



Local Agency
Formation Commission
of Santa Clara County

777 North First Street
Suite 410
San Jose, CA 95112
SantaClaraLAFCO.org

Commissioners

Susan Ellenberg
Sequoia Hall
Sergio Jimenez
Linda J. LeZotte
Rob Rennie
Mike Wasserman
Susan Vicklund Wilson

Alternate Commissioners

Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

**REGULAR MEETING
APRIL 8, 2020 ▪ 1:15 PM
AGENDA**

Chairperson: Sergio Jimenez ▪ Vice-Chairperson: Rob Rennie

***** BY VIRTUAL TELECONFERENCE ONLY *****

Pursuant to the provisions of California Governor’s Executive Order N-29-20, issued on March 17, 2020, this meeting will be held by teleconference only. No physical location will be available for this meeting. However, members of the public will be able to access and participate in the meeting.

PUBLIC ACCESS AND PUBLIC COMMENT INSTRUCTIONS

PUBLIC ACCESS

Members of the public may access and watch a live stream of the meeting on Zoom at <https://zoom.us/j/303912803>. Alternately, the public may listen in to the meeting by dialing (408) 638-0968 and entering **Meeting ID 303912803#** when prompted.

WRITTEN PUBLIC COMMENTS may be submitted by email to LAFCO@ceo.sccgov.org. Written comments will be distributed to the Commission as quickly as possible. Please note that documents may take up to 24 hours to be posted to the agenda on the LAFCO website.

SPOKEN PUBLIC COMMENTS will be accepted through the teleconference meeting. To address the Commission, click on the link <https://zoom.us/j/303912803> to access the Zoom-based meeting.

1. You will be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
2. When the Chairperson calls for the item on which you wish to speak, click on “raise hand” icon. The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
3. When called, please limit your remarks to the time limit allotted (3 minutes).

NOTICE TO THE PUBLIC

1. Pursuant to Government Code §84308, no LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party, or his/her agent; or any participant or his /or her agent, while a LAFCO proceeding is pending, and for three months following the date a final decision is rendered by LAFCO. Prior to rendering a decision on a LAFCO proceeding, any LAFCO commissioner who received a contribution of more than \$250 within the preceding 12 months from a party or participant shall disclose that fact on the record of the proceeding. If a commissioner receives a contribution which would otherwise require disqualification returns the contribution within 30 days of knowing about the contribution and the proceeding, the commissioner shall be permitted to participate in the proceeding. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 within the preceding 12 months by the party, or his or her agent, to a LAFCO commissioner. For forms, visit the LAFCO website at www.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. 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.
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.

1. ROLL CALL

2. PUBLIC COMMENTS

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

3. APPROVE MINUTES OF FEBRUARY 5, 2020 LAFCO MEETING

ITEMS FOR ACTION / INFORMATION

4. COMPREHENSIVE ORGANIZATIONAL ASSESSMENT STUDY: REVISED COMPARATOR AGENCY ANALYSIS

Recommended Action: Approve the list of comparator agencies as recommended by Koff & Associates, and direct Koff & Associates to continue LAFCO's Comprehensive Organizational Assessment Study utilizing the list.

PUBLIC HEARING

5. PROPOSED WORK PLAN AND BUDGET FOR FY 2021

Recommended Action

1. Adopt the Proposed Work Plan and Budget for Fiscal Year 2020-2021.
2. Find that the Proposed Budget for Fiscal Year 2021 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Proposed Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice for the adoption of the Fiscal Year 2021 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

ITEMS FOR ACTION / INFORMATION

6. EXECUTIVE OFFICER'S REPORT

- 6.1 Update of Rancho Rinconada Recreation and Park District Special Study**
For information only.
- 6.2 Comment Letter on the Final Environmental Impact Report for Mountain View Winery Annexation Project**
For information only.
- 6.3 Comment Letter on City of Gilroy's Draft Supplemental Environmental Impact Report for Gilroy Sports Park Master Plan Phase III Amendments**
For information only.

- 6.4 Comment Letter on City of Gilroy’s Revised Notice of Preparation of a Draft Environmental Impact Report for the Gilroy 2040 General Plan**
For information only.
- 6.5 LAFCO Training Session for the County Planning Office**
For information only.
- 6.6 Santa Clara County Special Districts Association Meeting and LAFCO Presentation**
For information only.
- 6.7 2020 CALAFCO Staff Workshop Rescheduled to March 2021**
For information only.
- 6.8 Joint Venture Silicon Valley’s 2020 State of the Valley Conference**
For information only.
- 6.9 Bay Area LAFCO Meeting**
For information only.
- 6.10 Santa Clara County Association of Planning Officials Meeting**
For information only.
- 6.11 Inter-Jurisdictional GIS Working Group Meeting**
For information only.

7. PENDING APPLICATIONS / UPCOMING PROJECTS

8. COMMISSIONER REPORTS

9. NEWSPAPER ARTICLES / NEWSLETTERS

10. WRITTEN CORRESPONDENCE

11. ADJOURN

Adjourn to the regular LAFCO meeting on June 3, 2020 at 1:15 PM in the Board of Supervisors’ Chambers, 70 West Hedding Street, San Jose.



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ITEM # 3
Alternate Commissioners
Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

LAFCO MEETING MINUTES WEDNESDAY, FEBRUARY 5, 2020

CALL TO ORDER

The meeting was called to order at 1:15 p.m.

1. ROLL CALL

The following commissioners were present:

- Chairperson Sergio Jimenez
- Vice Chairperson Rob Rennie (left at 1:55p.m.)
- Commissioner Susan Ellenberg
- Commissioner Linda J. LeZotte
- Commissioner Mike Wasserman
- Commissioner Susan Vicklund Wilson
- Alternate Commissioner Yoriko Kishimoto (voted in place of Commissioner Sequoia Hall)
- Alternate Commissioner Russ Melton (voted in place of Commissioner Rennie)
- Alternate Commissioner Terry Trumbull (left at 2:05 p.m.)

The following commissioners were absent:

- Commissioner Sequoia Hall
- Alternate Commissioner Cindy Chavez
- Alternate Commissioner Maya Esparza

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 Mala Subramanian

2. PUBLIC COMMENTS

There were none.

level. She stated that the cost of the election is unknown at this time and informed that the City of Cupertino would be responsible for calling that election.

Commissioner Kishimoto noted that it may be unnecessary to reorganize RRRPD if it is well-managed, but it is unusual to have a special district just to manage one swimming pool and stated her interest in options #1 or #3. At this point, Commissioner Rennie left the meeting and Alternate Commissioner Melton took his place.

In a brief discussion that ensued between **Commissioner LeZotte** and Ms. Palacherla, it was noted that previous service reviews for the district found that there is duplication of services. Ms. Palacherla stated that the two options may be initiated by LAFCO, Cupertino, RRRPD or District residents, and that the City is scheduled to consider the Report.

Upon the request of **Chairperson Jimenez**, Ms. Palacherla reminded the Commission about the reason for initiating the study and the scope of the study. She noted that last year, the Commission received complaints and allegations of mismanagement at RRRPD which LAFCO directed to the District Attorney's Office. She noted that the Commission, in authorizing the special study, focused the scope of study not on investigating the operations of the district but on the pros and cons and the process for the governance options identified for the district in LAFCO's previous service review report. She reminded the Commission that LAFCO has established a zero SOI for the District since 1982, implying that the district should be incorporated into the City of Cupertino to eliminate overlapping services and enhance efficiencies.

In response to inquiries from **Chairperson Jimenez**, Mr. Berkson informed that the study is designed to jumpstart the process and that the City may have to develop a more detailed plan if it decides to pursue any of the options. At the request of **Chairperson Jimenez**, Ms. Palacherla clarified LAFCO's role under the three options.

In response to an inquiry by **Commissioner Wasserman**, Ms. Palacherla stated that RRRPD has three board members currently and expects to fill the other two seats in the election and noted that the Board of Supervisors has the ability to appoint members if nobody runs for the seats. In response to another inquiry from **Commissioner Wasserman**, Ms. Subramanian indicated that staff would have to research the principal act of the district to determine if any district action requires majority of a full board, i.e., three votes. **Commissioner Wasserman** requested that staff conduct the research and bring the information back to the Commission at the next meeting.

In response to the inquiry by **Alternate Commissioner Kishimoto**, Mr. Berkson advised that election only occurs when there is a certain level of protest following LAFCO action on options 2 or 3.

The Commission took no action on the report.

6. CONSULTANT SERVICES FOR ASSISTANCE WITH COMPREHENSIVE REVIEW AND UPDATE OF LAFCO POLICIES

Ms. Noel presented the staff report.

Commissioner Wasserman expressed support for the staff recommendation, indicating that Mr. Shoe has a great track record and the institutional knowledge needed. **Commissioner Vicklund Wilson** stated that Mr. Shoe is well-respected and well-qualified to assist with the review and update of LAFCO policies. **Commissioner LeZotte** expressed agreement and noted that she has worked with Mr. Shoe previously and believes that he is eminently qualified and has the skills and knowledge to do the job.

The Commission:

1. Approved a services contract with George William Shoe, Jr. to provide consulting services and assistance in completing a comprehensive review and update of LAFCO's policies, in an amount not to exceed \$15,000.
2. Authorized the LAFCO Chairperson to execute the contract, and to execute any necessary amendments subject to LAFCO Counsel's review and approval.

Motion: Wasserman

Second: Vicklund Wilson

AYES: Ellenberg, Jimenez, Kishimoto, LeZotte, Melton, Wasserman, Vicklund Wilson

NOES: None

ABSTAIN: None

ABSENT: Hall, Rennie

MOTION PASSED

7. LAFCO LAUNCHES NEW WEBSITE

Ms. Rajagopalan presented the staff report.

Commissioner Wasserman complimented the new website and suggested collaboration with the County so that the online maps will be more beneficial to the public. Ms. Palacherla stated that LAFCO's map portal has been prepared in collaboration with the County Planning Office and is customized to the layers most applicable to LAFCO. She expressed appreciation to the Planning Office's GIS staff for their support in maintaining GIS layers for LAFCO.

The Commission:

1. Accepted report.
2. Approved Terms of Use Policy and Web Content Accessibility Statement for the new LAFCO Website.

Motion: Ellenberg

Second: Vicklund Wilson

AYES: Ellenberg, Jimenez, Kishimoto, LeZotte, Melton, Wasserman, Vicklund Wilson

NOES: None

ABSTAIN: None

ABSENT: Hall, Rennie

MOTION PASSED

8. **WEBCASTING OF LAFCO MEETINGS**

Ms. Rajagopalan presented the staff report.

Commissioner Vicklund Wilson indicated that the proposal is part of the public outreach initiative that has been repeatedly recommended by the public.

The Commission directed staff to work with the Office of the Clerk of the Board of Supervisors to develop a Memorandum of Understanding between LAFCO and the County to allow use of the County's Agenda Management System with integrated webcasting capabilities, and the webcasting equipment in the County Board Chambers, to webcast LAFCO meetings.

Motion: Ellenberg

Second: Kishimoto

AYES: Ellenberg, Jimenez, Kishimoto, LeZotte, Melton, Wasserman, Vicklund Wilson

NOES: None

ABSTAIN: None

ABSENT: Hall, Rennie

MOTION PASSED

9. **UPDATE ON ORGANIZATIONAL ASSESSMENT STUDY**

Ms. Palacherla presented the staff report.

Commissioner Wasserman expressed concern that the comparator tables cannot be easily understood by the public and indicated that his aide has contacted Koff & Associates. **Chairperson Jimenez** agreed, and **Commissioner Wasserman** and **Commissioner Ellenberg** proposed to defer consideration of the report to the next meeting so that the information could be presented in a more easily understood manner.

Alternate Commissioner Melton agreed with the concerns and informed that the consultants explained the analysis at the Finance Committee meeting.

Chairperson Jimenez proposed that staff contact the consultant prior to the next meeting and seek explanation and clarification for the rationale for the comparator agency analysis. **Commissioner Ellenberg** noted the need for consistency in representing the values and illustrating the report in a way that the public could easily understand. She requested that the information be presented so that it is easily accessible to the public and understandable at a quick glance, with detailed explanation available for those interested.

10. **EXECUTIVE OFFICER'S REPORT**

10.1 **Meeting on Proposed Metta Tam Tu Buddhist Temple Development**

Commissioner Wasserman informed that the Buddhist temple development has a use permit approved by the County Planning Commission in 2016, and he expressed optimism that it would soon receive water from Morgan Hill.

The Commission noted the report.

10.2 Inquiry from Los Altos Hills on Island Annexation Process

The Commission noted the report.

10.3 Inquiry from Mountain View on Potential Provision of Recycled Water to NASA Ames Site

The Commission noted the report.

10.4 Coordination with San Mateo LAFCO Staff on Potential West Bay Sanitary District Sphere of Influence Amendment & Annexation

The Commission noted the report.

10.5 Coordination on Upcoming Training Session for the County Planning Office

The Commission noted the report.

10.6 Quarterly Meeting with County Planning Staff

The Commission noted the report.

10.7 Santa Clara County Special Districts Association Meeting

The Commission noted the report.

10.8 County Sustainability Working Group Meeting

The Commission noted the report.

10.9 Santa Clara County Association of Planning Officials Meeting

The Commission noted the report.

10.10 Inter-Jurisdictional GIS Working Group Meeting

The Commission noted the report.

11. CALAFCO RELATED ACTIVITIES

11.1 2020 CALAFCO Staff Workshop

Chairperson Jimenez stated that he has seen staff in action at CALAFCO conferences, and he expressed his appreciation for their work.

The Commission authorized staff to attend the 2020 CALAFCO Staff Workshop and authorized travel expenses funded by the LAFCO budget.

Motion: Vicklund Wilson Second: Ellenberg

AYES: Ellenberg, Jimenez, Kishimoto, LeZotte, Melton, Wasserman, Vicklund Wilson

NOES: None ABSTAIN: None ABSENT: Hall, Rennie

MOTION PASSED

11.2 Staff Presentation to Cities Association on CALAFCO's Legislative Proposal Related to Santa Clara LAFCO Public Member Appointments

Ms. Palacherla presented the staff report. **Commissioner Vicklund Wilson** recused herself from participating in the discussion as it involves the issue of public member representation on LAFCO.

The Commission accepted the report.

Motion: Vicklund Wilson Second: Ellenberg

AYES: Ellenberg, Jimenez, Kishimoto, LeZotte, Melton, Wasserman

NOES: None ABSTAIN: Vicklund Wilson ABSENT: Hall, Rennie

MOTION PASSED

12. PENDING APPLICATIONS / UPCOMING PROJECTS

There was none.

13. COMMISSIONER REPORTS

Alternate Commissioner Kishimoto announced that the City of Mountain View is hosting a symposium, Green Streets for Sustainable Communities, on March 12, 2020, at the Mountain View Community Center.

14. NEWSPAPER ARTICLES / NEWSLETTERS

There were none.

15. WRITTEN CORRESPONDENCE

There was none.

16. ADJOURN

The Commission adjourned at 2:39 p.m., to the next regular LAFCO meeting on April 8, 2020 at 1:15 p.m., in the Board Meeting Chambers, 70 West Hedding Street, San Jose.

Approved on _____.

Sergio Jimenez, Chairperson
Local Agency Formation Commission of Santa Clara County

By: _____
Emmanuel Abello, LAFCO Clerk



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ITEM # 4

Alternate Commissioners
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Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

LAFCO MEETING: April 8, 2020

TO: LAFCO

**FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Asst. Executive Officer**

**SUBJECT: COMPREHENSIVE ORGANIZATIONAL ASSESSMENT
STUDY: REVISED COMPARATOR AGENCY ANALYSIS**

FINANCE COMMITTEE RECOMMENDATION

Approve the list of comparator agencies as recommended by Koff & Associates, and direct Koff & Associates to continue LAFCO’s Comprehensive Organizational Assessment Study utilizing the list.

COMPARATOR AGENCY ANALYSIS

At LAFCO’s February 5, 2020 meeting, the Commission reviewed Koff & Associates’ initial memo on comparator agency analysis, dated December 16, 2019. At the meeting, the Commission had several questions about the methodology used for the analysis and deferred further consideration of the item to LAFCO’s April 8, 2020 meeting. The Commission directed staff to work with the consultant to revise the memo in order to address the Commission’s questions and to make the memo easy to understand. The consultant, working closely with LAFCO staff, has revised the memo to address the Commission’s concerns.

At its March 13, 2020 meeting, the LAFCO Finance Committee carefully reviewed the revised memo, including the revised comparator agency analysis. At the meeting, LAFCO’s consultant explained the factors considered and process used to conduct the analysis. As directed by the Finance Committee, the consultant then made additional changes to the revised memo to make it more self-explanatory to the Commission and general audience. The Committee also directed staff to forward the Consultant-recommended comparator agencies list for the full Commission’s consideration and approval.

Please see **Attachment A** for the consultant’s revised memo dated March 11, 2020 including a list of the recommended comparator agencies. The Commission will receive a presentation on the comparator agency analysis from Katie Kaneko, Principal, Koff & Associates, at the LAFCO meeting.

In October 2019, LAFCO retained Koff & Associates to conduct a Comprehensive Organizational Assessment of LAFCO. LAFCO directed that its Finance Committee, composed of Commissioners Hall and LeZotte and Alternate Commissioner Melton, receive status reports and advise the consultants throughout the process, as necessary.

NEXT STEPS

Upon commission direction, per the revised project schedule, the consultants will continue with their research and analysis, and discuss their draft findings and recommendations with the Finance Committee in May 2020. The Finance committee will provide guidance and feedback to the consultant at the meeting, as necessary. It is anticipated that at the June 2020 LAFCO meeting, the consultants will present their final findings and recommendations to the full Commission for consideration and any appropriate next steps.

ATTACHMENT

- | | |
|---------------|--|
| Attachment A: | March 11, 2020 Memo from Koff & Associates re: Comparator Agency Analysis for Comprehensive Organizational Review and Assessment |
| Attachment B | Power Point Presentation: Santa Clara LAFCO Comparator Agency Analysis |

To: Neelima Palacherla, Executive Officer
From: Katie Kaneko, Project Director
Subject: Comparator Agency Analysis for the Comprehensive Organizational Review and Assessment
Date: 03/11/2020

The selection of comparator agencies is an important step in the study process. Koff & Associates (K&A) evaluated several indicators related to the Santa Clara Local Agency Formation Commission (SC LAFCO) demographics, financials, and scope of services to develop a group of agencies to utilize for comparative purposes for this study. The goal of this comparator analysis is to find agencies that are most similar to SC LAFCO operations. The methodology and specific criteria used in the analysis follows and the detailed data utilized can be found in the attachments referenced.

Data presented in Table 1:

1. **Organizational type and structure:** K&A generally recommends that agencies of a similar size and structure providing similar services to that of SC LAFCO be used as comparators. Accordingly, we limited our evaluation to other LAFCOs throughout the state. Based on SC LAFCOs demographics, K&A focused on LAFCOs in the greater Bay Area and the CALAFCO Coastal region, as well as LAFCOs in urban counties elsewhere in the state. This focus created an initial list of 21 LAFCOs to evaluate with the goal of selecting 12, the sufficient number of comparator agencies to study for trends and operational considerations.
2. **Staff, Commission membership, operational budgets, and population:** Staff and operational budget size determine the amount of resources available for the agencies to provide services, and population size accounts for the ratio of resources to constituents served. We specifically evaluated data related to population of the county served by each LAFCO, whether there is Special District representation on the Commission, number of full time equivalent staff at each LAFCO, and LAFCO expenditures for FY 19-20. Table 1 includes the raw data for these criteria.
3. **Cost of Living:** Cost of living is the amount of money needed to sustain a standard of living and is a measurement of how expensive it is to live in one area versus another. This factor is important to consider for evaluating compensation competitiveness and regional similarity.

Data presented in Table 2:

4. **Comparable Services / Attributes** Organizations providing similar services are ideal for comparison; given the specialized nature of SC LAFCO's services, we compared the following services and attributes:
 - Use of staffing models – employees of LAFCO or employees of county;
 - Number of commission meetings per year;
 - Number of proposals processed in the last year;
 - Number of Sphere of Influence/Municipal Service Reviews conducted in the last five years;
 - History of involvement in lawsuits;

- Number of times LAFCO featured in a local news story in the last two years.

The above listed criteria detailed in Table 2 was derived from the 2019 CALAFCO Biennial Survey for each LAFCO. Each potential comparator agency is ranked (using the absolute value ranking system discussed below) on the overall similarity to SC LAFCO based on the criteria outlined in both Table 1 and 2. The rankings of each criteria are summarized and totaled to provide the Overall Criteria score and ranking displayed within Table 3.

Data presented in Table 3:

There were 21 agencies evaluated in this analysis through an Absolute Value ranking method. An Absolute Value method assigns a numerical value to each agency's relative position to SC LAFCO, in the 22 agency array, including Santa Clara LAFCO as the first position. In situations where multiple agencies received the same ranking within the criteria, they received the same score and the next score assigned will reflect the next available position within the array. For example, there were 17 LAFCO agencies that had special district representation on the board. All 17 of these agencies received a ranking score of 1, aligned with SC LAFCO. There were 5 LAFCOs that did not have special district representation and since the first 17 positions in the array were taken, the next ranking was 18, and the five agencies that did not have special district representation received this score, since they were all tied.

Table 3 presents the agency ranking of each criteria in comparison to SC LAFCO. Ranking is based on the absolute value difference between the agency and SC LAFCO on each criteria regardless of whether the agency's data is higher or lower for that factor. Each agency's Overall Comparison Score is a sum total of the individual criteria scores. Lower Overall Comparison Scores indicate a greater similarity to the SC LAFCO. The Overall Rank is based on the absolute value difference between the agency's Overall Comparison Score and SC LAFCO.

Based on this analysis, the top ranked LAFCOs are:

- Sonoma LAFCO
- Alameda LAFCO
- San Bernardino LAFCO
- Riverside LAFCO
- Ventura LAFCO
- Orange LAFCO
- Sacramento LAFCO
- Monterey LAFCO
- San Mateo LAFCO
- Marin LAFCO
- Contra Costa LAFCO
- San Luis Obispo LAFCO
- San Diego LAFCO
- Santa Barbara LAFCO

This analysis is intended to assist in choosing the comparator group. However, SC LAFCO should reflect on other factors that apply to their labor market that could potentially override these quantitative considerations. Other factors that are often considered are recruitment, retention, and/or alignment of

operations. The goal is to choose 12 comparator agencies for this survey, generally utilizing those agencies with similar profiles, with consideration of swapping other agencies for which there is strong competitive rationale to include as part of the labor market. The 12 top ranked comparators are highlighted in green on Table 3. In this case, San Luis Obispo has a slightly better score than San Diego or Santa Barbara but there are significant differences in the size of the population served and cost of living compared to SC LAFCO. Within Table 3, we have also highlighted in orange these two closely ranked agencies which were tied at the 13th position. K&A has carefully reviewed the individual factors related to this analysis and since the overall ranking scores for San Luis Obispo, Santa Barbara, and San Diego are so close, we recommend that San Diego LAFCO is selected, rather than San Luis Obispo or Santa Barbara LAFCOs, because of its alignment to SC LAFCO's densely populated urban environment, which is a factor that has significant influence on operations. The inclusion of San Diego instead of San Luis Obispo would mean that the comparator group would remain the same as originally approved in February and it is our recommendation to continue the study utilizing this group.¹

Attachments:

Table 1: Raw Data

Table 2: Comparable Services / Attributes

Table 3: Criteria Comparison Scores and Overall Ranking

¹ Changes in our Comparable Services scoring on Table 2, caused the original rankings to slightly change. The original analysis scored San Diego and San Luis Obispo LAFCO as a tie at the #12 ranking, and San Diego was recommended by K&A and chosen over San Luis Obispo by the Finance Commission.

Table 1: Raw Data

Agency	County	Special Districts Represented ¹	Population ²	FTE ³	Agency Expenditures ⁴	% above or below U.S Cost of Living Average Index of 100% ⁵
Santa Clara LAFCO	Santa Clara	1	1,954,286	4	\$1,294,158	81.6%
Alameda LAFCO	Alameda	1	1,669,301	3	\$576,381	66.2%
Contra Costa LAFCO	Contra Costa	1	1,155,879	2	\$996,415	41.9%
Fresno LAFCO	Fresno	0	1,018,241	5	\$587,979	2.7%
Los Angeles LAFCO	Los Angeles	1	10,253,716	7	\$1,625,603	76.6%
Marin LAFCO	Marin	1	262,879	3	\$647,928	61.3%
Napa LAFCO	Napa	0	140,779	3	\$557,376	43.5%
Orange LAFCO	Orange	1	3,222,498	5	\$1,258,650	42.9%
Riverside LAFCO	Riverside	1	2,440,124	5	\$1,436,824	22.5%
Sacramento LAFCO	Sacramento	1	1,546,174	2	\$1,003,128	22.2%
San Bernardino LAFCO	San Bernardino	1	2,192,203	5	\$1,337,454	12.2%
San Diego LAFCO	San Diego	1	3,351,786	7	\$1,906,694	68.4%
San Francisco LAFCO	San Francisco	0	883,869	1	\$297,342	136.6%
San Mateo LAFCO	San Mateo	1	774,485	3	\$614,469	83.5%
Santa Cruz LAFCO	Santa Cruz	1	276,071	2	\$662,400	58.8%
Solano LAFCO	Solano	0	441,307	2	\$697,726	28.1%
Sonoma LAFCO	Sonoma	1	500,675	4	\$796,055	43.6%
Ventura LAFCO	Ventura	1	856,598	3	\$830,225	41.6%
Monterey LAFCO	Monterey	1	445,414	5	\$1,014,460	19.3%
Santa Barbara LAFCO	Santa Barbara	1	454,593	2	\$385,750	55.9%
San Benito LAFCO	San Benito	0	62,296	2	\$141,497	25.6%
San Luis Obispo LAFCO	San Luis Obispo	1	280,393	3	\$671,625	33.9%

Footnotes

This table shows the raw data for each comparison factor.

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Table 2: Comparable Services/ Attributes

Agency	County Employee Model ¹	History of Lawsuits ²	# Meetings per Year ³	# Proposals ⁴	#SOI/MSR Updates ⁵	# Media Mentions ⁶	Comparable Services Score ⁷	Difference from Agency ⁸	Ranking
Santa Clara LAFCO	1	1	1	1	1	1	6	0	1
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Contra Costa LAFCO	2	1	2	2	4	3	14	8	15
Fresno LAFCO	2	2	3	2	1	4	14	8	15
Los Angeles LAFCO	2	2	3	3	2	1	13	7	10
Marin LAFCO	2	2	1	1	3	3	12	6	8
Napa LAFCO	1	2	1	1	2	3	10	4	3
Orange LAFCO	2	2	3	2	4	3	16	10	18
Riverside LAFCO	2	1	2	1	3	4	13	7	10
Sacramento LAFCO	2	1	2	1	1	2	9	3	2
San Bernardino LAFCO	2	1	2	2	3	3	13	7	10
San Diego LAFCO	2	1	3	3	3	1	13	7	10
San Francisco LAFCO	2	2	2	2	4	3	15	9	17
San Mateo LAFCO	1	2	1	1	3	3	11	5	6
Santa Cruz LAFCO	2	2	3	2	4	4	17	11	19
Solano LAFCO	2	2	1	1	4	3	13	7	10
Sonoma LAFCO	1	2	2	1	3	1	10	4	3
Ventura LAFCO	1	2	2	1	1	4	11	5	6
Monterey LAFCO	2	1	2	1	3	3	10	4	3
Santa Barbara LAFCO	2	2	2	1	1	3	9	3	2
San Benito LAFCO	1	2	1	1	4	1	9	3	2
San Luis Obispo LAFCO	2	1	2	2	3	4	12	6	8

Footnotes

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4- Number of Proposals processed in the last year (in comparison to Santa Clara LAFCO): **6-15 (Santa Clara LAFCO) = 1, 16-25 = 2, 0-5 = 2, 26 or more = 3**

5- Number of Sphere Of Influence/Municipal Service Review Updates processed in the last 5 years (inc comparison to Santa Clara LAFCO): **26 or more (Santa Clara LAFCO) = 1, 16-25 = 2, 6-15 = 3, 0-5 = 4**

6- Number of times LAFCO featured in the media in the last two years (in comparison to Santa Clara LAFCO): **10 or more (Santa Clara LAFCO) = 1, 8-10 = 2, 4-7 = 3, 0-3= 4**

7 - This column is the sum total of all the values.

8 - This column reflects the difference between each agency's score and Santa Clara LAFCO; a lower difference means the agency is closer in organizational structure to SC LAFCO.

9 - This column shows the ranking for each agency in comparison to SC LAFCO.

Table 3: Criteria Comparison Scores and Overall Ranking

Agency	Special Districts Represented ¹	Population ²	FTE ³	Agency Expenditures ⁴	% above or below U.S Cost of Living Average Index of 100% ⁵	Comparable Services ⁶	Overall Criteria Comparison Score	Overall Rank
Santa Clara LAFCO	1	1	1	1	1	1	6	1
Alameda LAFCO	1	3	3	18	5	8	38	3
Contra Costa LAFCO	1	6	14	7	12	15	55	12
Fresno LAFCO	18	7	3	17	22	15	82	19
Los Angeles LAFCO	1	22	20	8	3	10	64	16
Marin LAFCO	1	19	3	15	6	8	52	11
Napa LAFCO	18	20	3	19	10	3	73	17
Orange LAFCO	1	11	3	2	11	18	46	7
Riverside LAFCO	1	5	3	4	18	10	41	5
Sacramento LAFCO	1	4	14	6	19	2	46	7
San Bernardino LAFCO	1	2	3	3	21	10	40	4
San Diego LAFCO	1	12	20	12	4	10	59	14
San Francisco LAFCO	18	8	20	21	16	17	100	22
San Mateo LAFCO	1	10	13	16	2	6	48	10
Santa Cruz LAFCO	1	18	14	14	7	19	73	17
Solano LAFCO	18	16	14	11	15	10	84	20
Sonoma LAFCO	1	13	1	10	9	3	37	2
Ventura LAFCO	1	9	3	9	13	6	41	5
Monterey LAFCO	1	15	3	5	20	3	47	9
Santa Barbara LAFCO	1	14	14	20	8	2	59	14
San Benito LAFCO	18	21	14	22	17	2	94	21
San Luis Obispo LAFCO	1	17	3	13	14	8	56	13

Footnotes

This table shows the absolute value ranking for each comparison factor by agency in comparison to Santa Clara LAFCO.

- 1 - Special Districts Representation on LAFCO
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- 7 -The Overall Comparison Score is the sum of the six criteria score for each LAFCO.
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Santa Clara LAFCO Comparator Agency Analysis

April 2020

Organizational Study Process Overview

Process
Meetings with study Project Team and management staff for initial documentation review
Develop and agree on list of comparator agencies
Internal & External Data collection
Analysis and preliminary review of data
Draft Findings/Additional analysis/Project Team meetings
Classification and Compensation Updates and Recommendations
Development of final report
Final presentation

Determination of Comparator Agencies

Identify broad group of potential comparators

Identify criteria to assess similarity to SC LAFCO

- Client profile: operational and geographic similarity
 - Bay Area, CALAFCO Coastal, Urban Counties
 - Cost of living, FTEs, Expenditures, Populations Served
- Comparable Services
 - County staff, # commission meetings, proposals processed, Sphere of Influence/Municipal Service Reviews, lawsuits, media mentions

Table 1: Comparator Data

Agency	Special Districts Represented ¹	Population ²	FTE ³	Agency Expenditures ⁴	% above or below U.S Cost of Living Average Index of 100% ⁵
Santa Clara LAFCO	1	1,954,286	4	\$1,294,158	81.6%
Alameda LAFCO	1	1,669,301	3	\$576,381	66.2%
Contra Costa LAFCO	1	1,155,879	2	\$996,415	41.9%
Fresno LAFCO	0	1,018,241	5	\$587,979	2.7%
Los Angeles LAFCO	1	10,253,716	7	\$1,625,603	76.6%
Marin LAFCO	1	262,879	3	\$647,928	61.3%
Napa LAFCO	0	140,779	3	\$557,376	43.5%
Orange LAFCO	1	3,222,498	5	\$1,258,650	42.9%
Riverside LAFCO	1	2,440,124	5	\$1,436,824	22.5%
Sacramento LAFCO	1	1,546,174	2	\$1,003,128	22.2%
San Bernardino LAFCO	1	2,192,203	5	\$1,337,454	12.2%
San Diego LAFCO	1	3,351,786	7	\$1,906,694	68.4%
San Francisco LAFCO	0	883,869	1	\$297,342	136.6%
San Mateo LAFCO	1	774,485	3	\$614,469	83.5%
Santa Cruz LAFCO	1	276,071	2	\$662,400	58.8%
Solano LAFCO	0	441,307	2	\$697,726	28.1%
Sonoma LAFCO	1	500,675	4	\$796,055	43.6%
Ventura LAFCO	1	856,598	3	\$830,225	41.6%
Monterey LAFCO	1	445,414	5	\$1,014,460	19.3%
Santa Barbara LAFCO	1	454,593	2	\$385,750	55.9%
San Benito LAFCO	0	62,296	2	\$141,497	25.6%
San Luis Obispo LAFCO	1	280,393	3	\$671,625	33.9%

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Comparator Agency Analysis

- Assessment of Criteria
 - Absolute Value Ranking
 - Overall Ranking
- Discuss Top Ranked Agencies
 - Other Factors to be Considered

Table 3: Scores & Ranking

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Top Ranked Agencies

- Sonoma LAFCO
- Alameda LAFCO
- San Bernardino LAFCO
- Riverside LAFCO
- Ventura LAFCO
- Orange LAFCO
- Sacramento LAFCO
- Monterey LAFCO
- San Mateo LAFCO
- Marin LAFCO
- Contra Costa LAFCO
- San Luis Obispo LAFCO
- San Diego LAFCO
- Santa Barbara LAFCO

Select 12
Comparators
for Study



Questions & Comments

Thank you!



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

Commissioners
Susan Ellenberg
Sequoia Hall
Sergio Jimenez
Linda J. LeZotte
Rob Rennie
Mike Wasserman
Susan Vicklund Wilson

ITEM # 5

Alternate Commissioners
Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

LAFCO MEETING: April 8, 2020

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: PROPOSED WORK PLAN AND BUDGET FOR FY 2021

FINANCE COMMITTEE / STAFF RECOMMENDATION

1. Adopt the Proposed Work Plan and Budget for Fiscal Year 2020-2021.
2. Find that the Proposed Budget for Fiscal Year 2021 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Proposed Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice for the adoption of the Fiscal Year 2021 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

LAFCO BUDGET PROCESS REQUIREMENTS

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO, as an independent agency, to annually adopt a proposed budget by May 1 and a final budget by June 15 at noticed public hearings. Both the proposed and the final budgets are required to be transmitted to the cities, the special districts and the County. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. After adoption of the final budget by LAFCO, the County Auditor is required to apportion the net operating expenses of the Commission to the agencies represented on LAFCO.

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

FISCAL YEAR 2020-2021 BUDGET TIMELINE

Dates	Staff Tasks / LAFCO Action
March 18 - April 8	Notice period, Proposed Budget posted on LAFCO website and available for review and comment
April 8	LAFCO public hearing on adoption of Proposed Budget
April 9	Proposed Budget, preliminary apportionments and LAFCO public hearing notice on Final Budget transmitted to agencies
June 3	Public hearing and adoption of Final Budget
June 3 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

LAFCO FINANCE COMMITTEE

The LAFCO Finance Committee is composed of Commissioners Hall and LeZotte and Alternate Commissioner Melton. At its special meeting held on March 13, 2020, the Committee discussed the progress on the current year work plan and the status of the current year budget; and recommended the proposed FY 2021 work plan and budget for consideration and adoption by the full commission.

FY 2019-2020 IN REVIEW

STATUS OF FY 2020 WORK PLAN

Attachment A depicts the current status of the Fiscal Year 2020 Work Program. LAFCO's work is proceeding as planned and there is substantial progress on various ongoing as well as new work plan items.

During this year, LAFCO completed the development of communications materials and tools recommended in its Public Communication and Outreach Plan including the design and production of print collateral – “Santa Clara County and Cities Boundaries” map and the “What is LAFCO?” brochure; the design and production of public exhibits; the development of a PowerPoint Presentation for conducting outreach and education; and the redesign and launch of the new LAFCO website.

Other notable projects that are currently underway and are expected to be completed in the next several months include the Rancho Rinconada Recreation and Park District Special Study, the Comprehensive Organizational Assessment Study; the comprehensive review and update of LAFCO policies; preparation of an inventory of remaining islands in the county; and arrangement with the County Clerk of the Board for broadcasting LAFCO meetings from Board Chambers.

The LAFCO Annual Report which will be published at the end of the current fiscal year will document all the applications reviewed and processed by LAFCO over the

course of this fiscal year; and will summarize the various accomplishments, activities/projects that LAFCO has engaged in or completed in Fiscal Year 2020.

STATUS OF FY 2020 BUDGET

Attachment D depicts the current Fiscal Year budget status. The adopted LAFCO budget for FY 2020 is \$1,294,158. It is estimated that the total year-end projected expenditures for FY 2020 would be approximately 8% lower than the adopted budget. Revenue for FY 2020 is projected to be lower than that projected in the adopted budget. The County, the cities and the independent special districts paid their respective shares of LAFCO's FY 2020 costs as apportioned by the County Controller. The actual fund balance rolled over at the end of FY 2019 was higher at \$202,123, rather than \$107,446 as estimated in the FY 2020 budget.

PROPOSED WORK PROGRAM FOR FISCAL YEAR 2021

The Finance Committee discussed and recommended the proposed FY 2021 Work Plan for Commission consideration and adoption. The proposed work program for FY 2021 is presented in **Attachment C** and includes regulatory, planning and administrative activities –mandated by the State legislature or required/directed by the Commission.

LAFCO's highest priority is to process boundary change and service extension proposals in accordance with the provisions of the Cortese Knox Hertzberg Act, and to fulfill various associated responsibilities and requirements including but not limited to adopting written policies and procedures, maintaining a website, serving as a conducting authority for protest proceedings, conducting public hearings and providing required public notice.

Other state mandated responsibilities of high priority include conducting service reviews prior to city and special district sphere of influence reviews and updates. In 2019, the Commission adopted a work plan for conducting LAFCO's third round of service reviews and initiated the special study on the Rancho Rinconada Recreation and Park District which is currently underway. The Commission will review its Service Review work plan and consider whether to reevaluate its priorities before launching the next service review.

In general, LAFCO's statutorily mandated activities take priority over administrative projects that are not statutorily required, and over proactive commission-initiated projects which are discretionary but support LAFCO's mission and statutory requirements.

The Finance Committee has prioritized the following projects, several of them ongoing and in progress, for FY 2021:

- Through upcoming Service Reviews, compile more complete information on JPAs and mutual water companies in the county
- Work with interested cities to facilitate island annexations

- Conduct outreach in accordance with LAFCO’s Public Communications and Outreach Plan in order to expand understanding of LAFCO’s role and responsibility in promoting sustainable growth and good governance in the county
- Conduct a comprehensive review and update of LAFCO’s policies in order to strengthen, clarify and ensure consistency with state law
- Implement recommendations from the Comprehensive Organizational Assessment, as directed by the Commission
- Engage in and seek Sustainable Agricultural Lands Conservation (SALC) grant partnership opportunities
- Implement LAFCO agenda management software and live streaming of LAFCO meetings in order to promote public engagement
- Organize and scan LAFCO’s recent hardcopy records for inclusion into LAFCO’s existing electronic document management system

FISCAL YEAR 2021 PROPOSED BUDGET

The Finance Committee recommended the Proposed FY 2021 Budget, for the full Commission’s consideration and approval. (See **Attachment D**). The following is a detailed itemization of the proposed budget.

EXPENDITURES

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

OBJECT 1. SALARIES AND BENEFITS \$806,845

This includes the salary and benefits for the four current LAFCO staff positions including the Executive Officer position, the two Analyst positions and the Clerk position. All four of these positions are staffed through the County Executive’s Office. The County projects that the salaries and benefits for the four LAFCO positions would total approximately \$806,845 in FY 2021. The proposed amount is based on the best available projections from the County at this time and does not reflect CEMA’s tentative agreement on its 2019-2024 contract. Any changes to the projections for the four positions that occur within the next couple of months will be reflected in the Final LAFCO budget.

OBJECT 2. SERVICES AND SUPPLIES

5255100 Intra-County Professional \$45,000

This amount includes the costs for services from various County agencies such as the County Surveyor’s Office, the County Assessors’ Office, and the Registrar of Voters. The County Surveyor assists with map review and approval for boundary change proposals. In addition, the Surveyor’s Office also assists with research to

resolve boundary discrepancies. The County Assessor's Office prepares reports for LAFCO and the Registrar of Voters provides data necessary for processing LAFCO applications. This item also allows LAFCO to seek GIS mapping services including maintenance and technical assistance from the County Planning Office, as necessary.

5255800 Legal Counsel \$74,622

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

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

The monthly retainer for FY 2021 increases to \$5,981, based on a 3.3% increase in the Consumer Price Index for the prior calendar year (2019). This item covers the annual retainer fees and includes additional monies to cover approximately 10 hours of work outside the retainer at the hourly rate of \$285.

5255500 Consultant Services \$110,000

This item is budgeted for hiring consultants to assist LAFCO with special projects such as for conducting service reviews and special studies, facilitating a strategic planning workshop, scanning LAFCO's hardcopy records into the existing electronic document management system, implementing an appropriate agenda management and meeting broadcast system for LAFCO meetings, and conducting the annual financial audit, among others. The Commission must take action to authorize such special projects prior to expending funds. This item also includes costs associated with ongoing existing contracts such as costs for hosting the LAFCO website by an outside provider.

5285700 Meal Claims \$750

This item is being maintained at \$750.

5220200 Insurance \$6,000

This item is for the purpose of purchasing general liability insurance and workers' compensation coverage for LAFCO. In 2010, LAFCO switched from the County's coverage to the Special District Risk Management Authority (SDRMA), for the provision of general liability insurance. Additionally, LAFCO also obtains workers' compensation coverage for its commissioners from SDRMA. Workers' compensation for LAFCO staff is currently covered by the County and is part of the payroll charge. For Fiscal Year 2021, SDRMA has recently notified LAFCO that due to a number of factors it is anticipated that the 2021 renewal rates for the SDRMA property / liability program need to be increased, as much as by 85%. SDRMA is in the process

of negotiating rates on behalf of its program membership and expects to confirm rates in mid-May. The LAFCO Final budget will reflect the FY 2021 cost increase accordingly.

5270100 Rent & Lease \$46,254

This item includes rent for the private office space lease which amounts to \$46,254 for FY 2021.

5250100 Office Expenses \$10,000

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

5255650 Data Processing Services \$20,267

This item includes estimated costs associated with County Technology Solutions & Services Department (TSS) providing IT services to the LAFCO program. According to TSS, the projected costs cover Telecom services for 5 phones- VOIP/Landline (\$1,937), Wireless Carrier Service (\$353), Adobe special order and MS Visio monthly subscription (\$3,213), and 5 other services (\$14,764) comprising Enterprise Content Management services and solutions, Architecture and Innovation Services, Claranet services, Data Analytics and Visualizations, and sccLearn. The County has indicated that FY 21 rates are not yet finalized, and do not include the impact of pending planned reductions and/or augmentations. Any revised cost estimates received will be reflected in the Final LAFCO budget.

5225500 Commissioner's Fees \$10,000

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

5260100 Publications and Legal Notices \$2,500

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

5245100 Membership Dues \$12,000

This item includes funding for CALAFCO – the California Association of LAFCOs membership dues. As approved at the CALAFCO Annual Membership Business meeting on October 31, 2019, the FY 2021 membership dues for Santa Clara LAFCO is \$10,662.

Additionally, this item includes membership dues for CSDA – the California Special Districts Association. In June 2018, CSDA informed staff that Santa Clara LAFCO as a customer of SDRMA, must be a member of CSDA pursuant to SDRMA bylaws. The FY 2021 CSDA membership fee is expected to increase slightly from the FY 2020 fee of \$1,460 and the Final Budget will include the revised amount.

5250750 Printing and Reproduction \$1,500

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

5285800 Business Travel \$12,000

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

5285300 Private Automobile Mileage \$2,000

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

5285200 Transportation and Travel (for use of County car) \$605

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

5281600 Overhead (\$167,019)

This overhead charge is established by the County Controller's Office, for service rendered by various County departments that do not directly bill LAFCO. The overhead includes LAFCO's share of the County's FY 2021 Cost Allocation Plan which is based on actual overhead costs from FY 2019 – the most recent year for which actual costs are available.

The overhead amount includes the following charges from:

County Executive's Office:	\$81,618
Controller-Treasurer:	\$10,896
Employee Services Agency:	\$4,872
OBA:	\$1,441
BHS-MH - Employee:	\$165
TSS Intragovernmental Service:	\$661
Technology Services & Solutions:	\$3,529
Procurement:	\$287
Facilities and Fleet:	\$148

Further, a "roll forward" is applied which is calculated by comparing FY 2019 Cost Plan estimates with FY 2019 actuals. The FY 2019 cost estimates were lower than the actuals by \$63,402; this amount is added to the FY 2021 Cost Plan. This is a state requirement.

The County's Cost Plan charges have fluctuated from year to year; however, the amount of allocation is unusually high this year. Upon further review, the County has reconsidered certain allocations to LAFCO totaling \$68,051 and informed staff that although the County's Cost Allocation Plan cannot be revised at this time, the FY 21 billing would be adjusted to exclude this amount and the correct allocations would be reflected in future years accordingly.

5275200 Computer Hardware \$3,000

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

5250800 Computer Software \$5,000

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

5250250 Postage \$2,000

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

5252100 Training Programs \$2,000

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

REVENUES

4103400 Application Fees \$30,000

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

4301100 Interest \$6,000

It is estimated that LAFCO will receive an amount of approximately \$6,000 from interest earned on LAFCO funds.

3400150 Fund Balance from Previous Fiscal Year (FY 2020) \$187,927

It is projected that there will be a savings or fund balance of approximately \$187,927 at the end of Fiscal Year 2020, which will be carried over to reduce the proposed Fiscal Year 2021 costs for LAFCO's funding agencies (cities, independent special districts and the County).

Projected Year-End [FY 2020] Fund Balance = (Projected Year-End [FY 20] Revenue + Actual Fund Balance from Previous Fiscal Year [FY 19] + Funds Received from Local Agencies in FY 20) - (Projected Year-End [FY 20] Expenses)

= (\$25,000+ \$202,123 + \$1,145,712) - \$1,084,908(excluding \$100,000 set aside as reserves)

= \$187,927

The fund balance excludes the \$100,000 set aside as the reserve, which is expected to be unused at the end of FY 2020 and will be rolled over to the next year as-is and maintained as the reserve along with the \$150,000, resulting in a total of \$250,000 reserves.

RESERVES

3400800 Reserves Available \$250,000

This item includes reserves for two purposes: litigation reserve – for use if LAFCO is involved with any litigation; and contingency reserve – to be used for unexpected expenses. If used during the year, this account will be replenished in the following year. Since 2012, the reserves have been retained in a separate Reserves account, thus eliminating the need for LAFCO to budget each year for this purpose. LAFCO currently retains \$250,000 in reserves separate from operating expenses.

5701000 Reserves \$0

The Finance Committee at its meeting on March 13, discussed the need for reserves and recommended maintaining the current reserve at \$250,000 – which is approximately 22% of LAFCO’s proposed FY 2021 net operating expenses; and did not recommend budgeting any additional amount for FY 2021.

FY 2021 NET OPERATING EXPENSES

FY 2021 Net Operating Expenses = (Proposed FY 2021 Expenditures) - (Proposed FY 2021 Fee & Interest Revenues + Projected Fund Balance from FY 2020)

= (\$1,339,362) - (\$36,000 + \$187,927)

= \$1,115,435

The projected operating expense for FY 2021 is based on projected expenditures and revenues as well as on estimated savings for the current year. Further revisions may be needed as we get a better indication of current year expenses/revenues in towards the end of this fiscal year. Additionally, a more accurate projection of costs/revenues for the upcoming fiscal year could become available, particularly for employee salary and benefits. This could result in changes to the proposed net operating expenses for FY 2021 which could in turn impact the costs for each of LAFCO’s funding agencies.

LAFCO’s proposed FY 2021 Budget reflects only a 3.5% higher expenditure compared to the FY 2020 adopted budget. This increase is primarily due to the

increase in projected costs for employee Salaries and Benefits, and due to an increase in the overhead item based on the County's Cost Allocation Plan. Additionally, LAFCO realized a higher fund balance from FY 2019 than projected in the FY 2020 budget, thus allowing LAFCO to keep its operating expenses lower than the FY 2020 operating expenses by approximately 2.6%.

COST APPORTIONMENT TO CITIES, INDEPENDENT SPECIAL DISTRICTS AND COUNTY

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

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

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

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

The following is a draft apportionment to the agencies based on the proposed net operating expenses for FY 2021.

FY 2021 COST TO AGENCIES

County of Santa Clara	\$371,812
City of San Jose	\$185,906
Remaining 14 Cities in the County	\$185,906
17 Independent Special Districts	\$371,812

Apportionment of the costs among the 14 cities and among the 17 independent special districts will be calculated by the County Controller’s Office after LAFCO adopts the final budget in June. In order to provide each of the cities and districts with a general indication of their costs in advance, **Attachment E** includes draft estimated apportionments prepared by the County Controller’s Office, based on LAFCO’s proposed FY 2021 net operating expenses and 2017/2018 Cities annual Report.

ATTACHMENTS

Attachment A:	Status of FY 2020 Work Plan
Attachment B:	LAFCO Financials 2008-2019
Attachment C:	Proposed Work Program for Fiscal Year 2021
Attachment D:	Proposed LAFCO Budget for Fiscal Year 2021
Attachment E:	Estimated FY 2021 Costs to Agencies Based on the Proposed Budget

FY 2020 IN REVIEW: WORK PLAN STATUS

ITEM #5
Attachment A

	PROJECTS	STATUS
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing, as needed
	Comment on potential LAFCO applications, relevant projects & development proposals, city General Plan updates and/ or related environmental documents	Ongoing, as needed
	Comprehensive review and update of LAFCO policies and procedures for clarity and consistency with State law	In progress
ISLAND ANNEXATIONS	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed Los Gatos Islands
	Review and finalize city-conducted island annexations	Ongoing, as needed
PUBLIC OUTREACH & COMMUNICATION	Implement LAFCO's Public Communications and Outreach Plan: develop new communication material (map, brochure, factsheets, powerpoint presentations, public exhibits) & tools (social media, website) and conduct outreach to increase awareness of LAFCO's role	Completed. Ongoing outreach in progress
	Engage and establish relationships with local (cities, districts, county), regional (ABAG/MTC), state (SGC, OPR, DoC, SWRCB) agencies, organizations such as SDA, SCCAPO, CALAFCO, other stakeholder groups	Ongoing
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Ongoing, as needed
SERVICE REVIEWS & SPHERE OF INFLUENCE UPDATES	Develop a plan, strategies and priorities for conducting the third round of service reviews	Completed, TBD
	Begin conducting LAFCO's 3 rd round of service reviews & special studies	RRRPD Study in progress
	Continue to monitor implementation of recommendations from previous service reviews, as necessary	Ongoing
	Map Mutual Water companies	On going
	Engage in SALC grant partnership opportunities	As opportunities arise
	Compile and post JPA filings on the LAFCO website	In progress
ADMINISTRATIVE PROJECTS	Prepare LAFCO annual work plan and budget	In progress
	Prepare LAFCO Annual Report	August 2019
	Prepare LAFCO Annual Financial Audit	Completed
	Review and update LAFCO administrative policies and procedures	Ongoing
	Conduct a Strategic Planning Workshop for LAFCO	TBD
	Maintain and enhance the LAFCO Website	Redesign complete
	Maintain LAFCO database	Ongoing
	Maintain LAFCO's hard copy and digital records, organize scan of LAFCO records to its Electronic Document Management System (LaserFische)	Ongoing, TBD
	Staff and Commissioner training and development (orientation, CALAFCO events, workshops, conferences, relevant courses)	Ongoing
	Staff performance evaluation	April -June 2020
	LAFCO Agenda management software and LAFCO meeting broadcast	In progress
	Comprehensive Organizational Assessment Study (added)	In progress
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing
	Other administrative functions mandated of a public agency	Ongoing

FY 2008 - FY 2019 LAFCO FINANCIALS

March 2020

ITEM NO.	TITLE	ACTUALS FY 2008	ACTUALS FY 2009	ACTUALS FY 2010	ACTUALS FY 2011	ACTUALS FY 2012	ACTUALS FY 2013	ACTUALS FY 2014	ACTUALS FY 2015	ACTUALS FY 2016	ACTUALS FY 2017	ACTUALS FY 2018	ACTUALS FY 2019	APPROVED BUDGET FY 2019
EXPENDITURES														
	Salary and Benefits	\$356,009	\$400,259	\$406,650	\$413,966	\$393,194	\$411,929	\$450,751	\$466,755	\$484,216	\$514,381	\$628,534	\$713,900	\$720,316
Object 2: Services and Supplies														
	5255100 Intra-County Professional	\$66,085	\$57,347	\$13,572	\$4,532	\$6,118	\$5,260	\$5,663	\$4,379	\$18,523	\$1,292	\$703	\$3,593	\$45,000
	5255800 Legal Counsel	\$0	\$9,158	\$67,074	\$52,440	\$48,741	\$56,791	\$53,550	\$52,854	\$57,498	\$71,131	\$59,400	\$72,276	\$70,200
	5255500 Consultant Services	\$19,372	\$75,000	\$76,101	\$58,060	\$102,349	\$59,563	\$35,602	\$37,250	\$39,625	\$0	\$45,000	\$52,650	\$100,000
	5285700 Meal Claims	\$0	\$368	\$277	\$288	\$379	\$91	\$228	\$209	\$367	\$50	\$901	\$257	\$750
	5220100 Insurance	\$491	\$559	\$550	\$4,582	\$4,384	\$4,378	\$4,231	\$4,338	\$4,135	\$4,679	\$4,893	\$5,296	\$6,000
	5250100 Office Expenses	\$1,056	\$354	\$716	\$639	\$1,212	\$536	\$850	\$783	\$6,266	\$48,632	\$15,412	\$4,702	\$10,000
	5270100 Rent and Lease											\$41,120	\$39,360	\$42,764
	5255650 Data Processing Services	\$8,361	\$3,692	\$3,505	\$1,633	\$3,384	\$1,663	\$3,311	\$9,024	\$1,519	\$6,869	\$877	\$11,894	\$5,068
	5225500 Commissioners' Fee	\$5,700	\$5,400	\$3,500	\$3,400	\$4,000	\$4,900	\$5,800	\$4,900	\$6,700	\$5,300	\$5,400	\$5,000	\$10,000
	5260100 Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$916	\$222	\$378	\$2,484	\$487	\$191	\$145	\$192	\$2,500
	5245100 Membership Dues	\$5,500	\$7,000	\$7,000	\$7,000	\$7,000	\$14,473	\$0	\$7,428	\$7,577	\$8,107	\$8,674	\$9,615	\$8,926
	5250750 Printing and Reproduction	\$5	\$0	\$0	\$0	\$0	\$0	\$9	\$177	\$703	\$0	\$0	\$0	\$1,500
	5285800 Business Travel	\$7,238	\$8,415	\$4,133	\$8,309	\$3,095	\$4,777	\$5,800	\$4,042	\$5,811	\$3,877	\$13,091	\$4,260	\$16,000
	5285300 Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$615	\$424	\$409	\$396	\$1,009	\$1,264	\$590	\$689	\$2,000
	5285200 Transportation & Travel (County Car U	\$894	\$948	\$629	\$0	\$384	\$250	\$371	\$293	\$559	\$605	\$0	\$328	\$605
	5281600 Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$43,133	\$42,192	\$34,756	\$49,452	\$0	\$28,437	\$69,944	\$79,368
	5275200 Computer Hardware	\$0	\$451	\$0	\$83	\$2,934	\$1,791	\$2,492	\$0	\$106	\$0	\$0	\$773	\$3,000
	5250800 Computer Software	\$0	\$0	\$626	\$314	\$579	\$3,124	\$933	\$1,833	\$2,079	\$754	\$4,505	\$3,012	\$4,000
	5250250 Postage	\$1,160	\$416	\$219	\$568	\$309	\$589	\$246	\$597	\$411	\$209	\$183	\$117	\$2,000
	5252100 Staff Training Programs	\$0	\$665	\$491	\$250	\$300	\$0	\$0	\$1,431	\$0	\$0	\$0	\$350	\$2,000
	5701000 Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES		\$516,530	\$633,691	\$636,478	\$604,238	\$640,540	\$613,895	\$612,816	\$633,929	\$687,043	\$667,342	\$857,865	\$998,208	\$1,131,997
REVENUES														
	4103400 Application Fees	\$46,559	\$41,680	\$35,576	\$48,697	\$37,426	\$45,458	\$63,561	\$27,386	\$146,168	\$20,436	\$29,864	\$33,049	\$35,000
	4301100 Interest: Deposits and Investments	\$24,456	\$16,230	\$6,688	\$4,721	\$4,248	\$3,416	\$2,674	\$2,844	\$6,073	\$10,830	\$12,620	\$12,141	\$4,000
	3400150 Fund Balance from Previous FY	\$271,033	\$368,800	\$334,567	\$275,605	\$209,987	\$208,219	\$160,052	\$226,111	\$187,310	\$293,489	\$331,177	\$314,693	\$259,171
TOTAL REVENUE		\$342,048	\$426,711	\$376,831	\$329,023	\$251,661	\$257,092	\$226,287	\$256,341	\$339,551	\$324,755	\$373,661	\$359,883	\$298,171
NET LAFCO OPERATING EXPENSES		\$174,482	\$206,980	\$259,648	\$275,215	\$388,879	\$356,802	\$386,529	\$377,588	\$347,492	\$342,587	\$484,204	\$638,325	\$833,826
	3400800 RESERVES AVAILABLE				\$100,000	\$100,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
COSTS TO AGENCIES														
	5440200 County	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$281,780	\$156,002	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$277,942
	4600100 Cities (San Jose 50% +other cities 50%)	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$282,625	\$156,002	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$277,942
	4600100 Special Districts							\$296,892	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$277,942

PROPOSED WORK PLAN FOR FISCAL YEAR 2021

**ITEM #5
Attachment C**

	PROJECT DESCRIPTION	TIME FRAME	RESOURCES
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing, as needed	Staff
	Comment on potential LAFCO applications, relevant projects & development proposals, city General Plan updates and/ or related environmental documents	Ongoing, as needed	Staff
	Review and update LAFCO policies and procedures for clarity and consistency with State law	Ongoing	Staff / Consultant
ISLAND ANNEXATIONS	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed	Staff
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff
PUBLIC OUTREACH & COMMUNICATIONS	Conduct outreach to increase awareness of LAFCO's role	In progress	Staff
	Engage and establish relationships with local (cities, districts, county), regional (ABAG/MTC), state (SGC, OPR, DoC, SWRCB) agencies, organizations such as SDA, SCCAPO, CALAFCO, other stakeholder groups	Ongoing	Staff
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Ongoing, as needed	Staff
SERVICE REVIEWS & SPHERE OF INFLUENCE UPDATES	Continue conducting LAFCO's third round of service reviews and special studies	Ongoing	Staff / Consultant
	Continue to monitor implementation of recommendations from previous service reviews, as necessary	Ongoing	Staff
	Map Mutual Water companies	On going	Staff
	Engage in SALC grant partnership opportunities	As needed	Staff
	Compile and post JPA filings on the LAFCO website	In progress	Staff
ADMINISTRATIVE/ OTHER PROJECTS	Prepare LAFCO annual work plan and budget	March –June	Staff
	Prepare LAFCO Annual Report	August 2020	Staff
	Prepare LAFCO Annual Financial Audit	August 2020	Consultant / Staff
	Review and update LAFCO administrative policies and procedures	Ongoing	Staff
	Conduct a Strategic Planning Workshop for LAFCO	TBD	Staff / Consultant
	Maintain and enhance the LAFCO Website	Ongoing	Staff
	Maintain LAFCO database	Ongoing	Staff
	Maintain LAFCO's hard copy and digital records,	Ongoing	Staff
	Scan LAFCO records into LaserFische	TBD	Staff / Consultant
	Staff and Commissioner training and professional development (orientation, CALAFCO workshops, conferences, relevant courses)	Ongoing	Staff/Commission
	Staff performance evaluation	April -June	Staff/Commission
	Comprehensive Organizational Assessment Study – implementation	As needed	Staff/Commission
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing	Staff
	Other administrative functions mandated of a public agency	Ongoing	Staff

**PROPOSED LAFCO BUDGET
FISCAL YEAR 2020- 2021**

**ITEM #5
Attachment D**

ITEM # TITLE	APPROVED FY 2020 BUDGET	ACTUALS Year to Date 3/10/2020	PROJECTIONS Year End 2020	PROPOSED FY 2021 BUDGET
EXPENDITURES				
Object 1: Salary and Benefits	\$772,591	\$475,304	\$732,000	\$806,845
Object 2: Services and Supplies				
5255100 Intra-County Professional	\$45,000	\$346	\$5,000	\$45,000
5255800 Legal Counsel	\$72,240	\$35,235	\$70,000	\$74,622
5255500 Consultant Services	\$110,000	\$89,922	\$110,000	\$110,000
5285700 Meal Claims	\$750	\$166	\$400	\$750
5220100 Insurance	\$6,000	\$5,893	\$6,000	\$6,000
5250100 Office Expenses	\$10,000	\$1,481	\$5,000	\$10,000
5270100 Rent & Lease	\$44,478	\$33,138	\$44,478	\$46,254
5255650 Data Processing Services	\$14,825	\$10,355	\$14,825	\$20,267
5225500 Commissioners' Fee	\$10,000	\$3,000	\$7,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$0	\$200	\$2,500
5245100 Membership Dues	\$11,836	\$11,822	\$11,822	\$12,000
5250750 Printing and Reproduction	\$1,500	\$799	\$1,000	\$1,500
5285800 Business Travel	\$16,650	\$7,910	\$10,000	\$12,000
5285300 Private Automobile Mileage	\$2,000	\$637	\$1,000	\$2,000
5285200 Transportation&Travel (County Car Usage)	\$605	\$256	\$500	\$605
5281600 Overhead	\$61,183	\$30,591	\$61,183	\$167,019
5275200 Computer Hardware	\$3,000	\$0	\$1,000	\$3,000
5250800 Computer Software	\$5,000	\$0	\$2,000	\$5,000
5250250 Postage	\$2,000	\$71	\$500	\$2,000
5252100 Staff/Commissioner Training Programs	\$2,000	\$525	\$1,000	\$2,000
5701000 Reserves	\$100,000	\$0	\$0	\$0
TOTAL EXPENDITURES	\$1,294,158	\$707,451	\$1,084,908	\$1,339,362
REVENUES				
4103400 Application Fees	\$35,000	\$7,585	\$15,000	\$30,000
4301100 Interest: Deposits and Investments	\$6,000	\$9,203	\$10,000	\$6,000
TOTAL REVENUE	\$41,000	\$16,788	\$25,000	\$36,000
3400150 FUND BALANCE FROM PREVIOUS FY	\$107,446	\$202,123	\$202,123	\$187,927
NET LAFCO OPERATING EXPENSES	\$1,145,712	\$488,540	\$857,785	\$1,115,435
3400800 RESERVES Available	\$150,000	\$250,000	\$250,000	\$250,000
COSTS TO AGENCIES				
5440200 County	\$381,904	\$381,904	\$381,904	\$371,812
4600100 Cities (San Jose 50% + Other Cities 50%)	\$381,904	\$381,904	\$381,904	\$371,812
4600100 Special Districts	\$381,904	\$381,904	\$381,904	\$371,812

LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS
Estimated Costs to Agencies Based on the Preliminary FY 2021 LAFCO Budget

Preliminary Net Operating Expenses for FY 2021				\$1,115,435
JURISDICTION	REVENUE PER 2017/2018 REPORT	PERCENTAGE OF TOTAL REVENUE	ALLOCATION PERCENTAGES	ALLOCATED COSTS
County	N/A	N/A	33.33333333%	\$371,811.67
Cities Total Share			33.33333333%	\$371,811.67
San Jose	N/A	N/A	50.00000000%	\$185,905.84
Other cities share			50.00000000%	\$185,905.83
Campbell	\$62,469,004	1.9027943%		\$3,537.41
Cupertino	\$104,218,557	3.1744779%		\$5,901.54
Gilroy	\$122,687,359	3.7370342%		\$6,947.36
Los Altos	\$53,411,743	1.6269118%		\$3,024.52
Los Altos Hills	\$15,986,557	0.4869476%		\$905.26
Los Gatos	\$49,799,685	1.5168892%		\$2,819.99
Milpitas	\$189,377,374	5.7683997%		\$10,723.79
Monte Sereno	\$3,510,862	0.1069402%		\$198.81
Morgan Hill	\$98,311,510	2.9945503%		\$5,567.04
Mountain View	\$374,877,705	11.4187053%		\$21,228.04
Palo Alto	\$642,327,689	19.5651822%		\$36,372.81
Santa Clara	\$961,395,788	29.2839373%		\$54,440.55
Saratoga	\$29,306,193	0.8926612%		\$1,659.51
Sunnyvale	\$575,334,067	17.5245689%		\$32,579.20
Total Cities (excluding San Jose)	\$3,283,014,093	100.0000000%		\$185,905.83
Total Cities (including San Jose)				\$371,811.67
Special Districts Total Share		(Fixed %)	33.33333333%	\$371,811.66
Aldercroft Heights County Water District		0.06233%		\$231.75
Burbank Sanitary District		0.15593%		\$579.77
Cupertino Sanitary District		2.64110%		\$9,819.92
El Camino Healthcare District		4.90738%		\$18,246.21
Guadalupe Coyote Resource Conservation District		0.04860%		\$180.70
Lake Canyon Community Services District		0.02206%		\$82.02
Lion's Gate Community Services District		0.22053%		\$819.96
Loma Prieta Resource Conservation District		0.02020%		\$75.11
Midpeninsula Regional Open Space District		5.76378%		\$21,430.41
Purissima Hills Water District		1.35427%		\$5,035.33
Rancho Rinconada Recreation and Park District		0.15988%		\$594.45
San Martin County Water District		0.04431%		\$164.75
Santa Clara Valley Open Space Authority		1.27051%		\$4,723.90
Santa Clara Valley Water District		81.44126%		\$302,808.10
Saratoga Cemetery District		0.32078%		\$1,192.70
Saratoga Fire Protection District		1.52956%		\$5,687.08
South Santa Clara Valley Memorial District		0.03752%		\$139.50
Total Special Districts		100.00000%		\$371,811.66
Total Allocated Costs				\$1,115,435.00



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

Commissioners
Susan Ellenberg
Sequoia Hall
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Linda J. LeZotte
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Mike Wasserman
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ITEM # 6

Alternate Commissioners
Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

LAFCO MEETING: April 8, 2020

TO: LAFCO

**FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Asst. Executive Officer
Lakshmi Rajagopalan, Analyst**

SUBJECT: EXECUTIVE OFFICER’S REPORT

6.1 UPDATE ON RANCHO RINCONADA RECREATION AND PARK DISTRICT SPECIAL STUDY

For Information Only

On March 5, 2020, Richard Berkson, Berkson and Associates (LAFCO’s consultant) presented the Rancho Rinconada Recreation and Park District Special Study – Public Review Draft Report to the City of Cupertino’s Parks and Recreation Commission. Asst. EO Noel attended the meeting and addressed questions, as necessary. It was anticipated that the City Parks and Recreation Commission would consider this matter further and make a recommendation to the City Council at its April 2, 2020 meeting. However, both the City of Cupertino and the District have suspended non-essential activities in response to the COVID-19 pandemic. In light of this very challenging situation and the complexities of the project, work on the Study has been deferred for the time being.

6.2 COMMENT LETTER ON THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE MOUNTAIN WINERY ANNEXATION PROJECT

For Information Only

In March 2020, LAFCO submitted a comment letter on the Final Environmental Impact Report (FEIR) for the Mountain Winery Annexation Project. LAFCO’s comment letter requested that the FEIR include further analysis of the adequacy of the Cupertino Sanitary District’s wastewater and sewage treatment capacity and infrastructure to serve the project; and clarify how water service will be provided to the project, the impact on the water service provider and the need for associated facilities and infrastructure, and whether any review and approval from the State Water Resources Control Board is required for a “State Small Water System.” LAFCO’s letter requested that the City Council not certify the EIR or approve the project until further analysis is completed, so that decision makers and the public

are adequately informed about the project's impacts and consider those impacts in their decision-making process. Please see comment letter (**Attachment A**) for further details.

6.3 COMMENT LETTER ON CITY OF GILROY'S DRAFT SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT FOR GILROY SPORTS PARK MASTER PLAN PHASE III AMENDMENTS

For Information Only

In February 2020, LAFCO submitted a comment letter on the Draft Supplemental Environmental Impact Report (EIR) for the Gilroy Sports Park Master Plan Phase III Amendments. LAFCO's comment letter clarified LAFCO's prior consideration and action on the proposed Gilroy Sports Park Development. LAFCO also requested that the EIR include analysis of how requisite public services and utilities will be provided to the Gilroy Sports Park outside of the City limits; and determine whether the identified public services and utilities are adequate to serve the Gilroy Sports Park, while maintaining existing service levels in areas already receiving services from the providers and areas that the providers have already committed to serve in the future. Please see comment letter (**Attachment B**) for further details.

6.4 COMMENT LETTER ON CITY OF GILROY'S REVISED NOTICE OF PREPARATION OF A DRAFT ENVIRONMENTAL IMPACT REPORT FOR THE GILROY 2040 GENERAL PLAN

For Information Only

In February 2020, LAFCO submitted a comment letter on the City of Gilroy's revised Notice of Preparation of a Draft Environmental Impact Report for the Gilroy 2040 General Plan. LAFCO's comment letter requested that the EIR clarify if LAFCO is a Responsible Agency as it relates to the Program EIR and that the City evaluate a project alternative that plans for anticipated future growth within the existing City limits and City USA. Please see comment letter (**Attachment C**) for further details.

6.5 LAFCO TRAINING SESSION FOR THE COUNTY PLANNING OFFICE

For Information Only.

On February 10, 2020 LAFCO staff conducted a training on LAFCO for approximately 15 to 20 County Planning Office staff focusing on the overlap between the two agencies in terms of goals and policies, including the long-standing Countywide Urban Development Policies that remain the cornerstone of LAFCO policy and County General Plan policy today. Attendees received a copy of LAFCO's County and Cities Jurisdictional Boundaries Map. The training featured a presentation by EO Palacherla and Asst. EO Noel on LAFCO's history and purpose, LAFCO's mission, LAFCO policies for evaluating boundary change requests and service extension proposals, LAFCO's service reviews, and the importance of preserving agricultural lands and open space in the county. The training also featured a presentation from

County Planning Manager Rob Eastwood on key County General Plan goals and policies that align with LAFCO policies. LAFCO staff also developed two interactive training exercises for attendees. However, the exercises were skipped in order to address attendees' most pressing questions in the allotted time. LAFCO staff received positive feedback from attendees who expressed interest in receiving more hands-on training on the subject matters covered.

6.6 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING AND LAFCO PRESENTATION

For Information Only.

On March 2, 2020, Alternate Commissioner Kishimoto, EO Palacherla and Analyst Rajagopalan attended the quarterly meeting of the Santa Clara County Special Districts Association (SDA). Ms. Palacherla gave a presentation on LAFCO, educating attendees about the history of LAFCO, its State mandate, its policies, the role of Commissioners and staff, the application review process for boundary changes, its service reviews program, and the Commission's role in providing greater oversight of special districts. EO Palacherla also highlighted the various resources for special districts, such as service review reports /recommendations, maps, and special district profiles, that are available on LAFCO's new website. The next meeting of the SDA is scheduled for June 1, 2020.

6.7 2020 CALAFCO STAFF WORKSHOP RESCHEDULED TO MARCH 2021

For Information Only.

The CALAFCO Staff Workshop was originally scheduled for March 25 – 27, 2020 in Newport Beach. Due to the challenges and concerns related to COVID-19, CALAFCO canceled the 2020 Staff Workshop and rescheduled the workshop to March 17 – 19, 2021 at Hyatt Regency Newport Beach John Wayne Airport.

6.8 JOINT VENTURE SILICON VALLEY'S 2020 STATE OF THE VALLEY CONFERENCE

For Information Only.

On February 14, 2020 EO Palacherla and Asst. EO Noel attended the 2020 State of the Valley Conference by Joint Venture Silicon Valley. The Conference highlighted the findings of Joint Venture's 2020 Silicon Valley Index Report, and the indicators tracking key factors of the Silicon Valley ecosystem, including economic and social challenges. Subject-matter experts then took turns on the stage tackling the region's challenges—housing, transportation, and growing national debate about the Valley's search and media giants' impacts on society. Visionary Peter Calthorpe, a founder of the Congress for New Urbanism, discussed how the Valley can address its housing, transportation, and climate resiliency challenges through compact development (infill and redevelopment), bus rapid transit, and local autonomous van pools.

Renowned historian and author Margaret O'Mara discussed the true, behind the scenes history of the people who built Silicon Valley, how the Valley transformed big tech into the engine of the American economy, and the Valleys' future. American news icon Dan Rather discussed how investigative journalism and reporting is crucial, particularly during these politically and socially challenging times.

6.9 BAY AREA LAFCO MEETING

For Information Only.

The Executive Officers and Analysts from the nine Bay Area LAFCOs meet periodically to discuss issues of common concern and share best practices. On February 18, 2020, EO Palacherla, Asst. EO Noel and Analyst Rajagopalan attended the Bay Area LAFCOs meeting via video conference. The group discussed various current and upcoming projects at each LAFCO and how each LAFCO is keeping track of and coordinating with MTC/ABAG on the development of Plan Bay Area 2050.

6.10 SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS MEETING

For Information Only.

EO Palacherla attended the March 4, 2020 meeting of the Santa Clara County Association of Planning Officials (SCCAPO) which was hosted by the City of Campbell. At the meeting, attendees received updates on the Cities Association of Santa Clara County's Planning "Housing" Collaborative, creating a Google discussion group for SCCAPO, and Association of Bay Area Governments' Regional Housing Need Allocation process. The group also received a presentation on the City of Campbell's new web-based permit tracking software, My Government Online. Lastly, attendees provided updates on planning and development related issues in their individual jurisdictions.

6.11 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING

For Information Only.

Asst. EO Noel and Analyst Rajagopalan attended the March 11, 2020 Inter-Jurisdictional GIS Working Group Meeting hosted by the County Surveyor's Office. This group includes various County departments that use and maintain GIS data, particularly LAFCO related data. The group discussed upcoming efforts to test and successfully move existing data to the new GIS coordinate system used by the County. Attendees also provided individual updates to the group on relevant GIS matters.

ATTACHMENTS

- Attachment A: Comment Letter on the Final Environmental Impact Report for the Mountain Winery Annexation Project (dated March 13, 2020)
- Attachment B: Comment Letter on City of Gilroy's Notice of Availability of a Supplemental Draft Environmental Impact Report for the Gilroy Sports Park Master Plan Phase III Amendments (dated February 10, 2020)
- Attachment C: Comment Letter on City of Gilroy's Revised Notice of Preparation of a Draft Environmental Impact Report for the Gilroy 2040 General Plan (dated February 28, 2020)



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Susan Ellenberg
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Rob Rennie
Mike Wasserman
Susan Vicklund Wilson

**ITEM # 6
Attachment A**

Alternate Commissioners
Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

March 13, 2020

VIA E-MAIL [dpedro@saratoga.ca.us]

Debbie Pedro
Community Development Director
Saratoga Community Development Department
13777 Fruitvale Avenue
Saratoga, CA 95070

**RE: FINAL ENVIRONMENTAL IMPACT REPORT FOR THE MOUNTAIN
WINERY ANNEXATION PROJECT**

Dear Ms. Pedro:

Thank you for providing the Local Agency Formation Commission (LAFCO) of Santa Clara County with an opportunity to comment on the Final Environmental Impact Report (EIR) for the Mountain Winery Annexation Project.

On December 16, 2019, LAFCO submitted comments as a Responsible Agency on the City’s Draft EIR for the Mountain Winery Annexation Project. The Final EIR addresses many of LAFCO’s comments. However critical questions and concerns remain concerning the proposed plans for overnight accommodations and further intensification of existing uses on the project site.

FEIR’s Analysis of Wastewater and Sewage Treatment is Inadequate and Cannot be Deferred to a Future Date

According to the project description, “prior to development of lodging uses on the site, the property owner is expected to apply to LAFCO to annex parcels 503-46-005 and 503-46-006 into the Cupertino Sanitary District to allow for potential future sanitary sewer service to be provided to the Mountain Winery. At such time the Cupertino Sanitary District would provide LAFCO with a resolution for approval to annex.”

On December 16, 2019, the Cupertino Sanitary District provided a comment letter on the DEIR, that included the following statements:

- *District supports annexation, however the statement that the District has adequate infrastructure and capacity is inaccurate.*
- *District has not performed due diligence in determining if its downstream infrastructure has capacity to serve the project site.*
- *Most likely, Pierce Pump Station would not have sufficient capacity. Mountain Winery expected to comply with District’s requirements for any required upgrading.*

- *District will most likely exceed interceptor capacity right through the City of Santa Clara. The District does not currently have any plans to negotiate increasing its capacity rights or keeping the wet weather peak flow below the District's capacity rights through the City of Santa Clara. The City of Cupertino is mandated to issue a building moratorium if the District exceeds our capacity rights. Your FEIR should consider a mitigation requirement to include 1) building moratorium similar to the City of Cupertino General Plan requirement and/or 2) provide sufficient onsite sewer storage capacity so that no flow is discharge from Mt. Winery during peak wet weather flows so flow through Santa Clara does not exceed 13.8 MGD*
- *Please delete the statement that CuSD indicated that it would have capacity to service the Project site or revise it per our earlier comments.*
- *Please add discussion regarding requirements for the District's downstream infrastructure and a separate environmental review process to be performed by Cupertino Sanitary District.*

In response to these comments, the FEIR states that:

The timing of future development within the Precise Plan area is unknown. At such time as a development application is submitted, the Cupertino Sanitary District would determine whether there is adequate capacity at the Pierce Pump Station and adequate interceptor capacity through the City of Santa Clara prior to issuing a connection permit for a new lodging use in the Precise Plan area. Such confirmation would ensure that no significant environmental impact related to sewer utilities would result from the Project. Therefore, no change to the DEIR's impact conclusion is required.

Given that the project under review in the EIR includes the proposed development of lodging (up to 300 rooms) which cannot be supported by the onsite sewage collection system, septic treatment, and percolation disposal field, the EIR must analyze and disclose the impacts associated with providing wastewater and sewage treatment to the lodging. Furthermore, the FEIR cannot defer this analysis on the grounds that the timing of the lodging development is uncertain.

Case law [*Vineyard Area Citizens for Responsible Growth v. City of Rancho Cordova (2007) 40 Cal.4th 412*] addresses this very issue as it relates to water resources. In *Vineyard* an EIR disclosed that a large-scale development project did not have the legal rights to certain water resources and that certain transmission and treatment facilities had not yet been built that would be required to service later phases of the development. The EIR included a mitigation measure that prevented later phase approvals for development from going forward "unless agreements and financing for supplemental water supplies are in place." The Supreme Court rejected this approach, stating:

an EIR may not substitute a provision precluding further development for identification and analysis of the project's intended and likely water sources. 'While it might be argued that not building a portion of the project is the ultimate mitigation, it must be borne in mind that the EIR must address the

project and assumes the project will be built.'.....the EIR, in order adequately to inform decision makers and the public, would then need to discuss the probability that the intended water sources for later phases of development will not eventuate, the environmental impacts of curtailing the project before completion, and mitigation measures planned to minimize any such significant impacts.

In short, the FEIR must assume that the whole project will be built when analyzing and disclosing the environmental impact of the project.

Given the scope of the proposed project, the concerns raised by the Cupertino Sanitary District in their December 16, 2019 comment letter, and case law, the FEIR is inadequate and further analysis is required so that decision makers and the public are adequately informed about the proposed project's impacts and consider those impacts in their decision-making process.

Water Supply and Service Clarifications Requested

Please clarify how water service will be provided to the project, including to the proposed lodging uses. Please identify who will be responsible for providing the requisite water service, project's impact on the identified service provider and the need for associated facilities and infrastructure, and whether any review and approval from the State Department of Water Resources Control Board (Drinking Water Resources Department) is required for a "State small water system."

Conclusion

For the foregoing reasons, we urge the City Council not to certify the EIR or approve the Project because to do would violate the procedural and substantive mandates of CEQA. We once again thank the City for the opportunity to review the EIR, and staff remains available should the City wish to discuss LAFCO's concerns.

Sincerely,



Neelima Palacherla
LAFCO Executive Officer



Malathy Subramanian
General Counsel for Santa Clara LAFCO

Cc: LAFCO Members
Jacqueline Onciano, Director, Santa Clara County Dept. of Planning & Development



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of Santa Clara County**
777 North First Street
Suite 410
San Jose, CA 95112
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Commissioners
Susan Ellenberg
Sequoia Hall
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Rob Rennie
Mike Wasserman
Susan Vicklund Wilson

**ITEM # 6
Attachment B**

Alternate Commissioners
Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

February 10, 2020

VIA E-MAIL [Sue.OStrander@ci.gilroy.ca.us]

Sue O’Strander, Deputy Director
Community Development Department, Planning Division
City of Gilroy
7351 Rosanna Street
Gilroy, CA 95020

**RE: CITY OF GILROY’S DRAFT SUPPLEMENTAL ENVIRONMENTAL IMPACT
REPORT FOR GILROY SPORTS PARK MASTER PLAN PHASE III
AMENDMENTS**

Dear Ms. O’Strander:

Thank you for providing the Local Agency Formation Commission (LAFCO) of Santa Clara County with an opportunity to review and provide comments on the Draft Supplemental Environmental Impact Report (EIR) for the Gilroy Sports Park Master Plan Phase III Amendments.

We understand that the proposed project is an update to Phase III of the adopted Gilroy Sport Park Master Plan to accommodate an indoor recreational facility comprising a 100,000 square-foot, two-story (approximately 30 feet in height) building and related parking in the Master Plan Phase III area. The proposed facility will focus on serving youth ice hockey programs and could offer other recreational opportunities as well. The facility would replace a tent-like structure of approximately 41,000 square-feet, multi-use ball field, and related parking that is currently identified for that area in the Master Plan but has not been constructed. The project site is located outside of the City Limits and City’s urban serve area.

LAFCO has the following comments on the Draft Supplemental EIR for the City’s consideration:

Clarification of Prior LAFCO Consideration and Action on Proposed Gilroy Sports Park Development

The Supplemental EIR should clarify that on October 9, 2002, LAFCO approved the “annexation of three parcels (APNs 808-21-030, 808-21-028, 808-21-026)” within the territory proposed for the Gilroy Sports Park “pursuant to Government Code section 56742 conditioned on the City of Gilroy adopting and implementing the appropriate agricultural mitigation plan consistent with the City’s General Plan policy.” However, the conditions were not met and the LAFCO approval expired.

City Now Intends to Continue to Develop the Gilroy Sports Park Outside City Limits and Outside City's Urban Service Area

On page 4-6 of the Draft Supplemental EIR, and more specifically in "Section 4.3 Intended Uses of the EIR," the following is stated:

The City does not propose addition of the project site to the Urban Service Area or annexation of the project site, as part of the current project. Therefore, no approvals are required from the Santa Clara County Local Agency Formation Commission.

Based on this statement, it appears that the City now intends to continue to develop the Gilroy Sports Park outside of the City Limits and outside of the City's Urban Service Area. Furthermore, it appears that the City does not intend to seek any approvals from LAFCO in association with the development of the Gilroy Sports Park.

Prior Certified EIRs Anticipated that Gilroy Sports Park Development Would Occur Within the City and City Would Provide the Requisite Public Services

Both prior City certified EIRs for the Gilroy Sports Development [i.e. Gilroy Sports Park and Urban Service Area Amendment (June 7, 1999) and Gilroy Urban Service Area Amendment (February 2002)] had a project description that included the City annexing the affected territory, developing the Gilroy Sports Park within the City, and the City providing necessary public services and utilities to the site, including but not limited to the following:

- Fire service and emergency medical response
- Police service
- Solid waste collection/disposal
- Stormwater management
- Water services
- Wastewater services

Given that it now appears that the City intends to continue to develop the Gilroy Sports Park outside of the city limits in the unincorporated area, it is unclear how this change to the original project description will impact the provision of public services and utilities.

Draft Supplemental EIR Should Include Analysis of How Requisite Public Services and Utilities will be Provided to the Gilroy Sports Park Outside of the City Limits

The Supplemental EIR should analyze how requisite public services, including fire, police, and emergency medical response services; and utilities will be provided to the Gilroy Sports Park without annexation of the affected territory to the City. This analysis should address the following:

- Who will be responsible for providing each of the requisite public services to the Gilroy Sports Park?

- Project's impact on the identified service providers and associated facilities and infrastructure
- Project's impact on identified utilities and associated systems/facilities
- Adequacy of public services and utilities (facilities, staffing, response times, infrastructure, capacity, etc.) to serve the Gilroy Sports Park, while maintaining existing service levels in areas already receiving services from the providers and areas that the providers has already committed to serve in the future.

Please note that pursuant to Gov. Code section 56133(a), a City may provide new or extended services by contract or agreement outside of its boundaries only if it first requests and receives written approval from LAFCO. Furthermore, such approval must be in anticipation of a future annexation of the property to the City.

Conclusion

We respectfully request that the City consider the information provided in this letter and address the identified deficiencies. Please forward a copy of the City's Final Supplemental EIR to LAFCO when it becomes available. If you have questions regarding these comments, please contact me at (408) 993-4713.

Sincerely,



Neelima Palacherla

Cc: LAFCO Members

Jacqueline Onciano, Director, Santa Clara County Dept. of Planning & Development
Andrea Mackenzie, General Manager, Santa Clara Valley Open Space Authority



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Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

February 28, 2020

VIA E-MAIL [Stan.Ketchum@ci.gilroy.ca.us]

Stan Ketchum
General Plan Project Manager
Gilroy Community Development Department
7351 Rosanna Street
Gilroy, CA 95020

**RE: Revised Notice of Preparation of a Draft Environmental Impact Report for
the Gilroy 2040 General Plan**

Dear Mr. Ketchum:

Thank you for sending the Local Agency Formation Commission of Santa Clara County (LAFCO) a copy of the Revised Notice of Preparation (NOP) of a Draft Environmental Impact Report for the Gilroy 2040 General Plan via email on January 31, 2020 and for providing us with an opportunity to comment on the NOP. As described in the NOP, the project will result in a new General Plan for the City, including new policies for land use, mobility, economic prosperity, public facilities and services, parks and recreation, natural and cultural resources, hazards, and environmental justice. According to the NOP, a Program EIR will be prepared to evaluate environmental issues associated with the adoption and buildout of the Gilroy 2040 General Plan.

LAFCO offers the following comments for the City's consideration:

Please clarify if LAFCO is a Responsible Agency as it relates to Program EIR. If so, please indicate the types of LAFCO approvals that the City anticipates seeking. We also suggest that an additional section be included in the Draft EIR briefly identifying all Responsible Agencies for the Program EIR and providing brief information on the types of approvals or permits that the City anticipates seeking from the identified agencies.

Please also clarify whether the City anticipates tiering from the Program EIR for potential projects that require LAFCO approval.

Additionally, several of the areas identified in Figure 4 – Gilroy 2040 General Plan Land Use Diagram – Preferred Alternative are outside the City Limits and the City's Urban Service Area. We encourage the City to evaluate a project alternative that plans for anticipated future growth within the existing City limits and City USA. This approach to planning for future growth is in alignment with the goals of Plan Bay Area and would help to minimize climate change risks.

Lastly, please notify us when the City's Draft General Plan and associated Draft EIR become available for public review. We look forward to reviewing both documents and providing comments, as necessary. If you have any questions regarding these comments, please contact Lakshmi Rajagopalan at (408) 993-4709.

Thank you again for providing us with the opportunity to comment on this important Project.

Sincerely,

A handwritten signature in cursive script, appearing to read "Neelima Palacherla".

Neelima Palacherla
LAFCO Executive Officer

Cc: LAFCO Members