



**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

AGENDA

June 5, 2019, 1:15 PM

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

Chairperson: Susan Vicklund Wilson • Vice-Chairperson: Sergio Jimenez

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 APRIL 3, 2019 LAFCO MEETING

PUBLIC HEARING

4. FINAL LAFCO BUDGET FOR FISCAL YEAR 2020

Recommended Action:

1. Adopt the Final Budget for Fiscal Year 2019-2020.
2. Find that the Final Budget for Fiscal Year 2020 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association and the Special Districts Association.
4. Direct the County Auditor–Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

5. POLICIES FOR SELECTION AND APPOINTMENT OF PUBLIC MEMBER AND ALTERNATE PUBLIC MEMBER

Recommended Action:

Amend the LAFCO Bylaws to include proposed Policies on Selection and Appointment of Public Member and Alternate Public Member.

ITEMS FOR ACTION / INFORMATION

6. COMPREHENSIVE ORGANIZATIONAL ASSESSMENT

Recommended Action:

1. Authorize staff to issue a Request for Proposals for an independent professional service firm to conduct a comprehensive organizational assessment of LAFCO as per the proposed scope of services.
2. Request that Finance Committee members participate in the evaluation and selection of the independent consultant.
3. Delegate authority to the LAFCO Executive Officer to enter into an agreement with the most qualified consultant in an amount not to exceed \$25,000 and to execute any necessary amendments subject to LAFCO Counsel’s review and approval.

7. RANCHO RINCONADA RECREATION AND PARK DISTRICT SPECIAL STUDY: DRAFT REQUEST FOR PROPOSALS

Recommended Action:

1. Authorize staff to issue a Request for Proposals (RFP) for a professional service firm to prepare a special study on the reorganization process and impacts of alternative governance structure options for the Rancho Rinconada Recreation and Park District.
2. Delegate authority to the LAFCO Executive Officer to enter into an agreement with the most qualified consultant in an amount not to exceed \$15,000 and to execute any necessary amendments subject to LAFCO Counsel's review and approval.

8. EXECUTIVE OFFICER'S REPORT

8.1 Town of Los Gatos Initiates Annexation of 23 Unincorporated Islands

For information only.

8.2 Orientation Session for County Staff

For information only.

8.3 Comment Letter on Cordoba Center Final Environmental Impact Report

For information only.

9. CALAFCO RELATED ACTIVITIES

9.1 Report on the 2019 CALAFCO Staff Workshop (April 10 - 12)

For information only.

9.2 2019 CALAFCO Annual Conference (October 30 – November 1)

Recommended Action:

Authorize commissioners and staff to attend the Annual Conference and direct that associated travel expenses be funded by the LAFCO Budget for Fiscal Year 2020.

9.3 CALAFCO Board of Directors Meetings

For information only.

10. LEGISLATIVE REPORT

Recommended Action:

1. Accept report and provide direction to staff, as necessary.
2. Take a support position and authorize staff to send a letter of support on the following bills:
 - a. AB 1822 (Assembly Local Government Committee) Omnibus Bill
 - b. AB 948 (Kalra) Coyote Valley Conservation Program
3. Take an oppose position and authorize staff to send a letter of opposition on AB 600 (Chu) Disadvantaged Unincorporated Communities.

11. PENDING APPLICATIONS / UPCOMING PROJECTS

12. **COMMISSIONER REPORTS**
13. **NEWSPAPER ARTICLES / NEWSLETTERS**
14. **WRITTEN CORRESPONDENCE**

[Supplemental Information No. 1 – Letter from Doug Muirhead](#)

15. **ADJOURN**

Adjourn to the regular LAFCO meeting on August 7, 2019 at 1:15 PM in the Board of Supervisors' Chambers, 70 West Hedding Street, San Jose.



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 # 3

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

LAFCO MEETING MINUTES WEDNESDAY, APRIL 3, 2019

CALL TO ORDER

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

1. ROLL CALL

The following commissioners were present:

- Vice Chairperson Sergio Jimenez
- Commissioner Susan Ellenberg
- Commissioner Sequoia Hall
- Commissioner Linda J. LeZotte
- Commissioner Rob Rennie
- Commissioner Mike Wasserman
- Alternate Commissioner Yoriko Kishimoto
- Alternate Commissioner Russ Melton
- Alternate Commissioner Terry Trumbull (voting in place of Chairperson Susan Vicklund Wilson)

The following commissioners were absent:

- Chairperson Susan Vicklund Wilson
- 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 Counsel Heather Lee

2. PUBLIC COMMENTS

There were none.

The Commission added items 3, 4, 9, 10 and 11, with the exception of 11.3 and 11.4, to the consent calendar. The Commission approved the consent calendar.

Motion: Ellenberg

Second: Wasserman

3. Authorized staff to transmit the Proposed Budget adopted by the Commission, including the estimated agency costs as well as the LAFCO public hearing notice on the adoption of the Fiscal Year 2020 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

Motion: Hall

Second: LeZotte

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Trumbull, Wasserman

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED

6. APPOINTMENT OF LAFCO PUBLIC MEMBER AND ALTERNATE PUBLIC MEMBER

Vice Chairperson Jimenez noted that a letter from a member of the public has been provided to Commission members.

Ms. Palacherla presented the staff report.

The Commission reappointed Susan Vicklund Wilson as Public Member and Terry Trumbull as Alternate Public Member to new four-year terms, for the period from May 2019 to May 2023.

Motion: Wasserman

Second: Jimenez

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Wasserman

NOES: None

ABSTAIN: Trumbull

ABSENT: None

MOTION PASSED

7. PROPOSED WORK PLAN FOR SERVICE REVIEWS AND SPHERE OF INFLUENCE UPDATES

Ms. Noel provided the staff report.

Sophia Badillo, Board Member of Rinconada Recreation and Park District (RRRPD) and district resident, stated that the district should be assimilated into Cupertino. She expressed concern with the district's administrative costs and stated that the pool is not being run very efficiently. She noted that there is a lack of outreach to the community and many residents are unaware of the district. She noted that residents cannot use the pool on some days because a private swim school uses it, and she also raised safety and liability concerns as some people use the pool outside its operating hours.

Anu Mandavilli, a resident of RRRPD, expressed the need for public outreach so the residents would be aware of the district and seek to serve on its board. She noted that the same members have been reappointed over the years. She stated that she has recently started attending the meetings and has raised concerns about the lack of

outreach and accountability. She expressed concern that the district is dysfunctional, and urged LAFCO to review the issues and directed attention to the letter from Ms. Badillo.

Steven Wesolowski, Board Member of RRRPD, stated that he has served on the RRRPD board for 26 years. He noted that an election was held for the first time last year as the number of applicants exceeded the seats available. He stated that several of the points raised by the other speakers are out of context. He indicated that the board is currently on a 2-2 vote stalemate regarding the appointment of the fifth board member. He stated that he would support Cupertino taking over the pool if it could keep it open 300 days a year.

Kevin Davis, General Manager of RRRPD, stated that the letters from Ms. Yeaton and Ms. Henderson, included as attachments A and B of the staff report, paint a negative picture of the district. He reported that since 2013, RRRPD has generated revenues annually, doubled the cash reserves for capital replacement, started a capital replacement fund, modernized the accounting system, digitized office functions, doubled the number of staff and increased minimum wage. He recognized the need for better community outreach and questioned the hostility towards the district. He indicated his support for a special study and noted that it would clarify if there is a benefit to merger with Cupertino and determine how it would be done. He further clarified that an independent audit stated that the district had net revenues, and noted that the general manager's salary was based on a salary survey of California Special Districts Association (CSDA), local special districts and city recreation departments that were published. He reported that the district has written work plans and goals, and human resources policies for its staff, except for top line staff.

Commissioner Wasserman, in compliance with LAFCO's ex-parte communications policy, disclosed that he had met with Ms. Yeaton and Ms. Henderson. He thanked staff for expediting the special study on RRRPD and moved for approval of staff recommendation.

Commissioner Hall informed that he was a resident of the Rancho Rinconada area 25 years ago. He noted that raising awareness of special districts in a community is hard, and while a controversy might raise the profile it could also be counterproductive in the long run. He indicated that Cupertino was unwilling to take over RRRPD previously but that may have changed now. He encouraged residents to stay involved but cautioned that board officials, unlike community activists, have certain responsibilities regarding public records and posting of information online.

In response to inquiries by **Alternate Commissioner Kishimoto**, Ms. Palacherla stated that a subsidiary district would operate as a special district but the Cupertino City Council would be its governing body.

In response to an inquiry by **Vice Chairperson Jimenez**, Ms. Noel provided a brief overview of the proposed RFP process and noted that the results of the study would inform the Commission, the district and the city. Ms. Palacherla advised that a similar

focused study was done for the Saratoga Fire Protection District after the service review report identified governance options. She noted that this study is an opportunity for the city and RRRPD to evaluate alternative governance options, and that LAFCO could initiate actions such as a merger, dissolution or consolidation action if there was support to move forward.

Commissioner Hall noted that service reviews are big deal for special districts and are one of the reasons why special districts are now seated on LAFCO. He informed that previous service reviews did not identify transparency issues for RRRPD. He observed that new members may unintentionally violate laws like the Brown Act. He indicated that he had previously requested that LAFCO create a repository of governance resources for special districts.

Commissioner Wasserman stated that LAFCO's past services reviews found a few issues in at least four special districts. He informed that most special districts in the county were created decades ago by residents who saw the need for certain services and were willing to tax themselves, and that residents today are unaware that they are being taxed for those services. He informed that past service reviews reported some special districts that did not have bylaws or financial statements, including a case of a district that opened a facility outside its boundaries and whose board members concurrently served both a special district and a non-profit organization. He noted that based on the information from the people he has spoken to, it is unlikely that the RRRPD issues could be resolved internally, and he requested that the proposed special study include information on the district's financial statement and expenditures, as well as any recommendation regarding special elections. He agreed with Commissioner Hall and hoped to settle the matter amicably, and ensure that the residents are aware of the district to which they pay, know how their tax dollars are spent, and enjoy the community benefit.

Commissioner Wasserman moved for approval of staff recommendation and **Alternate Commissioner Trumbull** seconded.

In response to an inquiry by **Vice Chairperson Jimenez**, Ms. Palacherla advised that CSDA has an extensive program for promoting accountability and public transparency of special districts. She stated that CSDA encourages all special districts to participate in the certificate program and awards transparency certificates to those districts satisfying CSDA's criteria for transparency and accountability. **Vice Chairperson Jimenez** requested that the service review process connect special districts with good governance resources.

In response to an inquiry by **Commissioner Rennie**, Ms. Palacherla advised that the 2013 service review recommended further evaluation of governance options for RRRPD, and the proposed special study would focus on the two options, the process for their implementation and their financial impacts. In response to his follow-up inquiry, Ms. Palacherla advised that the City and RRRPD would incur some staff costs for responding to consultant's questions. In response to follow-up inquiry by **Commissioner Rennie**, Ms. Palacherla advised that Cupertino staff expressed

interest in the proposed special study but any potential actions would be considered after the findings of the study become available. **Commissioner Rennie** stated that the study should be done if it is intended to achieve a result and not to put off the issue. Ms. Palacherla indicated that LAFCO has initiated the inquiry in response to the complaints by the residents.

In response to an inquiry by **Commissioner Hall**, Ms. Palacherla stated that the previous service reviews identified an overlap of services provided by the district and the city. She noted that RRRPD is primarily located within the City of Cupertino and is operating a pool even though the city has its own parks and recreation program. **Commissioner Hall** informed that the area was a county pocket and was annexed to the city 10 years ago. He noted that this was the reason for the existence of this district within Cupertino. He stated that previous service reviews did not identify financial mismanagement issues for the district.

Commissioner Wasserman informed that LAFCO conducts service reviews every five years and is included in the proposed budget, and the RRRPD special study was moved sooner in response to public concerns.

The Commission:

1. Established a Work Plan for LAFCO's third round of Service Reviews and Sphere of Influence Updates using the following structure and priorities (listed from highest priority to lowest priority):
 - a. Special Study of Rancho Rinconada Recreation & Park District
 - b. Special Districts Service Review
 - c. Countywide Water and Wastewater Service Review
 - d. Countywide Fire Protection Service Review
 - e. Cities Service Review
2. Directed staff to prepare for the Commission's consideration at the June 5, 2019 LAFCO meeting, a Draft Request for Proposals for a professional services firm to conduct a special study of Rancho Rinconada Recreation & Park District (RRRPD) in order to identify the reorganization process and evaluate the potential fiscal impacts (costs/benefits analysis) of the following two alternative governance structure options: (1) merger of the District with the City of Cupertino; and (2) establishing the District as a subsidiary of the City of Cupertino, as identified in LAFCO's 2013 Service Review for RRRPD.

Motion: Wasserman

Second: Trumbull

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Trumbull, Wasserman

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED

8. RESOLUTION DELEGATING AUTHORITY TO THE EXECUTIVE OFFICER FOR EXECUTION OF SMALL CONTRACTS

The Commission adopted Resolution No. 2019-03, delegating authority to the Executive Officer for execution of small contracts.

Motion: Hall Second: Trumbull

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Trumbull, Wasserman

NOES: None ABSTAIN: None ABSENT: None

MOTION PASSED

9. PROPOSED AMENDMENT OF EUREKA CARTOGRAPHY CONTRACT

The Commission, on consent, authorized the LAFCO Executive Officer, subject to LAFCO Counsel’s review and approval, to amend LAFCO’s service agreement with Eureka Cartography to include an additional amount not to exceed \$2,500 for the printing of the map and brochure.

Motion: Ellenberg Second: Wasserman

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Wasserman, Trumbull

NOES: None ABSTAIN: None ABSENT: None

MOTION PASSED

10. PROPOSED AMENDMENT OF L STUDIO CONTRACT

The Commission, on consent, authorized the LAFCO Executive Officer, subject to LAFCO Counsel’s review and approval, to amend LAFCO’s service agreement with L Studio to include an additional amount not to exceed \$5,000 for the final design of communication materials including LAFCO’s County and Cities Boundaries Map, and the “What is LAFCO?” Brochure.

Motion: Ellenberg Second: Wasserman

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Wasserman, Trumbull

NOES: None ABSTAIN: None ABSENT: None

MOTION PASSED

11. EXECUTIVE OFFICER’S REPORT

11.1 Orientation Sessions for New LAFCO Commissioners & County Staff

The Commission noted the report.

11.2 League of Women Voters Interviews LAFCO Chairperson Wilson

The Commission noted the report.

11.3 Town of Los Gatos Island Annexations Efforts

Ms. Noel presented the staff report.

In response to an inquiry by **Commissioner Ellenberg**, Ms. Noel advised that LAFCO has policies and incentives to encourage cities to annex islands but does not have additional tools to make it more efficient. Ms. Palacherla informed that the large number of piecemeal annexations of islands in Los Gatos were a result of annexations initiated by individual landowners seeking to develop their properties. She noted that Los Gatos's efforts to pursue annexations of entire islands would address that issue.

Commissioner Rennie informed that current policy requires annexation if there is a major remodeling of a home within 300 feet of the city. He noted that implementation of this policy over the years has led to a checkerboard pattern of city-county parcels. He described how these islands cause confusion and inefficient delivery of services. He stated that he spearheaded the Town's island annexation efforts after learning about the issue at LAFCO and he reported that the Town picked 23 of the 32 islands for annexation due to their size and other criteria, and he noted that larger pockets like Blossom Manor will be done later. **Commissioner Ellenberg** suggested that the public be informed that the fragmentation of jurisdictions is a public safety issue because it confuses service providers and increases response time for law enforcement.

Commissioner Wasserman informed that when he was on the Town Council, LAFCO contacted the Town twice about island annexations and the County offered to improve the roads, but annexation was not pursued because the Town's surveys indicated that majority of the residents were opposed to annexation. He further informed that there is no boundary distinction for 911 calls as they are routed to whoever is the closest and billed later. He expressed interest in the results of the Town's island annexation efforts, and noted that starting with small pockets and explaining to the residents the benefits of being in the city are good strategies.

11.4 Meetings with City of Gilroy Staff on Potential Urban Service Area Expansion

Ms. Noel provided a staff report.

In response to an inquiry by **Commissioner Ellenberg**, Ms. Palacherla indicated that staff had explained to Gilroy that LAFCO's policies encourage growth within existing boundaries. She informed that over 15 years ago, LAFCO denied the USA expansion but approved its annexation so the Sports Park could be developed within the city limits. She stated that the approval was conditioned on Gilroy mitigating the loss of agricultural lands, but approval had expired since the city did not complete the condition. She stated that Gilroy periodically inquires about the project and staff has

indicated that LAFCO policies remain the same, and requested Gilroy to consider various issues including the city's priorities for growth, the recent voter-approved urban growth boundary, and the General Plan update that is in progress. In response to another inquiry by **Commissioner Ellenberg**, Ms. Palacherla informed that staff only provides advice on potential issues and the Commission makes the final decision.

Commissioner Rennie observed the similarities of the Gilroy Sports Park expansion proposal and the Morgan Hill Southeast Quadrant Project as both involve development of city-acquired agricultural lands, except that Gilroy has a voter-approved boundary. Ms. Palacherla expressed agreement and advised that the voter-approved boundary is considered a more stable boundary, and noted that Gilroy also has a service agreement for the property predating the 1994 state law requiring LAFCO approval of services outside of a jurisdiction.

11.5 Meetings with City of Saratoga Staff on Potential Annexation of Mountain Winery

The Commission noted the report.

11.6 Meeting with County Office of Sustainability

The Commission noted the report.

11.7 Quarterly Meeting with County Planning Office Staff

The Commission noted the report.

11.8 Joint Venture's 2019 State of the Valley Conference

The Commission noted the report.

11.9 Santa Clara County Special Districts Association Meeting

The Commission noted the report.

11.10 Santa Clara County Association of Planning Officials Meeting

The Commission noted the report.

11.11 Inter-Jurisdictional GIS Working Group Meeting

The Commission noted the report.

11.12 Comment Letter on City of Morgan Hill's Consideration of Sports Facility Development Process for City Owned Unincorporated Lands

The Commission noted the report.

12. LEGISLATIVE REPORT

Ms. Noel presented the staff report.

Commissioner LeZotte thanked staff for the thorough report.

The Commission:

1. Accepted report.
2. Took a support position and authorized staff to send a letter of support for AB 1253 (Rivas) LAFCO Grant Program.
3. Took a support position and authorized staff to send a letter of support for AB 213 (Reyes) Inhabited Annexation Funding Restoration.

Motion: Ellenberg

Second: Wasserman

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Wasserman, Trumbull

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED

Commissioner LeZotte expressed appreciation to staff for the through report on various bills.

13. PENDING APPLICATIONS / UPCOMING PROJECTS

There was none.

14. COMMISSIONER REPORTS

There was none.

15. NEWSPAPER ARTICLES / NEWSLETTERS

There was none.

16. WRITTEN CORRESPONDENCE

Vice Chairperson Jimenez noted the email distributed at the meeting.

17. ADJOURN

The Commission adjourned at 2:25 p.m., to the regular LAFCO meeting on June 5, 2019 at 1:15 p.m., in the Board Meeting Chambers, 70 West Hedding Street, San Jose.

Approved on _____.

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

By: _____
Emmanuel Abello, LAFCO Clerk



**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 # 4

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

LAFCO MEETING: JUNE 5, 2019

TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: FINAL LAFCO BUDGET FOR FISCAL YEAR 2020

FINANCE COMMITTEE / STAFF RECOMMENDATION

1. Adopt the Final Budget for Fiscal Year 2019-2020.
2. Find that the Final Budget for Fiscal Year 2020 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association and the Special Districts Association.
4. Direct the County Auditor–Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

REVISIONS TO THE DRAFT /PRELIMINARY BUDGET

The Commission on April 3, 2019, adopted LAFCO’s preliminary budget for Fiscal Year 2019- 2020. The preliminary budget was prepared using the best information available at that time.

At its meeting on May 23, the Finance Committee recommended that the Commission retain an independent professional service firm to conduct a comprehensive organizational assessment of LAFCO. For further detail on this issue, please refer to Agenda Item #6.

As a tentative measure, the Committee also recommended that LAFCO add \$50,000 to the FY 2020 LAFCO Budget under the Reserves line item, to timely implement potential recommendations from the organizational assessment. If this amount is not spent during FY 2020, the Reserves could be reduced to \$200,000 the following year, and the \$50,000 could be utilized to reduce the cost to LAFCO’s funding agencies.

The proposed FY 2020 Final Budget (Attachment A) reflects this change to the Reserves item.

BACKGROUND

LAFCO Budget Process Requirements

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

LAFCO and the County of Santa Clara entered into a Memorandum of Understanding (MOU) (effective since July 2001), under the terms of which, the County provides staffing, facilities, and services to LAFCO. The associated costs are reflected in the 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.

COST APPORTIONMENT TO CITIES, DISTRICTS AND COUNTY

The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency's representation (excluding the public member) on the Commission. The LAFCO of Santa Clara County is composed of a public member, two County board members, two city council members, and since January 2013 – two special district members. Government Code §56381(b)(1)(A) provides that when independent special districts are seated on LAFCO, the county, cities and districts must each provide a one-third share of LAFCO's operational budget.

Since the City of San Jose has permanent membership on LAFCO, 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. Therefore in Santa Clara County, the City of San Jose pays one sixth and the remaining cities pay one sixth of LAFCO's operational costs. Per the CKH Act, the remaining cities' share must be apportioned in proportion to each city's total revenue, 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. Each city's share is therefore based on the 2016/2017 Report – which is the most recent edition available.

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.

The estimated apportionment of LAFCO's FY 2020 costs to the individual cities and districts is included as **Attachment B**. The final costs will be calculated and invoiced to the individual agencies by the County Controller's Office after LAFCO adopts the final budget.

ATTACHMENTS

Attachment A: Final LAFCO Budget for Fiscal Year 2020

Attachment B: Costs to Agencies Based on the Final Budget

**FINAL LAFCO BUDGET
FISCAL YEAR 2019- 2020**

**AGENDA ITEM # 4
Attachment A**

ITEM # TITLE	APPROVED FY 2019 BUDGET	ACTUALS Year to Date 3/4/2019	PROJECTIONS Year End 2019	FINAL FY 2020 BUDGET
EXPENDITURES				
Object 1: Salary and Benefits	\$720,316	\$475,955	\$725,480	\$772,591
Object 2: Services and Supplies				
5255100 Intra-County Professional	\$45,000	\$2,787	\$10,000	\$45,000
5255800 Legal Counsel	\$70,200	\$36,762	\$65,000	\$72,240
5255500 Consultant Services	\$100,000	\$36,550	\$100,000	\$110,000
5285700 Meal Claims	\$750	\$257	\$750	\$750
5220100 Insurance	\$6,000	\$5,296	\$5,296	\$6,000
5250100 Office Expenses	\$10,000	\$4,039	\$10,000	\$10,000
5270100 Rent & Lease	\$42,764	\$31,996	\$42,764	\$44,478
5255650 Data Processing Services	\$5,068	\$7,400	\$10,000	\$14,825
5225500 Commissioners' Fee	\$10,000	\$2,700	\$5,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$97	\$200	\$2,500
5245100 Membership Dues	\$8,926	\$9,615	\$9,615	\$11,836
5250750 Printing and Reproduction	\$1,500	\$0	\$1,500	\$1,500
5285800 Business Travel	\$16,000	\$1,598	\$10,000	\$16,650
5285300 Private Automobile Mileage	\$2,000	\$648	\$1,000	\$2,000
5285200 Transportation&Travel (County Car Usage)	\$605	\$378	\$600	\$605
5281600 Overhead	\$79,368	\$34,972	\$79,368	\$61,183
5275200 Computer Hardware	\$3,000	\$726	\$2,000	\$3,000
5250800 Computer Software	\$4,000	\$539	\$2,000	\$5,000
5250250 Postage	\$2,000	\$100	\$1,000	\$2,000
5252100 Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000 Reserves	\$0	\$0	\$0	\$100,000
TOTAL EXPENDITURES	\$1,131,997	\$652,415	\$1,082,573	\$1,294,158
REVENUES				
4103400 Application Fees	\$35,000	\$30,295	\$35,000	\$35,000
4301100 Interest: Deposits and Investments	\$4,000	\$5,626	\$6,500	\$6,000
TOTAL REVENUE	\$39,000	\$35,921	\$41,500	\$41,000
3400150 FUND BALANCE FROM PREVIOUS FY	\$259,171	\$314,693	\$314,693	\$107,446
NET LAFCO OPERATING EXPENSES	\$833,826	\$301,801	\$726,380	\$1,145,712
3400800 RESERVES Available	\$150,000	\$150,000	\$150,000	\$150,000
COSTS TO AGENCIES				
5440200 County	\$277,942	\$277,942	\$277,942	\$381,904
4600100 Cities (San Jose 50% + Other Cities 50%)	\$277,942	\$277,942	\$277,942	\$381,904
4600100 Special Districts	\$277,942	\$277,942	\$277,942	\$381,904

AGENDA ITEM # 4
Attachment B

LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS
Preliminary Estimated Costs to Agencies Based on the Final FY 2020 LAFCO Budget

Final Net Operating Expenses for FY 2020				\$1,145,712
JURISDICTION	REVENUE PER 2016/2017 REPORT	PERCENTAGE OF TOTAL REVENUE	ALLOCATION PERCENTAGES	ALLOCATED COSTS
County	N/A	N/A	33.33333333%	\$381,904.00
Cities Total Share			33.33333333%	\$381,904.00
San Jose	N/A	N/A	50.00000000%	\$190,952.00
Other cities share			50.00000000%	\$190,952.00
Campbell	\$59,643,742	2.0634538%		\$3,940.21
Cupertino	\$108,239,147	3.7446759%		\$7,150.53
Gilroy	\$112,074,851	3.8773771%		\$7,403.93
Los Altos	\$50,863,149	1.7596776%		\$3,360.14
Los Altos Hills	\$13,618,429	0.4711475%		\$899.67
Los Gatos	\$46,676,687	1.6148415%		\$3,083.57
Milpitas	\$172,958,945	5.9837425%		\$11,426.08
Monte Sereno	\$3,177,329	0.1099239%		\$209.90
Morgan Hill	\$88,439,683	3.0596873%		\$5,842.53
Mountain View	\$293,917,704	10.1684701%		\$19,416.90
Palo Alto	\$577,910,583	19.9935779%		\$38,178.14
Santa Clara	\$822,606,457	28.4591540%		\$54,343.34
Saratoga	\$27,732,221	0.9594327%		\$1,832.06
Sunnyvale	\$512,622,137	17.7348381%		\$33,865.03
Total Cities (excluding San Jose)	\$2,890,481,064	100.0000000%		\$190,952.03
Total Cities (including San Jose)				\$381,904.00
Special Districts Total Share			33.33333333%	\$381,904.00
Aldercroft Heights County Water District		0.06233%		\$238.04
Burbank Sanitary District		0.15593%		\$595.50
Cupertino Sanitary District		2.64110%		\$10,086.47
El Camino Healthcare District		4.90738%		\$18,741.48
Guadalupe Coyote Resource Conservation District		0.04860%		\$185.61
Lake Canyon Community Services District		0.02206%		\$84.25
Lion's Gate Community Services District		0.22053%		\$842.21
Loma Prieta Resource Conservation District		0.02020%		\$77.14
Midpeninsula Regional Open Space District		5.76378%		\$22,012.11
Purissima Hills Water District		1.35427%		\$5,172.01
Rancho Rinconada Recreation and Park District		0.15988%		\$610.59
San Martin County Water District		0.04431%		\$169.22
Santa Clara Valley Open Space Authority		1.27051%		\$4,852.13
Santa Clara Valley Water District		81.44126%		\$311,027.43
Saratoga Cemetery District		0.32078%		\$1,225.07
Saratoga Fire Protection District		1.52956%		\$5,841.45
South Santa Clara Valley Memorial District		0.03752%		\$143.29
Total Special Districts		100.00000%		\$381,904.00
Total Allocated Costs				\$1,145,712.00



**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
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: JUNE 5, 2019
TO: LAFCO
**FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Asst. Executive Officer**
**SUBJECT: POLICIES FOR SELECTION AND APPOINTMENT OF
PUBLIC MEMBER AND ALTERNATE PUBLIC MEMBER**

STAFF RECOMMENDATION

Amend the LAFCO Bylaws to include proposed Policies on Selection and Appointment of Public Member and Alternate Public Member.

BACKGROUND

At the February 6, 2019 LAFCO meeting, the Commission directed staff to prepare a report and place on a future LAFCO meeting agenda a public outreach process for appointing public members and include a discussion of term limits for LAFCO Commissioners.

Santa Clara LAFCO is a seven-member Commission. Six of the seven commissioners on LAFCO are appointed by legislative bodies or selection committees, as specified under State law (Government Code §56327) and more specifically below:

- Two County Supervisors (appointed by the Board of Supervisors)
- One Council Member from the City of San Jose (appointed by the City Council)
- One Council Member from any of the other cities (appointed by the Cities Selection Committee)
- Two Board Members from independent special districts (one appointed by the Santa Clara Valley Water District, one appointed by the Independent Special District Selection Committee)

These six LAFCO commissioners appoint a public member and an alternate public member to serve on LAFCO for a 4-year term.

Selection and Appointment of Public Member and Alternate Public Member

LAFCO’s current Bylaws do not include policies to guide the Commission’s procedures for selecting and appointing a public member and/or an alternate public

member to LAFCO. Therefore, staff has prepared draft policies (Attachment A) for the Commission's consideration and adoption that specify the Commission's process, including:

- Advance notification to Commission of the public member's and alternate member's term expiration or when such seat(s) becomes vacant
- Posting of Notice/Announcement that LAFCO is seeking applications for an upcoming vacancy of the public member and the alternate public member positions on LAFCO website and distribution of notice/announcement to local agencies and interested parties within the county, to occur at least 21 days prior to the Commission making appointments
- Eligibility of current public member and alternate member to apply when such seat(s) become vacant
- Application submittal requirements, and Commission's applicants interview and appointment process

Term Limits

State law does not limit the number of terms a LAFCO Commissioner may serve. Instead, LAFCO and other appointing bodies have the ability to either reappoint or select a new member to serve on LAFCO at the end of a commissioner's 4-year term.

The proposed public member selection and appointment process discussed above and presented in the attached Policies is consistent with State law, provides transparency and helps promote public interest and participation in LAFCO. The process gives the Commission the flexibility to interview multiple candidates, including the current public member and alternate public member, and the discretion to consider and weigh various factors in order to determine whom it wants to appoint to LAFCO.

The adoption of term limits for public member and alternate public member positions would remove that flexibility and discretion. Also, due to the complexity of LAFCO and the extensive learning curve involved in LAFCO matters, serving on LAFCO for some length of time is beneficial. Therefore, staff does not recommend that the Commission adopt term limits and believes the process presented in the attached Policies in effect allows the Commission to limit the term of the public member and alternate public member if the Commission so determines.

NEXT STEPS

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

ATTACHMENT

Attachment A: Policies on Selection and Appointment of Public Member and Alternate Public Member

Include the following policies in the LAFCO Bylaws, under the existing section titled “The Commission.”

SELECTION/APPOINTMENT OF COMMISSIONERS

- e. Public Member. The other six commissioners shall appoint one public member and one alternate public member to serve on the commission. Pursuant to Government Code §56327(d), each appointee shall not be a resident of a city which is already represented on the commission. The appointees shall be Santa Clara County residents; and not currently an officer or employee of the county or any city or district with territory in the county. The appointees shall also not concurrently hold any elected or appointed office with a local government agency that makes or informs land use decisions while serving on the Commission.

The appointment of the public member and/or alternate public member shall be made in accordance with the following procedures:

- i. The LAFCO Executive Officer shall notify the Commission in advance of the public member’s and alternate public member’s term expiration or when such seat(s) becomes vacant.
- ii. The LAFCO Executive Officer shall prepare a notice announcing the vacancy on the Commission and seeking applications to fill the vacancy.
- iii. The notice shall be posted on the LAFCO website and provided to each local agency within the county and to interested parties.
- iv. Among other things, the notice shall include information on the mission of LAFCO, and responsibilities of a LAFCO commissioner; and indicate the application filing period and submittal requirements.
- v. Interested applicants shall be required to submit a resume and a letter of interest outlining their reasons for wanting to serve as a member of the Commission.
- vi. The current public member and alternate public member shall be eligible to apply for an upcoming vacancy of the public member and/or the alternate public member positions.
- vii. The Commission shall not appoint someone to fill a vacancy until at least 21 days after the posting of the notice.
- viii. The Commission shall review applicants’ resumes and letters of interest and shall conduct a group interview of the candidates at the next available LAFCO meeting, using questions prepared beforehand.
- ix. At the close of the group interview, the Commission shall by majority vote, appoint a public member and/or an alternate public member.



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 # 6

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

LAFCO MEETING: JUNE 5, 2019

TO: LAFCO

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

SUBJECT: COMPREHENSIVE ORGANIZATIONAL ASSESSMENT

FINANCE COMMITTEE / STAFF RECOMMENDATION

1. Authorize staff to issue a Request for Proposals for an independent professional service firm to conduct a comprehensive organizational assessment of LAFCO as per the proposed scope of services.
2. Request that Finance Committee members participate in the evaluation and selection of the independent consultant.
3. Delegate authority to the LAFCO Executive Officer to enter into an agreement with the most qualified consultant in an amount not to exceed \$25,000 and to execute any necessary amendments subject to LAFCO Counsel’s review and approval.

FINANCE COMMITTEE

In early May, LAFCO staff received notice from the County that LAFCO staffs’ (Executive Officer, Analysts, and Clerk) existing bargaining unit contracts (CEMA and SEIU contracts) were set to expire soon. Additionally, since the last LAFCO meeting in April, various other organizational issues emerged, necessitating an additional Finance Committee Meeting.

At its May 24, 2019 meeting, the Finance Committee discussed these various interconnected organizational issues and recommended that the Commission retain an independent professional service firm to conduct a comprehensive organizational assessment of LAFCO and recommended that LAFCO add another \$50,000 to the FY 2020 Reserves to timely implement any potential recommendations from the assessment.

BACKGROUND

LAFCO and its Business Needs Have Evolved Over the Years

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 which became effective in 2001, substantially reformed LAFCO law, requiring LAFCOs

become more independent in funding and staffing; giving LAFCOs greater overall authority and new responsibilities; requiring LAFCOs to adopt written policies and procedures for its operations, and to conduct service reviews and update spheres of influence, and to consider new factors. The State Legislature continues to look to LAFCOs as a local watchdog on sustainable growth and good governance matters and continues to expand LAFCO's responsibilities.

Today, Santa Clara LAFCO is subject to more regulations, works on projects that are more controversial and contentious, receives greater public and local agency scrutiny, and works more proactively (e.g. outreach and education) to increase the effectiveness of the organization.

The Commission has grown (adding two Special District Board Members and one alternate since 2013), altered its political structure, and expanded its participation at the state and local level (at CALAFCO Conferences, CALAFCO Legislative Committee and CALAFCO Executive Board), increasing administrative and coordination requirements.

The Commission has also added staff over the years and now leases its own independent office space necessitating new facility and equipment management duties and more independent administrative activities.

Concerns with Organizational Structure, Recruitment, and Succession Planning

The County recently notified LAFCO that LAFCO staffs' (Executive Officer, Analysts, and Clerk) existing bargaining unit contracts (CEMA and SEIU contracts) were set to expire soon. Per the MOU between the County and LAFCO, during this period LAFCO may request that the County review the LAFCO staff positions' compensation and classification to determine that they are appropriate for the positions.

Most of the current LAFCO staff have served the Commission for over 17 years. The organization is anticipated to experience some staffing changes in the near-term and beyond. LAFCO has a small staff and is in a very vulnerable position should any of its staff leave. LAFCO must be prepared for any potential personnel changes and be proactive in its succession planning efforts.

LAFCO's evolving business needs are not met with the existing organizational and staffing structure. Even in the current structure, the positions no longer align with actual duties and experience requirements. For example:

- The Clerk functions more as a Junior Analyst and Office Manager, spending a large percentage of their time on higher-level duties that are not part of their current job description. A recent effort to address the Clerk's classification issue was unsuccessful. Furthermore, the volume of work performed by the LAFCO Clerk is now beyond a single position. The current occupant manages to complete this increased volume due to their having over 17 years of experience in the position.

- The LAFCO Office now has two Analyst positions. The current occupants have different levels of responsibility due to differences in knowledge and experience, with one functioning essentially as an Assistant Executive Officer, including managing the LAFCO Office and making executive decisions in the Executive Officer's absence (e.g. planned time-off and emergencies), but this difference is not formalized or reflected in title or compensation.
- Contra Costa LAFCO recently conducted a survey of LAFCO Executive Officer salaries for the Bay Area/Urban LAFCOs which indicated that the Santa Clara LAFCO Executive Officer's salary was not comparable to their peers.

Positions (job descriptions, experience levels, and compensation, and organizational structure) need to be reviewed to facilitate recruitment, retention and succession planning.

Rather than focus solely on individual positions, it would be prudent for LAFCO to conduct a more comprehensive review and assessment of the organization in order to address these and other important interconnected issues. Such an independent assessment requires special expertise, time and attention, which staff cannot provide.

Proposed Scope of Services for the RFP to Conduct a Comprehensive Organizational Assessment

The Request for Proposals (RFP) shall solicit submittals from independent professional service firms to conduct a comprehensive organizational review and assessment of LAFCO that includes:

- Organization, reporting, and classification structure
- Clarification of job descriptions and compensation
- Succession planning and preservation of institutional knowledge
- Professional development and training/career path
- Performance evaluation
- Promotion/growth path to encourage employee longevity
- Retention and recruitment of quality staff
- Any other issues identified through the assessment

The consultant will collect the necessary data through research, surveys, interviews, benchmarking, and other best practices; analyze that data using appropriate methods, tools, and techniques; and issue a report with findings and recommendations for the Finance Committee's initial review and consideration and for the Commission's final consideration, including any organizational and structural vulnerabilities and recommendations on how LAFCO and the County can better address those vulnerabilities.

The assessment will support succession planning efforts that ensure consistency, continuity, and reliability in the services that LAFCO provides to affected agencies and the community.

Based on similar independent assessments done by other LAFCOs, it is anticipated that the assessment would cost approximately \$25K. The FY 2020 Budget includes sufficient funds to cover this cost.

There may be ongoing financial implications if any consequent recommendations are followed, and for this reason the Finance Committee recommended that LAFCO add an additional \$50K to the Fiscal Year 2020 Reserves as discussed in Agenda Item #4.

NEXT STEPS

Upon LAFCO authorization, staff will send the RFP to independent professional service firms with the relevant expertise and post the RFP on the LAFCO website and the CALAFCO website for other interested firms and work with the Finance Committee on selection of the most qualified consultant.



**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 # 7

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

LAFCO MEETING: JUNE 5, 2019

TO: LAFCO

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

**SUBJECT: RANCHO RINCONADA RECREATION AND PARK DISTRICT
SPECIAL STUDY: DRAFT REQUEST FOR PROPOSALS**

STAFF RECOMMENDATION

1. Authorize staff to issue a Request for Proposals (RFP) for a professional service firm to prepare a special study on the reorganization process and impacts of alternative governance structure options for the Rancho Rinconada Recreation and Park District.
2. Delegate authority to the LAFCO Executive Officer to enter into an agreement with the most qualified consultant in an amount not to exceed \$15,000 and to execute any necessary amendments subject to LAFCO Counsel’s review and approval.

BACKGROUND

At the April 3, 2019 LAFCO meeting, the Commission directed staff to draft a request for proposals for a professional services firm to conduct a special study of Rancho Rinconada Recreation & Park District (RRRPD) in order to identify the reorganization process and evaluate the potential fiscal impacts (costs/benefits analysis) of the following two alternative governance structure options: (1) merger of the RRRPD with the City of Cupertino; and (2) establishing the RRRPD as a subsidiary of the City of Cupertino, as identified in LAFCO’s 2013 Service Review for RRRPD. The Study will be used to help LAFCO, the RRRPD, the City of Cupertino, and the public better understand and evaluate the available governance structure options for the RRRPD and will be used to inform decisions on whether or not to initiate a reorganization of the RRRPD.

REQUEST FOR PROPOSALS

Distribution of Draft Request for Proposals (RFP) for Review and Comment

On April 22, 2019, LAFCO staff distributed a Draft RFP for the preparation of the Special Study to Kevin Davis (District Manager, RRRPD) and to Jeff Milkes (Director, City of Cupertino Recreation and Community Services). LAFCO staff received minor comments from Mr. Davis and from Mr. Milkes. Mr. Davis noted that RRRPD no

longer offers “Kid’s Night Out,” but offers a summer swim camp instead. Mr. Milkes requested that the consultant present their report of analysis and findings to a joint meeting the City of Cupertino City Council and the City of Cupertino Parks & Recreation Commission.

LAFCO staff has revised the Draft RFP and Scope of Services to address both of these comments. Please see **Attachment A** for the Revised RFP and Revised Scope of Services (with the tracked changes).

Final RFP & Special Study Timeline

Upon LAFCO authorization, staff will send the Revised RFP to firms on LAFCO’s consultant list and will post the RFP on the LAFCO website and CALAFCO website for other interested firms. The proposed timeline for the Special Study is as follows:

- Release RFP: June 6, 2019
- Proposals Due: June 26, 2019
- Firm Interviews and Selection of Firm: July 2019
- Begin Special Study: August 2019
- LAFCO Public Hearings on the Special Study: December 2019/February 2020

ATTACHMENT

Attachment A: RRRPD Special Study RFP including Scope of Services (with tracked changes shown)



**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

REQUEST FOR PROPOSALS

SPECIAL STUDY

Reorganization Process and Impacts of Alternative Governance Structure Options for the Rancho Rinconada Recreation and Park District

I. Objective

The Local Agency Formation Commission (LAFCO) of Santa Clara County is seeking proposals from professional service firms to prepare a special study to identify the reorganization process and evaluate the potential fiscal impacts (costs/benefit analysis) of the following two alternative governance structure options: (1) potential merger of the Rancho Rinconada Recreation and Park District (RRRPD) with the City of Cupertino; and (2) potential establishment of the RRRPD as a subsidiary of the City of Cupertino; as compared to the status quo. These two governance structure options were identified for further study in LAFCO's 2013 Service Review for RRRPD.

The study will be used to help LAFCO, the RRRPD, the City of Cupertino, and the public better understand and evaluate the available governance structure options for the RRRPD and will be used to inform decisions on whether or not to initiate a reorganization of the RRRPD. This work is to be performed in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) and LAFCO of Santa Clara County policies and procedures.

II. Background

The Rancho Rinconada Recreation and Park District (RRRPD) is an independent special district governed by a five-member board. The RRRPD covers a portion of the City of Cupertino and includes two parcels that lie within the City of San Jose, that consists of the Saratoga Creek Trail and associated riparian area. The RRRPD owns and operates a recreation center in the City of Cupertino where it offers swimming pool activities, [Kids Night Out](#), [Summer Swim Camp](#), after-school activities, facility and barbeque rentals, a snack bar, and a location for community-related activities.

LAFCO's 2013 Service Review for the RRRPD found that the City of Cupertino and the RRRPD both provide recreation services within Cupertino and that this duplication in services creates inherent inefficiencies, fragmented service delivery, and impedes long-term planning for the delivery of recreation services for the residents of Cupertino. The Service Review also found that alternatives exist for the RRRPD and the City of Cupertino in operation and governance for a more efficient approach to serve the Cupertino Community and recommended that these alternative governance structure options be the subject of

additional study in order to determine the level of benefit in terms of services and anticipated costs and savings.

LAFCO has established a zero sphere of influence (SOI) for RRRPD since 1982, indicating that the RRRPD should eventually not exist as an independent special district. LAFCO reaffirmed RRRPD's zero SOI in its 2013 Service Review for the District. Following completion of this Service Review, LAFCO staff facilitated some discussions with the City of Cupertino on the future of the RRRPD. However, these discussions did not go very far at that time.

More recently, LAFCO has received complex questions and complaints from Cupertino residents concerning the RRRPD. At the February and April 2019 LAFCO meetings, community members informed LAFCO of their concerns about RRRPD's operations and governance and requested that LAFCO address them.

In April 2019, LAFCO directed staff to prepare for the Commission's consideration at the June 2019 LAFCO meeting, a Draft Request for Proposals (RFP) for a professional services firm to conduct said RRRPD special study.

In *(Date TBD)*, LAFCO authorized staff to seek a professional service firm to conduct the RRRPD special study. Please see under "Reference Information" the attached link to the April 3, 2019 LAFCO staff report for more detailed background on this issue, including letters from community members concerning RRRPD.

III. Draft Scope of Services

LAFCO may initiate a dissolution, merger, establishment of a subsidiary district or a reorganization which includes any of these only if the proposal is consistent with a conclusion or recommendation in the service review, sphere of influence update or special study and the Commission makes both the following determinations required in Government Code §56881. [GC §56375(a)(2)(F) & (a)(3)]:

1. Public service costs of the proposal are likely to be less than or substantially similar to the costs of alternative means of providing the service.
2. The proposal promotes public access and accountability for community services needs and financial resources.

The report will include information and analysis necessary for the Commission to evaluate if it can make the above required determinations. A final statement of services to be provided will be negotiated with the firm selected to conduct the special study and will be included as part of the professional services agreement.

IV. Key Steps

Key steps in the study will include the following:

- Consultant will attend a kick-off meeting with LAFCO staff to review Scope of Services and schedule.
- Consultant will collect, review and analyze information, including, but not limited to, the service review for the RRRPD included in the 2013 Special Districts Service Review: Phase 1, service review for the City of Cupertino included in the 2015 Cities

Service Review Report, RRRPD and City of Cupertino financial and budget reports, the Cortese Knox Herzberg Act, the principal act (Public Resource Code §5780, et seq.) of the RRRPD, LAFCO policies and procedures, and any other information relevant to the study.

- Consultant will prepare a Draft Report of their analysis and findings.
- LAFCO staff will distribute the Draft Report to the Commission and all affected agencies and interested parties for a 21-day public review and comment period.
- Consultant will respond in writing to comments received during the 21-day review period.
- Consultant will attend and present the Draft Report at the LAFCO public hearing and respond to any further comments received during the hearing.
- Consultants will also attend and present the Draft Report at a joint meeting of the City of Cupertino City Council and City of Cupertino Parks & Recreation Commission and respond to any comments received during the joint meeting.
- LAFCO will hold a final public hearing to consider the Report. Consultant will attend the final public hearing, as necessary.

V. Budget

A final budget amount for this project will be negotiated with the firm selected for the work prior to reaching agreement. The anticipated project cost of the proposal should not exceed TBD.

VI. Schedule

It is anticipated that the firm will start work in August 2019. The final schedule for this project will be negotiated with the firm selected for the work prior to reaching an agreement.

VII. Proposal Requirements

Response to this RFP must include all of the following:

1. A statement about the firm that describes its history as well as the competencies and resumes of the principal and all professionals who will be involved in the work. This statement should describe the firm's level of expertise in the following areas:

Expertise

- Familiarity with the CKH Act, the role and functions of LAFCO, and the change of organization and reorganization process for special districts, including dissolution, merger, and establishment of a subsidiary district
- Knowledge of recreation, park, and community services provision in California (recreation and park districts, and city park, recreation and community services departments)
- Management level understanding of how local governmental services are delivered and financed

- Expertise in the financial analysis of local governmental service delivery systems, including identifying financing constraints / opportunities and cost avoidance opportunities
 - Expertise in governance structure analysis, including evaluating government structure options (advantages and disadvantages of the consolidation or reorganization of service providers)
 - Ability to analyze and present information in an organized format
 - Familiarity with public input processes and experience in handling the presentation and dissemination of public information for review and comment
 - Experience in fostering multi-agency partnerships and cooperative problem-solving
 - Ability to provide flexible and creative alternatives where necessary to resolve service and policy issues
2. Identification of the lead professional responsible for the project and identification of the professional(s) who will be performing the day-to-day work.
 3. A statement of related experience accomplished in the last three years and references for each such project, including the contact name, address and telephone number.
 4. A statement regarding the anticipated approach for this project, explicitly discussing and identifying any suggested changes to the Draft Scope of Services.
 5. An overall project schedule, including a task plan and estimated hours for each task.
 6. Information about the availability of all professionals who will be involved in the work, including any associate consultants.
 7. The anticipated project cost, including:
 - a. A not-to-exceed total budget amount.
 - b. The cost for each major sub-task identified in the draft Scope of Services.
 - c. The hourly rates for each person who will be involved in the work, including the rates of any associate consultants.
 - d. The cost of any expenses in addition to professional staff hourly rates.
 8. Comments about the draft services agreement (Attachment 1) specifically including the ability of the firm to meet the insurance requirements and other provisions.

VIII. Submission Requirements

DUE DATE AND TIME: Wednesday, June 26, 2019 at 5:00 PM. Proposals received after this time and date may be returned unopened.

NUMBER OF COPIES: 3 original copies and 1 fully reproducible copy

DELIVER TO: Neelima Palacherla
LAFCO of Santa Clara County
777 North First Street, Suite 410
San Jose, CA 95112

Note: If delivery is to be in person please first call the LAFCO office at 408/993-4705 or 4704 to arrange delivery time.

IX. Evaluation Criteria and Selection Process

Firms will be selected for further consideration and follow-up interviews based on the following criteria:

- relevant work experience
- the completeness of the responses
- overall project approaches identified
- proposed project budget

Following the interviews, the most qualified firm will be selected based on the above evaluation criteria and reference checks. **Interviews will be held in July 2019.** Following the selection of the most qualified firm, a final services agreement including budget, schedule, and final Scope of Services statement will be negotiated before executing the contract.

LAFCO reserves the right to reject any or all proposals, to issue addenda to the RFP, to modify the RFP or to cancel the RFP.

X. LAFCO Contact

Neelima Palacherla, Executive Officer
LAFCO of Santa Clara County
Voice: (408) 993-4713
Email: neelima.palacherla@ceo.sccgov.org

XI. Attachment

1. Draft Professional Service Agreement and Insurance Requirements

XII. Reference Information

Please refer to LAFCO's website (www.santaclaralafco.org) for general information about LAFCO of Santa Clara County and the following links for further information on this issue:

1. Special Districts Service Review: Phase 1 (Adopted June 5, 2013), Service Review for RRRPD, and Follow-Up Correspondence

https://www.santaclaralafco.org/images/pdf_files/Phase_1/FullReport.pdf

https://www.santaclaralafco.org/images/pdf_files/Phase_1/7aRanchoRin.pdf

https://www.santaclaralafco.org/images/pdf_files/Phase_1/LetterRanchoRRPD.pdf

https://www.santaclaralafco.org/images/pdf_files/Phase_1/ResponsesRanchoRRPD.pdf

2. Cities Service Review (Adopted December 2015)
<https://www.santaclaralafco.org/cities-service-review>
https://www.santaclaralafco.org/file/ServiceReviews/CitiesSR2015/5CSRR_Cupertino.pdf
3. 2019 Map of Santa Clara County and Cities Boundaries
Anticipated to be Available June 2019 on the LAFCO Website
4. Relevant LAFCO Staff Report
https://www.santaclaralafco.org/images/resumes/agenda_packet/03April2019_Agenda.pdf (see Item #7)



**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 # 8

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

LAFCO MEETING: June 5, 2019
TO: LAFCO
**FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Asst. Executive Officer
Lakshmi Rajagopalan, Analyst**
SUBJECT: EXECUTIVE OFFICER’S REPORT

8.1 TOWN OF LOS GATOS INITIATES ANNEXATION OF 23 UNINCORPORATED ISLANDS

For Information Only.

On February 5, 2019, the Los Gatos Town Council directed staff to initiate annexation of 23 of its 33 unincorporated islands, located within the Town’s urban service area.

The Town Council will conduct two public hearings to consider the annexations. The first public hearing to initiate the island annexations is scheduled for June 4th and the second public hearing to approve the annexations is scheduled for June 18th.

LAFCO staff has provided assistance to Town staff on island annexation procedures and has coordinated the preparation of the island annexation maps and reports by the County Surveyor and the County Assessor’s Office.

8.2 ORIENTATION SESSION FOR COUNTY STAFF

For Information Only.

LAFCO staff conducts an orientation program to educate incoming Commissioners and their staff about the history of LAFCO, its State mandate, its policies, the role of Commissioners and staff, and the application review process. Staff conducted an orientation session for Derrick Seaver, Commissioner Susan Ellenberg’s Board Aide on April 2, 2019.

8.3 COMMENT LETTER ON CORDOBA CENTER FINAL ENVIRONMENTAL IMPACT REPORT

For Information Only.

In May 2019, LAFCO submitted a comment letter on the Final Environmental Impact Report (FEIR) for the Cordoba Center Project – a multiuse religious and cultural

center, proposed to be located within the unincorporated community of San Martin, along Monterey Road on a 15.9-acre site.

LAFCO's comments focused on the proposed project's water demand estimate for domestic use, fire protection and landscaping; its impact on agricultural soils; and its consistency with the Santa Clara County General Plan policies. Please see **Attachment A** for a copy of the comment letter.

ATTACHMENT

Attachment A: LAFCO Comment Letter on Cordoba Center Project FEIR.



**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

May 22, 2019

VIA E-MAIL [Cordoba.Comments@pln.sccgov.org]

Rob Eastwood, Planning Manager
Santa Clara County Planning Office
70 West Hedding Street, East Wing, 7th Floor
San Jose, CA 95110

**RE: Cordoba Center Project FEIR and County General Plan Consistency
Analysis**

Dear Mr. Eastwood,

Thank you for responding to our prior comments on the Draft Environmental Impact Report (Draft EIR) for the Cordoba Center Project and for providing the Local Agency Formation Commission (LAFCO) of Santa Clara County with an opportunity to comment on the Final Environmental Impact Report (Final EIR) for the Project. This letter also includes comments concerning the proposed project's consistency with the County's General Plan, as County staff have stated that recommendations regarding the proposed project's consistency with County General Plan policies will be part of its report to the Planning Commission.

CLARIFICATIONS ON WATER DEMAND ANALYSIS

Water Demand Estimate for Domestic Use

In response to LAFCO's comment letter dated July 30, 2018 requesting clarification of the long-term reliability of the water source for fire protection and potable purposes, the project's annual water demand estimate for domestic use was revised from 4,200 – 6,020 gallons per day (gpd) or 5 – 8 acre-feet per year to 2,992 gpd or 3.4 acre-feet per year.

The initial water demand estimate was based on daily maximum usage, including camping and non-camping seasons and for four special events during the year in non-camping period using the following assumptions (Table 3 and Table 4, Page 10 in Appendix F of the Draft EIR):

- Day visitors and parishioners, varies daily from 212 to 362 per day
- Special events, (4) Fridays per year, non-camping periods, 500 people
- Onsite staff, varies from 2 to 5 per day
- Camping, up to 48 youth and 4 adults for week-long camp
- Caretaker's residence, 3-bedroom single-family home

The revised water estimate is based on a daily maximum usage by 300 people on-site for 8 hours per day (Pages 2-3 in Appendix A of the Final EIR), which seems to be the estimated attendance on one day per week. This estimate does not take into account the maximum use during summer camp season which will be 9 weeks per year as stated in Table 3, Page 10 in Appendix F of the Draft EIR. It appears that the Draft EIR used the daily maximum usage to determine water demand estimates while the Final EIR uses a 300 people on site per day. Please clarify the rationale for changing the assumption used to calculate the water demand estimate for domestic use. Also, please provide the estimated water demand for fire protection.

Water Demand Estimate for Landscaping

Table 3-1, Page 3-11 of the Draft EIR states that the project site includes a fruit tree orchard, grasslands and other vegetation throughout the site and would be irrigated by rehabilitating an existing (inactive) on-site well in the southeast corner of the project site (Page 4.4-4 of the Draft EIR). However, both the original and revised water demand estimates do not include demand for landscaping. Please clarify the rehabilitation plans for the on-site well and the capacity of the inactive on-site well to meet the landscape irrigation demand of the project site. Please provide an estimated landscaping water demand for the project site and explanation on the reliability of the on-site well for landscape irrigation needs.

LAFCO encourages the County to ensure a long-term reliable source of water for potable uses and for fire protection. Per County General Plan Policy R-RC 9, “development in rural unincorporated areas shall be required to demonstrate adequate quantity and quality of water supply prior to receiving development approval.”

USE OF LESA TO ANALYZE AGRICULTURAL CONVERSION & CONSISTENCY WITH GOALS OF COUNTY’S VALLLEY AGRICULTURAL PLAN

The project site contains prime agricultural lands consisting of prime agricultural soils. The proposed project will result in the direct loss of these lands. However, the County using the Land Evaluation Site Assessment Model (LESA) has determined that conversion of the agricultural land at the project site is less than significant. The County’s use of LESA is consistent with CEQA Guidelines. However, over the years Santa Clara LAFCO and other stakeholders have expressed many concerns about the use of LESA in determining impacts to agricultural resources in Santa Clara County. It is well known that the LESA Model favors “traditional,” large-scale agriculture (something that Santa Clara County has little of) and consequently smaller parcels close to urban areas receive lower scores, without consideration for the current trend toward urban edge agriculture. Long-term use of the LESA Model may lower LESA scores on nearby sites, thereby justifying more agricultural land conversion decisions.

The County recently adopted the Santa Clara Valley Agricultural Plan, a plan to conserve Santa Clara Valley’s farmland and ranchlands as an innovative climate change mitigation and economic development strategy. As such, the County should re-evaluate its use of the LESA Model and adopt standards that recognize local

conditions and support the agricultural preservation goals of the Santa Clara Valley Agricultural Plan and the County's General Plan.

PROPOSED PROJECT RAISES GENERAL PLAN CONSISTENCY ISSUES

Consistency with Countywide Urban Development Policies and County General Plan Policy R-GD 2

In 1973 LAFCO, the County, and the 15 cities jointly developed and adopted a countywide policy framework for managing urban growth known as the "Countywide Urban Development Policies." These Policies established important mutual commitments between LAFCO, the County, and the cities regarding timing and location of urban development. A key provision of these Policies is that urban development and urban services should occur within cities and not in unincorporated areas. The County agreed to limit development within rural unincorporated areas to rural land uses and densities. These Policies are discussed in greater detail in the County's General Plan Book A (Part 2: Countywide Issues and Policies in the "Growth and Development Chapter") and County General Plan Book B (Part 3: Rural Unincorporated Area Issues and Policies in the "Growth and Development Chapter").

Per the Draft EIR, the proposed project would include a mosque, multi-purpose community building, community plaza, maintenance building, caretaker's dwelling, cemetery, youth camp with restroom facilities, playfield and playground, orchard, infrastructure for stormwater runoff, sewage disposal and landscape irrigation, and two parking lots for up to 125 vehicles. As stated by the County, the proposed project will require an extension of water service from West San Martin Water Works, a private water provider. The proposed project is urban in scale and cannot be fully supported by onsite services, such as a well.

Furthermore, County General Plan Policy R-GD 2 states that "For lands outside cities' Urban Service Areas (USAs) under the County's land use jurisdiction, only non-urban, low density uses shall be allowed." The County's analysis concludes that the proposed project is consistent with this policy. However, such a conclusion is difficult to reach given the scale and magnitude of the proposed project (including 30,000 square feet of buildings), size of a population it is anticipated to serve, and the fact that the proposed project will require an extension of water service from a private water provider.

Applicability & Consistency with County General Plan Policy R-GD 6

County General Plan Policy R-GD 6 states that "Urban types and levels of services shall not be available outside of cities' Urban Service Areas from either public or private service providers." The proposed project is located outside of a city's urban service area boundary and the project proposes to receive water from West San Martin Water Works (WSMWW), a private water service provider. Therefore, County General Plan Policy R-GD 6 applies to the proposed project.

Furthermore, the threshold for determining whether urban types or urban levels of service are being provided is not whether the service is being provided by a municipality as stated in the County's analysis.

The County's analysis states that the proposed use is not an urban use based on its size, scale, and intensity. However, it is unclear what methodology or thresholds were used to reach that conclusion. The proposed project includes 30,000 square feet of buildings and requires extension of a water line to provide potable water to the site by WSMWW. Per the County, the onsite well is only sufficient to meet landscaping needs on the project site. As such, the proposed project is not consistent with County General Plan Policy R-GD 6.

Consistency with County General Plan Policy R-RC 57

The proposed project will result in the loss of agricultural soils and the County General Plan Policy R-RC 57 calls for preservation of such soils. The County's analysis notes that there are 5 acres of prime farmland soils that will be covered by the proposed structures and improvements associated with the project. Therefore, the proposed project is not consistent with County General Plan Policy R-RC 57.

County staff note that the "County currently does not have a standard that requires further avoidance or mitigation of prime agricultural soils that have not been designated Prime Farmland, especially in the Rural Residential zoning district."

As discussed earlier, the County recently adopted the Santa Clara Valley Agricultural Plan, a plan to conserve Santa Clara Valley's farmland and ranchlands as an innovative climate change mitigation and economic development strategy. As a result, the County has received funding from the State to permanently preserve farmland through the acquisition of agricultural conservation easements.

Conversion of prime agricultural soils should first be avoided. Where avoidance is not possible, the County should consider adopting standards that require mitigation of prime agricultural soils based on soil classification and not solely based on designation as Prime Farmland under the State Department of Conservation's Farmland Mapping and Monitoring Program.

Consistency with County General Plan Policy R-LU 57

County General Plan Policy R-LU 57 states that "Residential, agricultural and open space uses are the primary uses. Commercial, industrial and institutional uses may be established only where they are sized to be local-serving in nature." The County's analysis indicates that the proposed uses are institutional and concludes that the proposed project is consistent with this policy. However, such a conclusion is difficult to reach given the scale and magnitude of the proposed project (including 30,000 square feet of buildings), size of a population it is anticipated to serve, and the fact that the proposed project will require an extension of water service from a private water provider.

CONCLUSION

We respectfully request that the County consider the concerns presented in this letter. If you have any questions regarding these comments, please contact me at (408) 993-4713. Thank you again for providing us with the opportunity to comment on this proposed project.

Sincerely,

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

Neelima Palacherla
LAFCO Executive Officer

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



**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 # 9

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

LAFCO MEETING: June 5, 2019
TO: LAFCO
**FROM: Neelima Palacherla, Executive Officer
Lakshmi Rajagopalan, Analyst**
SUBJECT: CALAFCO RELATED ACTIVITIES

9.1 REPORT ON THE 2019 CALAFCO STAFF WORKSHOP (APRIL 10 – APRIL 12)

For Information Only.

Santa Clara LAFCO hosted the CALAFCO Annual Workshop between April 10 - April 12 at the Holiday Inn San Jose-Silicon Valley in San Jose. The workshop was attended by 100 participants representing 40 of the 58 LAFCOs and provided various practical and hands-on courses, as well as roundtable discussions and professional development sessions.

As hosts of the Workshop, Executive Officer Palacherla and Vice Chair Jimenez, as a San Jose City Councilmember, made opening remarks and welcomed the Workshop attendees. Vice Chair Jimenez recognized the important role that LAFCO and its staff play in promoting sustainable growth and good governance. Vice Chair Jimenez also discussed the importance of preserving natural and open space areas such as Coyote Valley in high growth areas like San Jose in terms of public access to open space, flood protection and carbon sequestration.

LAFCO staff assisted CALAFCO in various preparations for the Workshop, including participating on the Workshop Program Planning Committee and helping register workshop attendees.

Analyst Noel organized the mobile workshop titled “A Tale of Two Valleys” that focused on two unique San Jose environs – Coyote Valley and downtown San Jose’s historic Diridon Station area and highlighted how the preservation of open space and agricultural lands and the revitalization of the downtown go hand in hand in building climate and economic resilience. The mobile workshop included stops at the Coyote Valley Open Space Preserve, Diridon Station, and SPUR’s downtown San Jose Office.

We want to thank our partner agencies for their participation in the mobile workshop, specifically:

- Santa Clara Valley Open Space Authority (Andrea Mackenzie, General Manager and Matt Freeman, Assistant General Manager),
- City of San Jose (Michael Brilliot, Deputy Director of Citywide Planning), and
- San Francisco Bay Area Planning and Urban Research (Michelle Huttenhoff, San Jose Policy Director).

LAFCO Clerk Emmanuel Abello was a panelist on a session entitled “Clerk Certification – To Be or Not To Be? That is the Question,” and organized the session entitled “Information Exchange and Knowledge Support of the 21st Century – Clerks Style.”

Analyst Rajagopalan organized a hands-on GIS session entitled “Making GIS work for the LAFCO layperson.” We want to thank our partner the County of Santa Clara and Greg Bazhaw (GIS Analyst for the County Planning Office) for his time and invaluable contribution to this session.

Other Workshop sessions included:

- MSRs: Tools and Determinations – What will Withstand Legal Scrutiny and the Test of Time?
- CKH: Reading Between the Lines
- Succession Planning: Is your LAFCo Prepared for the Silver Tsunami?
- Analyst 201 – Level Up and Put a Capital “A” in “Analyst”
- Master the Art of Resolution Making
- Ethics, Politics and Decisions – Tales from the Trenches
- LAFCo Policies – Helpful Decision-Making Framework, Constraint on Policymaking, or Both?
- CALAFCO Legislative and Organizational Update

9.2 2019 CALAFCO ANNUAL CONFERENCE (OCTOBER 30 – NOVEMBER 1)

Recommendation

Authorize commissioners and staff to attend the Annual Conference and direct that associated travel expenses be funded by the LAFCO Budget for Fiscal Year 2020.

Discussion

The upcoming CALAFCO Annual Conference will be held in Sacramento from Wednesday, October 30th to Friday, November 1st. The conference provides an annual opportunity for commissioners and staff to gain additional knowledge about changes in LAFCO legislation, LAFCO policies and practices, and the latest issues facing LAFCOs, counties, cities, and special districts across the state. The Conference brings together approximately 250 LAFCO Commissioners and staff from around the state to discuss the latest issues and share knowledge and best practices.

Further details will be made available in the summer.

9.3 CALAFCO BOARD OF DIRECTORS MEETINGS

For Information Only.

In October 2017, Commissioner Wilson was elected to the CALAFCO Board of Directors to represent the Coastal Region as a Public Member. As a Director, Commissioner Wilson works with other LAFCO commissioners throughout the state on legislative, fiscal and operations issues that affect LAFCO, counties, and special districts. The Board meets four to five times each year at alternate sites around the state.

Commissioner Wilson attended the CALAFCO Board of Directors biennial strategic planning workshop on February 28, 2019 and attended the March 1, 2019 and May 10, 2019 Board Meetings.



**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

LAFCO MEETING: June 5, 2019
TO: LAFCO
**FROM: Neelima Palacherla, Executive Officer
Lakshmi Rajagopalan, Analyst**
SUBJECT: LEGISLATIVE REPORT

STAFF RECOMMENDATION

1. Accept report and provide direction to staff, as necessary.
2. Take a support position and authorize staff to send a letter of support on the following bills:
 - a. AB 1822 (Assembly Local Government Committee) Omnibus Bill
 - b. AB 948 (Kalra) Coyote Valley Conservation Program
3. Take an oppose position and authorize staff to send a letter of opposition on AB 600 (Chu) Disadvantaged Unincorporated Communities.

LEGISLATIVE REPORT

CALAFCO LEGISLATIVE COMMITTEE MEETINGS

Commissioner Vicklund Wilson and EO Palacherla participated by phone in the CALAFCO Legislative Committee meeting held on May 3rd in Sacramento. The Committee received an update on CALAFCO sponsored legislation including the 2019 Omnibus bill and AB 1253, LAFCO grant funding legislation. The Committee also discussed positions on various LAFCO related legislation including AB 600 and SB 414. Finally, the Committee received an update from a recently formed working group focusing on a comprehensive rewrite of the protest proceedings within the Cortese-Knox-Hertzberg Act.

The next meeting of the Legislative Committee is scheduled for June 7 via conference call.

Please see **Attachment A** for the CALAFCO Legislative Update which is a summary report on the status of various LAFCO-related legislation that CALAFCO is tracking.

LAFCO POSITION LETTERS

AB 1822 (Assembly Local Government Committee) Omnibus Bill

This is CALAFCO's annual omnibus bill introduced by the Assembly Local Government Committee to include non-substantive changes to the Cortese Knox Hertzberg Act. The bill would:

- Revise the definition of the term "service" to mean a specific governmental activity established within, and as a part of, a function of the local agency (§56074)
- Include the definition of the term "service review" to mean an analysis conducted by the commission documenting and analyzing the services in a particular geographic region or jurisdictional area (§56074.5)
- Streamline language on existing outside service extension statutes (§56133)
- Clarify the section allowing for the waiver of protest proceedings following Commission approval of a proposal (§56663)

Please see **Attachment B** for the draft letter in support of AB 1822 and for the bill text.

AB 948 (Kalra) Coyote Valley Conservation Program

AB 948 would recognize Coyote Valley as a resource of statewide significance and authorize the Santa Clara Valley Open Space Authority to establish the Coyote Valley Conservation program, to address the resource and recreational goals of the Coyote Valley. The bill would authorize the Santa Clara Valley Open Space Authority to undertake projects to conserve, protect, and restore the natural and workings lands of Coyote Valley.

The bill would require Coyote Valley to be acknowledged as an area of statewide significance in local planning documents developed or updated on or after January 1, 2020, affecting land use within Coyote Valley.

At the May 3 CALAFCO Legislative Committee meeting, EO Palacherla requested CALAFCO take a support position on the bill. Because this is a Santa Clara County specific bill, CALAFCO will make its position on the bill public only after Santa Clara LAFCO takes an official position.

Please see **Attachment C** for the draft letter in support of AB 948 and for the bill text.

AB 600 (Chu) Disadvantaged Unincorporated Communities

AB 600 would allow extension of municipal services to contiguous Disadvantaged Unincorporated Communities (DUC) in lieu of an annexation if the commission finds that a majority of the registered voters within the DUC would prefer to address service deficiencies through an extraterritorial service extension.

The bill would also add language (8)(C) to Government Code Section 56375 prohibiting LAFCOs from approving the annexation of two or more contiguous disadvantaged communities within 5 years that are individually less than 10 acres but cumulatively more than 10 acres. This section contradicts with §56375 (8)(A), which allows for commission policies to guide the commission in determining the size of the area to be annexed.

CALAFCO has adopted an Oppose position and has requested all LAFCOs to do the same.

Please see **Attachment D** for the draft letter in opposition to AB 600 and for the bill text.

ATTACHMENTS

- Attachment A: CALAFCO Legislative Update – May 22, 2019
- Attachment B: AB 1822 Letter of Support and Bill Text
- Attachment C: AB 948 Letter of Support and Bill Text
- Attachment D: AB 600 Letter of Opposition and Bill Text

CALAFCO Daily Legislative Report
as of Wednesday, May 22, 2019

1

AB 508 (Chu D) Drinking water: consolidation and extension of service: domestic wells.

Current Text: Amended: 5/6/2019 [html](#) [pdf](#)

Introduced: 2/13/2019

Last Amended: 5/6/2019

Status: 5/20/2019-Read second time. Ordered to third reading.

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

Calendar:

5/22/2019 #148 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary:

The California Safe Drinking Water Act requires the State Water Resources Control Board, before ordering consolidation or extension of service, to, among other things, make a finding that consolidation of the receiving water system and subsumed water system or extension of service to the subsumed water system is appropriate and technically and economically feasible. This bill would modify the provision that authorizes consolidation or extension of service if a disadvantaged community is reliant on a domestic well described above to instead authorize consolidation or extension of service if a disadvantaged community, in whole or in part, is reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water.

Position: Watch

Subject: Disadvantaged Communities, Water

CALAFCO Comments: This bill allows the SWRCB to order an extension of service in the case a disadvantaged community has at least one residence that are reliant on a domestic well that fails to provide safe drinking water. It allows members of the disadvantaged community to petition the SWRCB to initiate the process. It allows the owner of the property to opt out of the extension. The bill also places limitations on fees, charges and terms and conditions imposed as a result of the extension of service. Finally, the extension of service does not require annexation in the cases where that would be appropriate.

AB 600 (Chu D) Local government: organization: disadvantaged unincorporated communities.

Current Text: Amended: 4/29/2019 [html](#) [pdf](#)

Introduced: 2/14/2019

Last Amended: 4/29/2019

Status: 5/9/2019-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

Under current law, an application to annex a contiguous disadvantaged community is not required if, among other things, a local agency formation commission finds that a majority of the registered voters within the disadvantaged unincorporated community are opposed to the annexation, as specified. This bill would additionally provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the affected disadvantaged unincorporated community would prefer to address the service deficiencies through an extraterritorial service extension.

Attachments:

- [CALAFCO Oppose letter 05 07 19](#)
- [LAFCo Oppose letter template 05 07 19](#)
- [CALAFCO Oppose Letter REV April 19, 2019](#)
- [LAFCo Oppose letter template REVISED](#)
- [CALAFCO Oppose Letter April 16, 2019](#)
- [LAFCo Oppose letter template](#)

Position: Oppose

Subject: Disadvantaged Communities, Water

CALAFCO Comments: As amended on April 29, the bill still has a number of issues. The bill still allows for an extension of service in lieu of annexation.

The bill adds (8)(C) to Government Code Section 56375. As written, this section creates confusion and contradicts §56375(8)(A). It appears the intention is to prohibit LAFCo from approving the annexation of

two or more contiguous disadvantaged communities within five years that are individually less than ten acres but cumulatively more than ten acres. If so, then this language conflicts with §56375(8)(A), which allows for commission policies to guide the commission in determining the size of the area to be annexed. Further, the term "paragraph" as used in this section creates uncertainty as to what section or subsection is actually being addressed.

The bill does nothing to address the engineering and financial issues that must be solved in order to ensure sustainable service. Further it does not allow for local circumstances and conditions to be considered by offering a "one size fits all" approach.

AB 1253 (Rivas, Robert D) Local agency formation commissions: grant program.

Current Text: Introduced: 2/21/2019 [html](#) [pdf](#)

Introduced: 2/21/2019

Status: 5/20/2019-Read second time. Ordered to third reading.

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

Calendar:

5/22/2019 #251 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary:

This bill would require the Strategic Growth Council, until July 31, 2025, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency to a disadvantaged community, as defined, and for other specified purposes, including the initiation of an action, as defined, that is limited to service providers serving a disadvantaged community and is based on determinations found in the study, as approved by the commission. The bill would specify application submission, reimbursement, and reporting requirements for a local agency formation commission to receive grants pursuant to the bill. The bill would require the council, after consulting with the California Association of Local Agency Formation Commissions, to develop and adopt guidelines, timelines, and application and reporting criteria for development and implementation of the program, as specified, and would exempt these guidelines, timelines, and criteria from the rulemaking provisions of the Administrative Procedure Act. The bill would make the grant program subject to an appropriation for the program in the annual Budget Act, and would repeal these provisions on January 1, 2026. This bill contains other existing laws.

Attachments:

- [LAFCo Support Letter Template](#)
- [CALAFCO Support letter Feb 2016](#)

Position: Sponsor

Subject: Disadvantaged Communities, LAFCo Administration, Municipal Services, Special District Consolidations

CALAFCO Comments: This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCOs one-time grant funding for in-depth studies of potential reorganization of local service providers. Last year, the Governor vetoed AB 2258 - this is the same bill. The Strategic Growth Council (SGC) will administer the grant program. Grant funds will be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts (pursuant to SB 448, Wieckowski, 2017). The grant program would sunset on July 31, 2024.

The bill also changes the protest threshold for LAFCo initiated actions, solely for the purposes of actions funded pursuant to this new section. It allows LAFCo to order the dissolution of a district (outside of the ones identified by the SCO) pursuant to Section 11221 of the Elections code, which is a tiered approach based on registered voters in the affected territory (from 30% down to 10% depending).

The focus is on service providers serving disadvantaged communities. The bill also requires LAFCo pay back grant funds in their entirety if the study is not completed within two years and requires the SGC to give preference to LAFCOs whose decisions have been aligned with the goals of sustainable communities strategies.

The fiscal request is \$1.5 million over 5 years. CALAFCO is attempting to get this in the May revise budget so there is no General Fund appropriation (the reason Gov. Brown vetoed the bill).

AB 1389 (Eggman D) Special districts: change of organization: mitigation of revenue loss.

Current Text: Introduced: 2/22/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Status: 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/14/2019) (May be acted upon Jan 2020)

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

Summary:

Would authorize the commission to propose, as part of the review and approval of a proposal for the establishment of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, that the special district, to mitigate any loss of property taxes, franchise fees, and other revenues to any other affected local agency, provide payments to the affected local agency from the revenue derived from the proposed exercise of new or different functions or classes of service.

Position: Watch

Subject: CKH General Procedures

CALAFCO Comments: This bill allows LAFCo, when approving a proposal for new or different functions or class of service for a special district, to propose the district provide payments to any affected local agency for taxes, fees or any other revenue that may have been lost as a result of the new service being provided.

AB 1751 (Chiu D) Water and sewer system corporations: consolidation of service.

Current Text: Amended: 5/1/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 5/1/2019

Status: 5/20/2019-Read second time. Ordered to third reading.

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

Calendar:

5/22/2019 #330 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary:

Current law authorizes the State Water Resources Control Board to order consolidation of public water systems where a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water, as provided. This bill, the Consolidation for Safe Drinking Water Act of 2019, would authorize a water or sewer system corporation to file an application and obtain approval from the commission through an order authorizing consolidation with a public water system or state small water system, or to implement rates for the subsumed water system.

Position: Watch

Subject: Water

CALAFCO Comments: This bill allows for water (public or state small) or sewer systems corps to file an application for consolidation with the SWRCB.

AB 1822 (Committee on Local Government) Local Government: omnibus.

Current Text: Amended: 4/8/2019 [html](#) [pdf](#)

Introduced: 3/11/2019

Last Amended: 4/8/2019

Status: 5/9/2019-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

Current law requires a commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Current law requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Current law defines "sphere of influence" to mean a plan for the probable physical boundaries and service area of a local agency. Current law defines the term "service" for purposes of the act to mean a specific governmental activity established within, and as a part of, a general function of the special district, as specified. This bill would revise the definition of the term "service" for these purposes to mean a specific governmental activity established within, and as a part of, a function of the local agency.

Attachments:

[CALAFCO Support letter April 16, 2019](#)

[LAFCo Support letter template](#)

Position: Sponsor

Subject: LAFCo Administration

CALAFCO Comments: This is the annual Omnibus bill.

SB 272 (Morrell R) Fire Protection District Law of 1987.

Current Text: Amended: 4/4/2019 [html](#) [pdf](#)

Introduced: 2/13/2019

Last Amended: 4/4/2019

Status: 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was GOV. & F. on 2/21/2019)
(May be acted upon Jan 2020)

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

Summary:

The Fire Protection District Law of 1987 provides that whenever a district board determines that it is in the public interest to provide different services, to provide different levels of service, or to raise additional revenues within specific areas of the district, it may form one or more service zones by adopting a resolution that includes specified information, fixing the date, time, and place for public hearing on the formation of the zone, publishing notice, as specified, hearing and considering any protests to the formation of the zone at the hearing, and, at the conclusion of the hearing, adopting a resolution ordering the formation of the zone. If a resolution adopted after the public hearing would substantially expand the provision of services outside of an existing service zone and the extension of service would result in those persons in the expanded area paying charges for the expansion of services, this bill would provide that the resolution does not become effective unless approved by a majority of the voters within the expanded service area.

Position: Watch

CALAFCO Comments: As amended, the bill amends the Health & Safety code regarding the formation of zones within a fire protection district by requiring the district hold an election, regardless of the protest level, if the district wants to substantially expand (as defined in the bill) services outside the zone. This is unrelated to 56133. CALAFCO will retain a Watch position.

[SB 414](#) (Caballero D) Small System Water Authority Act of 2019.

Current Text: Amended: 5/17/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Last Amended: 5/17/2019

Status: 5/20/2019-Read second time. Ordered to third reading.

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

Calendar:

5/22/2019 #85 SENATE SENATE BILLS -THIRD READING FILE

Summary:

Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.

Position: Support

Subject: Water

CALAFCO Comments: This bill is very similar to AB 2050 (Caballero) from 2018. Several changes have been made. This bill is sponsored by Eastern Municipal Water District and the CA Municipal Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water authority. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency.

LAFCo will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB's appointed Administrator will act as the applicant on behalf of the state. LAFCo will have ability to approve with modifications the application, and the new agency will have to report to the LAFCo annually for the first 3 years.

[SB 646](#) (Morrell R) Local agency utility services: extension of utility services.

Current Text: Amended: 5/7/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 5/7/2019

Status: 5/13/2019-Read third time. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

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

Summary:

The Mitigation Fee Act, among other things, requires fees for water or sewer connections, or capacity charges imposed by a local agency to not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the reasonable cost of providing the service or materials is submitted to and approved by 2/3 of the electors voting on the issue. The Mitigation Fee Act defines the term "fee" for these purposes. This bill would revise the definition of "fee" to mean a fee for the physical facilities necessary to make a water connection or sewer connection, and that the estimated reasonable cost of labor and materials for installation of those facilities bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection.

Position: Neutral

Subject: CKH General Procedures

CALAFCO Comments: UPDATE AS OF THE 4/11/19 AMENDMENTS: These amendments address all of our concerns and the bill now only addresses fees.

This bill does 3 things. (1) Seeks to add a provision to 56133 that requires LAFCo to approve an extension of service regardless of whether a future annexation is anticipated or not. It further requires the service provider to extend the provision of service to a property owner regardless of a whether there is a pending annexation or pre-annexation agreement. The newly proposed subsection directly contradicts subsection (b). (2) Changes the definition of "fee" by requiring the new fee "is of proportional benefit to the person or property being charged." There is no reasonable definition or application of "proportional benefit". (3) Narrows the scope of application of Section 56133 to water or sewer service; and prohibits the service provider to charge higher fees and charges to those outside the jurisdictional boundaries.

2

[AB 213](#) (Reyes D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 1/15/2019 [html](#) [pdf](#)

Introduced: 1/15/2019

Status: 5/20/2019-Read second time. Ordered to third reading.

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

Calendar:

5/22/2019 #92 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary:

Would, for the 2019–20 fiscal year, require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018–19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018–19 fiscal year to the 2018–19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17.

Attachments:

[CALAFCO Support Letter](#)

Position: Support

Subject: Tax Allocation

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for inhabited annexations. This bill is the same as AB 2268 (Reyes) from last year.

[AB 818](#) (Cooley D) Local government finance: vehicle license fee adjustment amounts.

Current Text: Introduced: 2/20/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 5/17/2019-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 4/3/2019)(May be acted upon Jan 2020)

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

Summary:

Current property tax law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Current law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012. This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an

additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

Attachments:

[LAFCo Support letter template](#)
[CALAFCO Support March 2019](#)

Position: Support

Subject: Financial Viability of Agencies

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for cities incorporating after 2018. This is the same bill as AB 2491 from 2018.

[AB 1304](#) (Waldron R) Water supply contract: Native American tribes.

Current Text: Amended: 5/6/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 5/6/2019

Status: 5/20/2019-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

Current law provides for the establishment and operations of various water districts. This bill would specifically authorize a water district, as defined, to enter into a contract with a Native American tribe to receive water deliveries from an infrastructure project on tribal lands. The bill would repeal its provisions on January 1, 2025.

Position: Watch

Subject: Municipal Services, Water

CALAFCO Comments: This bill amends the water code to allow a Native American tribe to sell/deliver water to a water district (as defined in the water code section 20200). The bill sunsets on January 1, 2025.

[SB 379](#) (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/20/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 5/2/2019-Referred to Com. on L. GOV.

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

Summary:

This bill would enact the First Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

[SB 380](#) (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/20/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 5/2/2019-Referred to Com. on L. GOV.

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

Summary:

This bill would enact the Second Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

[SB 381](#) (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/20/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 5/2/2019-Referred to Com. on L. GOV.

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

Summary:

This bill would enact the Third Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

3

[AB 134](#) (Bloom D) Safe Drinking Water Restoration.

Current Text: Amended: 5/20/2019 [html](#) [pdf](#)

Introduced: 12/5/2018

Last Amended: 5/20/2019

Status: 5/21/2019-Read second time. Ordered to third reading.

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

Calendar:

5/22/2019 #522 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary:

Would require the State Water Resources Control Board to report to the Legislature by July 1, 2025, on its progress in restoring safe drinking water to all California communities and to create an internet website that provides data transparency for all of the board's activities described in this measure. The bill would require the board to develop metrics to measure the efficacy of the fund in ensuring safe and affordable drinking water for all Californians.

Position: Watch

Subject: Water

[AB 530](#) (Aguilar-Curry D) The Fairfield-Suisun Sewer District.

Current Text: Amended: 4/22/2019 [html](#) [pdf](#)

Introduced: 2/13/2019

Last Amended: 4/22/2019

Status: 5/8/2019-Referred to Com. on GOV. & F.

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

Summary:

The Fairfield-Suisun Sewer District Act creates the Fairfield-Suisun Sewer District and grants to the district various powers relating to the treatment and disposal of sewage. The current act provides for the election of a board of directors for the district and administrative procedures for the operation of the district. Violation of regulations adopted by the board is a misdemeanor. This bill would make various administrative changes to the act, including removing the requirement that the district appoint a clerk and changing the posting requirements for regulations.

Position: Watch

Subject: Special District Powers, Special Districts Governance

CALAFCO Comments: This bill makes administrative changes to this special act district. It also allows for an extension of service pursuant to 56133 (keeping that LAFCo process intact).

[AB 1053](#) (Dahle R) Fallen Leaf Lake Community Service District.

Current Text: Amended: 3/25/2019 [html](#) [pdf](#)

Introduced: 2/21/2019

Last Amended: 3/25/2019

Status: 5/14/2019-In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

Would prohibit, on and after January 1, 2020, the Fallen Leaf Lake Community Services District from providing any services or facilities except fire protection, including medical response and emergency services, and parks and recreation services or facilities.

Position: Watch

CALAFCO Comments: CALAFCO will watch this bill to determine if the outcome of the State Audit on this district will have an impact on all CSDs.

[AB 1457](#) ([Reyes D](#)) **Omnitrans Transit District.**

Current Text: Amended: 4/11/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 4/11/2019

Status: 5/16/2019-Read second time. Ordered to third reading.

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

Calendar:

5/22/2019 #54 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary:

Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and specified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district.

Attachments:

[CALAFCO Oppose unless amended letter April 2019](#)

Position: Oppose unless amended

CALAFCO Comments: This is a special act district formation. The bill takes what is currently a JPA and transforms it into a special district. The bill specifically addresses annexations and detachments and dissolution processes that do not include LAFCo. Also of concern is the lack of specificity in the process for adding new board members when a territory is annexed.

[SB 654](#) ([Moorlach R](#)) **Local government: planning.**

Current Text: Introduced: 2/22/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Status: 3/14/2019-Referred to Com. on RLS.

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

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, makes certain findings and declarations relating to local government organizations, including, among other things, the encouragement of orderly growth and development, and the logical formation and modification of the boundaries of local agencies, as specified. This bill would make nonsubstantive changes to these findings and declarations.

Position: Watch

CALAFCO Comments: This is a spot bill. The author indicates he has no plans to use this for LAFCo law.

[SB 780](#) ([Committee on Governance and Finance](#)) **Local Government Omnibus Act of 2019.**

Current Text: Amended: 4/11/2019 [html](#) [pdf](#)

Introduced: 2/28/2019

Last Amended: 4/11/2019

Status: 5/16/2019-Read third time. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

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

Summary:

Current law requires the governing body of a public agency, within 70 days after the commencement of the agency's legal existence, to file with the Secretary of State, on a form prescribed by the secretary, and also with the county clerk of each county in which the public agency maintains an office, a specified statement of facts about the agency. Current law requires this information to be updated within 10 days of a change in it. Current law requires the Secretary of State and each county clerk to establish and maintain an indexed Roster of Public Agencies that contains this information. This bill would instead require the Secretary of State and each county clerk to establish and maintain an indexed Registry of Public Agencies containing the above-described information.

Position: Watch

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



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

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

**AGENDA ITEM # 10
Attachment B**

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

June 5, 2019

Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
California State Assembly
State Capitol, Room 5144
Sacramento, CA 95814

**Subject: AB 1822 SUPPORT LETTER
(AS AMENDED APRIL 8, 2019)**

Dear Chair Aguiar-Curry:

The Local Agency Formation Commission of Santa Clara County (LAFCO) is pleased to support the Assembly Local Government Committee Bill **AB 1822** (amended April 8, 2019) which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

This annual bill includes technical changes to the Act which governs the work of LAFCOs. These changes are necessary as Commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. **AB 1822** currently makes minor technical corrections to language used in the Act.

Santa Clara LAFCO is grateful to your Committee, staff and CALAFCO, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and support of this bill, and your support of the mission of LAFCOs.

Sincerely,

Susan Vicklund Wilson
Chairperson

Cc: Members, Assembly Local Government Committee
Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO

AMENDED IN ASSEMBLY APRIL 8, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL

No. 1822

Introduced by Committee on Local Government

March 11, 2019

An act to amend Sections 56074, 56133, 56663, 57077, and ~~57013~~ 57103 of, and to add Section 56074.5 to, the Government Code, and to repeal Sections 1 and 2 of Chapter 805 of the Statutes of 2004, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1822, as amended, Committee on Local Government. Local Government: omnibus.

(1) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the act) provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Existing law requires a commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Existing law requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Existing law defines “sphere of influence” to mean a plan for the probable physical boundaries and service area of a local agency. Existing law defines the term “service” for purposes of the act to mean a specific

governmental activity established within, and as a part of, a general function of the special district, as specified.

This bill would revise the definition of the term “service” for these purposes to mean a specific governmental activity established within, and as a part of, a ~~general~~ function of the local agency. This bill would also define the term “service review,” for purposes of the act, to mean an analysis conducted by the commission documenting and analyzing the services in a particular geographic region or jurisdictional area, pursuant to the process described above.

(2) Existing law authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the applicable local agency formation commission. Existing law, if consistent with adopted policy, authorizes the commission to authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory if specified conditions are met.

This bill would eliminate the requirement that the authorization by the commission be consistent with adopted policy.

(3) Existing law requires the commission, after adoption of a resolution making determinations on an application for a change of organization or reorganization by the commission, to follow specified procedures to conduct protest proceedings. Existing law authorizes the commission to waive protest proceedings under certain circumstances for, among other things, a change of organization that consists of the formation of a county service area that would otherwise require the conduct of protest proceedings.

This bill would specify that the commission may waive protest proceedings following commission approval for a change of organization that consists of the formation of a county service area, as specified.

~~(2)~~

(4) Existing law requires the commission to order a change of organization or reorganization subject to confirmation of the voters if the change of organization or reorganization consists of an incorporation or disincorporation, as specified.

This bill would additionally require the commission to order a change of organization or reorganization subject to confirmation of the voters

if the change of organization or reorganization consists of a consolidation of two or more cities.

(3)

(5) Existing law subjects any order in any resolution adopted by a commission ordering the dissolution of a local hospital district to conformation by the voters, as specified. Existing law, notwithstanding that provision, authorizes a commission, if a change of organization consists of the dissolution of a district that is consistent with a specified prior action of the commission, to order the dissolution either without an election or protest proceedings if the dissolution meets certain requirements.

This bill would make clarifying changes to the above provisions.

(4)

(6) Existing law prohibits the commission in the County of Ventura, on or before December 31, 2007, from imposing a condition that requires the City of Simi Valley to initiate proceedings on a proposal for a change of organization or reorganization unless the territory that would be affected is contiguous and physically related to the affected territory.

This bill would repeal this provision.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 56074 of the Government Code is
2 amended to read:

3 56074. "Service" means a specific governmental activity
4 established within, and as a part of, a ~~general~~ function of a local
5 agency.

6 SEC. 2. Section 56074.5 is added to the Government Code, to
7 read:

8 56074.5. "Service review" means an analysis conducted by
9 the commission documenting and analyzing the services in a
10 particular geographic region or jurisdictional area pursuant to *the*
11 *requirements of* Section 56430.

12 SEC. 3. Section 56133 of the Government Code is amended to
13 read:

14 56133. (a) A city or district may provide new or extended
15 services by contract or agreement outside its jurisdictional

1 boundary only if it first requests and receives written approval
2 from the commission.

3 (b) The commission may authorize a city or district to provide
4 new or extended services outside its jurisdictional boundary but
5 within its sphere of influence in anticipation of a later change of
6 organization.

7 ~~If consistent with adopted policy, the~~ *The* commission may
8 authorize a city or district to provide new or extended services
9 outside its jurisdictional boundary and outside its sphere of
10 influence to respond to an existing or impending threat to the health
11 or safety of the public or the residents of the affected territory, if
12 both of the following requirements are met:

13 (1) The entity applying for approval has provided the
14 commission with documentation of a threat to the health and safety
15 of the public or the affected residents.

16 (2) The commission has notified any alternate service provider,
17 including any water corporation as defined in Section 241 of the
18 Public Utilities Code, that has filed a map and a statement of its
19 service capabilities with the commission.

20 (d) The executive officer, within 30 days of receipt of a request
21 for approval by a city or district to extend services outside its
22 jurisdictional boundary, shall determine whether the request is
23 complete and acceptable for filing or whether the request is
24 incomplete. If a request is determined not to be complete, the
25 executive officer shall immediately transmit that determination to
26 the requester, specifying those parts of the request that are
27 incomplete and the manner in which they can be made complete.
28 When the request is deemed complete, the executive officer shall
29 place the request on the agenda of the next commission meeting
30 for which adequate notice can be given but not more than 90 days
31 from the date that the request is deemed complete, unless the
32 commission has delegated approval of requests made pursuant to
33 this section to the executive officer. The commission or executive
34 officer shall approve, disapprove, or approve with conditions the
35 extended services. If the new or extended services are disapproved
36 or approved with conditions, the applicant may request
37 reconsideration, citing the reasons for reconsideration.

38 (e) This section does not apply to any of the following:

39 (1) Two or more public agencies where the public service to be
40 provided is an alternative to, or substitute for, public services

1 already being provided by an existing public service provider and
2 where the level of service to be provided is consistent with the
3 level of service contemplated by the existing service provider.

4 (2) The transfer of nonpotable or nontreated water.

5 (3) The provision of surplus water to agricultural lands and
6 facilities, including, but not limited to, incidental residential
7 structures, for projects that serve conservation purposes or that
8 directly support agricultural industries. However, prior to extending
9 surplus water service to any project that will support or induce
10 development, the city or district shall first request and receive
11 written approval from the commission in the affected county.

12 (4) An extended service that a city or district was providing on
13 or before January 1, 2001.

14 (5) A local publicly owned electric utility, as defined by Section
15 9604 of the Public Utilities Code, providing electric services that
16 do not involve the acquisition, construction, or installation of
17 electric distribution facilities by the local publicly owned electric
18 utility, outside of the utility's jurisdictional boundary.

19 (6) A fire protection contract, as defined in subdivision (a) of
20 Section 56134.

21 (f) This section applies only to the commission of the county
22 in which the extension of service is proposed.

23 *SEC. 4. Section 56663 of the Government Code is amended to*
24 *read:*

25 56663. For a change of organization consisting of an annexation
26 or a detachment, or a reorganization consisting solely of
27 annexations or detachments, or both, or the formation of a county
28 service area that would otherwise require the conduct of protest
29 ~~proceedings~~, *proceedings after commission approval pursuant to*
30 *subdivision (d) of Section 56881*, the commission may waive
31 protest proceedings pursuant to Part 4 (commencing with Section
32 57000) if all of the following have occurred:

33 (a) The mailed notice pursuant to Section 56157 has been given
34 to landowners and registered voters within the affected territory.

35 (b) The mailed notice discloses to the registered voters and
36 landowners that unless written opposition to the proposal is
37 received before the conclusion of the commission proceedings on
38 the proposal, the commission intends to waive protest proceedings.
39 The notice shall disclose that there is potential for the extension

1 or continuation of any previously authorized charge, fee,
2 assessment, or tax by the local agency in the affected territory.

3 (c) Written opposition to the proposal from landowners or
4 registered voters within the affected territory is not received before
5 the conclusion of the commission proceedings on the proposal.

6 ~~SEC. 3.~~

7 *SEC. 5.* Section 57077 of the Government Code is amended
8 to read:

9 57077. If a change of organization consists of an incorporation,
10 disincorporation, or consolidation of two or more cities, or if a
11 reorganization includes an incorporation, disincorporation, or
12 consolidation of two or more cities, the commission shall order
13 the change of organization or reorganization subject to confirmation
14 of the voters. A protest proceeding shall not be conducted.

15 ~~SEC. 4.~~

16 *SEC. 6.* Section 57103 of the Government Code is amended
17 to read:

18 57103. Any order in any resolution adopted by the commission
19 on or after January 1, 1986, ordering the dissolution of a local
20 hospital district, organized pursuant to Division 23 (commencing
21 with Section 32000) of the Health and Safety Code, is subject to
22 confirmation by the voters unless dissolution of the local hospital
23 district meets the requirements set forth in subdivision (c) of
24 Section 57077.1.

25 ~~SEC. 5.~~

26 *SEC. 7.* Section 1 of Chapter 805 of the Statutes of 2004 is
27 repealed.

28 ~~SEC. 6.~~

29 *SEC. 8.* Section 2 of Chapter 805 of the Statutes of 2004 is
30 repealed.

**AGENDA ITEM # 10
Attachment C**



**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 Palacheria

June 5, 2019

The Honorable Laura Friedman
Chair, Assembly Natural Resources Committee
State Capitol, Room 2137
Sacramento, CA 95814

Subject: **AB 948 SUPPORT LETTER**

Dear Assembly Member Friedman:

The Local Agency Formation Commission of Santa Clara County (LAFCO) is pleased to support **AB 948** that would establish the Coyote Valley Conservation Program (CVCP) to further the state's efforts to protect Coyote Valley in recognition of the Valley's unique natural resource benefits that are of statewide significance. The Santa Clara Valley Open Space Authority would develop and administer the CVCP so that the state could work through a local program to conserve and restore this vital natural resource.

Santa Clara LAFCO is a state mandated local agency established to oversee the boundaries of cities and special districts in Santa Clara county. A key mission of LAFCO is to promote orderly growth and development in Santa Clara County by preserving agricultural lands and open space.

Coyote Valley is a unique treasure in Santa Clara County, with active farmlands, wetlands, wildlife corridor and habitat, and natural flood plain that play a vital role in the greater South Bay Area region. Coyote Valley's natural resources provide many climate and natural infrastructure benefits, including flood attenuation, groundwater recharge, and carbon sequestration from natural and working lands. The Coyote Valley, with its productive farmland, also serves as a local food source, and has great potential at the southern edge of San Jose for outdoor recreation and agritourism that could serve millions of visitors and local residents.

Coyote Valley has long been under the threat of development, development that contradicts the state's policies and goals to reduce vehicle miles traveled and greenhouse gas emissions, protect wildlife habitat and connectivity, employ natural infrastructure to provide resilience to climate change, and sustain agriculture.

AB 948 would remedy this situation by recognizing Coyote Valley as a resource of statewide significance and authorizing the Authority to establish the CVCP so that the Authority can better leverage state, local and private funding for projects that preserve and restore Coyote Valley.

We are proud to support AB 948 and thank Assemblymember Kalra for his continued efforts and leadership to conserve Coyote Valley. We respectfully request your aye vote.

Sincerely,

Susan Vicklund Wilson
Chairperson

Cc: The Honorable Members of the Assembly Natural Resources Committee
The Honorable Ash Kalra
Pamela Miller, Executive Director, CALAFCO

AMENDED IN ASSEMBLY APRIL 29, 2019

AMENDED IN ASSEMBLY MARCH 26, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL

No. 948

Introduced by Assembly Member Kalra
(Coauthors: Assembly Members Chu, Robert Rivas, and Mark Stone)
(Coauthors: Senators Beall and Monning)

February 20, 2019

An act to add Chapter 6 (commencing with Section 35180) to Division 26 of the Public Resources Code, relating to the Coyote Valley Conservation Program.

LEGISLATIVE COUNSEL'S DIGEST

AB 948, as amended, Kalra. Coyote Valley Conservation Program.

Existing law creates the Santa Clara Valley Open-Space Authority, and prescribes the jurisdiction and functions and duties of the authority. Existing law authorizes the authority, among other things, to acquire, hold, and dispose of real and personal property, within the authority's jurisdiction, necessary to the full exercise of its powers.

This bill would authorize the authority to establish and administer the Coyote Valley Conservation Program to address resource and recreational goals of the Coyote Valley, as defined. The bill would authorize the authority to collaborate with state, regional, and local partners to help achieve specified goals of the program. The bill would authorize the authority to, among other things, acquire and dispose of interests and options in real property. The bill would require a proponent or party to a certain proposed development project within Coyote Valley to provide notice to the authority of the proposed project, and would

authorize the authority to provide analysis of the environmental values and potential impacts of the proposed project. The bill would require Coyote Valley to be acknowledged as an area of statewide significance in local planning documents developed or updated on or after January 1, 2020, affecting land use within Coyote Valley. The bill would require a state entity to consult with the authority before expending state moneys collected on or after January 1, 2020, from fines or penalties derived from natural resource related infractions within Coyote Valley. To the extent that this bill would impose new duties on local entities, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 6 (commencing with Section 35180) is
 2 added to Division 26 of the Public Resources Code, to read:

3
 4 CHAPTER 6. COYOTE VALLEY CONSERVATION PROGRAM

5
 6 35180. This chapter shall be known, and may be cited, as the
 7 Coyote Valley Conservation Program.

8 35181. The authority may establish and administer the Coyote
 9 Valley Conservation Program to address the resource and
 10 recreational goals of the Coyote Valley, as provided in this chapter.

11 35182. The Legislature finds and declares all of the following:

12 (a) Coyote Valley is a unique landscape providing agricultural,
 13 wildlife, recreational, climate, and other natural infrastructure
 14 benefits, covering an area of about 15,000 acres in southern Santa
 15 Clara County.

16 (b) Coyote Valley is a resource of statewide significance. The
 17 Coyote Valley has been subject to intense development pressure
 18 and is in need of restoration, conservation, and enhancement.

1 (c) Coyote Valley is bounded by and includes two of the fastest
2 growing cities in California, the City of San Jose to the north and
3 the City of Morgan Hill to the south.

4 (d) Mushrooms, bell peppers, nursery crops, and other
5 agricultural crops grown in Coyote Valley provide more than thirty
6 million dollars (\$30,000,000) of economic benefit each year.

7 (e) Coyote Valley provides a critical corridor for wildlife
8 migrating between the Santa Cruz Mountains and Diablo Range.

9 (f) Residents of the City of San Jose and other nearby cities
10 access the outdoors in Coyote Valley to view wildlife, and recreate
11 and connect with nature and the community.

12 (g) Coyote Valley’s natural resources provide opportunities for
13 many climate and natural infrastructure benefits, including flood
14 attenuation from improved wetlands, increased water supply from
15 groundwater recharge, and carbon sequestration from natural and
16 working lands.

17 (h) Protection of Coyote Valley is a component of state and
18 local efforts to preserve agriculture in the County of Santa Clara,
19 including the Santa Clara Valley Agricultural Plan, the Santa Clara
20 Valley Greenprint, state investments from the Sustainable
21 Agricultural Lands Conservation Program, and a feasibility study
22 funded by the State Coastal Conservancy.

23 (i) The establishment of the Coyote Valley Conservation
24 Program pursuant to this chapter will provide a necessary structure
25 to implement restoration and preservation projects and recreational
26 opportunities, and enhance the overall condition of Coyote Valley.

27 35183. For purposes of this chapter, the following definitions
28 apply:

29 (a) “Coyote Valley” means all areas west of the ridgeline of the
30 Diablo Range, south of Tulare Hill, east of the ridgeline of the
31 Santa Cruz Mountains, and north of Burnett Avenue.

32 (b) “Natural lands” has the same meaning as the term is defined
33 in paragraph (2) of subdivision (d) of Section 9001.5.

34 (c) “Program” means the Coyote Valley Conservation Program.

35 (d) “Program lands” means interests in real property acquired,
36 managed, or subject to a project under this chapter.

37 (e) “Working lands” has the same meaning as the term is defined
38 in paragraph (1) of subdivision (d) of Section 9001.5.

1 35184. The authority may collaborate with state, regional, and
2 local partners to help achieve all of the following goals of the
3 program:

4 (a) To provide recreational opportunities, preserve open space,
5 develop and maintain trails, restore, enhance, and preserve wildlife
6 habitat and species, restore and preserve wetlands and agricultural
7 lands, study, maintain, and preserve lands for groundwater
8 recharge, watershed restoration, and natural floodwater conveyance,
9 sequester greenhouse gases, and enhance resilience to climate
10 change.

11 (b) To provide public access to, and enjoyment and enhancement
12 of, recreational and educational experiences on, program lands in
13 a manner consistent with the protection of land and natural
14 resources in the area.

15 35185. In carrying out the purposes of this chapter, and without
16 limiting the express or implied powers of the authority as provided
17 in this division, the authority shall have, and may exercise, all
18 necessary rights and powers, expressed or implied, to achieve the
19 goals of this chapter. ~~Without limitation, the~~ *The* authority may
20 do all of the following:

21 (a) Acquire and dispose of interests and options in real property.

22 (b) Undertake, maintain, or fund projects to implement site
23 improvements, upgrade deteriorating facilities, or construct new
24 facilities for outdoor recreation, public access, nature appreciation,
25 and interpretation; historic and cultural preservation; protection,
26 restoration, or enhancement of natural resources and habitat; or
27 continuation or expansion of agricultural activities.

28 (c) Provide technical assistance to landowners on practices to
29 enhance the carbon sequestration or climate resilience benefits of
30 natural and working lands.

31 (d) Enhance wildlife connectivity across Highway 101,
32 Monterey Road and other impediments to the movement of wildlife
33 in the Coyote Valley through implementation of wildlife friendly
34 culverts and overpasses, removal of fencing, and placement of
35 wildlife crossing signage, or other means.

36 (e) Provide for the management of program lands.

37 35186. (a) A proponent or party to a proposed development
38 project converting natural lands or working lands within Coyote
39 Valley for a nonagricultural purpose shall provide notice to the
40 authority of the proposed project. The authority may provide

1 analysis of the environmental values and potential impacts of the
2 proposed project.

3 (b) Coyote Valley shall be acknowledged as an area of statewide
4 significance in local planning documents developed or updated on
5 or after January 1, 2020, affecting land use within Coyote Valley.

6 (c) A state entity shall consult with the authority before
7 expending any state moneys collected on or after January 1, 2020,
8 from fines or penalties derived from natural resource related
9 infractions within Coyote Valley.

10 SEC. 2. If the Commission on State Mandates determines that
11 this act contains costs mandated by the state, reimbursement to
12 local agencies and school districts for those costs shall be made
13 pursuant to Part 7 (commencing with Section 17500) of Division
14 4 of Title 2 of the Government Code.

O

AGENDA ITEM # 10
Attachment D



**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 Palacheria

June 5, 2019

The Honorable Kansen Chu
California State Assembly
State Capital Room 3126
Sacramento, CA 95814

Subject: **OPPOSE AB 600**
(AS AMENDED APRIL 29,2019)

Dear Assembly Member Chu:

The Local Agency Formation Commission of Santa Clara County (LAFCO) joins the California Association of Local Agency Formation Commissions (CALAFCO) to oppose your bill, **Assembly Bill 600**. LAFCOs are aware of and concerned about the disparity of local public services, especially for residents and properties located within disadvantaged unincorporated communities (DUCs). All Californians deserve adequate and safe drinking water and wastewater facilities. CALAFCO supports your efforts to address these problems, which persist in many counties, however AB 600 in its current version does not represent a collective stakeholder dialogue with reasonable and systemic solutions to the problem.

The bill allows for an extension of service in lieu of annexation and we remain greatly concerned about extension of service without annexation. One of the primary statutory purposes of LAFCO is to ensure orderly growth. Extending services on an individual basis or by service category without annexation only serves to undermine the very purpose of jurisdictional boundaries and sphere of influence plans and conflicts with existing statute, Government Code Section 56133(b).

Another of LAFCOs' statutory purposes is to ensure the effective and efficient provision of municipal services. Ultimately, the annexation of a DUC does not ensure they will receive adequate, safe drinking water. The reality is there are engineering and financial issues that must be solved in order to ensure service and this bill does not address those ongoing issues. We want to ensure that local circumstances and conditions are taken into consideration and this bill offers a "one size fits all" approach that may not be effective in many instances.

The bill adds (8)(C) to Government Code Section 56375. As written, this section creates confusion and contradicts §56375(8)(A). We believe the intention is to prohibit LAFCO from approving the annexation of two or more contiguous disadvantaged communities within five years that are individually less than ten acres but cumulatively more than ten acres.

If so, then this language conflicts with §56375(8)(A), which allows for commission policies to guide the commission in determining the size of the area to be annexed. Further, the term “paragraph” as used in this section creates uncertainty as to what section or subsection is actually being addressed.

We support workable and sustainable policy solutions to the disparities in service delivery to disadvantaged communities. However, a major obstacle remains the infrastructure and operational funding for these services. We believe that addressing the needs of disadvantaged communities through the planning process and finding tools to support the infrastructure deficiencies and implementation actions remain a very important part of the solution.

For all of the reasons noted above, Santa Clara LAFCO is opposed to **AB 600**. Please contact me should you have any questions.

Sincerely,

Susan Vicklund Wilson
Chairperson

Cc: Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO

AMENDED IN ASSEMBLY APRIL 29, 2019

AMENDED IN ASSEMBLY APRIL 11, 2019

AMENDED IN ASSEMBLY MARCH 25, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL

No. 600

Introduced by Assembly Member Chu

February 14, 2019

An act to amend Sections 56301, 56375, 56425, and 65302.10 of, to add Sections 56070.5 and 56378.1 to, and to add Chapter 5 (commencing with Section 56440) to Part 2 of Division 3 of Title 5 of, Section 56375 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 600, as amended, Chu. Local government: organization: disadvantaged unincorporated communities.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Existing law prohibits a local agency formation commission from approving an annexation to a city of any territory greater than 10 acres where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community into the subject city has been filed. Under existing law, an application to annex a contiguous disadvantaged community is not required if, among other things, the commission finds that a majority of the registered voters within the

disadvantaged unincorporated community are opposed to the annexation, as specified.

This bill would additionally provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the affected disadvantaged unincorporated community would prefer to address the service deficiencies through an extraterritorial service extension.

This bill would also provide that the existing approval prohibition and the exemptions to the application requirement, as so expanded, apply to the annexation of two or more contiguous areas that take place within 5 years of each other and that are individually less than 10 acres but cumulatively more than 10 acres.

~~(1) The Planning and Zoning Law requires a city or county to prepare and adopt a comprehensive, long-term general plan that includes various mandatory elements, including a housing element for the preservation, improvement, and development of housing. That law also requires a city or county, on or before the due date for the next adoption of its housing element, to review and update the land use element of its general plan based on available data, including, but not limited to, the data and analysis of unincorporated island, fringe, or legacy communities inside or near its boundaries, as provided. That law requires the updated land use element to include, among other things, an analysis of water, wastewater, stormwater drainage, and structural fire protection needs or deficiencies for each identified community.~~

~~This bill would define the term “needs or deficiencies” for these purposes to mean both deficient services and lack of services, as specified.~~

~~(2) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified.~~

~~This bill would require, on or before January 1, 2021, each city, county, and qualified special district, as defined, to submit to the commission an accessibility plan to secure safe drinking water, wastewater services, stormwater drainage, and structural fire protection in unincorporated island, fringe, or legacy communities identified in the updated land use element described above. The bill would require the commission to determine the entity best positioned to provide adequate water or wastewater services to the affected territory. The bill would require the accessibility plan to include, among other things, an~~

identification of actions by the commission that are necessary to enable that entity to provide those services and an analysis of costs and benefits of improved water or wastewater services for residents in each affected territory. The bill would prohibit the costs and fees for services extended to those territories through implementation of the accessibility plan from exceeding the cost of providing the service, as specified. The bill, on or before January 1, 2021, would require each county to submit a map of the county that identifies disadvantaged unincorporated communities that lack safe drinking water or adequate wastewater, along with the adopted accessibility plan, to the Office of Planning and Research, the State Water Resources Control Board, and any relevant regional quality control board, as specified.

The bill would require the commission to, within 5 years of the approval of an accessibility plan, hold a noticed public hearing and review the status of every disadvantaged unincorporated community that is subject to the accessibility plan.

By increasing the duties of local officials, this bill would impose a state-mandated local program.

(3) The act sets forth the powers and duties of a local agency formation commission, including initiating proposals by resolution of application for, among other things, the formation of a new district or districts and specified reorganizations.

This bill would additionally authorize the commission to initiate the reorganization or extension of services involving a disadvantaged unincorporated community, as specified. The bill would require the commission to initiate a change of organization or reorganization or service extension if the commission determines that service needs identified in an accessibility plan remain unaddressed 2 years after the approval of the accessibility plan.

(4) Existing law prohibits the commission from approving an annexation to a city of any territory greater than 10 acres where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community into the subject city has been filed.

This bill would also prohibit the commission from approving an annexation under these circumstances to a qualified special district. The bill would define the term “qualified special district” for these purposes to mean a special district with more than 500 service connections that provides drinking water or wastewater services.

~~The bill would also specify that these provisions apply to the annexation of 2 or more contiguous territories within 2 years of each other that are individually less than 10 acres but are cumulatively more than 10 acres.~~

~~(5) Under existing law, an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the disadvantaged unincorporated community are opposed to the annexation, as specified.~~

~~This bill would instead provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the residents within the disadvantaged unincorporated community are opposed to the annexation, as specified. This bill would additionally provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the residents within the affected disadvantaged unincorporated community would prefer to address the service deficiencies through an extraterritorial service extension.~~

~~The bill would also prohibit the commission from approving an annexation to a city or to a qualified special district of any territory if the city or qualified special district has failed to take steps necessary to implement an accessibility plan, as specified.~~

~~(6) The act requires the commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. The act requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as provided. The act requires the commission to prepare a written statement of its determinations with respect to, among other things, the present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, as provided.~~

~~This bill would prohibit the commission from adopting, amending, or updating a sphere of influence update that removes a disadvantaged community from the sphere of influence of a city or a special district or that fails to include a disadvantaged community that is contiguous to the proposed sphere of influence, unless the commission makes specified findings. The bill would also prohibit the commission from approving, amending, or updating a sphere of influence for a city or a~~

special district that has not taken action pursuant to an accessibility plan that was adopted as described above.

~~(7) The act additionally states that the purpose of the commission is, among other things, to encourage the efficient provision of government services, as specified.~~

~~This bill would also state that the purpose of a local agency formation commission is to encourage the equitable provision of government services, as specified.~~

~~(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: *yes-no*. State-mandated local program: *yes-no*.

The people of the State of California do enact as follows:

1 SECTION 1. ~~Section 56070.5 is added to the Government~~
2 ~~Code, to read:~~

3 ~~56070.5. “Qualified special district” means a special district~~
4 ~~that contains more than 500 service connections and that provides~~
5 ~~drinking water or wastewater services.~~

6 SEC. 2. ~~Section 56301 of the Government Code is amended~~
7 ~~to read:~~

8 ~~56301. Among the purposes of a commission are discouraging~~
9 ~~urban sprawl, preserving open-space and prime agricultural lands,~~
10 ~~encouraging the efficient and equitable provision of government~~
11 ~~services, and encouraging the orderly formation and development~~
12 ~~of local agencies based upon local conditions, circumstances, and~~
13 ~~considerations of equity. One of the objects of the commission is~~
14 ~~to make studies and to obtain and furnish information which will~~
15 ~~contribute to the logical and reasonable development of local~~
16 ~~agencies in each county and to shape the development of local~~
17 ~~agencies so as to advantageously provide for the present and future~~
18 ~~needs of each county and its communities. When the formation of~~
19 ~~a new government entity is proposed, a commission shall make a~~
20 ~~determination as to whether existing agencies can feasibly provide~~
21 ~~the needed service or services in a more efficient and accountable~~
22 ~~manner. If a new single-purpose agency is deemed necessary, the~~

1 ~~commission shall consider reorganization with other single-purpose~~
2 ~~agencies that provide related services.~~

3 ~~SEC. 3.~~

4 *SECTION 1.* Section 56375 of the Government Code is
5 amended to read:

6 56375. The commission shall have all of the following powers
7 and duties subject to any limitations upon its jurisdiction set forth
8 in this part:

9 (a) (1) To review and approve with or without amendment,
10 wholly, partially, or conditionally, or disapprove proposals for
11 changes of organization or reorganization, consistent with written
12 policies, procedures, and guidelines adopted by the commission.

13 (2) The commission may initiate proposals by resolution of
14 application for any of the following:

15 (A) The consolidation of a district, as defined in Section 56036.

16 (B) The dissolution of a district.

17 (C) A merger.

18 (D) The establishment of a subsidiary district.

19 (E) The formation of a new district or districts.

20 ~~(F) The reorganization or extension of services involving a~~
21 ~~disadvantaged unincorporated community that is initiated pursuant~~
22 ~~to Section 56378.1.~~

23 ~~(G)~~

24 (F) A reorganization that includes any of the changes specified
25 in subparagraph (A), (B), (C), (D), ~~(E)~~, or ~~(F)~~: (E).

26 ~~(H)~~

27 (G) The dissolution of an inactive district pursuant to Section
28 56879.

29 (3) A commission may initiate a proposal described in paragraph
30 (2) only if that change of organization or reorganization is
31 consistent with a recommendation or conclusion of a study
32 prepared pursuant to Section 56378, 56425, or 56430, and the
33 commission makes the determinations specified in subdivision (b)
34 of Section 56881.

35 (4) A commission shall not disapprove an annexation to a city,
36 initiated by resolution, of contiguous territory that the commission
37 finds is any of the following:

38 (A) Surrounded or substantially surrounded by the city to which
39 the annexation is proposed or by that city and a county boundary
40 or the Pacific Ocean if the territory to be annexed is substantially

1 developed or developing, is not prime agricultural land as defined
2 in Section 56064, is designated for urban growth by the general
3 plan of the annexing city, and is not within the sphere of influence
4 of another city.

5 (B) Located within an urban service area that has been delineated
6 and adopted by a commission, which is not prime agricultural land,
7 as defined by Section 56064, and is designated for urban growth
8 by the general plan of the annexing city.

9 (C) An annexation or reorganization of unincorporated islands
10 meeting the requirements of Section 56375.3.

11 (5) As a condition to the annexation of an area that is
12 surrounded, or substantially surrounded, by the city to which the
13 annexation is proposed, the commission may require, where
14 consistent with the purposes of this division, that the annexation
15 include the entire island of surrounded, or substantially surrounded,
16 territory.

17 (6) A commission shall not impose any conditions that would
18 directly regulate land use density or intensity, property
19 development, or subdivision requirements.

20 (7) The decision of the commission with regard to a proposal
21 to annex territory to a city shall be based upon the general plan
22 and rezoning of the city. When the development purposes are not
23 made known to the annexing city, the annexation shall be reviewed
24 on the basis of the adopted plans and policies of the annexing city
25 or county. A commission shall require, as a condition to
26 annexation, that a city rezone the territory to be annexed or present
27 evidence satisfactory to the commission that the existing
28 development entitlements on the territory are vested or are already
29 at build-out, and are consistent with the city's general plan.
30 However, the commission shall not specify how, or in what
31 manner, the territory shall be rezoned.

32 (8) (A) Except for those changes of organization or
33 reorganization authorized under Section 56375.3, and except as
34 provided by ~~subparagraphs (B) and (C)~~, *subparagraph (B)*, a
35 commission shall not approve an annexation to a city ~~or to a~~
36 ~~qualified special district~~ of any territory greater than 10 acres, or
37 as determined by commission policy, where there exists a
38 disadvantaged unincorporated community that is contiguous to
39 the area of proposed annexation, unless an application to annex

1 the disadvantaged unincorporated community to the subject city
 2 ~~or qualified special district~~ has been filed with the executive officer.
 3 (B) An application to annex a contiguous disadvantaged
 4 community shall not be required if any of the following apply:
 5 (i) A prior application for annexation of the same disadvantaged
 6 community has been made in the preceding five years.
 7 (ii) The commission finds, based upon written evidence, that a
 8 majority of the ~~residents~~ *registered voters* within the affected
 9 territory are opposed to annexation.
 10 (iii) The commission finds, based upon written evidence, that
 11 a majority of the ~~residents~~ *registered voters* within the affected
 12 disadvantaged unincorporated community would prefer to address
 13 service deficiencies through an extraterritorial service extension.
 14 (C) This paragraph shall apply to the annexation of two or more
 15 contiguous areas that take place within five years of each other
 16 and that are individually less than 10 acres but cumulatively more
 17 than 10 acres.
 18 ~~(9) Except for those changes of organization or reorganization~~
 19 ~~authorized under Section 56375.3, a commission shall not approve~~
 20 ~~an annexation to a city or to a qualified special district of any~~
 21 ~~territory if the city or applicable county has failed to take steps~~
 22 ~~necessary to implement an accessibility plan pursuant to Section~~
 23 ~~56440.~~
 24 (b) With regard to a proposal for annexation or detachment of
 25 territory to, or from, a city or district or with regard to a proposal
 26 for reorganization that includes annexation or detachment, to
 27 determine whether territory proposed for annexation or detachment,
 28 as described in its resolution approving the annexation, detachment,
 29 or reorganization, is inhabited or uninhabited.
 30 (c) With regard to a proposal for consolidation of two or more
 31 cities or districts, to determine which city or district shall be the
 32 consolidated successor city or district.
 33 (d) To approve the annexation of unincorporated, noncontiguous
 34 territory, subject to the limitations of Section 56742, located in the
 35 same county as that in which the city is located, and that is owned
 36 by a city and used for municipal purposes and to authorize the
 37 annexation of the territory without notice and hearing.
 38 (e) To approve the annexation of unincorporated territory
 39 consistent with the planned and probable use of the property based
 40 upon the review of general plan and rezoning designations. No

1 subsequent change may be made to the general plan for the annexed
2 territory or zoning that is not in conformance to the prezoning
3 designations for a period of two years after the completion of the
4 annexation, unless the legislative body for the city makes a finding
5 at a public hearing that a substantial change has occurred in
6 circumstances that necessitate a departure from the prezoning in
7 the application to the commission.

8 (f) With respect to the incorporation of a new city or the
9 formation of a new special district, to determine the number of
10 registered voters residing within the proposed city or special district
11 or, for a landowner-voter special district, the number of owners
12 of land and the assessed value of their land within the territory
13 proposed to be included in the new special district. The number
14 of registered voters shall be calculated as of the time of the last
15 report of voter registration by the county elections official to the
16 Secretary of State prior to the date the first signature was affixed
17 to the petition. The executive officer shall notify the petitioners of
18 the number of registered voters resulting from this calculation.
19 The assessed value of the land within the territory proposed to be
20 included in a new landowner-voter special district shall be
21 calculated as shown on the last equalized assessment roll.

22 (g) To adopt written procedures for the evaluation of proposals,
23 including written definitions consistent with existing state law.
24 The commission may adopt standards for any of the factors
25 enumerated in Section 56668. Any standards adopted by the
26 commission shall be written.

27 (h) To adopt standards and procedures for the evaluation of
28 service plans submitted pursuant to Section 56653 and the initiation
29 of a change of organization or reorganization pursuant to
30 subdivision (a).

31 (i) To make and enforce regulations for the orderly and fair
32 conduct of hearings by the commission.

33 (j) To incur usual and necessary expenses for the
34 accomplishment of its functions.

35 (k) To appoint and assign staff personnel and to employ or
36 contract for professional or consulting services to carry out and
37 effect the functions of the commission.

38 (l) To review the boundaries of the territory involved in any
39 proposal with respect to the definiteness and certainty of those
40 boundaries, the nonconformance of proposed boundaries with lines

1 of assessment or ownership, and other similar matters affecting
2 the proposed boundaries.

3 (m) To waive the restrictions of Section 56744 if it finds that
4 the application of the restrictions would be detrimental to the
5 orderly development of the community and that the area that would
6 be enclosed by the annexation or incorporation is so located that
7 it cannot reasonably be annexed to another city or incorporated as
8 a new city.

9 (n) To waive the application of Section 22613 of the Streets and
10 Highways Code if it finds the application would deprive an area
11 of a service needed to ensure the health, safety, or welfare of the
12 residents of the area and if it finds that the waiver would not affect
13 the ability of a city to provide any service. However, within 60
14 days of the inclusion of the territory within the city, the legislative
15 body may adopt a resolution nullifying the waiver.

16 (o) If the proposal includes the incorporation of a city, as defined
17 in Section 56043, or the formation of a district, as defined in
18 Section 2215 of the Revenue and Taxation Code, the commission
19 shall determine the property tax revenue to be exchanged by the
20 affected local agencies pursuant to Section 56810. If the proposal
21 includes the disincorporation of a city, as defined in Section 56034,
22 the commission shall determine the property tax revenue to be
23 exchanged by the affected local agencies pursuant to Section
24 56813.

25 (p) To authorize a city or district to provide new or extended
26 services outside its jurisdictional boundaries pursuant to Section
27 56133.

28 (q) To enter into an agreement with the commission for an
29 adjoining county for the purpose of determining procedures for
30 the consideration of proposals that may affect the adjoining county
31 or where the jurisdiction of an affected agency crosses the boundary
32 of the adjoining county.

33 (r) To approve with or without amendment, wholly, partially,
34 or conditionally, or disapprove pursuant to this section the
35 annexation of territory served by a mutual water company formed
36 pursuant to Part 7 (commencing with Section 14300) of Division
37 3 of Title 1 of the Corporations Code that operates a public water
38 system to a city or special district. Any annexation approved in
39 accordance with this subdivision shall be subject to the state and
40 federal constitutional prohibitions against the taking of private

1 property without the payment of just compensation. This
2 subdivision shall not impair the authority of a public agency or
3 public utility to exercise eminent domain authority.

4 SEC. 4. Section 56378.1 is added to the Government Code, to
5 read:

6 ~~56378.1. Within five years of the approval or approval with~~
7 ~~conditions of an accessibility plan pursuant to Section 56440, the~~
8 ~~commission shall hold a noticed public hearing and review the~~
9 ~~status of every disadvantaged unincorporated community that is~~
10 ~~subject to the accessibility plan. If the commission determines that~~
11 ~~the service needs remain unaddressed, the commission shall initiate~~
12 ~~a change of organization, reorganization, or service extension~~
13 ~~pursuant to this chapter.~~

14 SEC. 5. Section 56425 of the Government Code is amended
15 to read:

16 56425. (a) ~~In order to carry out its purposes and responsibilities~~
17 ~~for planning and shaping the logical and orderly development and~~
18 ~~coordination of local governmental agencies subject to the~~
19 ~~jurisdiction of the commission to advantageously provide for the~~
20 ~~present and future needs of the county and its communities, the~~
21 ~~commission shall develop and determine the sphere of influence~~
22 ~~of each city and each special district, as defined by Section 56036,~~
23 ~~within the county and enact policies designed to promote the logical~~
24 ~~and orderly development of areas within the sphere.~~

25 (b) ~~Prior to a city submitting an application to the commission~~
26 ~~to update its sphere of influence, representatives from the city and~~
27 ~~representatives from the county shall meet to discuss the proposed~~
28 ~~new boundaries of the sphere and explore methods to reach~~
29 ~~agreement on development standards and planning and zoning~~
30 ~~requirements within the sphere to ensure that development within~~
31 ~~the sphere occurs in a manner that reflects the concerns of the~~
32 ~~affected city and is accomplished in a manner that promotes the~~
33 ~~logical and orderly development of areas within the sphere. If an~~
34 ~~agreement is reached between the city and county, the city shall~~
35 ~~forward the agreement in writing to the commission, along with~~
36 ~~the application to update the sphere of influence. The commission~~
37 ~~shall consider and adopt a sphere of influence for the city consistent~~
38 ~~with the policies adopted by the commission pursuant to this~~
39 ~~section, and the commission shall give great weight to the~~

1 agreement to the extent that it is consistent with commission
 2 policies in its final determination of the city sphere.
 3 (e) If the commission's final determination is consistent with
 4 the agreement reached between the city and county pursuant to
 5 subdivision (b), the agreement shall be adopted by both the city
 6 and county after a noticed public hearing. Once the agreement has
 7 been adopted by the affected local agencies and their respective
 8 general plans reflect that agreement, then any development
 9 approved by the county within the sphere shall be consistent with
 10 the terms of that agreement.
 11 (d) If no agreement is reached pursuant to subdivision (b), the
 12 application may be submitted to the commission and the
 13 commission shall consider a sphere of influence for the city
 14 consistent with the policies adopted by the commission pursuant
 15 to this section.
 16 (e) In determining the sphere of influence of each local agency,
 17 the commission shall consider and prepare a written statement of
 18 its determinations with respect to each of the following:
 19 (1) The present and planned land uses in the area, including
 20 agricultural and open-space lands.
 21 (2) The present and probable need for public facilities and
 22 services in the area.
 23 (3) The present capacity of public facilities and adequacy of
 24 public services that the agency provides or is authorized to provide.
 25 (4) The existence of any social or economic communities of
 26 interest in the area if the commission determines that they are
 27 relevant to the agency.
 28 (5) For an update of a sphere of influence of a city or special
 29 district that provides public facilities or services related to sewers,
 30 municipal and industrial water, or structural fire protection, that
 31 occurs pursuant to subdivision (g) on or after July 1, 2012, the
 32 present and probable need for those public facilities and services
 33 of any disadvantaged unincorporated communities within the
 34 existing sphere of influence.
 35 (f) Upon determination of a sphere of influence, the commission
 36 shall adopt that sphere.
 37 (g) On or before January 1, 2008, and every five years thereafter,
 38 the commission shall, as necessary, review and update each sphere
 39 of influence.

1 ~~(h) In determining a sphere of influence, the commission may~~
2 ~~assess the feasibility of governmental reorganization of particular~~
3 ~~agencies and recommend reorganization of those agencies when~~
4 ~~reorganization is found to be feasible and if reorganization will~~
5 ~~further the goals of orderly development and efficient and~~
6 ~~affordable service delivery. The commission shall make all~~
7 ~~reasonable efforts to ensure wide public dissemination of the~~
8 ~~recommendations.~~

9 ~~(i) When adopting, amending, or updating a sphere of influence~~
10 ~~for a special district, the commission shall establish the nature,~~
11 ~~location, and extent of any functions or classes of services provided~~
12 ~~by existing districts.~~

13 ~~(j) When adopting, amending, or updating a sphere of influence~~
14 ~~for a special district, the commission may require existing districts~~
15 ~~to file written statements with the commission specifying the~~
16 ~~functions or classes of services provided by those districts.~~

17 ~~(k) The commission shall not adopt, amend, or update a sphere~~
18 ~~of influence update that does either of the following:~~

19 ~~(1) Removes a disadvantaged community from the sphere of~~
20 ~~influence of a city or a special district unless the commission makes~~
21 ~~a finding, based upon written evidence, that the removal of the~~
22 ~~disadvantaged community from the sphere of influence of the city~~
23 ~~or special district will result in improved service delivery to the~~
24 ~~community.~~

25 ~~(2) Fails to include a disadvantaged community that is~~
26 ~~contiguous to the proposed sphere of influence unless the~~
27 ~~commission makes a finding, based upon written evidence, that~~
28 ~~the exclusion of the disadvantaged community from the proposed~~
29 ~~sphere of influence will result in improved access to safe drinking~~
30 ~~water or wastewater access.~~

31 ~~(l) The commission shall not amend or update a sphere of~~
32 ~~influence for a city or special district that has not taken action~~
33 ~~pursuant to the accessibility plan adopted pursuant to Section~~
34 ~~56440.~~

35 ~~SEC. 6. Chapter 5 (commencing with Section 56440) is added~~
36 ~~to Part 2 of Division 3 of Title 5 of the Government Code, to read:~~

CHAPTER 5. ACCESSIBILITY PLANS

1
2
3 56440. (a) (1) On or before January 1, 2021, each city, county,
4 and qualified special district shall develop an accessibility plan to
5 secure safe drinking water, wastewater services, stormwater
6 drainage, and structural fire protection in communities identified
7 in the land use element of the city or county updated pursuant to
8 paragraph (b) of Section 65302.10:
9 (2) The commission shall determine which entity is best
10 positioned to provide adequate water or wastewater services to the
11 affected territory:
12 (3) Each city, county, and qualified special district shall consult
13 with the commission, the State Water Resources Control Board,
14 relevant cities, relevant special districts, relevant mutual water
15 companies, relevant investor-owned utilities, and county
16 environmental health departments in developing the accessibility
17 plan:
18 (4) The accessibility plan shall include a timeline with
19 intermediary steps necessary to secure necessary infrastructure
20 and services within five years:
21 (5) The accessibility plan shall include all of the following:
22 (A) Any actions and alternatives necessary to be taken by the
23 commission, if any, to enable the entity determined pursuant to
24 paragraph (2) to provide services to the affected territory.
25 (B) Any actions to be taken by any local agency that the
26 commission believes are necessary to establish services to the
27 disadvantaged unincorporated community:
28 (C) An analysis of costs and benefits of improved water or
29 wastewater services for residents in each affected territory:
30 (D) An analysis of local, state, and federal funding sources
31 available to implement the accessibility plan:
32 (6) (A) The city, county, or qualified special district shall submit
33 the accessibility plan to the commission:
34 (B) The commission shall wholly approve the accessibility plan
35 or approve the accessibility plan with conditions or modifications
36 at a noticed hearing within 90 days of the submission of the
37 accessibility plan to the commission:
38 (b) Commencing on or before February 1, 2022, each city,
39 county, and qualified special district shall provide an annual
40 progress report with respect to its accessibility plan at a noticed

1 public hearing. The city, county, or relevant special district shall
2 also post the annual progress report on its internet website.

3 (e) (1) ~~Costs and fees for services provided to the affected~~
4 ~~territory through implementation of the accessibility plan shall not~~
5 ~~exceed the cost of providing the service.~~

6 (2) ~~Fees and conditions related to service provision to the~~
7 ~~affected territory through implementation of the accessibility plan~~
8 ~~shall be consistent with fees and conditions placed on other new~~
9 ~~customers or service recipients.~~

10 (d) ~~On or before January 1, 2021, each county shall submit a~~
11 ~~map of the county that identifies disadvantaged unincorporated~~
12 ~~communities that lack safe drinking water or adequate wastewater,~~
13 ~~along with the adopted accessibility plan prepared in electronic~~
14 ~~format with the Office of Planning and Research, the State Water~~
15 ~~Resources Control Board, and any relevant regional quality control~~
16 ~~board. The Office of Planning and Research, State Water Resources~~
17 ~~Control Board, and the city or county shall each post the map on~~
18 ~~its respective internet website.~~

19 SEC. 7. ~~Section 65302.10 of the Government Code is amended~~
20 ~~to read:~~

21 65302.10. (a) ~~As used in this section, the following terms shall~~
22 ~~have the following meanings:~~

23 (1) ~~“Community” means an inhabited area within a city or~~
24 ~~county that is comprised of no less than 10 dwellings adjacent or~~
25 ~~in close proximity to one another.~~

26 (2) ~~“Disadvantaged unincorporated community” means a fringe,~~
27 ~~island, or legacy community in which the median household~~
28 ~~income is 80 percent or less than the statewide median household~~
29 ~~income.~~

30 (3) ~~“Fringe community” means any inhabited and~~
31 ~~unincorporated territory that is within a city’s sphere of influence.~~

32 (4) ~~“Island community” means any inhabited and unincorporated~~
33 ~~territory that is surrounded or substantially surrounded by one or~~
34 ~~more cities or by one or more cities and a county boundary or the~~
35 ~~Pacific Ocean.~~

36 (5) ~~“Legacy community” means a geographically isolated~~
37 ~~community that is inhabited and has existed for at least 50 years.~~

38 (b) ~~On or before the due date for the next adoption of its housing~~
39 ~~element pursuant to Section 65588, each city or county shall review~~
40 ~~and update the land use element of its general plan, based on~~

1 available data, including, but not limited to, the data and analysis
2 developed pursuant to Section 56430, of unincorporated island,
3 fringe, or legacy communities inside or near its boundaries. The
4 updated land use element shall include all of the following:

5 (1) In the case of a city, an identification of each island or fringe
6 community within the city’s sphere of influence that is a
7 disadvantaged unincorporated community. In the case of a county,
8 an identification of each legacy community within the boundaries
9 of the county that is a disadvantaged unincorporated community,
10 but not including any area within the sphere of influence of any
11 city. This identification shall include a description of the
12 community and a map designating its location.

13 (2) For each identified community, an analysis of water,
14 wastewater, stormwater drainage, and structural fire protection
15 needs or deficiencies. For purposes of this section, “needs or
16 deficiencies” includes both deficient services and lack of services.
17 The analysis required by this paragraph shall consider the impacts
18 of climate change on specified services.

19 (3) An analysis, based on then existing available data, of benefit
20 assessment districts or other financing alternatives that could make
21 the extension of services to identified communities financially
22 feasible.

23 (e) On or before the due date for each subsequent revision of
24 its housing element pursuant to Section 65588, each city and county
25 shall review, and if necessary amend, its general plan to update
26 the analysis required by this section.

27 SEC. 8. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 a local agency or school district has the authority to levy service
30 charges, fees, or assessments sufficient to pay for the program or
31 level of service mandated by this act, within the meaning of Section
32 17556 of the Government Code.

From: [D. Muirhead](#)
To: [LAFCO](#)
Subject: Fwd: LAFCO meeting April 3, 2019 comment Item #7: Proposed work plan for service reviews
Date: Friday, May 31, 2019 12:46:28 PM

Since this comment did not make it into the April proceedings (due to Mr. Abello illness), please include it for June either as written correspondence (preferred) or non-agenda public comment.
Thanks, DougM

----- Forwarded message -----

From: "D. Muirhead" <doug.muirhead@stanfordalumni.org>
Date: Tue, 2 Apr 2019 12:29:15 -0700
Subject: LAFCO meeting April 3, 2019 comment Item #7: Proposed work plan for service reviews
To: "LAFCO Abello, Emmanuel" <Emmanuel.Abello@ceo.sccgov.org>

Dear Local Agency Formation Commission of Santa Clara County,

A comment for your meeting on April 3, 2019
Item #7: Proposed work plan for service reviews

With regard to the future Service Reviews of Special Districts, I would like to see additional attention paid to the process used for contract evaluation and award.

I advocate for the public having enough information to make an independent assessment of the contract award process. Boards of the Water District and Open Space Authority award consultant contracts without exposing the underlying evaluation process and scoring, and in the case of the Water District refusing to even identify the responding bidders. The Water District rejected a Public Records Request for the scoring with this from their policy:
"Because our Board has not yet awarded this contract, the requested scoring and recommendation records are not publicly available - this information will become public once the agreement has been awarded."

Another improvement would be that in the case of a single responder, it would seem prudent to poll other potential bidders to see why they chose not to respond rather than claiming that this was "the lowest (sic) responsible bidder".

Awards of "Transparency Certificate of Excellence" and "Districts of Distinction" do not address Best Practices in this area. A request to the Special District Leadership Foundation, which claims to promote good governance and best practices among California's special districts, to expand their criteria went unanswered.

I did ask the California State Controller's Transparency Team if they had recommendations, but they restrict themselves to financial reporting issues.

The Little Hoover Commission report on Special Districts notes
The continued need for districts to improve transparency

and public engagement.
but appears to focus more on governance than on operations.

You can find this language in the California Government Code:
"access to information concerning the conduct of the people's
business is a fundamental and necessary right of every person
in this state".

But we do not have discussions on "how much" is "enough", or
even "reasonable", nor do we ever actually define the word
"transparency".

Thank you for your consideration,
Doug Muirhead, Morgan Hill