and added a focus on investments in low-income communities and households.

**Assembly Bill 2087:** Creates Regional Conservation Investment Strategies, which encourage voluntary regional planning processes which are intended to result in higher-quality conservation outcomes.

**Assembly Bill 73:** Provides local governments the option of creating “Housing Sustainability Districts,” which operate as overlay districts to streamline the residential development process in areas with existing infrastructure and transit.

**Senate Bill 35:** Creates a streamlined, ministerial approval process for infill developments in localities that have failed to meet their regional housing needs assessment (RHNA) targets.

## USEFUL TOOLS AND RESOURCES

CalEnviroScreen 3.0:

<https://oehha.ca.gov/calenviroscreen>

California Climate Investments:

<http://www.caclimateinvestments.ca.gov/>

2015 Environmental Goals and Policy Report:

[http://www.opr.ca.gov/docs/EGPR\\_Nov\\_2015.pdf](http://www.opr.ca.gov/docs/EGPR_Nov_2015.pdf)

General Plan Guidelines:

<http://opr.ca.gov/planning/general-plan/>

LAFCOs, General Plans and City Annexations:

[http://opr.ca.gov/docs/LAFCOs\\_GeneralPlans\\_City\\_Annexations.pdf](http://opr.ca.gov/docs/LAFCOs_GeneralPlans_City_Annexations.pdf)

Municipal Service Review Guidelines:

<http://opr.ca.gov/docs/MSRGuidelines.pdf>

UrbanFootprint: <https://urbanfootprint.com/>

Scoping Plan:

<https://www.arb.ca.gov/cc/scopingplan/scopingplan.htm>

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# CONTRIBUTING ORGANIZATIONS

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The **Strategic Growth Council (SGC)** was established in 2008 to coordinate state agency activities in supporting the planning and development of sustainable communities. The SGC also administers a suite of grant programs funded through the California Climate Investments - a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions while providing a variety of other impactful benefits - particularly in disadvantaged communities.

The **California Governor's Office of Planning and Research (OPR)** was established in 1970 to serve the Governor and their Cabinet as staff for long-range planning and research, and constitutes the comprehensive state planning agency. OPR is required to develop long-range policies to assist the state and local agencies in meeting the problems presented by the growth and development of urban areas and defining the complementary roles of the state, cities, counties, school districts, and special districts with respect to such growth. OPR is also charged with assisting local government in land use decisions, conflict resolution among state agencies, creation and adoption of general plan guidelines, operation of the State Clearinghouse for distribution and review of CEQA documents, operation of the Integrated Climate Adaptation and Resiliency Program, and a number of other responsibilities.

The **California Association of Local Agency Formation Commissions (CALAFCO)** is a 501(c)3 non-profit founded in 1971. CALAFCO serves as an organization dedicated to assisting member LAFCoS with educational, technical and legislative resources that otherwise would not be available. The Association provides state-wide coordination of LAFCo activities, serves as a resource to the Legislature and other bodies, and offers a structure for sharing information among the various LAFCoS and other governmental agencies. The membership of CALAFCO consists of all 58 of the LAFCoS in California, along with an associate membership of firms and agencies which support the educational mission of the organization.

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# The Sphere

October 2018

## Public Transit in Ventura County

*Written by Ventura LAFCo*



### ANNUAL CONFERENCE EDITION

Public Transit in Ventura County  
2018 Report to the Membership

Message from the Chair

The Legal Corner

Associate Members' Corner

Message from the Executive Director



Ventura LAFCo staff first became aware of the complexity of regional public transit in Ventura County following the State Legislature's formation of the Gold Coast Transit District in 2013. Gold Coast, which provides fixed-route and paratransit service within the unincorporated County area and four of the County's ten cities (in the western portion of the County), is the only transit district in the County. When LAFCo established Gold Coast's sphere of influence in 2015 to include the entire County area, staffs of several of the remaining cities were concerned that the Commission's action represented a step toward expansion of Gold Coast throughout the region. This was the starting point for our evaluation of public transit in the 2018 Municipal Service Reviews (MSRs) for the cities.

Within the County, there are nearly a dozen public transit systems. Service providers include cities, the County, Gold Coast, and the Ventura County Transportation Commission. The level of coordination among these systems varies. Depending on a transit user's needs, existing transit is either simple (e.g., involves direct service or one transfer within a single transit system) or more complicated (e.g., requires transferring among multiple transit systems, each with its own schedule, bus stop locations, and fares). No single agency or website provides a complete guide for public transit users planning interagency trips. One study acknowledged the challenges in establishing a coordinated system, including the fact that Ventura County consists of "widely spaced, diverse communities and centers where geographic areas do not share common economic, social, and transportation service values." *Continued on Page 5*

# The Sphere

*CALAFCO Journal*

October 2018

The Sphere is a publication of the California Association of Local Agency Formation Commissions.

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To submit articles, event announcements, comments or other materials noteworthy to LAFCo commissioners and staff, please contact the Editor at 916-442-6536 or [info@calafco.org](mailto:info@calafco.org).

The contents of this newsletter do not necessarily represent the views of CALAFCO, its members, or their professional or official affiliations.

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## A MESSAGE FROM THE CHAIR OF CALAFCO



**Gay Jones**  
Chair of the Board  
CALAFCO

One united voice has power.

That is why I am so proud of CALAFCO. When we form a united voice, the potential to work together and create the best outcomes for our communities and our state are endless. Large and small LAFCos share the same goals: provide for orderly growth, discourage urban sprawl, preserve agriculture and open space, and ensure the efficient delivery of municipal services.

Over this year, I have had the honor to serve as Chair of CALAFCO. I have participated with our internal and external partners - often with divergent viewpoints - to tackle serious statewide issues. Respectful and thoughtful exchanges occurred, as well as strong debate. Relationships were challenged, both internally and externally. At times our voice was united, and when this occurred, magic happened. This dialogue produced constructive action in legislation and policy development.

CALAFCO has earned a reputation as an honest broker, a go-to resource. We need to continue to work together to maintain this status. We can have a positive impact together. But, this is hard work. It is an on-going process. And, if we stand together with one united voice, we can prevail. Speaking in a united voice takes courage and from that courage comes immeasurable strength.

A huge thanks to my fellow Board Members for their contributions, support and united voice this past year. The executive and ad hoc committees deserve recognition in particular, as do our Members who plan and execute our Conference and Workshops.

My sincere thanks goes to CALAFCO's Executive Director Pamela Miller for her leadership, patience and listening skills, and Herculean efforts on behalf of our organization.

Thanks to all for your professionalism in moving CALAFCO forward. I look forward to a bright future for our Association and the magic to be created by the power of our collective voice.



## A Message from the CALAFCO Executive Director



Pamela Miller  
Executive Director

### The Power of Our Place as Part of the Whole: Lessons From the Wild

I recently returned from a trip to South Africa – a journey that completely shifted my perspective on the world. So much so, in fact, that I scrapped the almost-finished article I’d written and replaced it with this one. The topic of the first article is the same as this one...the perspective and content however, are now very different.

One of the many things I experienced on this journey was a safari. I marveled at how a sequence of various species of wild animals would take their



turn making their way to the watering hole at dawn

and dusk to drink the refreshing water and cool off with a brief swim. Each species respected its place in the ritual and respected the space of the others who were unlike them. *It was as if, for that short period of time, all of them suspended the notion of survival of the fittest and behaved in a way that supported survival of the whole system.* It appeared to me to be an orchestrated thing of raw beauty, grace and even dignity.

As I reflected on those images and encounters, and the feelings I had in those moments, I found myself thinking about my experiences over the past several years and what lessons we as humans can learn from these magnificent wild creatures. How often do we behave in a way that supports the system as a whole? We certainly experience it in time of disaster – people coming to one another’s aid in times of crisis. And our state has been called to do this a great number of times in the past several years. But, what about every day? What about when we are in the middle of the grind? How many of us can say we humbly put aside our own interests and make choices and decisions based on what’s best for the

whole? In our personal lives? In our LAFCOs, cities, counties, districts, communities, associations and other communities to which we belong?

Another experience I had that resonates with me involved a pack of nine wild dogs. Two of the dogs somehow managed to go under an electric fence that separated the Kruger National Park Reserve from a property that hunts the wild animals. We came upon them as the pack frantically ran alongside the two with the fence standing in the way, moving back and forth desperately trying to find a place to get back under and reunite.

After about twenty minutes, one mustered enough courage to crawl under the fence (with a slight zap) at a dip in a gully. The remaining dog was now alone on the other side. The pack kept with her, encouraging her in their own way to find a spot and crawl under. She ran back to the gully and we watched, holding our breath and whispering encouragement to her: “do it, you can do it, come on”. She did not make the move and just kept running back and forth. Meanwhile, part of the pack would run into the bush while the rest of the pack stayed with her.

Eventually we left for the watering hole. In a few minutes most of the pack arrived without the female. We waited...and waited...and then it happened. The female appeared and what we saw then was unbelievable. She was greeted with playful licks, jumps and unconditional joy by her companions. It was as if she had been gone for a month rather than a few hours. The bond of the pack was so strong it was palpable – they were truly family. They were not going to leave her until they were all reunited.



Again I asked myself what are the lessons I can take away from this experience. The more I pondered these and other like questions, the more I found myself reflecting on events of the past couple years. This past year in particular proved to be challenging for CALAFCO and at the same time an opportunity to see what we were made of. While we faced numerous challenges (and still do), we remain strong, focused and whole.

Four big ideas surfaced for me as I pondered these questions.

➤ ***The whole is greater than the sum of its parts***

As is clear with the pack of wild dogs, the power lies in the pack, not in the individual dog. Individually they are agile and formidable hunters. Collectively, they literally outrun their prey by taking turns leading the hunt. When the lead dog tires, another takes over. Together, they run down the prey until it literally tires out. They have a strong bond and strong sense of community and family.

LAFcos are stronger together, without a doubt. I see this every day through the networking and use of resources like the list serve. The sharing of information, ideas and resources stimulates both a reinforcement of community and the opportunity for innovation and creativity. It doesn't matter if you are urban, suburban or rural. It doesn't matter if you have a \$2 million budget or \$10,000 budget. It doesn't matter if you have part-time contract staff or a staff of fifteen. The reality is our network of LAFcos is stronger when we work together.

For CALAFCO, it is a powerful statement when we are able to say to the Legislature and others that CALAFCO represents all 58 LAFcos in the state. It demonstrates unity and collective authority that can yield immeasurable influence, especially when we speak with the same voice. While something may not directly impact or benefit one particular LAFCo, if it impacts or benefits a good number of LAFcos, responding for the greater good of the whole is in everyone's best interest. It keeps the whole stronger. *As we continue to face challenges, the force of the whole will prove to be greater than the sum of our parts.*

➤ ***Sometimes it's about just surviving and sometimes it's about thriving***

Life in the wild is difficult. There are times when the animals are thinking about nothing but survival – getting the next meal, escaping a predator (so they aren't someone else's next meal), finding water, etc. And at other times, when the dominant female wild dog gives birth to a litter of fifteen strong pups or the endangered white rhino successfully births and raises a calf who carries on the next generation, that is a way of thriving.

You've no doubt heard me say it numerous times the past several years – plan the menu or be on the menu. Recently it feels as though much of my time is spent in Sacramento fighting for LAFCo...to thwart off ideas or legislation to circumvent LAFCo, divest LAFCo authority, create unreasonable mandates for LAFCo, or to secure financial resources for LAFCo. At the same time, other conversations occur in which LAFcos are touted as a strong and necessary part of the process, as viable

overseers of the delivery of municipal services, and as agencies that generate great value. And, we have our champions in Sacramento too.

I've heard from many LAFcos that they too, are experiencing this dichotomy – some are struggling to meet their legislative requirements while others are seemingly thriving. I suppose this is true for all organizations. There is an ebb and flow – there are times when we are moving forward and evolving and making strides. And there are times when that is not the case; when it feels like it's all we can do to make it through another day unscathed (or with as few battle scars as possible). We are all learning how to tell our story – the LAFCo story – and showing how effective and valuable we are to the whole. Gaining skills and confidence in telling our stories will create more opportunities for moving us forward into the space of thriving. *The more we are that story, the greater the chances of thriving rather than merely surviving.*

➤ ***Respond when the predator alarm call is sounded***

In the wild, when one animal sounds the alarm that a predator is approaching, it's amazing to see how all of the species in the surrounding area respond. They are immediately in survival mode and act accordingly as instinct kicks into high gear.

This year CALAFCO heard the alarm several times, and sounded the alarm too. We faced great challenges in our fight to obtain state grant funding for LAFcos. Knowing it was always an uphill battle, we sounded the alarm and call for legislative action and support. We were challenged by stakeholders – some of whom had been strong partners in the past, and we were challenged by Capitol insiders. We faced serious odds and overcame some big obstacles that were put in our path. And when the call sounded, many of you responded. Some of you also responded when we sounded the alarm on legislation that sought to divest LAFCo authority or had negative implications to all LAFcos. Sometimes it is hard to understand what the direct impact of something is to your own LAFCo, whether that be short-term or long-term. While we haven't quite reached the point in which we speak in one united voice with all 58 LAFcos, CALAFCO continues to work towards that goal.

Complacency in the wild, especially when the predator alarms is sounded, will surely mean death. While that is a bit of a radical sentiment to apply to LAFcos or CALAFCO, it's not too far-fetched to say that without a certain level of consciousness about the external environmental factors affecting us, we are putting ourselves at risk. *The greater our internal and external awareness is and the greater our ability to be agile and*

*respond to any alarm when sounded is, the greater our chances are of responding, and responding in a way that not only ensures survival but creates value for the whole.*

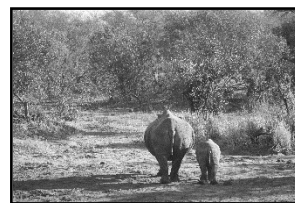
➤ ***Evolution is required to avoid extinction***

Each of the animals I observed has to adapt to the changing environmental conditions surrounding them. If they don't, they will find themselves extinct. And, in some cases, despite their own efforts, they are on the verge of extinction as a result of forces outside their own control.

By nature, organizations change and evolve. LAFcos are not the same agencies they were 54 years ago and CALAFCO is not the same organization it was 47 years ago. We too have had to adapt and evolve ourselves to meet the continually shifting environment – to meet constantly changing political, social, economic and environmental demands. Conversations in 2017 with the Little Hoover Commission and recent questions from the Legislature brought home the fact that if we do not continue to evolve and generate value to the system, we can be replaced.

So how do we evolve? I assert it's through creativity, innovation, calculated risk, flexibility and adaptability, taking advantage of our strengths and shoring up our weaknesses, and being willing to proactively rather than reactively live into the future. Speaking with one united voice as much as possible, and knowing the whole is greater than the sum of the parts are also key elements. CALAFCO has been working hard to evolve and find ways to create greater value for you, our members. And I've heard from many of our member LAFcos that you too, are working hard to evolve, work proactively and generate greater value by being facilitators, conveners, taking on unique challenges and projects, and by taking some calculated risks for the betterment of the communities you serve. There is success story after success story of this...are you telling yours? *Evolution and transformation is necessary for not just surviving, but for thriving. What is your LAFCo story of evolution?*

***LAFcos are unique and highly effective local agencies. There are no other entities in the country like LAFcos. That is the power behind the potential. I invite you to consider the potential of your LAFCo's power as CALAFCO stands in support of and with you.***



## **Public Transit in Ventura County**

*Continued from cover*

Local jurisdictions rely heavily on state funding established by the Transportation Development Act (TDA) to operate public transit service. Flexibility in how a jurisdiction may use TDA funding depends on several factors, such as the jurisdiction's population and status as either a rural or urban community. Each jurisdiction is responsible for covering the remaining "farebox recovery" component of transit costs, which may consist of rider fares and/or additional subsidies. The restrictions built into TDA funding result in the provision of services that are inevitably focused on ensuring that "farebox recovery" can be met, even if the transit need justifies something different (e.g., additional routes or greater bus frequencies).

Despite the challenges, Ventura County has experienced progress toward regional coordination of public transit. As a district, Gold Coast has the ability to implement service improvements and meet transit needs from a system-wide perspective, and distributes TDA funds to its members for transit-

related purposes such as bus stop construction and transit-related maintenance. The East County Transit Alliance (a JPA) was formed by the County and several cities outside of Gold Coast's service area as a result of greater awareness for the need to improve coordination amongst transit systems in the eastern portion of the County, and has initiated programs to simplify interjurisdictional trips for riders in that area (e.g., coordinated hours of operation, route schedules and connectivity, fares, and senior age criteria). Furthermore, technological advances have provided opportunities for improved regional trip-planning resources for riders (e.g., automatic vehicle locators and Google Transit assist riders in accessing transit information online to plan public transit trips), and transfer agreements simplify riders' ability to move between systems.

In the city MSR, Ventura LAFCo identified transit service improvement options including the annexation of additional cities to Gold Coast, the formation of a second transit district in the eastern portion of the

County, and the establishment of a regional transportation authority to handle the majority of public transit within Ventura County. Most importantly, the Commission established itself as a leader in advocating for more efficient provision of public transit service, and has stimulated fresh dialogue about collectively improving delivery of public transit service in Ventura County.

## THE LEGAL CORNER



### Local Taxing Powers Generate Big Cases

*By: Michael Colantuono, Colantuono, Highsmith & Whatley*

Recent days have been very newsworthy for local government finance, with decisions extending agencies' power to tax electronic commerce and a deal to keep the onerous Business Roundtable Initiative off the November ballot.

*South Dakota v. Wayfair* is the U.S. Supreme Court's blockbuster decision on electronic commerce taxes. For some 50 years, the Court has required a business to have a physical presence in a state or a locality for that government to have the power to tax it. In the 1960s, mail-order businesses did business nationwide, but located in low- or no-tax jurisdictions to avoid collecting and paying taxes in most of their markets. The rise of the internet and electronic commerce has made the physical present rule more and more irrational. As the Court noted, an e-commerce vendor with a pervasive presence in South Dakota (which relies heavily on sales taxes) paid no tax while competitor who warehoused a small amount of inventory there would. Now, significant participation in the taxing agency's marketplace triggers tax jurisdiction.

Congress may weigh in on taxation of electronic commerce. In the meantime, local agencies adopting new taxes (with voter approval) can reach any business with a meaningful role in their communities. Exemptions for very small vendors (like those who sell crafts on Etsy or Craig's List) are wise. The decision's immediate significance will be

enhanced collection of use taxes. Sales in California are subject to sales taxes, collected by sellers from buyers and paid to the State and the local government which was the location (or "situs") of the sale. Use taxes apply to sales by out-of-California businesses, but few sellers collect them (Amazon now does) and even fewer buyers pay them (as the law requires). *Wayfair* allows the State to compel all businesses who do meaningful volume here to collect use taxes for the State and its local agencies.

The onerous Business Roundtable Initiative — funded by Big Soda and requiring two-thirds voter approval for all new taxes and many fees — will not appear on the fall ballot. Backers withdrew it for the Governor's signature on A.B. 1838, an immediately-effective budget-trailer bill forbidding taxes on "groceries" — defined to include "carbonated and noncarbonated nonalcoholic beverages" and to exclude alcohol, cannabis, tobacco and electronic cigarettes — from 2018 to 2030. Soda taxes approved earlier in San Francisco, Berkeley and Albany are exempted. By its terms, the statute applies to all local governments, including charter cities, but a strong argument can be made that no state interest justifies this interference home rule power. The statute restricts litigation of such cases to Sacramento Superior Court, a venue the State has found favorable in post-redevelopment disputes with local government. Public health advocates rue the deal, but many in local government — and public-employee unions which participated in the negotiations — are relieved the Business Roundtable Initiative is off the table.

Other significant developments in local finance law are pending appellate case and the Legislature. We will update you on those next time.

*Reprinted with permission from Michael Colantuono. For more information about this article, contact the law offices at [www.chwlaw.us](http://www.chwlaw.us) or at 530-432-7357.*

### Public Entities Can Limit Public Comment Speaking Time at Meetings

*By: Alexander N. Brand, Associate, Best Best & Krieger*

Public entities can place reasonable time restrictions on public comment at their meetings as long as the time restrictions do not violate state or federal law, a California appellate court said in a fairly sweeping



decision. The Second District Court of Appeal affirmed a trial court's determination that a city transit board's restriction of public comment to 3 minutes, per person, per agenda item, did not violate the Ralph M. Brown Act "open meeting" law or the First Amendment right to free speech. The court also held that the transit board properly allowed staff and invited speakers to speak for longer than the 3 minute time limit imposed on the public.

This opinion in *Ribakoff v. City of Long Beach, et al.* continues a line of cases that recognizes a public entity's ability to put reasonable restrictions on public comment during public meetings. These opinions properly strike a balance between the public's need to address their elected officials, while also allowing the public entity to manage meetings and complete them in a reasonably efficient manner.

Ribakoff regularly attended meetings of the Long Beach Transit Company Board of Directors, which is subject to the Brown Act's open meeting requirements. Board policy required each public speaker to fill out a public comment card, which informed the speaker of the 3 minute limit to address the Board. Ribakoff filled out a card and spoke for 3 minutes on one agenda item, and then attempted to speak to the Board a second time on the same item, but was not allowed to speak. Ribakoff sued, claiming time and subject matter restrictions and discrimination in violation of the Brown Act and the First Amendment.

The appellate court determined that the 3 minute time restriction was reasonable and did not violate the Brown Act or the First Amendment. First, the Brown Act expressly authorizes public entities to put reasonable restrictions on the amount of time a speaker can speak at a meeting and the appellate court concluded that the 3 minute restriction was reasonable. Additionally, the appellate court held the restriction did not violate the First Amendment because it was a content neutral restriction that simply limited the amount of time for speech and not what was said.

Ribakoff also argued that the restriction violated the law because it was not uniformly applied to all speakers, specifically staff and invited speakers. The appellate court concluded that the Board had a reasonable justification for treating invited speakers differently. Finally, contrary to Ribakoff's contention, speech at government meetings is not unlimited and public entities can limit speech at meetings based on time and even some types of

content — i.e. requiring a speaker to address only the topic or agenda item at issue.

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## **Around the State**

### **There's action at Sonoma LAFCo**

Sonoma LAFCo recently relocated their offices. They've moved from the County Administration Center to downtown Santa Rosa, convenient to transit and the Courthouse Square. The new address is 111 Santa Rosa Avenue, Santa Rosa 95404. All other contact information remains the same.

Sonoma LAFCo is also pleased to announce Cynthia Olsen has been promoted to an Analyst, with work focused on fielding inquiries, and processing OSAs and small annexations. They will now be hiring a part-time administrative aide/commission clerk.

### **A Special CALAFCO Thank You to Our First Responders**

The entire CALAFCO membership is deeply grateful for all of our California First Responders and their efforts in the recent wildfires and other natural disasters. You are tested to the limit and with each and every call, you respond with courage, honor and a strength beyond measure. In the face of grave danger, you put your own lives on the line to save the lives and property of others. We honor your tireless and selfless dedication to answering your calling each and every day.





## CALAFCO 2018 Annual Report to the Membership

Dear CALAFCO Members:

The CALAFCO Board of Directors is proud to report the highlights of our Association during the past year, which was a very full year. CALAFCO continues as a strong, vibrant educational resource to our members and as an advocate for LAFCo and LAFCo principles to statewide decision makers. Highlights of the year include our Annual Conference in Yosemite, Staff Workshop in San Rafael, the publication of our statewide disadvantaged unincorporated communities map, and our continued strong presence across the state as an advocate for LAFCo and LAFCo principles to statewide decision makers.

We are pleased to report that all 58 member LAFCos have renewed their membership for the 2018-19 fiscal year, and today we have six (6) Gold Associate members and twenty-four (24) Silver Associate members.

This year CALAFCO earned the *GuideStar Exchange Platinum Seal* in recognition of its transparency and completeness in documentation. This is the highest recognition any nonprofit can receive from Guidestar.

Our achievements are the result of the dedicated efforts of the many volunteer LAFCo staff from around the state who contribute their time and expertise. The Board is grateful to the Commissions who support their staff as they serve in the CALAFCO educational and legislative roles on behalf of all LAFCos. We are also grateful to the Associate members and event Sponsors that help underwrite the educational mission of the Association and allow us to keep registration fees as low as possible.

### EDUCATIONAL SERVICES AND COMMUNICATION

CALAFCO educational and information sharing-services continue to be the Board's top priority for member services. Under this umbrella, the Association focuses its resources in four areas: the Staff Workshop, Annual Conference, CALAFCO University courses, and electronic resources including the web site, quarterly reports and the member list-serves.

#### *2018 Staff Workshop*

We continued the tradition of quality education programming with the Staff Workshop held in San Rafael in April and the Annual Conference in Yosemite in October. The Workshop, hosted by *Marin LAFCo*, brought together 103 LAFCo staff and guests from around the state, representing 40 LAFCos and six Associate member organizations.

The overall rating in the evaluations was 5.5 on a 6.0 scale, the highest rating the Workshop has received since tracking began. We would like to thank the Program Planning Committee members and Chair *Martha Poyatos* (San Mateo LAFCo), our host, *Marin LAFCo*, led by *Rachel Jones*, and all who worked to make this an outstanding Staff Workshop. We also acknowledge and thank the sponsors of this year's Staff Workshop: *Best Best & Krieger*, *Colantuono Highsmith & Whatley*, *MCE Clean Energy*, and Mobile Workshop sponsors *Point Reyes Farmstead Cheese Company*, *The Fork*, and *Marin LAFCo*.

All workshop materials were posted to the CALAFCO website prior to the start of the Workshop.

The 2019 Staff Workshop is set for April 10-12, 2018 at the Holiday Inn in *San Jose*. Our host for this workshop will be *Santa Clara LAFCo*.



### 2018 Annual Conference

Approximately 275 LAFCo commissioners, staff and guests are expected at the 2018 Annual Conference in Yosemite.



The program is rich in content with general and breakout sessions focusing on topics essential to LAFCos as we all continue to tackle the many challenges we face in fulfilling the mission of LAFCo.

We acknowledge and thank the Conference Committee Chair **Anita Paque** (Calaveras LAFCo), the Program Committee Co-Chairs **Carolyn Emery** (Orange LAFCo) and **Christine Crawford** (Yolo LAFCo), and all who worked on the Program Committee to make this an outstanding Conference.

We wish to also thank all of our sponsors for this year's Annual Conference, without whom this special event would not be possible: **Best Best & Krieger, CV Strategies, Urban Footprint, Lewis Group of Companies, Assemi Group, Inc., Cucamonga Valley Water District, Streamline, Eastern Municipal Water District, Imperial LAFCo, Colantuono Highsmith & Whatley, Irvine Ranch Water District, Inland Empire Utilities Agency, Planwest Partners and Fechter & Company.**

Conference presentation materials are posted on the CALAFCO website in advance of the Conference as they are received from presenters. You can find presentation materials for all prior Conferences on the CALAFCO website.

Next year's Conference will be hosted by CALAFCO and held at the **Hyatt Regency Capitol Park, Sacramento, October 30 through November 1.**

### CALAFCO University



There has been one CALAFCO U course so far this year in Sacramento on January 22. The topic was **LAFCo's Evolving Mission: New Laws, Requirements and Transparency.** The session focused on several important topics including how to implement recently enacted

legislation and website transparency requirements for LAFCos. The session was well attended by staff and commissioners with 25 in attendance. Feedback was positive enough to repeat the transparency portion of the session at the 2018 Staff Workshop.

All materials for this and all other CALAFCO U sessions can be found on the CALAFCO website.

### Accreditations

CALAFCO's educational activities continue to be accredited by the American Planning Association to provide AICP credits for certified planners. This benefit is provided at no cost to LAFCo staff and helps them maintain their certifications. In addition, both the Conference and Workshop have sessions for LAFCo counsel that have been accredited for MCLE credits by the California Bar.

### Web Site

The CALAFCO web site is a vital resource for both LAFCos and the community with questions about local government in California. The site consistently attracts between 5,500 and 6,500 visits per week. The vast majority of the visits are for the reference and resource materials found on the site and referral information to member LAFCos.

### List-Serves

The list-serves maintained by the Association continue to be an important communication and information sharing tool among LAFCo staff. In total, we maintain eight list serves to help members share information, materials, and expertise. The List-Serves for executive officers, analysts, clerks and counsel discussions remain the most popular and serve to foster the sharing of information and resources. It is important for you to advise CALAFCO when your staff changes so the list serves can be kept up to date.

### Quarterly Updates

After each Board meeting, the Association's Executive Director creates and distributes through the list serves a Quarterly Report on the activities of the Board and Association. As The



Sphere is an annual newsletter, these Quarterly Reports contain more information, a special feature highlighting Associate Members and local LAFCo updates. These bulletins provide informational updates in a timelier manner and at less cost to the Association.

### *White Papers*

On December 31, 2017, CALAFCO published the White Paper *State of the Art on Agricultural Preservation*. This White Paper was created in partnership with the *American Farmland Trust* (AFT). CALAFCO thanks the volunteers who worked on this paper: *Christine Crawford* (Yolo LAFCo), *David Fey* (Fresno LAFCo), *Elliot Mulberg* (Associate Member), *Neelima Palacherla* (Santa Clara LAFCo), *Serena Unger* of the AFT, and the team at *Best Best and Krieger*.

Additionally, CALAFCO completed the project of mapping all of the disadvantaged unincorporated communities (DUCs) throughout the state at the census block group level. This map is posted on the CALAFCO website. The map is not intended to replace or supersede any DUC maps produced by any LAFCo. It is simply a statewide snapshot to ensure compliance with statute for all LAFCos. CALAFCO will update the map every five years. We wish to thank *Joe Serrano* of Monterey LAFCo for his help in completing this critical project.

### LEGISLATIVE PROGRAM

The Board began this legislative year with the commitment of a small Omnibus bill and sponsoring only one other bill which was to provide LAFCos state grant funding.

The CALAFCO Legislative Committee (Committee) began work in November 2017 and met regularly through June 2018.

CALAFCO ended the year tracking a total of twenty-four (24) bills, sponsoring two (2)

bills and taking formal positions on sixteen (16) bills.

Thorough legislative updates are provided in each Quarterly Report and throughout the year via email. In this Annual Report we will summarize the two CALAFCO sponsored bills. A broader legislative discussion on the most critical of bills affecting LAFCo will occur during the Annual Conference – check your program for details. For a complete list of CALAFCO bills, please visit the CALAFCO website Legislation section. Information is updated daily.

The reduced legislative focus included sponsoring a very small Omnibus bill. This year's bill contained all of the items that were left on the cutting room floor from the 2017 Omnibus process. We are grateful to Committee member *Paul Novak* (LA LAFCo) and Assembly Local Government Committee (ALGC) consultants *Misa Lennox* and *Jimmy MacDonald* for their efforts in shepherding this bill, and to all of you who did the work of submitting proposals for insertion into the Omnibus. *AB 3254* was signed by the Governor on July 9 and takes effect January 1, 2019.

The other CALAFCO sponsored bill this year was *AB 2258* (Caballero). Ultimately vetoed by the Governor on September 18, the bill created a one-time, five-year state grant funding program for LAFCos. This bill was a follow up response to the 2017 Little Hoover Commission report and one of their recommendations.

The Strategic Growth Council (SGC) was to administer the grant program. Grant funds were to be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services to disadvantaged communities; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts







(pursuant to SB 448, Wieckowski, 2017). The grant program was set to sunset on July 31, 2024.

Seemingly having nine lives and taking CALAFCO on a wild roller coaster ride, this bill went through six different sets of amendments. We encountered strong resistance from the CA Special Districts Association and a number of their members, which ultimately led to a compromise on the protest provisions portion of the bill after it was successfully moved out of the Senate Governance and Finance Committee with our protest language intact. However, as a result of this committee, a number of other amendments were taken to move the bill, including narrowing the scope of the service providers to those serving disadvantaged communities. Senate Natural Resources and Water Committee also required an amendment to move the bill which required the SGC give preference to LAFCoS whose decisions have been aligned with the goals of sustainable communities strategies.

Unsuccessful in securing a \$1.5 million allocation in the Annual Budget Act to pay for the program, we then put the funding into the bill as an allocation from the General Fund. As the bill passed through the Legislature, we were informed that General Fund allocations are not likely to get signed. In order to have a stronger chance at securing a signature, the author and CALAFCO decided it was best to remove any funding allocation, keep the grant process intact, and try again next year to obtain the allocation in the Annual Budget Act.

Unfortunately, the Governor did not agree with this thinking and stated in his veto message, *“this new spending proposal should be evaluated in the annual budget process where it can be weighed together with the state’s other spending priorities.”*

Even though the bill was not signed into law, CALAFCO can and should be proud of our efforts. We stood up strong in the face of adversity, proving to many that we are a viable

force to be taken seriously. We are learning how to tell our story effectively. Along the way we made new alliances, strengthened others, and tested a few. In the end we made it all the way to the Governor’s desk with a bill that while it had no funding, had a process that was reasonable and impactful to LAFCoS and to disadvantaged communities.

The CALAFCO Board wishes to thank everyone who wrote letters of support along the way and letters requesting the Governor’s signature; to the ad hoc legislative committee who worked in creating the original process (Board members **Bill Connelly** and **Shiva Frentzen**, and Leg Team members **Steve Lucas**, **Bill Nicholson** and **Luis Tapia**), and a very special thank you to Board member **John Leopold** and Executive Director **Pamela Miller** for all of their work in helping drive this bill through to the Governor’s desk.

The Board will now evaluate the process we went through for lessons learned and to decide if there is enough value in pursuing this again in the next legislative year.



We also want to thank all of the people who volunteer to be a part of the Legislative Committee, the Legislative Advisory Committee and to all of the LAFCoS who respond to our call for legislative action by writing letters to Sacramento.

## FINANCIAL POLICIES AND REPORTING

The Board maintains policies and current filings which are in compliance with all federal and state requirements for 501(c)(3) organizations. The CALAFCO Policy Manual, IRS Form 990 and other key Association documents are available on the CALAFCO web site. The Association also maintains its records with the national nonprofit reporting organization, GuideStar ([www.guidestar.com](http://www.guidestar.com)). In 2018 CALAFCO earned the *GuideStar Exchange Platinum Seal* in recognition of its transparency and completeness in documentation. This is the

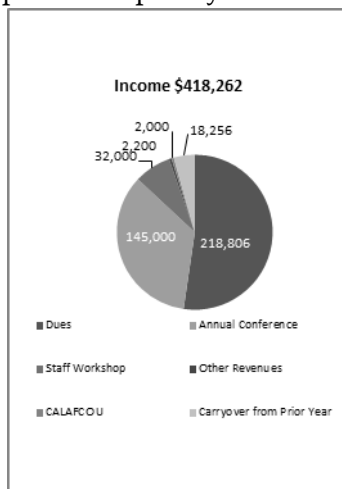


highest level of achievement seal an entity can earn from GuideStar.

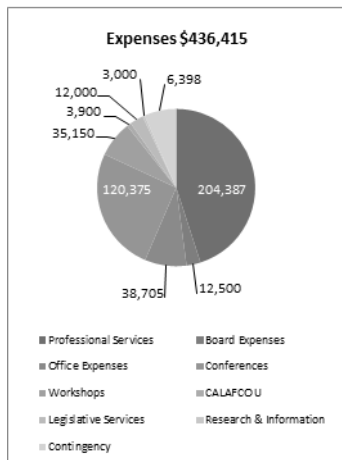
All financial records are reviewed quarterly by an outside CPA with reports to the Treasurer and the Board. The Board also reviews the annual IRS Form 990 tax filing prepared by the CPA and staff.

**2018-19 Budget**

The Board continues to manage the financial resources of the Association closely. As was reported last year, we continue to have an unsustainable reliance on the Conference net profit and prior years' net balance to balance the



The member dues have never covered the operational costs of the Association, and as those costs increase, the increase in dues has not kept pace causing the gap to continue to grow. While the 2017 Conference realized a net profit of 24%, it was not enough to fill the gap.



The adopted FY 2018-19 budget has income at \$418,626 and expenses at \$436,415. This is a gap of \$18,153. In May, the Board unanimously adopted this budget after considering several options,

including reducing expenses by cutting the hours of the Executive Director. The Board is hopeful the gap can be closed with a higher than budgeted Conference net profit and various expense savings throughout the year.

The Board is committed to conducting a thorough financial review in February during the biennial strategic planning retreat, which is the mid-year point. At that time, the Board will decide if cuts need to be made to prevent the use of reserves to balance the budget. During this meeting the Board will also entertain recommendations from the ad hoc financial committee (put in place in October 2017). The charge of the ad hoc committee has been to recommend ways to close the budget gap both short and long term by looking at expenses and revenues.

The Board will provide an update to the membership during the annual business meeting and seek input from our member LAFcos during the subsequent regional roundtable discussions on the work being done to close the budget gap.

**Restricted Fund Reserve**

Since 2005 an important goal established by the Board has been to grow and maintain a Fund Reserve to support member services in uncertain economic times and to avoid the need to tap members for additional funds, as had been done in the past. CALAFCO began the last fiscal year by transferring \$4,000 to the Fund Reserve making the current balance in that account \$162,754, about 60% of the annual operations budget outside of the Conference, Workshop and CALAFCO U. The reserve is not part of the annual budget and requires a vote of the Board to use its funds. The Association has not used the fund reserve since the early 2000s. This year, however, the Board voted to approve the annual budget using a small portion of reserves to balance the budget.

CALAFCO maintains its funds with the Local Agency Investment Fund (LAIF). Interest rates have turned and are slowly on the increase.

All financial reports, including budgets and annual tax filings, are available to the membership on the CALAFCO website as well as on GuideStar's website.



## ASSOCIATION MANAGEMENT

### *Board Member Activity*

Earlier in the year the Board received the resignation of Board member William Kirby (Placer), representing the central regional city seat. Director Kirby lost his LAFCo seat as a result of term limits in his LAFCo for that seat. His vacancy will be filled during this year's caucus.

### *New Associate Member*

We are proud to welcome one new Silver Associate member to the Association this past year. Joining CALAFCO as a Silver member is ***Pacific Gold Agriculture, LLC***. They will be featured in the next Quarterly Report to the membership. CALAFCO thanks all of our Associate Members. We truly value your partnership.



## A FINAL THANK YOU

We wish to thank ***Carolyn Emery*** (Orange) who served the past two years as Deputy Executive Officer (DEO) representing the southern region. We welcome ***Keene Simonds*** (San Diego) who will step in as the southern region's DEO effective October 5, 2018.

Finally we want to recognize the leadership of our Executive Director ***Pamela Miller*** and Executive Officer ***Steve Lucas*** (Butte). Added to that is our appreciation for all the contributions of Executive Assistant ***Jeni Tickler*** in the CALAFCO office, DEOs ***Carolyn Emery*** (Orange), ***Christine Crawford*** (Yolo) and ***Martha Poyatos*** (San Mateo), Legal Counsel ***Clark Alsop*** (BB&K), and CPA ***Jim Gladfelter*** (Alta Mesa Group). These people, along with many other volunteers, Associate members, and members of the Board have all worked together this year to bring many achievements and a strong Association to you, our member LAFCos and Associate members.

Sincerely Yours,

*The CALAFCO Board of Directors*





## Thank You to All of Our Associate Members

### CALAFCO GOLD ASSOCIATE MEMBERS



COLANTUONO  
HIGHSMITH  
WHATLEY, PC



### CALAFCO SILVER ASSOCIATE MEMBERS

*Berkson Associates  
City of Fontana  
City of Rancho Mirage  
County Sanitation Districts of L. A. County  
Cucamonga Valley Water District  
Dudek  
E. Mulberg & Associates  
Fresno County Fire Protection District  
Goleta West Sanitary District  
Griffith & Matsuda, a Professional Law Corp.  
HdL Coren & Cone  
LACO Associates*

*Lamphier-Gregory  
Marjorie Olsson Blom Consulting  
Meijun, LLC  
P. Scott Browne  
Pacific Gold Agriculture, LLC  
Peckham & McKenney, Inc.  
Planwest Partners, Inc.  
Policy Consulting Associates  
QK  
Rancho Mission Viejo  
Rosenow Spevacek Group (RSG)  
Santa Ynez Community Services District*





# LOOKING AHEAD....



## **CALAFCO 2019 Staff Workshop**

April 10 - 12  
Holiday Inn San Jose  
Hosted by Santa Clara LAFCo

## **CALAFCO 2019 Annual Conference**

October 30 - November 1  
Hyatt Regency Capitol Park  
Sacramento, CA

## **CALAFCO 2020 Annual Conference**

October 21 - October 23  
Hyatt Regency  
Monterey, CA



# The Sphere

CALAFCO Journal

CALIFORNIA ASSOCIATION OF LOCAL AGENCY  
FORMATION COMMISSIONS

1215 K Street, Suite 1650  
Sacramento, CA 95814

[www.calafco.org](http://www.calafco.org)



CALAFCO provides educational, information sharing and technical support for its members by serving as a resource for, and collaborating with, the public, the legislative and executive branches of state government, and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

**Sharing Information and Resources**

## The Year In Pictures - Scenes from CALAFCO Activities

### CALAFCO Annual Conference 2017

*San Diego, CA*



### CALAFCO Annual Staff Workshop 2018

*San Rafael CA*



September 13, 2018

**AGENDA ITEM # 13.1**

Mr. Sequoia Hall  
Chairperson  
Local Agency Formation Commission of Santa Clara County  
777 North First Street, Suite 410  
San Jose, California 95112

**Re: President's Special Acknowledgement Award - Workers' Compensation Program**

Dear Mr. Hall:

This letter and enclosed certificate are to formally acknowledge the dedicated efforts of the Local Agency Formation Commission of Santa Clara County's Governing Body, management and staff towards proactive loss prevention and workplace safety for earning the President's Special Acknowledgement Award! The Award is to recognize members with no "paid" claims during the prior **five consecutive program years** in the Workers' Compensation Program.

A "paid" claim for the purposes of this recognition represents the first payment on an open claim during the prior program year. Your agency's efforts have resulted in no "paid" workers' compensation claims for the prior 5 consecutive program years including 2017-18. This is an outstanding accomplishment that serves as an example for all SDRMA members!

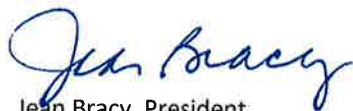
It is through the efforts of members such as Local Agency Formation Commission of Santa Clara County that SDRMA has been able to continue providing affordable workers' compensation coverage to over 442 public agencies throughout California. While 281 members or 64% in the workers' compensation program had no "paid" claims in program year 2017-18, 133 members or 30% had no paid claims for the prior 5 consecutive years.

In addition to this annual recognition, members with no "paid" claims during 2017-18 earned 2 credit incentive points (CIPs) reducing their annual contribution amount and members with no "paid" claims for the prior 5 consecutive program years earned 3 additional bonus CIPs. Also, members without claims receive a lower "experience modification factor" (EMOD) which also reduces their annual contribution amount.

Included with this letter and certificate is your press release template so your agency may showcase this important accomplishment.

On behalf of the SDRMA Board of Directors and staff, it is my privilege to congratulate your Governing Body, management and staff for your commitment to proactive loss prevention and safety in the workplace.

Sincerely,  
Special District Risk Management Authority



Jean Bracy, President  
Board of Directors

September 13, 2018

Mr. Sequoia Hall  
Chairperson  
Local Agency Formation Commission of Santa Clara County  
777 North First Street, Suite 410  
San Jose, California 95112

**Re: No Paid Workers' Compensation Claims in 2017-18**

Dear Mr. Hall:

This letter is to formally acknowledge the dedicated efforts of the Local Agency Formation Commission of Santa Clara County's Governing Body, management and staff towards proactive loss prevention and workplace safety. Your agency's efforts have resulted in no "paid" workers' compensation claims for program year 2017-18. A "paid" claim for the purposes of this recognition represents the first payment on an open claim during the prior program year. This is a great accomplishment!

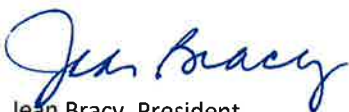
It is through the efforts of members such as Local Agency Formation Commission of Santa Clara County that SDRMA has been able to continue providing affordable workers' compensation coverage to over 442 public agencies throughout California. In fact, 281 members or 64% in the workers' compensation program had no "paid" claims in program year 2017-18.

In addition to this annual recognition, members with no "paid" claims during 2017-18 earned 2 credit incentive points (CIPs) thereby reducing their annual contribution amount. Also, members without claims receive a lower "experience modification factor" (EMOD) which also reduces their annual contribution amount.

As SDRMA is dedicated to serving its members and preventing claims, we would appreciate your agency taking a moment and sharing with us what made your District successful in preventing work related injuries. Our goal is to incorporate your successful ideas and suggestions into our loss prevention programs to benefit all members of SDRMA. Please forward any ideas or suggestions to Dennis Timoney, SDRMA Chief Risk Officer at [dtimoney@sdрма.org](mailto:dtimoney@sdрма.org).

On behalf of the SDRMA Board of Directors and staff, it is my privilege to congratulate the Governing Body, management and staff for their commitment to proactive loss prevention and safety in the workplace.

Sincerely,  
Special District Risk Management Authority



Jean Bracy, President  
Board of Directors





SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

## *President's Special Acknowledgement Award*

The President of the Special District Risk Management Authority

Hereby gives special recognition to

### **Local Agency Formation Commission of Santa Clara County**

The President's Special Acknowledgement Award is to recognize members with no "paid" claims during the prior five consecutive program years in the Workers' Compensation Program. A "paid" claim for the purposes of this recognition represents the first payment on an open claim during that same period. Congratulations on your excellent claims record!

Jean Bracy, SDA, SDRMA Board President

September 13, 2018

Date

September 13, 2018

Mr. Sequoia Hall  
Chairperson  
Local Agency Formation Commission of Santa Clara County  
777 North First Street, Suite 410  
San Jose, California 95112

**Re: President's Special Acknowledgement Award – Property/Liability Program**

Dear Mr. Hall:

This letter and enclosed certificate are to formally acknowledge the dedicated efforts of the Local Agency Formation Commission of Santa Clara County's Governing Body, management and staff towards proactive risk management and loss prevention training for earning the President's Special Acknowledgement Award! The Award is to recognize members with no "paid" claims during the prior **five consecutive program years** in the Property/Liability Program.

A "paid" claim for the purposes of this recognition represents the first payment on an open claim during the prior program year and excludes property claims. Your agency's efforts have resulted in no "paid" property/liability claims for the prior 5 consecutive program years including 2017-18. This is an outstanding accomplishment that serves as an example for all SDRMA members!

It is through the efforts of members such as Local Agency Formation Commission of Santa Clara County that SDRMA has been able to continue providing affordable property/liability coverage to over 505 public agencies throughout California. While 428 members or 85% in the property/liability program had no "paid" claims in program year 2017-18, 261 members or 52% had no paid claims for the prior 5 consecutive years.

In addition to this annual recognition, members with no "paid" claims during 2017-18 earned 2 credit incentive points (CIPs) reducing their annual contribution amount and members with no "paid" claims for the prior 5 consecutive program years earned 3 additional bonus CIPs. Also, members with no "paid" claims for at least 3 consecutive program years may receive a lower "risk factor" which also helps to reduce the annual contribution amount.

Included with this letter and certificate is your press release template so your agency may showcase this important accomplishment.

On behalf of the SDRMA Board of Directors and staff, it is my honor to congratulate your Governing Body, management and staff for your commitment to proactive risk management and loss prevention training.

Sincerely,  
Special District Risk Management Authority



Jean Bracy, President  
Board of Directors



SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

## *President's Special Acknowledgement Award*

The President of the Special District Risk Management Authority

Hereby gives special recognition to

### **Local Agency Formation Commission of Santa Clara County**

The President's Special Acknowledgement Award is to recognize members with no "paid" claims during the prior five consecutive program years in the Property/Liability Program. A "paid" claim for the purposes of this recognition represents the first payment on an open claim during that same period and excludes property claims. Congratulations on your excellent claims record!

Jean Bracy, SDA, SDRMA Board President

September 13, 2018

Date