SANTA CLARA LAFCO

Local Agency Formation Commission of Santa Clara County

777 North First Street
Suite 410
San Jose, CA 95112

SantaClaraLAFCO.org

Commissioners
Sylvia Arenas
Jim Beall
Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Terry Trumbull
Mark Turner

Alternate Commissioners
Pamela Campos
Helen Chapman
Betty Duong
Zach Hilton
Teresa O'Neill

Executive Officer
Neelima Palacherla

REGULAR MEETING

Board of Supervisors' Chambers, 70 West Hedding Street, San Jose, CA 95110

DECEMBER 2, 2026 ▪ 1:15 PM

Chairperson: Rosemary Kamei ▪ Vice Chairperson: Yoriko Kishimoto

AGENDA

PUBLIC ACCESS AND PARTICIPATION

This meeting will be held in person at the location listed above. As a courtesy, and technology permitting, members of the public may also attend by virtual teleconference. However, LAFCO cannot guarantee that the public's access to teleconferencing technology will be uninterrupted, and technical difficulties may occur from time to time. Unless required by the Brown Act, the meeting will continue despite technical difficulties for participants using the teleconferencing option. To attend the meeting by virtual teleconference, access the meeting at https://sccgov-org.zoom.us/j/85603077353 or by dialing (669) 900-6833 and entering Meeting ID Webinar ID 856 0307 7353# when prompted.

PUBLIC COMMENT INSTRUCTIONS

Written public comments may be submitted by email to LAFCO@ceo.sccgov.org. Written comments will be distributed to the Commission and posted to the agenda on the LAFCO website as quickly as possible but may take up to 24 hours.

Spoken public comments may be provided in-person at the meeting. Persons who wish to address the Commission on an item are requested to complete a Request to Speak Form and place it in the designated tray near the dais. Request to Speak Forms must be submitted prior to the start of public comment for the desired item. For items on the Consent Calendar or items added to the Consent Calendar, Request to Speak Forms must be submitted prior to the call for public comment on the Consent Calendar. Individual speakers will be called to speak in turn. Speakers are requested to limit their comments to the time limit allotted.

Spoken public comments may also be provided through the teleconference meeting. To address the Commission virtually, click on the link https://sccgov-org.zoom.us/j/85603077353 to access the meeting and follow the instructions below:

- You will be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you when it is your turn to speak.

- When the Chairperson calls for the item on which you wish to speak, click on "raise hand" icon. The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak. Call-in attendees press *9 to request to speak, and *6 to unmute when prompted.
- When called to speak, please limit your remarks to the time limit allotted.

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 CONSENT CALENDAR

The Consent Calendar includes Agenda Items marked with an asterisk (*). The Commission may add to or remove agenda items from the Consent Calendar.

All items that remain on the Consent Calendar are voted on in one motion. If an item is approved on the Consent Calendar, the specific action recommended by staff is adopted. Members of the public who wish to address the Commission on Consent Calendar items should comment under this item.

*4. APPROVE MINUTES OF THE OCTOBER 7, 2026 LAFCO MEETING

ITEMS FOR ACTION / INFORMATION

*5. CUPERTINO SANITARY DISTRICT 2026-01 (PIERCE ROAD) SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION

Recommended Action:

1. Approve LAFCO Resolution No. 2026-03:
    a. Finding that the City of Saratoga's Environmental Impact Report (FEIR) for the Masson Estates Project is adequate, that the City's mitigation monitoring and reporting plan (MMRP) for the Project can mitigate and avoid the potential environmental impacts of the proposed amendment of the Cupertino Sanitary District's (CSD) sphere of influence (SOI) and annexation to CSD to the extent feasible, and adopting a statement of overriding considerations to address any potential environmental impacts within the scope of LAFCO's powers and authorities as the Responsible Agency.
    b. Approving the amendment of the Cupertino Sanitary District's sphere of influence (SOI) to include the remaining portion of Assessor Parcel

Number 503-46-005, as shown in Exhibit "D", and adopting the SOI determinations (Exhibit "E").

c. Approving the annexation of approximately 72.45 acres of land (APN 503-46-005), located within the City of Saratoga, to the Cupertino Sanitary District, as described and depicted in Exhibits "A" & "B" and subject to terms and conditions (Exhibit "C").

d. Waiving protest proceedings pursuant to Government Code Section 56662(a).

6. LAFCO'S ANNUAL FINANCIAL AUDIT REPORT – JUNE 30, 2026

Recommended Action:

1. Receive a presentation from Chavan & Associates, LLP on LAFCO's Annual Financial Audit Report for Fiscal Year ending June 30, 2026.
2. Receive and file the Annual Financial Audit Report (June 30, 2026) prepared for Santa Clara LAFCO by Chavan & Associates, LLP.

7. SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT IMPLEMENTATION OF PLAN FOR SERVICES 2026 ANNUAL REPORT

(Continued from the October 7, 2026 LAFCO Meeting)

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

8. UPDATE ON SANTA CLARA COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT SERVICE REVIEW

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

*9. UPDATE ON COUNTYWIDE WATER AND WASTEWATER SERVICE REVIEW

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

10. REQUEST FOR A LAFCO STUDY SESSION ON BUILDER'S REMEDY PROJECTS IN THE UNICORPORATED COUNTY

Recommended Action:

Direct staff to schedule a LAFCO study session for February 3, 2026, on the subject of Builder's Remedy projects in the unincorporated county and provide direction as needed.

*11. ADOPTION OF SCHEDULE OF 2027 LAFCO MEETINGS

Recommended Action: Adopt the schedule of LAFCO meetings and application filing deadlines for 2027.

*12. APPOINTMENT OF 2027 LAFCO CHAIRPERSON AND VICE-CHAIRPERSON

Recommended Action: Per the rotation schedule, appoint Commissioner Yoriko Kishimoto to serve as Chairperson for 2027; and Commissioner Lee to serve as Vice-Chairperson for 2027.

*13. CALAFCO RELATED ACTIVITIES

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

13.1 Report on the 2026 CALAFCO Annual Conference

13.2 CALAFCO Legislative Committee Meetings

14. COMMISSIONER REPORTS

This portion of the meeting provides an opportunity for commissioners to comment on items not listed on the agenda, provided that the subject is within the jurisdiction of the Commission. No action or discussion by a quorum of the Commission may be taken on off-agenda items unless authorized by law.

15. PENDING APPLICATIONS / UPCOMING PROJECTS

For Information Only.

- Annexation to the City of San Jose: 1587 N. Capitol Avenue

16. NEWSPAPER ARTICLES / NEWSLETTERS

17. WRITTEN CORRESPONDENCE

CLOSED SESSION

18. PERFORMANCE EVALUATION

Public Employee Performance Evaluation (Government Code Section 54957)

Title: LAFCO Executive Officer

19. REPORT OUT OF CLOSED SESSION

20. ADJOURN

Adjourn to the regular LAFCO meeting on February 3, 2027 at 1:15 PM in the Board of Supervisors' Chambers, 70 West Hedding Street, San Jose.

NOTICE TO THE PUBLIC

- Pursuant to Government Code Section 84308, no LAFCO commissioner shall accept, solicit, or direct a contribution of more than $500 from any party, or a party's agent; or any participant or the participant's agent if the commission knows or has reason to know that the participant has a financial interest, while a LAFCO proceeding is

pending, and for 12 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 $500 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 from the time the commissioner knows or should have known, 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 $500 within the preceding 12 months by the party, or the party's agent, to a LAFCO commissioner. For forms, visit the LAFCO website at www.santaclaralafco.org. No party, or the party's agent and no participant, or the participant's agent, shall make a contribution of more than $500 to any LAFCO commissioner during the proceeding and for 12 months following the date a final decision is rendered by LAFCO.

- 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 website 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).
- Pursuant to Government Code Section 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.
- 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 24 hours prior to that meeting are available for public inspection at the LAFCO Office, 777 North First Street, Suite 410, San Jose, CA 95112, during normal business hours. (Government Code Section 54957.5.)

- In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the LAFCO Clerk 24 hours prior to meeting at (408) 993- 4709.

ITEM # 4

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Teresa O'Neill

Executive Officer
Neelima Palacherla

DRAFT LAFCO SPECIAL MEETING MINUTES

WEDNESDAY, OCTOBER 7, 2026

The meeting was called to order at 1:31 PM

1. ROLL CALL

Commissioners

- Rosemary Kamei, Chairperson
- Yoriko Kishimoto, Vice Chairperson
- Sylvia Arenas (Arrived at 1:51 PM)
- Jim Beall
- Otto Lee
- Terry Trumbull (Absent)
- Mark Turner (Absent)

Alternate Commissioners

- Pamela Campos (Absent)
- Helen Chapman
- Betty Duong (Absent)
- Zach Hilton (Voted in absence of Mark Turner and participated remotely under the Just Cause provision of the Brown Act due to travel while on official business of another local agency)
- Teresa O'Neill (Voted in absence of Terry Trumbull)

Staff

- Neelima Palacherla, Executive Officer
- Dunia Noel, Assistant Executive Officer
- Emmanuel Abello, Analyst
- Sonia Humphrey, Clerk
- Mala Subramanian, Counsel

2. PUBLIC COMMENTS

Two speakers addressed the Commission:

- Shane Lewis, Republican nominee for Congress in California's 18th District
- Virginia Chang Kiraly, Chair of San Mateo LAFCO

3. APPROVE CONSENT CALENDAR

Commission Action: The Commission added agenda item numbers 16 and 17 to the Consent Calendar and approved the Consent Calendar including agenda item numbers 4, 5, 8, 10, 13, 16, and 17.

MOTION: O'Neill

SECOND: Lee

AYES: Beall, Hilton, Kamei, Kishimoto, Lee, O'Neill

NOES: None

ABSENT: Arenas

ABSTAIN: None

4. *TAKEN ON CONSENT:* APPROVE MINUTES OF JUNE 3, 2026 LAFCO MEETING

Commission Action: The Commission approved the minutes of the June 3, 2026 meeting.

5. *TAKEN ON CONSENT:* APPROVE MINUTES OF AUGUST 28, 2026 LAFCO SPECIAL MEETING

Commission Action: The Commission approved the minutes of the August 28, 2026 meeting.

ITEMS FOR ACTION / INFORMATON

6. INFORMAL COMPETITIVE PROCUREMENT PROCESS FOR OBTAINING PROFESSIONAL SERVICES TO PREPARE SANTA CLARA COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT SERVICE REVIEW AND ALTERNATIVELY INITIATE A NEW REQUEST FOR PROPOSALS PROCESS

Commission Action:

1. The Commission approved the utilization of an Informal Competitive Procurement (ICP) process to seek a proposal from Sjoberg Evashenk Consulting (SEC) to prepare the Santa Clara County Mosquito and Vector Control Service Review.
2. The Commission authorized staff to initiate a new Request for Proposals (RFP) process if the Ad-Hoc Committee finds it necessary to seek additional proposals following the consideration of Sjoberg Evashenk Consulting's proposal.
3. The Commission delegated authority to the LAFCO Chair to enter into an agreement with the most qualified consultant, as determined by the Ad-Hoc Committee, in an amount not to exceed $90,000, which may be amended with a contingency amount of up to $10,000; and to execute any necessary amendments subject to LAFCO Counsel's review and approval.

MOTION: Lee

SECOND: Kishimoto

AYES: Beall, Hilton, Kamei, Kishimoto, Lee, O'Neill

NOES: None

ABSENT: Arenas

ABSTAIN: None

7. RESULT OF THE PROTEST PROCEEDINGS FOR THE SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT ANNEXATION 2026

For information only

8. *TAKEN ON CONSENT:* UPDATE ON COUNTYWIDE WATER AND WASTEWATER SERVICE REVIEW

Commission Action: The Commission accepted the report.

9. SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT IMPLEMENTATION OF PLAN FOR SERVICES 2026 ANNUAL REPORT

Commission Action: The Commission continued the item to the next LAFCO meeting for further discussion by the full commission.

MOTION: Arenas

SECOND: Lee

AYES: Arenas, Beall, Hilton, Kamei, Kishimoto, Lee, O'Neill

NOES: None

ABSENT: None

ABSTAIN: None

10. *TAKEN ON CONSENT:* ADOPTION OF AMENDED CONFLICT OF INTEREST CODE

Commission Action: The Commission approved and adopted Resolution No. 2026-02 adopting LAFCO's amended Conflict of Interest Code.

11. FY 2025-2026 LAFCO ANNUAL REPORT

Commission Action: The Commission accepted the FY 2025-2026 LAFCO Annual Report.

MOTION: Lee

SECOND: Arenas

AYES: Arenas, Beall, Hilton, Kamei, Kishimoto, Lee, O'Neill

NOES: None

ABSENT: None

ABSTAIN: None

12. EXECUTIVE OFFICER'S REPORT

Commission Action: The Commission accepted the report.

MOTION: Kishimoto

SECOND: Beall

AYES: Arenas, Beall, Hilton, Kamei, Kishimoto, Lee, O'Neill

NOES: None

ABSENT: None

ABSTAIN: None

12.1 Bay Area Agricultural Resiliency Collaborative Planning Project

12.2 Meetings with the Town of Los Altos Hills on Inquiry About Out of Agency Service Contracts and Annexation of Mora Drive Sewer Project Area

12.3 Meetings Concerning Potential Milpitas/San Jose Annexation/Detachment Application

12.4 Meeting with Midpeninsula Regional Open Space District Staff

12.5 Meeting with State Water Resource Control Board Central Control Staff

12.6 Meeting on Potential West Bay Sanitary District Sphere of Influence Amendment and Annexation Application

12.7 Quarterly Special Districts Association Meetings

12.8 Quarterly Meeting with County Planning Department

12.9 Santa Clara County Association of Planning Officials' Meeting

12.10 LAFCO Presentation to Managers at the County Executive's Office

12.11 LAFCO Orientation Session

12.12 Los Gatos Request for LAFCO Determination on Government Code §56133(e) Exemption

12.13 Comment Letters to County on Notices of Preparation for Draft Environmental Impact Reports for Various Projects

13. *TAKEN ON CONSENT:* CALAFCO RELATED ACTIVITIES

For Information Only.

13.1 CALAFCO Board Meeting and Legislative Committee Meetings

14. PENDING APPLICATIONS / UPCOMING PROJECTS

For Information Only.

- Annexation to the City of San Jose: 1587 N. Capitol Avenue
- Sphere of Influence Amendment and Annexation to the Cupertino Sanitary District: Pierce Road, Saratoga

15. COMMISSION REPORTS

Commissioner Arenas requested that a Builder's Remedy study session be conducted for LAFCO so that the Commission collectively has a baseline understanding of the issue. Mala Subramanian advised that the item will be placed on a future agenda for Commission discussion and approval.

Alternate Commissioner Chapman shared the following updates from the Open Space Authority (OSA): OSA is conducting a search for a new general manager; OSA took an oppose position against the potential Heritage Oaks Cemetery project; and OSA is doing a control burn as a wildfire mitigation measure.

Commissioner Beall announced that Aaron Baker is head of Valley Water.

Chair Kamei announced that she will attend the CALAFCO Conference in a couple of weeks and encouraged others to attend.

16. *TAKEN ON CONSENT:* NEWSPAPER ARTICLES / NEWSLETTERS

There were none.

17. *TAKEN ON CONSENT:* WRITTEN CORRESPONDENCE

For information only

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

CLOSED SESSION

18. PERFORMANCE EVALUATION

Public Employee Performance Evaluation (Government Code §54957)

Title: LAFCO Executive Officer

The item was deferred.

19. REPORT OUT OF CLOSED SESSION

20. ADJOURN

The Commission adjourned at 2:19 PM to the next regular LAFCO meeting on December 2, 2026, at 1:15 PM, in the Board of Supervisors' Chambers, 70 West Hedding Street, San Jose.

Approved on December 2, 2026

_____
Rosemary Kamei, LAFCO Chairperson

Prepared by:

_____
Sonia Humphrey, LAFCO Clerk

ITEM # 5

SANTA CLARA LAFCO

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Teresa O'Neill
Mark Turner

Executive Officer
Neelima Palacherla

LAFCO MEETING: **December 2, 2026**

TO: **LAFCO**

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

SUBJECT: **CUPERTINO SANITARY DISTRICT 2026-01 (Pierce Road) SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION**

STAFF RECOMMENDATION

1. Approve LAFCO Resolution No. 2026-03:
   a. Finding that the City of Saratoga's Environmental Impact Report (FEIR) for the Masson Estates Project is adequate, that the City's mitigation monitoring and reporting plan (MMRP) for the Project can mitigate and avoid the potential environmental impacts of the proposed amendment of the Cupertino Sanitary District's (CSD) sphere of influence (SOI) and annexation to CSD to the extent feasible, and adopting a statement of overriding considerations to address any potential environmental impacts within the scope of LAFCO's powers and authorities as the Responsible Agency.
   b. Approving the amendment of the Cupertino Sanitary District's sphere of influence (SOI) to include the remaining portion of Assessor Parcel Number 503-46-005, as shown in Exhibit "D", and adopting the SOI determinations (Exhibit "E").
   c. Approving the annexation of approximately 72.45 acres of land (APN 503-46-005), located within the City of Saratoga, to the Cupertino Sanitary District, as described and depicted in Exhibits "A" & "B" and subject to terms and conditions (Exhibit "C").
   d. Waiving protest proceedings pursuant to Government Code §56662(a).

PROJECT DESCRIPTION

LAFCO of Santa Clara County received an application, by landowner petition, to amend the sphere of influence of the Cupertino Sanitary District (CSD) to include a portion of Assessor Parcel Number 503-46-005, and to annex the parcel into the CSD to allow the District to provide sanitary sewer services. A majority of the subject parcel is already located in the District's Sphere of Influence. Please see **Exhibit "D"** for an overview map depicting the current CSD and the City of Saratoga

boundaries in relationship to the proposed SOI amendment and annexation proposal.

The annexation proposal includes one parcel (APN 503-46-005) of approximately 72.45 acres in area, located along Pierce Road within the City of Saratoga and its Urban Service Area (USA). The subject parcel is in the western portion of the City, just east of The Mountain Winery, within the western foothills of the Santa Cruz Mountains.

The subject parcel is undeveloped except for a single-lane road, Vintage Lane, which extends through the southern portion of the subject parcel, connecting to Pierce Road. On August 19, 2026, the City of Saratoga approved a Builder's Remedy project (Masson Estates Project) consisting of design review and a tentative map for a 25-lot residential subdivision to facilitate the development of 25 single-family homes, with five of the homes designated as affordable for lower-income households. The project includes related site improvements such as roads and public utilities concentrated on the northern approximate 18-acres portion of the subject parcel. The remaining approximately 54-acres in the southern portion of the subject parcel will remain undeveloped except for the construction of a 20-foot-wide emergency vehicle access road. The project anticipates that the Cupertino Sanitary District will provide sanitary sewer services to the development. However, to receive sewer service from the District, the subject parcel must first be included in the District's Sphere of Influence and then annexed into the District.

On September 20, 2023, the CSD adopted Resolution No. 1314 (Amended) indicating that it supports the requested annexation of APN 503-46-005 to the District, subject to certain terms and conditions, as included in **Exhibit "C"**. More recently, District staff have re-confirmed that the District can provide sanitary sewer services to the subject parcel to serve the anticipated 25 single-family homes.

WAIVER OF PROTEST PROCEEDINGS

The annexation territory is uninhabited, i.e., fewer than 12 registered voters reside within the territory. The annexation proposal has consent from all landowners of the property proposed for annexation.

LAFCO has not received a request from the CSD or from any other affected local agency for notice, hearing or protest proceeding on the proposal. Therefore, LAFCO is considering this proposal without notice or hearing and may waive protest proceedings pursuant to Government Code Section 56662.

ENVIRONMENTAL ASSESSMENT

City of Saratoga Environmental Impact Report – Masson Estates Project

On August 19, 2026, the City of Saratoga approved a Builder's Remedy project (Masson Estates) consisting of design review and a tentative map for a 25-lot residential subdivision on the project site.

Per Resolution No. 26.051, dated August 19, 2026, the City of Saratoga, as Lead Agency under CEQA, certified the Final Environmental Impact Report (FEIR) for the Masson Estates Project, making a statement of overriding considerations for the FEIR and adopting a related mitigation and monitoring and reporting plan.

The FEIR includes mitigation measures and a mitigation monitoring and reporting plan (MMRP) that were adopted by the City to reduce potential significant environmental impacts to a less than significant level for air quality; biological resources; cultural resources; geology, soils and mineral resources; greenhouse gas emissions; noise; transportation and traffic; utilities and service systems; and wildfire. The MMRP will ensure compliance with the mitigation measures in the EIR that would mitigate or avoid significant impacts associated with the Masson Estates Project.

The City determined that despite the imposition of all feasible mitigation measures and alternatives, the Masson Estates Project's individual and cumulative impacts, specific to hazards and hazardous materials; land use and planning; transportation and traffic; and wildfire; will remain significant.

Finally, the City determined that the Masson Estates Project's benefits outweigh the project's significant, unavoidable environmental impacts and adopted a statement of overriding considerations.

The following environmental documents are available as weblinks or at the LAFCO office:

1. Masson Estates EIR Statement of Overriding Considerations
2. Masson Estates EIR Mitigation & Monitoring Report Plan
3. Masson Estates Final Environmental Impact Report (FEIR)
4. Masson Estates Draft Environmental Impact Report & Appendices

As a Responsible Agency, LAFCO must rely on the City's EIR in order to approve the Proposal

LAFCO is a Responsible Agency under CEQA for the proposal. In order to approve the proposed SOI amendment and annexation to the CSD, LAFCO must:

1. Find that, prior to making a decision on this project, LAFCO reviewed and considered the environmental effects of the project as shown in the Final EIR and in the City's Findings of Fact **(Exhibit "F")**.
2. Find that (a.) the Final EIR identified potentially significant adverse impacts resulting from the project in the areas listed below, and (b.) appropriate mitigation measures have been proposed for each of the potential impacts identified in each of the listed categories that will reduce the impacts to a less than significant level:
    - Air Quality
    - Biological Resources

- Cultural Resources
- Geology, Soils, and Mineral Resources
- Greenhouse Gas Emissions
- Noise
- Transportation and Traffic
- Utilities and Service Systems
- Wildfire

3. Find that the Final EIR identified seven potentially significant impacts resulting from the project that cannot be mitigated to a less than significant level. These impacts are listed below:
    - Impact HAZ-3: Emergency response and evacuation
    - Impact HAZ-4: Wildland fires
    - Impact LAND-1: Conflict with applicable land use plan, policy or regulation adopted for the purpose of avoiding or mitigating an environmental effect
    - Impact TRANS-2: Inconsistency with CEQA Guidelines Section 15064.3, subdivision (b)
    - Impact TRANS-4: Emergency access
    - Impact WILD-1: Emergency response/evacuation plan consistency
    - Impact WILD-2: Exposure of project occupants to pollutant concentrations from wildfire
4. Find that the City of Saratoga submitted a MMRP, and that the MMRP ensures that compliance with the mitigation measures identified in the Final EIR that would mitigate or avoid some of the significant impacts associated with the sphere of influence amendment and annexation, over which LAFCO has responsibility.
5. Find that, despite imposition of all feasible mitigation measures and alternatives, the project's hazards and hazardous materials; land use and planning; transportation and traffic; wildfire; cumulative hazardous materials; cumulative land use and planning; cumulative transportation and traffic; and cumulative wildfire impacts will remain significant. Therefore, in order to approve the project, LAFCO must find that the project's benefits outweigh the project's significant, unavoidable environmental impacts.

    LAFCO staff recommends that the Commission adopt overriding considerations if the Commission approves the Project:

Hazards and Hazardous Materials; Land Use and Planning; Transportation; and Wildfire

Economic, legal, social technological, and other considerations justify the approval of this project despite the existence of unavoidable environmental effects that are deemed significant and that cannot be mitigated to a level of insignificant and that these benefits outweigh the risks of its potential significant adverse environmental impacts, specifically:

- The subject parcel is located within the City of Saratoga and within the City's Urban Service Area, and as such, is intended to be eventually developed and provided with urban services, including sanitary sewer service.

6. Designate the LAFCO Executive Officer as the location and custodian of the documents and other materials.

CONSISTENCY WITH LAFCO FACTORS AND POLICIES

Impacts to Agricultural Lands and Open Space

The subject parcel is not under a Williamson Act Contract and does not contain open space or prime agricultural lands as defined in the Cortese Knox Hertzberg Act. Therefore, the proposed SOI amendment and annexation will not impact agricultural or open space lands.

Logical & Orderly Boundaries

The subject parcel is partially within CSD's Sphere of Influence (SOI) and is contiguous to its boundary on the north and east. The subject parcel is located in the City of Saratoga and within the City's USA and SOI. Please see **Exhibit "D"** for Overview Map.

The County Surveyor has reviewed the application and has found that the annexation boundaries are definite and certain, as depicted in **Exhibits "A" & "B"**. The County Surveyor has also determined that the project conforms to LAFCO's policies regarding the annexation of roads. The proposal will not create an island, corridor, or strip. The County Assessor has reviewed the proposal and found that the proposal conforms to lines of assessment.

Growth Inducing Impacts

Most of the subject parcel is currently located within the CSD's Sphere of Influence, and the entire parcel is located within the City of Saratoga and its USA. Therefore, LAFCO has anticipated that most of the subject parcel will eventually be provided with urban services and developed, consistent with the City's rules and regulations.

Properties to the north and east of the subject parcel are within the boundaries of the CSD. Properties to the south are within the boundaries of the West Valley Sanitation District (WVSD); and all these properties are also currently within the city limits and USA of the City of Saratoga.

However, properties to the west are located outside the city limits and USA of the City of Saratoga and are also outside the boundaries of the CSD and the WVSD. Should these properties need sewer services in the future, they would first need to be included in CSD's SOI and annexed to the CSD, which would require LAFCO approval. LAFCO would conduct the required environmental analysis, including the consideration of the growth inducing impacts at that time.

However, LAFCO Sphere of Influence Policy #3.2.5.12 discourages expansion of the SOI of a special district that would extend urban services for purposes of promoting new development in unincorporated areas outside city USAs. Similarly, LAFCO Annexation policy #3.4.3.5 discourages special district annexations that provide urban services outside city USAs.

Ability of District to Provide Services

CSD has indicated that it has adequate sewer capacity to provide sanitary sewer services to the anticipated development without detracting from the existing service levels within its boundaries.

According to the applicant and CSD staff, the applicant can connect to an existing 6-inch sanitary sewer main located just east of the subject property in Pierce Road. The existing main has adequate capacity to accommodate the flow from the proposed development and is sized to handle the 25-lot subdivision. The applicant states that the project will add 6-inch sewer mains, a lift station, and 4-inch laterals onsite in order to tie the proposed development into the District's existing infrastructure on Pierce Road, just north of Saratoga Heights Road. The District will be responsible for maintenance of the new sewer mains and lateral lines, and the necessary easements will be dedicated to the District on the project's Final Map.

There is adequate treatment capacity in CSD's agreement with the Regional Wastewater Facility (RWF) to accommodate this annexation. The District's treatment capacity allocation with the RWF is 13.8 million gallons per day. The actual flow to the RWF in FY 2026 was 3.42 million gallons per day. The average flow from a single-family home is 192 gallons per day. Per District staff, the proposed annexation will not trigger any sewer related public capital improvements.

Natural Hazard Lands

According to the California Department of Forestry and Fire Protection (CAL FIRE) the majority of the subject parcel is located within a Very High Fire Hazard Severity Zone, with the remainder within a High Fire Hazard Severity Zone.

The parcel is located within the City of Saratoga and within the City's USA. The parcel is also located within the Saratoga Fire Protection District (SFD) and SFD contracts with the Santa Clara County Central Fire Protection District (CCFD) for fire protection services.

SPHERE OF INFLUENCE AMENDMENT

Effective January 1, 2001, the CKH Act of 2000 requires that a service review be conducted prior to the establishment or update of a SOI. In 2013, LAFCO conducted and adopted a service review of the CSD and adopted service review determinations and SOI determinations for the District.

LAFCO is currently conducting its Countywide Water and Wastewater Service Review, which includes a service review and sphere influence update for the CSD. The Review is anticipated to be complete by Summer 2027. The subject proposal may nonetheless proceed because it involves only a minor amendment to CSD's SOI. While a small portion of the subject parcel currently lies outside CSD's SOI, the remainder is already within CSD's SOI and the entire parcel is within the City of Saratoga.

Proposed Sphere of Influence Determinations

In considering and recommending approval of this minor sphere of influence amendment, Santa Clara LAFCO must prepare a written statement of determinations with respect to each of the following and included in **Exhibit "E"**:

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

   The subject parcel is approximately 72.45 acres in size, located in the City of Saratoga, and designated Residential Hillside Conservation (RHC) in the City's General Plan. The land use designation includes residential uses. The parcel is vacant, except for a single-lane road, but will be subdivided into 25 single-family lots for future development. The parcel does not include agricultural or open space lands as defined in the CKH Act.

2. **Present and probable need for public facilities and adequacy of public services that the agency provides or is authorized to provide.**

   The subject parcel is located in the City of Saratoga and the property owner has received approval from the City to subdivide the property into 25 lots to develop single-family homes. The project proposes that the Cupertino Sanitary District will provide sanitary sewer services to anticipated development. The District has a sewer main nearby in Pierce Road. The project also proposes that the San Jose Water Company (SJWC) provide water services to the anticipated development. SJWC has a water main nearby in Pierce Road. The parcel is in the Saratoga Fire Protection District (SFD) and SFD contracts with the Santa Clara County Central Fire Protection District (CCFD) for fire protection services. The parcel will continue to receive fire protection services from SFD/CCFD. The Santa Clara County Sheriff's Office West Valley Patrol Division provides law enforcement services to the City of Saratoga through a contract, and the subject parcel will continue to receive these services.

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

   The Cupertino Sanitary District has the ability to provide sanitary sewer services to the subject parcel. The District's present capacity of public facilities and services is adequate.

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

   The Cupertino Sanitary District's SOI encompasses lands within the Cities of Cupertino, Saratoga, Sunnyvale and Los Altos, in addition to unincorporated lands. The subject parcel is located within the City of Saratoga, and the City is considered a social or economic community of interest.

5. **Present and probable need for water, wastewater, and structural fire protection facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

   There are no disadvantaged unincorporated communities (DUCs) within Cupertino Sanitary District's service area.

6. **Nature, location, and extent or any functions or classes of services provided.**

   The Cupertino Sanitary District provides sewer collection services for the City of Cupertino, one third of the City of Saratoga, minimal territory in the Cities of Sunnyvale, and Los Altos, and some unincorporated areas. The District contracts with the San Jose-Santa Clara Regional Wastewater Facility for wastewater treatment and disposal.

ATTACHMENT

Attachment A: Draft LAFCO Resolution No. 2026-03, including:

- Exhibit A & B: Legal Description and Map of the proposed annexation Cupertino Sanitary District No. 2026-01 (Pierce Road)
- Exhibit C: Terms and Conditions for Annexation to Cupertino Sanitary District
- Exhibit D: Overview Map depicting the proposed sphere of influence amendment and annexation in relation to the Cupertino Sanitary District and the City of Saratoga current boundaries
- Exhibit E: Sphere of Influence (SOI) Determinations for Cupertino Sanitary District
- Exhibit F: City of Saratoga's Findings of Fact under State CEQA Guidelines section 15091 and 15096 as to the Masson Estate Project (specifically Sections I. through IX., and XII. through XIII.)

RESOLUTION NO. 2026-03

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CLARA COUNTY APPROVING PURSUANT TO THE MASSON ESTATES PROJECT ENVIRONMENTAL IMPACT REPORT AN AMENDMENT TO THE SPHERE OF INFLUENCE BOUNDARY OF THE CUPERTINO SANITARY DISTRICT AND APPROVING THE ANNEXATION OF CERTAIN PROPERTY TO THE CUPERTINO SANITARY DISTRICT

CUPERTINO SANITARY DISTRICT 2026-01 (PIERCE ROAD) SOI AMENDMENT AND ANNEXATION

WHEREAS, a proposal for an amendment to the Sphere of Influence (SOI) boundary of the Cupertino Sanitary District to include a portion of Assessor Parcel Number 503-46-005, and annexation of approximately 72.45 acres of land (Assessor Parcel Number 503-46-005) located along Pierce Road in the City of Saratoga, was heretofore filed with the Local Agency Formation Commission of Santa Clara County (LAFCO); and

WHEREAS, the Executive Officer has reviewed the proposal and prepared a report, including her analysis and recommendation, the proposal and report having been presented to and considered by LAFCO; and

WHEREAS, on August 19, 2026, pursuant to the California Environmental Quality Act ("CEQA") (Pub. Res. Code, § 21000, et seq.) and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000, et seq.), the City of Saratoga ("City") certified Masson Estates Project Final Environmental Impact Report, SCH #2024050461 ("FEIR") and approved the Project pursuant to Findings of Fact under State CEQA Guidelines section 15091 (Exhibit "F"); and

WHEREAS, the Commission, as a Responsible Agency has complied with the California Environmental Quality Act (CEQA) incident to its consideration of this request, as described below; and

WHEREAS, it has been determined that the annexation territory is uninhabited; and

WHEREAS, it has been determined to the satisfaction of LAFCO that the owners of the land included in this proposal consent to the proposal; and

WHEREAS, the Board of Directors of the Cupertino Sanitary District at its meeting on September 20, 2023, adopted the amended Resolution No. 1314 in support of this annexation and sphere of influence amendment, subject to Terms and Conditions for Annexation to the District (Exhibit "C"); and

WHEREAS, LAFCO has not received a request from any affected local agency for notice, hearing or protest proceeding on the proposal; and

NOW, THEREFORE, LAFCO, does hereby resolve, determine and order as follows:

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SECTION 1:

As the decision-making body for LAFCO, and in LAFCO's limited role as a Responsible Agency under CEQA, the Commission has independently reviewed and considered the information contained in the City's Final Environmental Impact Report (FEIR), and all supporting documentation. Based on this review, the Commission finds that, as to those potential environmental impacts within LAFCO's powers and authorities as responsible agency, the FEIR, and supporting environmental documentation contain a complete, objective, and accurate reporting of the potential impacts of the sphere of influence amendment and annexation, adequately and properly analyzes potential environmental impacts; the Commission further finds that these documents comply with all CEQA requirements.

The Commission further hereby finds that, as to parts of the development that are within the scope of its jurisdiction, none of the conditions set forth in State CEQA Guidelines section 15162 that could potentially trigger the need for a Subsequent EIR or Subsequent Negative Declaration apply to the amendment and annexation. It does not entail or propose any substantial changes to the FEIR that will require major revisions of the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects within the scope of LAFCO's jurisdiction. There have been no substantial changes that have occurred with respect to the circumstances under which the development analyzed in the FEIR will be undertaken that will require major revisions of the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects within the scope of LAFCO's jurisdiction. There has been no new information of substantial importance within the scope of LAFCO's jurisdiction, which was not known and could not have been known with the exercise of reasonable diligence at the time the EIR was certified.

SECTION 2:

LAFCO, as a Responsible Agency under CEQA, is more limited than the lead agency (i.e., City) when considering alternatives and mitigation measures for the amendment and annexation. A responsible agency has responsibility for mitigating or avoiding only the direct or indirect environmental effects of those parts of a project that the responsible agency decides to carry out, finance, or approve; moreover, a responsible agency is required to adopt a feasible alternative or feasible mitigation measures for a project only if (1) such alternative or mitigation measures are within the responsible agency's powers, and (2) the alternative or mitigation measures would substantially lessen or avoid any significant effect the project would have on the environment.

Here, LAFCO is not approving or committing to carrying out, finance, or approving any development, nor does LAFCO have legal authority or powers to approve or

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carry out modifications or operations. Instead, LAFCO seeks only to approving an amendment to the sphere of influence boundary of the Cupertino Sanitary District and approving the annexation of certain property to the Cupertino Sanitary District. LAFCO finds that the mitigation measures to be implemented by the City, as set forth in the FEIR adopted by the City with regard to the part of the development within LAFCO's jurisdiction could mitigate and avoid potential environmental potential impacts to the extent feasible. LAFCO finds there are no feasible alternatives or feasible mitigation measures within its powers that would substantially lessen or avoid any significant effect on the environment beyond what was identified in the FEIR.

SECTION 3:

LAFCO adopts the City's Findings of Fact under State CEQA Guidelines sections 15091 and 15096 as to the parts of the development that are within the scope of its jurisdiction, a true and correct copy of which is attached hereto as Exhibit F and incorporated herein by reference.

SECTION 4:

Despite imposition of all feasible mitigation measures and alternatives, the project's hazards and hazardous materials; land use and planning; transportation and traffic; wildfire; cumulative hazardous materials; cumulative land use and planning; cumulative transportation and traffic; and cumulative wildfire impacts will remain significant. Therefore, the Commission finds that the following economic, legal, social technological, and other considerations justify the approval of the amendment and annexation despite the existence of unavoidable environmental effects that are deemed significant and that cannot be mitigated to a level of insignificant and that these benefits outweigh the risks of its potential significant adverse environmental impacts, specifically:

- The subject parcel is located within the City of Saratoga and within the City's Urban Service Area, and as such, is intended to be eventually developed and provided with urban services, including sanitary sewer service.

SECTION 5:

The Commission hereby designates LAFCO Executive Officer as the location and custodian of the documents and other materials, and directs staff to prepare, file, and cause to be posted a Notice of Determination with the County Clerk or Clerk to the Board of Supervisors in the County of Santa Clara within five (5) working days of the approval of the Resolution.

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RESOLUTION NO. 2026-03

SECTION 6:

The Commission hereby approves the amendment of the Cupertino Sanitary District's Sphere of Influence (SOI) to include a portion of Assessor Parcel Number APN 503-46-005, located along Pierce Road in the City of Saratoga, as shown in Exhibit D; and adopts the SOI determinations, including a statement on the nature, location, and extent of any functions or classes of services, as presented in Exhibit "E".

SECTION 7:

The Commission hereby approves the annexation of approximately 72.45 acres (APN 503-46-005), located in the City of Saratoga, to the Cupertino Sanitary District, as described and depicted in Exhibit "A" & Exhibit "B", and subject to terms and conditions (Exhibit "C"), which is consistent with the amended SOI.

SECTION 8:

The Commission hereby waives protest proceedings pursuant to Government Code Section 56662(a).

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Clara County, State of California, on December 2, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____

Rosemary Kamei, Chairperson
LAFCO of Santa Clara County

ATTEST:

_____

Sonia Humphrey, LAFCO Clerk

APPROVED AS TO FORM:

_____

Malathy Subramanian, LAFCO Counsel

DRAFT

RESOLUTION NO. 2026-03

Attachments to LAFCO Resolution No. 2026-03, include:

- Exhibit A & B: Legal Description and Map of the proposed annexation Cupertino Sanitary District No. 2026-01 (Pierce Road)
- Exhibit C: Terms and Conditions for Annexation to Cupertino Sanitary District
- Exhibit D: Overview Map depicting the proposed sphere of influence amendment and annexation in relation to the Cupertino Sanitary District and the City of Saratoga current boundaries
- Exhibit E: Sphere of Influence (SOI) Determinations for Cupertino Sanitary District
- Exhibit F: City of Saratoga's Findings of Fact under State CEQA Guidelines section 15091 and 15096 as to the Masson Estate Project (specifically Sections I. through IX., and XII. through XIII.)

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EXHIBIT A

CUPERTINO SANITARY DISTRICT 2026-01 (PIERCE ROAD)
ANNEXATION TO THE CUPERTINO SANITARY DISTRICT

GEOGRAPHIC DESCRIPTION

All that certain real property lying within the City of Saratoga, County of Santa Clara, State of California, being all of PARCEL A as shown and described within that Certificate of Compliance (Lot Line Adjustment) recorded 3/07/2013 as Recorder's Document No. 22124710, in the Official Records of said County, being more particularly described as follows:

BEGINNING at the established corner for Sections 2, 3, 10 and 11, Township 8 South, Range 2 West, Mount Diablo Base and Meridian, said corner lying on the westerly limit line of the City of Saratoga; thence

1) North 2° 08' 08" West 1298.70 feet along the line between said Sections 2 and 3 and westerly boundary of Lot 2 as said Lot is shown on Map No. 2 of the Sage Partition, said Map filed April 15, 1909 in Book F-1 of Maps, at Page 45, Records of said County, said line also being said westerly limit line, to an angle point thereof, said angle point being an angle point in said westerly limit line and an angle point in the southerly boundary of the Cupertino Sanitary District; thence

2) leaving said limit line, South 89° 17' 35" East 1464.36 feet along the northerly boundary of said Lot 2 of the Sage Partition, said northerly boundary also being the southerly boundary of said Sanitary District, to a point on the westerly right-of-way of Pierce Road; thence along said right-of-way of Pierce Road and northerly right-of-way of Congress Springs Road (State Highway 9) the following courses:

3) South 10° 45' 42" West 657.28 feet to an angle point thereof; thence
4) North 81° 54' 14" West 52.59 feet to an angle point thereof; thence
5) North 65° 15' 14" West 43.33 feet to an angle point thereof; thence
6) North 44° 46' 14" West 60.17 feet to an angle point thereof; thence
7) South 63° 29' 46" West 66.71 feet to an angle point thereof; thence
8) South 13° 50' 46" West 59.32 feet to an angle point thereof; thence
9) South 11° 49' 46" West 46.29 feet to an angle point thereof; thence
10) South 25° 09' 46" West 36.42 feet to an angle point thereof; thence
11) South 36° 07' 46" West 59.69 feet to an angle point thereof; thence
12) South 24° 24' 46" West 56.30 feet to an angle point thereof; thence
13) South 2° 06' 14" East 50.09 feet to an angle point thereof; thence
14) South 25° 22' 46" West 58.74 feet to an angle point thereof; thence
15) South 14° 14' 14" East 97.13 feet to an angle point thereof; thence
16) South 4° 02' 14" East 69.66 feet to an angle point thereof; thence
17) South 4° 55' 46" West 87.27 feet to an angle point thereof; thence

EXHIBIT A (CONTINUED)

18) South 6° 50' 14" East 85.89 feet to an angle point thereof; thence
19) South 15° 27' 46" West 46.77 feet to an angle point thereof; thence
20) South 7° 11' 46" West 86.04 feet to an angle point thereof; thence
21) South 19° 40' 46" West 88.41 feet to an angle point thereof; thence
22) South 37° 25' 46" West 100.64 feet to an angle point thereof; thence
23) South 26° 19' 46" West 52.08 feet to an angle point thereof; thence
24) South 36° 38' 46" West 89.62 feet to an angle point thereof; thence
25) South 17° 58' 46" West 97.90 feet to an angle point thereof; thence
26) South 4° 25' 14" East 226.44 feet to an angle point thereof; thence
27) South 33° 59' 46" West 47.54 feet to an angle point thereof; thence
28) South 13° 55' 14" East 100.99 feet to an angle point thereof; thence
29) South 25° 32' 14" East 127.35 feet to an angle point thereof; thence
30) South 5° 25' 14" East 71.68 feet to an angle point thereof; thence
31) South 45° 25' 14" East 72.54 feet to an angle point thereof; thence
32) South 30° 25' 14" East 103.84 feet to an angle point thereof; thence
33) South 45° 25' 14" East 126.69 feet to an angle point thereof; thence
34) South 0° 34' 46" West 102.11 feet to an angle point thereof; thence
35) South 43° 25' 57" West 217.82 feet to an angle point thereof; thence
36) South 70° 25' 56" West 81.87 feet to an angle point thereof; thence
37) South 53° 07' 54" West 95.28 feet to an angle point thereof; thence
38) South 72° 07' 54" West 332.33 feet to an angle point thereof; thence
39) North 86° 16' 22" West 133.86 feet to an angle point thereof; thence
40) South 60° 13' 38" West 92.72 feet to an angle point thereof; thence
41) South 42° 13' 38" West 75.07 feet to an angle point thereof; thence
42) South 63° 43' 38" West 157.14 feet to an angle point thereof; thence
43) North 26° 16' 22" West 10.00 feet to an angle point thereof; thence
44) South 63° 43' 38" West 5.51 feet to a point of curvature; thence
45) along a curve to the right, with a radius of 195.00 feet, through a central angle of 23° 00' 06", an arc distance of 78.28 feet to a point on the line between said Sections 10 and 11, said point lying on said westerly limit line of the City of Saratoga; thence
46) leaving said right-of-way, along said lines, North 1° 29' 53" East 1909.25 feet to the **POINT OF BEGINNING.**

Area of Proposed Annexation: 72.45 acres of land, more or less

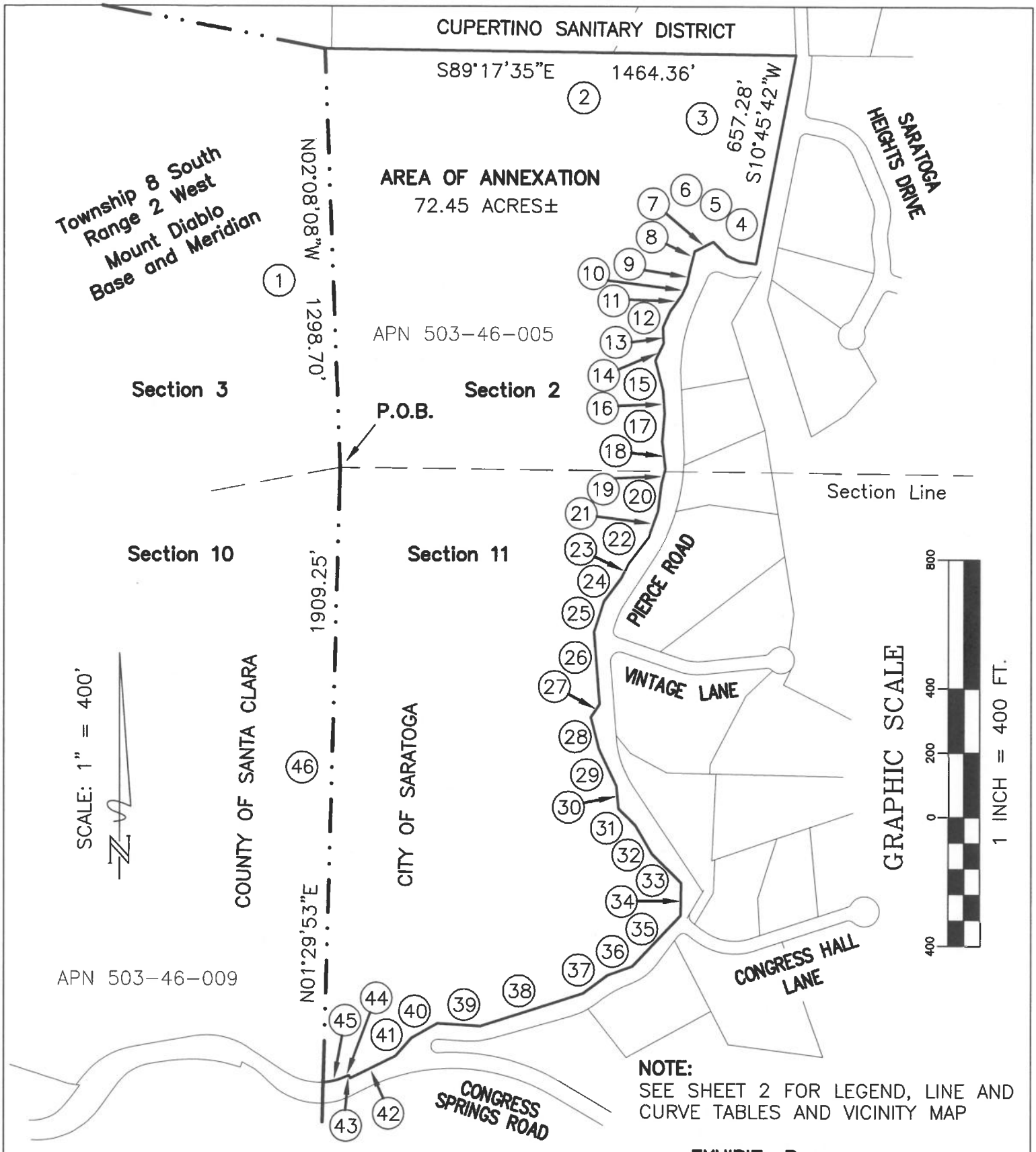
For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as a basis for an offer for sale of the land defined.

EXHIBIT A (CONTINUED)

Kenneth J. Weatherly, PLS 6875

10/22/26
Date





NOTE:
SEE SHEET 2 FOR LEGEND, LINE AND CURVE TABLES AND VICINITY MAP

EXHIBIT B

CUPERTINO SANITARY DISTRICT 2026-01 (PIERCE ROAD) ANNEXATION TO THE CUPERTINO SANITARY DISTRICT

FOR ASSESSMENT PURPOSES ONLY: THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED BY THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.

HANNA-BRUNETTI
EST. 1910
CIVIL ENGINEERS • LAND SURVEYORS
CONSTRUCTION MANAGERS

EXHIBIT B
CUPERTINO SANITARY DISTRICT 2026-01 (PIERCE ROAD) ANNEXATION TO THE CUPERTINO SANITARY DISTRICT

LINE TABLE		
LINE	LENGTH	BEARING
(4)	52.59'	N81°54'14"W
(5)	43.33'	N65°15'14"W
(6)	60.17'	N44°46'14"W
(7)	66.71'	S63°29'46"W
(8)	59.32'	S13°50'46"W
(9)	46.29'	S11°49'46"W
(10)	36.42'	S25°09'46"W
(11)	59.69'	S36°07'46"W
(12)	56.30'	S24°24'46"W
(13)	50.09'	S02°06'14"E
(14)	58.74'	S25°22'46"W
(15)	97.13'	S14°14'14"E
(16)	69.66'	S04°02'14"E
(17)	87.27'	S04°55'46"W
(18)	85.89'	S06°50'14"E
(19)	46.77'	S15°27'46"W
(20)	86.04'	S07°11'46"W
(21)	88.41'	S19°40'46"W
(22)	100.64'	S37°25'46"W
(23)	52.08'	S26°19'46"W
(24)	89.62'	S36°38'46"W
(25)	97.90'	S17°58'46"W
(26)	226.44'	S04°25'14"E
(27)	47.54'	S33°59'46"W
(28)	100.99'	S13°55'14"E
(29)	127.35'	S25°32'14"E
(30)	71.68'	S05°25'14"E
(31)	72.54'	S45°25'14"E
(32)	103.84'	S30°25'14"E
(33)	126.69'	S45°25'14"E
(34)	102.11'	S00°34'46"W
(35)	217.82'	S43°25'57"W
(36)	81.87'	S70°25'56"W
(37)	95.28'	S53°07'54"W
(38)	332.33'	S72°07'54"W
(39)	133.86'	N86°16'22"W
(40)	92.72'	S60°13'38"W
(41)	75.07'	S42°13'38"W
(42)	157.14'	S63°43'38"W
(43)	10.00'	N26°16'22"W
(44)	5.51'	S63°43'38"W

LEGEND

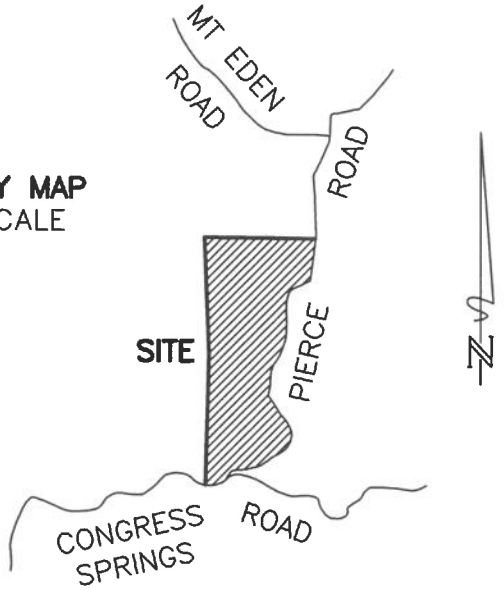
- EXISTING LOT LINE
- EXISTING SECTION LINE
- EXISTING CITY LIMITS LINE
- PROPOSED ANNEXATION BOUNDARY
- **P.O.B.** POINT OF BEGINNING
- (1) GEOGRAPHIC DESCRIPTION COURSE NUMBER

Kenneth J. Weatherly, P.L.S.

10/22/26
Date

LICENSED LAND SURVEYOR
KENNETH J. WEATHERLY
6875
STATE OF CALIFORNIA

VICINITY MAP
NO SCALE



CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA
(45)	78.28'	195.00'	23°00'06"

FOR ASSESSMENT PURPOSES ONLY: THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED BY THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.

HANNA-BRUNETTI
EST. 1910
CIVIL ENGINEERS • LAND SURVEYORS
CONSTRUCTION MANAGERS

EXHIBIT "C"

TERMS AND CONDITIONS FOR ANNEXATION TO CUPERTINO SANITARY DISTRICT

The annexation shall be subject to the following terms and conditions:

1. In the event that pursuant to rules, regulations or ordinances of the District, as now or hereafter amended, the District shall require any payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of the District, such payment will be made to the District in the manner and at the time as provided by the rules, regulations or ordinances of the District as now or hereafter amended.

2. Upon and after the effective date of said annexation, the Property, all inhabitants within such Property, and all persons entitled to vote by reason of residing or owning land within the Property shall be subject to the jurisdiction of the District, shall have the same rights and duties as if the Property had been a part of the District upon its original formation, shall be liable for the payment of principal, interest and any other amounts which shall become due on account of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of the District and shall be subject to the levying or fixing and collection of any and all truces, assessments, service charges, rentals or rates as may be necessary to provide for such payment; and shall be subject to all of the rates, rules, regulations and ordinances of the District, as now or hereafter amended.

EXHIBIT "D"

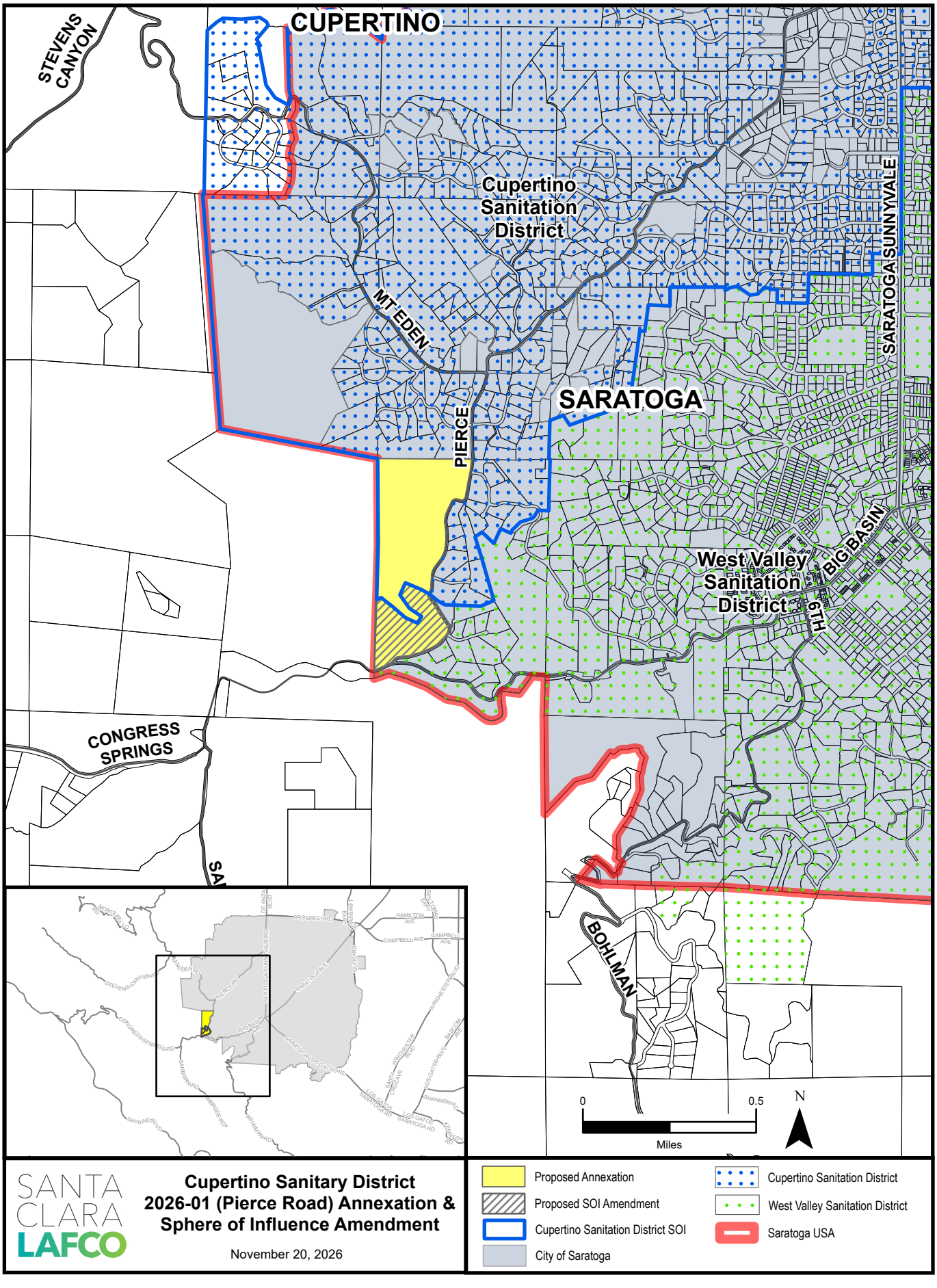

CUPERTINO
STEVENS CANYON
Cupertino Sanitation District
MT EDEN
PIERCE
SARATOGA
SARATOGA SUNNYVALE
West Valley Sanitation District
BIG BASIN
9TH
CONGRESS SPRINGS
BOHLMAN
0
0.5
Miles
N
SANTA CLARA LAFCO
Cupertino Sanitary District
2026-01 (Pierce Road) Annexation & Sphere of Influence Amendment
November 20, 2026
Proposed Annexation
Proposed SOI Amendment
Cupertino Sanitation District SOI
City of Saratoga
Cupertino Sanitation District
West Valley Sanitation District
Saratoga USA

EXHIBIT "E"

CUPERTINO SANITARY DISTRICT SOI AMENDMENT AND ANNEXATION 2026-01 (PIERCE ROAD)

SPHERE OF INFLUENCE DETERMINATIONS FOR CUPERTINO SANITARY DISTRICT

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

   The subject parcel is approximately 72.45 acres in size, located in the City of Saratoga, and designated Residential Hillside Conservation (RHC) in the City's General Plan. The land use designation includes residential uses. The parcel is vacant, except for a single-lane road, but will be subdivided into 25 single-family lots for future development. The parcel does not include agricultural or open space lands as defined in the CKH Act.

2. **Present and probable need for public facilities and adequacy of public services that the agency provides or is authorized to provide.**

   The subject parcel is located in the City of Saratoga and the property owner has received approval from the City to subdivide the property into 25 lots to develop single-family homes. The project proposes that the Cupertino Sanitary District will provide sanitary sewer services to anticipated development. The District has a sewer main nearby in Pierce Road. The project also proposes that the San Jose Water Company (SJWC) provide water services to the anticipated development. SJWC has a water main nearby in Pierce Road. The parcel is in the Saratoga Fire Protection District (SFD) and SFD contracts with the Santa Clara County Central Fire Protection District (CCFD) for fire protection services. The parcel will continue to receive fire protection services from SFD/CCFD. The Santa Clara County Sheriff's Office West Valley Patrol Division provides law enforcement services to the City of Saratoga through a contract with the County, and the subject parcel will continue to receive these services.

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

   The Cupertino Sanitary District has the ability to provide sanitary sewer services to the subject parcel. The District's present capacity of public facilities and services is adequate.

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

   The Cupertino Sanitary District SOI encompasses lands within the Cities of Cupertino, Saratoga, Sunnyvale and Los Altos, in addition to unincorporated lands. The subject parcel is located within the City of Saratoga, and the City is considered a social or economic community of interest.

5. **Present and probable need for water, wastewater, and structural fire protection facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

   There are no disadvantaged unincorporated communities (DUCs) within Cupertino Sanitary District's service area.

6. **Nature, location, and extent or any functions or classes of services provided.**

   The Cupertino Sanitary District provides sewer collection services for the City of Cupertino, one third of the City of Saratoga, minimal territory in the Cities of Sunnyvale, and Los Altos, and some unincorporated areas. The District contracts with the San Jose-Santa Clara Regional Wastewater Facility for wastewater treatment and disposal.

EXHIBIT "F"

CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS REGARDING THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE MASSON ESTATES DEVELOPMENT PROJECT

STATE CLEARINGHOUSE NO. 2024050461

I. INTRODUCTION

The City of Saratoga (City), as lead agency under the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 *et seq*., has prepared the Final Environmental Impact Report (the "EIR" or "Final EIR Volume"), for the Masson Estates Project (the "Project"). The Final EIR Volume is a Project-level EIR pursuant to Section 15161 of the State CEQA Guidelines.[1] The Final EIR Volume consists of the Draft Environmental Impact Report (the "Draft EIR", or "Volume I"), published on December 29, 2025; the "Final EIR" or "Volume II," which includes the comments received on the Draft EIR, responses to the comments, and text revisions to the Draft EIR, published on June 17, 2026; as well as appendices, and all documents and resources referenced and incorporated by reference.

The proposed Project being considered for approval by the Planning Commission, as detailed further below, referred to herein as the "Project" would involve subdividing a 72.45-acre parcel and developing 25 market-rate and affordable homes and related infrastructure, including new internal streets and driveways, supporting parking spaces, landscaping, bioretention and drainage features, and utility improvement, pursuant to the Housing Accountability Act (HAA) (California Government Code § 65589.5). Development would be contained within the northern 18.38-acre portion (25.4 percent) of the parcel (Development Area); the southern 54.06-acre portion (74.6 percent) (Remainder Area) is not proposed for development, with the exception of emergency access roads. Homes would consist of 1–3 stories, and streets would be designed to ensure the homes are located among vegetation and placed to reduce their prominence within the landscape. The color palate of the homes would include earth tones such as shades of brown and tan, along with shades of white and gray.

The baseline conditions against which Project impacts would be measured are typically those conditions that are in effect at the time a Notice of Preparation for the EIR is published, which is consistent with State CEQA Guidelines Section 15125. In this instance, baseline conditions reflect the current unoccupied status of the Project site.

As described in DEIR Section 5.1 "Significant Unavoidable Impacts," the Project would result in significant and unavoidable impacts related to emergency response and evacuation, wildland fires, conflicts with an applicable land use plan or policy, and transportation, specifically an increase in vehicle miles travelled, or "VMT" (Draft EIR, at pp. ES-3 to ES-4, and 5-1).

[1] The State CEQA Guidelines are found at California Code of Regulations, Title 14, Section 15000 *et seq*.

As further described in DEIR Section 6, "Alternatives," Alternative 1, the "No Project Alternative" is the environmentally superior alternative because it would remove all of the Project's impacts. However, section 15126.6(e)(2) of the CEQA Guidelines states that if the environmentally superior alternative is the No Project Alternative, the EIR shall also identify an environmentally superior alternative among the other alternatives.

In this case, the EIR identified Alternative 2 – "Consistency with Land Use and Zoning Alternative" as the environmentally superior alternative, because it would eliminate the Project's significant and unavoidable impact related to inconsistency with land use and zoning designations. It would generally result in similar but slightly reduced impacts compared to the proposed Project, even though these impacts are still identified as significant and unavoidable for Alternative 2.

However, Alternative 2 would not be feasible because it does not meet the objective related to provision of affordable housing consistent with State law, including the HAA and SB 330, and denial of the proposed Project on the ground that an alternative is available under CEQA would violate the HAA and HCA. Therefore, for the purposes of this CEQA Findings of Fact ("Findings"), the proposed Project is being presented for Planning Commission's consideration.

In determining to approve the Project, which is described in more detail in section II, "Project Description" below, the City makes and adopts the following findings of fact and statement of overriding considerations, and adopts and makes conditions of Project approval the mitigation measures identified in the Final EIR Volume, all based on substantial evidence in the whole record of this proceeding (administrative record). Pursuant to Section 15090(a) of the State CEQA Guidelines, the Final EIR Volume was presented to the Planning Commission, the Planning Commission reviewed and considered the information contained in the Final EIR Volume prior to making the findings in Sections II through XIII, below, and the Planning Commission determined that the Final EIR Volume reflects the independent judgment of the City. The conclusions presented in these findings are based on the Final EIR Volume and other evidence in the administrative record.

These CEQA findings are attached and incorporated by reference into the staff report and each resolution associated with approval of the Project. These findings are based on substantial evidence in the entire administrative record and references to specific reports and specific pages of documents are not intended to identify those sources as the exclusive basis for the findings.

II. PROJECT DESCRIPTION

This section provides a brief Project description, identifies Project objectives, describes the Project alternatives evaluated within the Final EIR Volume, and describes the public review process.

As fully described in the EIR, Chateau Masson, LLC (applicant) proposes to construct 25 single-family homes and associated improvements totaling approximately 800,717.91 of gross building square feet on a 72.45-acre site in the western portion of the City of Saratoga (City), in Santa Clara County.

In addition to certification and/or approval of CEQA documentation, the proposed Project would require approval of a Tentative Subdivision Map, Design Review approval, a tree removal permit, a grading permit, and a building permit.

In addition to the proposed Project, the EIR analyzed three alternatives: Alternative 1 - the No Project Alternative, Alternative 2 – Consistency with Land Use and Zoning Alternative, Alternative 3 – Riparian Preservation Alternative. The proposed Project and all of these alternatives are discussed in Section IX. of these Findings, below.

A. Project Objectives

The Project objectives are as follows:

- Develop well-designed ownership residential single-family housing that adds diversity to Saratoga's ownership housing supply and meets a variety of residents' needs by providing four-bedroom units to meet the needs of families.
- Develop residential uses (including on-site affordable units) on a site that does not currently contain any housing, which will help to meet the City's Regional Housing Needs Assessment (RHNA) obligations.
- Construct a cohesive development consisting of high-quality, contemporary urban design that respects and relates well to its surroundings and preserves sensitive features of the project site.
- Develop housing that is environmentally sound and preserves the City's natural beauty and small town residential character.
- Achieve streamlined and efficient processing and approval of the proposed project, including benefits available to developments that include market-rate and affordable housing consistent with State law, including the Housing Accountability Act, Density Bonus Law, Senate Bill (SB) 330, and Permit Streamlining Act.
- Develop the project site in an environmentally sensitive manner, including through implementation of current codes and building standards that require water efficiency and energy efficiency as well as implementation of water quality best management practices, drought-tolerant landscaping, and other water conservation standards.
- Create a fire-safe community through a series of fire protection measures that incorporate fuel modification zones, fire-resistant landscape design, ignition resistant building materials, fire alarm and sprinkler systems, and adequate ingress-egress points for emergency personnel and residents consistent with applicable regulations.

B. Requested Entitlements

The applicant requests approval of the following entitlements from the City of Saratoga for the Project:

- Certification and/or approval of CEQA documentation
- Approval of Tentative Subdivision Map
- Design Review approval
- Tree removal permit
- Grading permit
- Building permit

III. ENVIRONMENTAL REVIEW PROCESS

On May 10, 2024 the City circulated a Notice of Preparation (NOP) of the Draft EIR to the Office of Planning and Research (OPR) State Clearinghouse and interested agencies and the public. The NOP was circulated for comment by responsible and trustee agencies and the public for a total of 30 days, ending on June 9, 2024. The City held a public scoping meeting on May 29, 2024. The purpose of this meeting was to provide the public and governmental agencies with information on the proposed Project and the CEQA process and to give attendees an opportunity to identify environmental issues that should be considered in the EIR. A total of seven individuals provided verbal comments on the content of the Draft EIR.

A Draft EIR (Volume I) was prepared and copies of the Draft EIR were transmitted to the State Clearinghouse, posted on the City's website, and made available at City Hall for agency and public review on December 29, 2025 for a 45-day review period which ended on February 12, 2026. In accordance with Section 15087 of the CEQA Guidelines, the City published a notice of availability of the Draft EIR on December 22, 2025 at the same time it sent out a notice of completion to the California Office of Planning and Research (OPR) and County Clerk. A public meeting to receive comments on the Draft EIR was held on February 10, 2026. The public review and comment period was extended to and included February 19, 2026. The Final EIR (Volume II), which includes the comments received on the Draft EIR, responses to the comments, and text revisions to the Draft EIR, was published on June 17, 2026.

The Final Environmental Impact Report Volume for the Project consists of the Draft EIR (Volume I), published on December 29. 2025 and the Final EIR (Volume II), published on June 17, 2026; as well as appendices, and all documents and resources referenced and incorporated by reference.

IV. FINDINGS

The findings set forth below (the "Findings") are made and adopted by the Saratoga Planning Commission as the City's findings under CEQA and the State CEQA Guidelines relating to the proposed Project. The Findings provide the written analysis and conclusions of this Planning

Commission regarding the environmental impacts and mitigation measures for the proposed Project, and for the alternatives considered.

These findings summarize the environmental determinations of the Final EIR Volume with regard to impacts of the proposed Project before and after mitigation, and do not attempt to repeat the full analysis of each environmental impact contained in the EIR (Draft EIR Volume I and Final EIR Volume II). Instead, these findings provide a summary description of and basis for each impact conclusion identified in the EIR, describe the applicable mitigation measures identified in the EIR, and state the City's findings and rationale about the significance of each impact following the adoption of mitigation measures. A full explanation of these environmental findings and conclusions can be found in the EIR, and these findings hereby incorporate by reference the discussion and analysis in the EIR supporting the EIR's determinations regarding mitigation measures and the impacts of the proposed Project.

When evaluating cumulative impacts, CEQA allows the use of either a list of past, present, and probable future projects, including projects outside the control of the lead agency, or a summary of projections in an adopted planning document. This EIR's cumulative impact analysis uses both methods (i.e., a "blended" approach) as appropriate, and as described in the Draft EIR p. 3-4.

In adopting mitigation measures, below, the City intends to adopt each of the mitigation measures identified in the EIR for the proposed Project, unless such mitigations are found to be infeasible and a Statement of Overriding Considerations is adopted. Accordingly, unless the language of the mitigation measure has been specifically and expressly modified by these findings, in the event a mitigation measure identified in the EIR has been inadvertently omitted from these findings, such mitigation measure is hereby adopted and made a condition of approval of the Project in the findings below by reference. In addition, in the event the language of a mitigation measure set forth below fails to accurately reflect the mitigation measure in the EIR due to a clerical error, the language of the mitigation measure as set forth in the EIR shall control.

Topics analyzed but found to have less-than-significant impacts or no impacts for the proposed Project, include Aesthetics, Agriculture and Forestry Resources, Air Quality (Exposure of Sensitive Receptors and Emissions Leading to Odors), Biological (Impact Related to Conflict with a Habitat Conservation Plan), Historic Resources, Energy, Geology (Impacts Related to Soil Erosion, Soil Inadequate for Septic Tanks), Hazards (Location on a Hazardous Materials Site, Hazardous Emissions Proximate to a School, Proximity to Public AirPort Safety Hazard, Transport of Hazardous Materials, Reasonably Foreseeable Upset), Hydrology and Water Quality, Land Use and Planning (Divide an Established Community), Mineral Resources, Noise (Exposure to Ground-borne Noise and Vibration, and Excessive Airport Noise), Population and Housing, Public Services and Safety, Recreational Resources, Transportation (Conflict with a Plan), Utilities and Service Systems (water supplies, wastewater capacity, solid waste, , and Wildfire (Installation or Maintenance of Infrastructure That May Exacerbate Fire Risk or That May Result In Temporary or Ongoing Impacts to the Environment).

V. SIGNIFICANT EFFECTS THAT CANNOT BE MITIGATED TO A LESS-THAN-SIGNIFICANT LEVEL BY MITIGATION

The EIR (Draft EIR Volume I and Final EIR Volume II) identified certain potentially significant effects that could result from the Project. As described in greater detail below, after implementation of the identified mitigation measures, the Project could result in the following significant and unavoidable impacts, which will be overridden by the specific considerations that are described in this document's conclusion in Section X of this document.

The EIR concluded that the following proposed Project impacts would remain significant with the implementation of recommended mitigation measures:

- **Impact HAZ-3:** Emergency response and evacuation.
- **Impact HAZ-4:** Wildland fires
- **Impact LAND-1:** Conflict with an applicable land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect.
- **Impact TRANS-2:** Inconsistency with CEQA Guidelines Section 15064.3, subdivision (b).
- **Impact TRANS-4:** Emergency access.
- **Impact WILD-1:** Emergency response/evacuation plan consistency.
- **Impact WILD-2**: Exposure of project occupants to pollutant concentrations from wildfire.

The Project's significant and unavoidable cumulative impacts are discussed in Section VII, below. As explained in Section IV, above, the findings in this Section V are based on the Final EIR Volume, the discussion and analysis in which is hereby incorporated in full by this reference.

A. Impact HAZ-3: Would the proposed Project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?

The EIR finds that the proposed Project would increase evacuation travel times out of the evacuation area by a maximum of 0.9 minute during an event at the Mountain Winery Venue, and a maximum of 0.4 minute without the addition of event traffic from the venue. (Draft EIR at p. 3.8-22-23). Because the Evacuation Route Capacity Study completed for the City in June 2025 showed that Pierce Road already has a V/C ratio greater than 1, any added delay on that route during an evacuation may impact existing evacuation plans. This increase in evacuation traffic on a road with an existing V/C ratio deficiency would have a potentially significant impact related to physically interfering with an adopted emergency response plan or emergency evacuation plan. Therefore, the Project would result in a potentially significant impact.

Finding: The City finds that the evacuation impacts resulting from operation of the proposed Project could have a substantial adverse impact related to physically interfering with an adopted emergency response plan or emergency evacuation plan. This would be a potentially significant impact. With implementation of Mitigation Measure MM WILD-1, the proposed Project's evacuation-related impacts would be reduced by incorporating the project-specific Wildfire Protection Plan and the recommendations of the Evacuation Analysis into the proposed project during construction and operation. Pursuant to Mitigation Measure MM WILD-1, the proposed Project would be required to coordinate with the appropriate agencies to install signage on the project site to designate evacuation routes, and to determine whether an easement for a new wildfire camera and/or cell tower would be appropriate and desired. The proposed Project would also be required to post information, messaging, and evacuation plans for residents. However, even with these measures in place, the proposed Project's impact on evacuation times would not be mitigated to a level of insignificance, and the Project would physically interfere with an adopted emergency response plan or emergency evacuation plan. No other feasible mitigation to reduce the proposed Project's impact on emergency response or evacuation plans has been identified. Therefore, the proposed Project's impact on an adopted emergency response or evacuation plan would be significant and unavoidable.

Mitigation: Implementation of Mitigation Measure MM WILD-1, which is hereby adopted and made a condition of approval for the proposed Project. This measure would reduce this impact, but not to a less-than-significant level. Therefore, the impact would remain significant and unavoidable.

Mitigation Measure MM WILD-1:

The proposed project shall incorporate the project-specific Wildfire Protection Plan into the proposed project during both construction and operation. Incorporation of the Wildfire Protection Plan shall be confirmed by the City of Saratoga prior to issuance of grading, building, and occupancy permits. To ensure this, the project applicant shall submit to the City a plan outlining implementation of the Wildfire Protection Plan, as applicable, for all actions to be performed as a result of each of the foregoing permits. The plan shall outline what actions are required by the Wildfire Protection Plan to address fire risks and evacuation times as well as how such actions have been or will be carried out for the permitted actions including, but not limited to, creation of site-specific evacuation plan, inclusion of applicable requirements on project plans, worker awareness training and occupant fire prevention/evacuation education.

In addition, in coordination with the City of Saratoga, the following recommendations of the Evacuation Analysis shall be implemented:

- Prior to and during construction:
    - Coordinate with City, County Sheriff, and Fire staff to establish and install

signage within the project site to designate evacuation routes. Signage shall comply with applicable fire and emergency standards.
    - Coordinate with the appropriate agencies (City, County, and/or CalFire) to determine whether there is an appropriate and desired location on the project site for the installation and operation of a new ALERTCalifornia wildfire camera and then dedicate an easement for such, if needed.
    - Coordinate with the companies providing cell service in the project area to determine whether there is an appropriate and desired location on the project site for the installation and operation of a potential future new cell tower and supporting infrastructure, then dedicate an easement for such, if needed. Any tower constructed onsite by others shall allow the co-location of ALERTCalifornia wildfire cameras.

- Annually during operation

    - Post fact sheets, evacuation preparedness and messaging resources, and evacuation plans, including but not limited to Cal Fire's Ready, Set, Go! Three step plan, AlertSCC Nixle, Everbridge, and Watch Duty, at on-site public areas for residents. Materials shall be maintained and updated annually.
    - Provide information to all new residents on-site about AlertSCC, detailing how to sign up for alerts. Flyers and pamphlets may be created to share QR codes and weblinks to the AlertSCC website for residents to sign up for alerts.

B. Impact HAZ-4: Would the proposed project expose people or structures, either directly or indirectly to a significant risk of loss, injury or death involving wildland fires?

The EIR finds that the proposed project site is partially within a High Fire Hazard Severity Zone ("FHSZ"), and partially within a Very High FHSZ. Draft EIR at p. 3.8-24. The EIR finds that the proposed Project would result in the location of low- to intermediate-density residential development in, among, and adjacent to significant fuel sources. Due to the proposed Project's location and topography, it has the potential to expose occupants to the uncontrolled spread of a wildfire. Therefore, the Project would result in a potentially significant impact.

Finding: The City finds that the proposed Project is located partially within a High FHSZ and partially within a Very High FHSZ, and it would result in the location of low- to intermediate-density residential development in, among, and adjacent to significant fuel sources. (Draft EIR at 3.8-24-25.) Therefore, the proposed Project could have a potentially significant impact related to exposing people or structures, either directly or indirectly, to a significant risk of loss, injury or death involving wildland fires. Mitigation Measure MM WILD-1, described above, would reduce impacts by requiring fuel management and reduction strategies, which would reduce fire behavior in the area within 100 feet of proposed structures. (Draft EIR at 3.8-25.) But because the project would still locate residents within an area of significant vegetative fuel, the impact would remain significant and unavoidable.

Mitigation: Implementation of Mitigation Measure MM WILD-1 (described in Section V.A. above), which is hereby adopted and made a condition of approval for the proposed Project. This measure would reduce this impact, but not to a less-than-significant level. Therefore, the impact would remain significant and unavoidable.

C. Impact LAND-1: Would the project conflict with an applicable land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?

The EIR finds that the proposed project would be inconsistent with applicable General Plan land use plans and policies and development regulations in the City's Code of Ordinances that were adopted for the purpose of avoiding or mitigating an environmental effect. (Draft EIR at p. 3.10-18.) This inconsistency results in a potentially significant impact.

Finding: The City finds that the proposed Project would be inconsistent with applicable General Plan land use plans and policies and development regulations in the City's Code of Ordinances that were adopted for the purpose of avoiding or mitigating an environmental effect. (Draft EIR at p. 3.10-18.) The proposed project would have a density of 1.36 du/acre, which exceeds the allowed density of 0.5 du/acre under the General Plan's Residential Hillside Conservation (RHC) designation. The project would also exceed the lot coverage standards in the City's Code of Ordinances. However, because the proposed project submitted an SB 330 Builder's Remedy application prior to the City's Housing Element being found in substantial compliance with State law, the proposed project is entitled to review under the Housing Accountability Act (HAA) and Housing Crisis Act (HCA) processes requiring local agencies to approve certain projects that include some affordable units that do not strictly comply with General Plan land use designations. The proposed project includes 20 percent affordable housing; therefore, the proposed project is consistent with the requirements of Government Code Section 65589.5, the HAA, and the HCA. Under Government Code Section 65589.5(d)(5), the City lacks the authority to deny or reduce the density of qualifying Builder's Remedy projects solely on the basis of inconsistency with zoning or density standards. Nevertheless, the City may review the proposed project's consistency with the General Plan for purposes of CEQA. Because the proposed Project is inconsistent with applicable General Plan land use plans and policies and development regulations in the City's Code of Ordinances that were adopted for the purpose of avoiding or mitigating an environmental effect, the Project would have a significant and unavoidable impact.

Mitigation: There is no feasible mitigation for this impact. Therefore, the impact would remain significant and unavoidable.

D. Impact TRANS-2: Would the project conflict or be inconsistent with CEQA Guidelines Section 15064.3, subdivision (b)?

The EIR finds that the proposed project would conflict or be inconsistent with CEQA Guidelines

Section 15064.3, subdivision (b). (Draft EIR at 3.15-14 -15.) Therefore, the Project would result in a potentially significant impact.

Finding: The City finds that the project's vehicle miles traveled ("VMT") of 25.45 would exceed the countywide threshold of 11.33. (Draft EIR at 3.15-14-15.) This would be a significant impact. CEQA Guidelines Section 15064.3(b) describes the criteria for analyzing a project's transportation impacts, and it states that a project's VMT exceeding an applicable threshold of significance may indicate a significant impact. Even after incorporating the maximum VMT reduction possible, the proposed Project's VMT would be 20.7, which is still above the threshold of 11.33. Because the proposed Project's VMT would exceed the countywide VMT threshold, the project's impacts relating to VMT would be significant and unavoidable.

Mitigation: There is no feasible mitigation available for this impact. The Housing Element EIR, identifies two VMT mitigation measures: a Transportation Demand Management (TDM) Plan, and a Citywide VMT impact fee program; these do not apply directly to the project since the preliminary application for the project was submitted prior to adoption of the Housing Element. Moreover, TDM measures are not practical for the number of single-family homes in the proposed project, and the City does not yet have a citywide VMT impact fee program that could be applied to the project. Therefore, the impact would remain significant and unavoidable.

E. Impact TRANS-4: Would the project result in inadequate emergency access?

The EIR finds that the proposed Project would have a potentially significant impact on evacuation in the project vicinity that could result in inadequate emergency access. Therefore, the proposed Project would result in a potentially significant impact.

Finding: The City finds that the proposed Project would increase travel times out of the evacuation area by a maximum of 0.9 minute during an event at the adjacent Mountain Winery Venue and a maximum of 0.4 minute without the addition of event traffic from the venue. The proposed Project would add to the delay on Pierce Road, which already experiences a volume-to-capacity (V/C) ratio greater than one, indicating a bottleneck on this evacuation route. (Draft EIR at 3.15-33.) This would be a potentially significant impact. Mitigation Measure MM WILD-1, described above, would require implementation of the proposed Project's Wildfire Protection Plan, which would ensure a site-specific evacuation plan and implementation of certain evacuation measures during an emergency to help traffic flow on and directly adjacent to the project site. However, implementation of Mitigation Measure MM WILD-1 would not eliminate increases in the evacuation times. Therefore, the proposed Project's impact on emergency access would be significant and unavoidable.

Mitigation: Implementation of Mitigation Measure MM WILD-1, described above in Section V.A, which is hereby adopted and made a condition of approval for the proposed Project. This measure would reduce this impact, but not to a less-than-significant level. Therefore, the impact would remain significant and unavoidable.

F. Impact WILD-1: Would the project substantially impair an adopted emergency response plan or emergency evacuation plan?

The EIR finds that the proposed project's increase in traffic on Pierce Road would be considered a significant impact to an evacuation route identified in existing emergency response or evacuation plans contained with the General Plan Safety Element. Therefore, the Project would result in a potentially significant impact.

Finding: The City finds that the proposed project would add operational traffic to Pierce Road, which is identified as an evacuation route by the General Plan Safety Element. Because Pierce Road already experiences a V/C ratio greater than one, and the proposed Project would increase travel times on this evacuation route, the project would have a potentially significant impact on an adopted emergency response plan or emergency evacuation plan. (Draft EIR at p. 3.18-18-19.) Mitigation Measure MM WILD-1, described above, would require implementation of the proposed Project's Wildfire Protection Plan, which would ensure a site-specific evacuation plan and implementation of certain evacuation measures during an emergency to help traffic flow on and directly adjacent to the project site. However, implementation of Mitigation Measure MM WILD-1 would not eliminate increases in the evacuation times. Therefore, the proposed Project's impact on an adopted emergency response plan or emergency evacuation plan would be significant and unavoidable.

Mitigation: Implementation of Mitigation Measure MM WILD-1, described above in Section V.A, which is hereby adopted and made a condition of approval for the proposed Project. This measure would reduce this impact, but not to a less-than-significant level. Therefore, the impact would remain significant and unavoidable.

G. Impact WILD-2: Would the proposed Project, due to slope, prevailing winds, and other factors, exacerbate wildfire risks, and thereby expose project occupants to pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire?

The EIR finds that the proposed project would locate residences within an area of significant vegetative fuel and thereby have the potential to expose occupants to pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire. Therefore, the Project would result in a potentially significant impact.

Finding: The City finds that the proposed Project's low- to intermediate-density located partially within a High FHSZ and partially within a Very High FHSZ could expose occupants to pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire. This would be a potentially significant impact. Implementation of Mitigation Measure MM WILD-1, described above, would require fuel management and reduction strategies. These would reduce the fire behavior in the area within 100 feet of proposed structures from existing conditions. However, due to the project's location, impacts related to potential wildfire

exposure would remain significant and unavoidable.

Mitigation: Implementation of Mitigation Measure MM WILD-1, described in section V.A. above, which is hereby adopted and made a condition of approval for the proposed Project. This measure would reduce this impact, but not to a less-than-significant level. Therefore, the impact would remain significant and unavoidable.

VI. SIGNIFICANT ADVERSE IMPACTS IDENTIFIED IN THE FINAL EIR THAT ARE REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL BY MITIGATION MEASURES ADOPTED AND MADE CONDITIONS OF APPROVAL OF THE PROPOSED PROJECT

The Final EIR Volume identifies the following significant impacts and mitigation measures associated with the proposed Project. It is hereby determined that the impacts addressed by these mitigation measures will be mitigated to a less-than-significant level or avoided by adopting and incorporating these mitigation measures as conditions of Project approval (Public Resources Code § 21081(a)(1)). As explained in Section IV, above, the findings in this Section V are based on the Final EIR Volume, the discussion and analysis in which is hereby incorporated in full by this reference.

A. Impact AIR-1: The proposed project could conflict with or obstruct implementation of the applicable air quality plan (AQP).

The EIR finds that the proposed project is not in compliance with the Clean Air Plan. (Draft EIR, p. 3.2-28.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that the proposed project could conflict with or obstruct implementation of the applicable AQP. This would be a potentially significant impact. Implementation of Mitigation Measure MM AIR-1 would ensure that the proposed project would comply with applicable Clean Air Plan control measures by implementing dust control measures during construction as recommended by the Bay Area Air Quality Management District. Therefore, Mitigation Measure MM AIR-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM AIR-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM AIR-1: Implement Bay Area Air District Best Management Practices to Control Dust During Construction

The following dust control measures, as recommended by the Bay Area Air Quality Management District (Bay Area Air District), shall be included in the project construction plans and implemented during construction:

• All exposed non-paved surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and access roads) shall be watered at least two times per day and/or non-toxic soil stabilizers shall be applied to exposed non-paved surfaces.
• All haul trucks transporting soil, sand, or other loose material off-site shall be covered and/or shall maintain at least 2 feet of freeboard.
• All visible mud or dirt tracked out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited.
• All vehicle speeds on unpaved roads shall be limited to 15 miles per hour.
• All roadways, driveways, and sidewalks to be paved shall be completed as soon as possible. Building pads shall be laid as soon as possible after grading unless seeding or soil binders are used.
• Idling times shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to 5 minutes, as required by the California Airborne Toxics Control Measure (ACTM) Title 13, Section 2485 of California Code of Regulations. Clear signage regarding idling restrictions shall be provided for construction workers at all access points.
• All construction equipment shall be maintained and properly tuned in accordance with the manufacturer's specifications. All equipment shall be checked by a certified mechanic and determined to be running in proper condition prior to operation.
• The prime construction contractor shall post a publicly visible sign with the telephone number and person to contact regarding dust complaints. The construction contractor shall take corrective action within 48 hours. The Bay Area Air District's and Santa Clara County's phone numbers shall also be visible to ensure compliance with applicable regulations.

B. Impact AIR-2: The proposed project could result in a cumulatively considerable net increase of criteria pollutants for which the project region is in nonattainment under an applicable federal or State ambient air quality standard.

The EIR finds that the proposed project could result in a cumulatively considerable net increase of criteria pollutants for which the project region is in nonattainment under an applicable federal or State ambient air quality standard. (Draft EIR, p. 3.2-32.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that the proposed project could result in a cumulatively considerable net increase of criteria pollutant during construction. This would be a potentially significant impact. However, project emissions would not exceed any of the applicable significance thresholds. Implementation of Mitigation Measure MM AIR-1 would further reduce criteria emissions during construction. Additionally, the proposed project would not result in a considerable net increase of any criteria pollutant for which the region is in nonattainment during operation. Therefore, the proposed project would not have a cumulatively considerable contribution to air quality during construction or operation. Mitigation Measure MM AIR-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the

potentially significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM AIR-1, described in section VI.A. above, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM AIR-1: See Impact AIR-1 above.

C. Cumulative Air Impact:

The EIR finds that the proposed Project could result in a cumulatively considerable contribution to a cumulative air quality impact. (Draft EIR, p. 3.2-41.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that the proposed project could result in a cumulatively considerable contribution to cumulative regional air quality impacts. This would be a potentially significant impact. However, with implementation of Mitigation Measure MM AIR-1, described above, the proposed project would be consistent with the current Air Quality Plan, and it would not exceed project-level thresholds of significance for construction and operational-related emissions. Mitigation Measure MM AIR-1 is adopted to reduce Project impacts and would avoid or substantially lessen the potentially significant cumulative environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM AIR-1, described in section VI.A. above, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

D. Impact BIO-1: Would the proposed project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or United States Fish and Wildlife Service?

The EIR finds that the proposed Project could result in direct impacts to candidate, sensitive, or special status plants and wildlife. (Draft EIR, p. 3.3-26 – 28.) This would be a potentially significant impact.

Finding: The City finds that the proposed Project could have a substantial adverse impact on special status plant and wildlife species. Without measures to prevent: damage or destruction of special status plants, San Francisco Dusky-footed Woodrat nests or habitat, special status amphibians and other species or their habitat, protected nesting birds, and protected roosting bats, the proposed Project could result in adverse impacts to special status species. This would be a potentially significant impact. Implementation of Mitigation Measures MM-BIO-1a

through MM-BIO-1e would ensure that special status plants and wildlife and their habitat would not be harmed by the development of the Project. Therefore, Mitigation Measures MM-BIO-1a through MM-BIO-1e are adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measures MM-BIO-1a through MM-BIO-1e (described below), which are hereby adopted and made conditions of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM BIO-1a: Protocol-level Rare Plant Survey

Prior to the initiation of construction, a qualified Botanist shall conduct protocol-level rare plant surveys during the appropriate blooming period for the target species. Protocol surveys were not able to be conducted prior to the writing of this report due to the active blooming season of the species identified and the limited window in which to survey the site. Rare plant surveys shall be conducted following the California Department of Fish and Wildlife (CDFW) Protocol for Surveying and Evaluating Impacts to Special-Status Native Plant Populations and Sensitive Natural Communities. The results of the rare plant surveys shall be summarized in a rare plant report following the CDFW requirements defined in the protocol and shall be submitted to CDFW within 60 days after completion of field work.

If any special-status or rare plant species are found, then they shall be flagged and avoided with a minimum 20-foot buffer. However, if avoidance is not feasible, seeds shall be collected and population(s) shall be re-established at a minimum 1:1 ratio (number of plant established: number of plants impacted) in preserved, suitable habitat. Re-established populations shall be monitored annually in accordance with an approved Habitat Mitigation and Monitoring Plan (HMMP) for a minimum of 5 years. The HMMP (including monitoring and reporting requirements) shall be prepared under supervision of a qualified Botanist or restoration ecologist and submitted to the CDFW for approval. The HMMP shall also be approved and verified by the City prior to the issuance of the first certificate of occupancy for the proposed project.

The HMMP will include, at a minimum, the following information:

- Summary of habitat impacts and the proposed mitigation;
- Description of the location and boundaries of the mitigation site and description of existing site conditions;
- Description of measures to be undertaken for mitigation site preparation for the focal special-status species;
- Description of measures to transplant individual plants or seeds from the impact area to the mitigation site;
- Description of monitoring methodology on the mitigation site, including performance criteria, monitoring, reporting requirements, and monitoring schedule; and

- Adaptive management measures for plants that do not meet performance criteria.

Mitigation Measure MM BIO-1b: San Francisco Dusky-footed Woodrat Protection Measures

Prior to the onset of construction activities, a qualified Biologist shall conduct a preconstruction survey for San Francisco dusky-footed woodrat nests. If active nests are determined to be present within the impact area the following measures shall be implemented:

The project proponent shall avoid woodrat nests to the greatest extent feasible by installing a minimum 10-foot buffer with silt fencing or other material that will prohibit encroachment. In some situations, a smaller buffer may be permitted if in the opinion of the qualified Biologist removing the nest would have a greater impact than that anticipated as a result of project activities.

If avoidance of active nests is not feasible, then, in coordination with the California Department of Fish and Wildlife (CDFW), the woodrats shall be evicted from their nests prior to the removal of the nests and onset of any clearing or ground-disturbing activities to avoid injury or mortality of the woodrats. The nests shall be dismantled and the nesting material moved to a suitable new location outside the project's impact areas so that it can be used by woodrats to construct new nests. Prior to nest deconstruction, each active nest shall be disturbed by a qualified wildlife Biologist to the degree that all woodrats leave the nest and seek refuge outside the impact area. Whether the nest is on the ground or in a tree, the nest shall be nudged to cause the woodrats to flee. For tree nests, a tarp shall be placed below the nest and the nest dismantled using hand tools (either from the ground or from a lift). If feasible, the nest material shall then be piled at the base of a nearby hardwood tree or shrub (preferably an oak with refuge sites among the tree roots or with dense vegetation or other refugia nearby) outside of the impact area. The spacing between relocated nests shall not be less than 100 feet, unless a qualified Biologist has determined that the habitat can support higher densities of nests.

Mitigation Measure BIO-1c: California Giant Salamander and Santa Cruz Black Salamander Protection Measures

A qualified Biologist shall survey the project's development footprint no more than 3 days before the onset of work activities. If any life stage of the California giant salamander or Santa Cruz black salamander (SCBS) is detected, California giant salamander or SCBS should be allowed to move out of the area on their own. If California giant salamander or SCBS are unable to move out of the project area on their own within 24 hours, a qualified Biologist, in consultation with the California Department of Fish and Wildlife (CDFW), shall relocate California giant salamander or SCBS out of the project area into habitat similar to where it was found, construction activities shall not be allowed to commence until consultation among the CDFW and the project proponent has occurred to the satisfaction of the CDFW.

Before any construction activities begin, the project proponent shall retain a qualified Biologist to conduct a Worker's Environmental Awareness Program (WEAP) for all construction personnel. At a minimum, the training shall include a description of the California giant salamander and SCBS and their habitats, the specific measures that are being implemented to conserve these species for the current project, and the boundaries within which the project may be accomplished. Brochures, books, and briefings may be used in WEAP, provided that a qualified Biologist is on hand to answer any questions.

Mitigation Measure BIO-1d: Protection of Active Bird Nests

Removal of trees shall be limited to only those necessary to construct the proposed project as reflected in the relevant project approval documents.

If the proposed project requires vegetation to be removed during the nesting season (February 1 to August 31), pre-construction surveys shall be conducted no more than 5 days prior to the start of ground or vegetation disturbance (including tree removal) to determine whether active nests are present.

If an active nest is located during pre-construction surveys, a qualified Biologist shall determine an appropriately sized avoidance buffer based on the species and anticipated disturbance level (the California Department of Fish and Wildlife [CDFW] recommends a minimum no-disturbance buffer of 250 feet around active nests of non-listed bird species and a 500-foot no-disturbance buffer around active nests of non-listed raptors). A qualified Biologist shall delineate the avoidance buffer using Environmentally Sensitive Area fencing, pin flags, and/or yellow caution tape. The buffer zone shall be maintained around the active nest site(s) until the young have fledged and are foraging independently. No construction activities or construction foot traffic is allowed to occur within the avoidance buffer(s).

The qualified Biologist shall monitor the active nest during construction activities and modify the avoidance buffer accordingly to prevent project-related nest disturbance, until the young have fledged.

MM BIO-13e: Roosting Bat Pre-construction Survey and Avoidance

Bat Surveys: Focused bat surveys shall be conducted during at least one biologically relevant season prior to on-site vegetation removal and grading, such as:

- Spring/early summer (March 1–April 15) to identify maternity roost establishment;
- Late summer/fall (August 31–October 15) to document late-season roost use and migration-related activity;

Furthermore, no more than 7 days prior to beginning ground disturbance and/or construction, a qualified wildlife Biologist (i.e., one experienced with identification of species and signs of bats) shall conduct surveys for special-status bats during the appropriate time of day to

maximize detectability to determine whether bat species are roosting near the relevant work area. Survey methodology may include visual surveys of bats (i.e., observation of bats during foraging period), inspection for suitable habitat, bat sign (i.e., guano), or use of ultrasonic detectors (Anabat, etc.). Visual surveys shall include trees and buildings within 100 feet of the relevant project construction activities. If no special-status bats are found during this preconstruction survey, then the relevant ground disturbance and/or construction-related to the subject proposal may proceed. If the Biologist determines or presumes roosting bats are present, the Biologist shall exclude the bats from suitable spaces by installing one-way exclusion devices. After the bats vacate the space, the Biologist shall close off the space to prevent recolonization. Tree and/ or building demolition shall only commence after the Biologist verifies 7 to 10 days later that the exclusion methods have successfully prevented bats from returning. To avoid impacts on non-volant (i.e., nonflying) bats the Biologist shall only conduct bat exclusion and eviction from September 1 through March 31. Exclusion efforts may be restricted during periods of sensitive activity (i.e., during hibernation or while females in maternity colonies are nursing young).

Bat Project Avoidance: If active bat roosts are observed during environmental assessments or during construction, at any time, all project activities shall stop until the qualified Biologist develops a bat avoidance plan to be implemented at the project site. The bat avoidance plan shall utilize seasonal avoidance, phased construction as well as temporary and permanent bat housing structures developed in coordination with the California Department of Fish and Wildlife (CDFW).

E. Impact BIO-2: Would the proposed project have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of Fish and Wildlife or United States Fish and Wildlife Service?

The EIR finds that the proposed Project would impact 0.20 acres of riparian habitat, which is considered sensitive natural community. (Draft EIR at 3.3-31.) This would be a potentially significant impact.

Finding: The City finds that the impact to 0.20 acres of riparian habitat, which is considered sensitive natural community, would be a potentially significant impact. Implementation of Mitigation Measure MM BIO-2 would ensure that the project proponent will compensate for the loss of the 0.20 acres of riparian habitat. Therefore, Mitigation Measure MM BIO-2 is adopted to reduce associated Project impacts and substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM BIO-2 (described below), which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM BIO-2: Compensatory Mitigation for Loss of Riparian Habitat

The project proponent shall compensate for the loss of 0.20 acre of riparian habitat by restoring and conserving native riparian vegetation at a ratio of at least 1:1, or, if the restoring of riparian vegetation at a 1:1 ratio is not feasible, by purchasing adequate mitigation credits as determined by the California Department of Fish and Wildlife (CDFW) through a Streambed Alteration Agreement. Restoration may include removal of invasive species from riparian areas and planting and maintenance of native riparian species, where feasible.

The project proponent shall submit a Mitigation and Monitoring Plan (MMP) to CDFW prior to issuance of a grading permit. The MMP shall be prepared by a qualified restoration Biologist and shall include planting and maintenance protocols, performance criteria, and a monitoring and reporting program. At a minimum, the planting and maintenance protocols shall define planting locations, density and spacing, a native species palette, browse protection, irrigation regime, replacement of dead plants, annually increasing the standards of the performance criteria until the mitigation goal is achieved, long-term funding commitments, and monitoring and reporting based on the trajectory for achieving the 1:1 minimum replacement.

F. Impact BIO-3: Would the proposed project have a substantial adverse effect on State or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?

The EIR finds that the proposed Project would result in direct impacts to potential State or federally protected waters. (Draft EIR at p. 3.3-32.) This would be a potentially significant impact.

Finding: The City finds that the proposed Project would result in direct impacts to potential State or federally protected waters through impacts to the intermittent and ephemeral drainage channels within the Study Area (as shown Exhibit 7 of the Biological Resources Assessment (BRA)). This would be a potentially significant impact. Implementation of Mitigation Measure MM BIO-3 would ensure that the fill of jurisdictional waters in the form of ephemeral and intermittent streams be avoided and minimized to the extent feasible. Therefore, Mitigation Measure MM BIO-3 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM BIO-3, described below, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM BIO-3: Jurisdictional Waters

The fill of jurisdictional waters in the form of ephemeral and intermittent streams shall be avoided and minimized to the extent feasible. Authorization for the fill of waters of the United States and/or State shall be obtained by the project proponent prior to the start of construction. Mitigation for the fill of jurisdictional waters shall be accomplished through creation or restoration of other waters at a minimum 1:1 ratio within the Study Area, at an approved mitigation bank or at another location within the San Francisco Bay Basin watershed as approved of by the United States Army Corp of Engineers (USACE), Regional Water Quality Control Board (RWQCB), and California Department of Fish and Wildlife (CDFW). The mitigation goal shall be to create and/or enhance aquatic habitats with habitat functions and values greater than or equal to those that could be impacted by the proposed project. Compensatory mitigation within the Study Area or at another location within the watershed would be described in a stream mitigation plan that would:

- Define the location of all restoration and creation activities.
- Describe measures that would ensure that adjacent land uses would not adversely affect the ecological functions and values of the stream mitigation area so as to ensure consistency with the foregoing federal guidelines and rules. Such measures may include the use of appropriately sized buffers between the stream mitigation area and any adjacent development, the use of fencing or walls to prevent unauthorized access, lighting in adjacent development designed to avoid light spillage into the stream mitigation area, landscape-based Best Management Practices (BMPs) for adjacent development prior to discharge into the stream mitigation area, and signage describing the sensitive nature of the wetland mitigation area.
- Provide evidence of a suitable water budget to support restored and created streams.
- Identify the species, quantity, and location of plants to be installed in the stream habitats.
- Identify the time of year for planting and method for supplemental watering during the establishment period.
- Identify the monitoring so as to ensure consistency with the foregoing federal guidelines and rules, which shall be not less than 5 years for stream restoration.
- Define success criteria that shall be required for restoration efforts to be deemed a success.
- Identify adaptive management procedures that may be employed as needed to ensure the success of the mitigation project and its consistency with the foregoing federal guidelines and rules. These include, but are not limited to, remedial measures to address exotic invasive species, insufficient hydrology to support the attainment of performance standards, and wildlife harm.
- Define management and maintenance activities, including weeding, supplemental irrigation, and site protection.
- Define responsibility for maintaining, monitoring, and ensuring the preservation of the mitigation site in perpetuity. The project proponent shall comply with all terms of the permits issued by these agencies, including mitigation requirements, and shall provide proof of compliance to the applicable State agency and the City of Saratoga prior to

issuance of a grading permit.

G. Impact BIO-4: Would the proposed project interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of wildlife nursery sites?

The EIR finds that the proposed Project could result in direct impacts to individual wildlife species using the onsite drainage segments for dispersal and using trees for nesting or habitat. (Draft EIR at p. 3.34 – 35.) This would be a potentially significant impact.

Finding: The City finds that project implementation would require grading and the potential fill of some of the drainage features within the Study Area. The proposed project therefore could result in direct impacts to individual wildlife species using these drainages for dispersal. Removal of trees as part of project implementation could also result in the loss of nesting bird and roosting bat habitat. This would be a potentially significant impact. Implementation of Mitigation Measures MM BIO-1a through MM BIO-3, described above, and adherence to the City's Tree preservation guidelines, would reduce impacts to wildlife movement corridors and nursery sites to a less than significant level. Therefore, Mitigation Measures MM BIO-1a through MM BIO-3 are adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measures MM BIO-1a through MM BIO-3, described above, which are hereby adopted and made conditions of approval for the proposed Project, would reduce this impact to a less-than-significant level.

H. Impact BIO-5: Would the proposed project conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?

The EIR finds that project construction has the potential to impact wildlife, riparian habitat, native trees and wildlife movement. This is a potentially significant impact. (Draft EIR at p. 3.3-35.)

Finding: The City finds that the project has the potential to impact wildlife, riparian habitat, native trees and wildlife movement. This would be a potentially significant impact. Implementation of Mitigation Measures MM BIO-1a through MM BIO-3 would protect and preserve sensitive habitat and special-status species with the potential to occur within the Study Area. With implementation of these mitigation measures, the proposed project would meet the General Plan Goals OSC 10 and 11. Additionally, preparation of an Arborist's report is consistent with objective portions of the City's Municipal Code. (Draft EIR at 3.3-35). Accordingly, the proposed Project would be consistent with any applicable objective local policies and ordinances. Therefore, Mitigation Measures MM BIO-1a through MM BIO-3 are

adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM BIO-1a through BIO-3, described above, are hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

I. Cumulative Bio Impact:

The EIR finds that the proposed Project could result in a cumulatively considerable contribution to cumulative biological resources impacts. (Draft EIR, p. 3.3-36 to 3.3-41.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that the proposed project could result in a cumulatively considerable contribution to cumulative biological resources impacts. This would be a potentially significant impact. However, with implementation of Mitigation Measure MM BIO-1a through MM BIO-3, described above, the proposed project's impacts would be reduced to a less-than-significant level and would not cause any cumulatively considerable contributions to cumulative impacts. Mitigation Measure MM BIO-1a through MM BIO-3 are adopted to reduce Project impacts and would avoid or substantially lessen the potentially significant cumulative environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM BIO-1a through MM BIO-3, described above, which are hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

J. Impact CUL-1: The proposed project could cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5.

The EIR finds that the proposed project could cause a substantial adverse change in the significance of an archaeological resource. (Draft EIR, p. 3.4-15.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that earthmoving activities associated with project construction could encounter previously undiscovered archaeological resources that could be damaged or destroyed. This would be a potentially significant impact. Implementation of Mitigation Measures MM CUL-1a and MM CUL-1b would ensure that training of construction crews, and monitoring by an archaeologist and by a Tribal monitor, both present during ground disturbing activities, would ensure proper treatment, recordation, and conserved through donation to an appropriate Tribal custodian or a qualified scientific institution. Therefore, Mitigation Measures MM CUL-1a and CUL-1b are adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measures MM CUL-1a and MM CUL-1b, which are hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM CUL-1a:

Prior to the initiation of construction activities, all construction personnel conducting ground disturbance activities at the project site shall be provided a Worker Environmental Awareness Program (WEAP) cultural resources "tailgate" training. The training shall include visual aids and a discussion of applicable laws and statutes relating to archaeological resources, types of resources that may be found within the project site, and procedures to be followed in the event such resources are encountered. The training shall be conducted by an Archaeologist who meets the Secretary of the Interior's Professional Qualification Standards for archaeology (a "qualified Archaeologist") and any Native American Monitors or representatives consulting on the proposed project.

An Archaeological Monitor reporting to the qualified Archaeologist, along with a Tribal Monitor, shall be present during clearing, grubbing, trenching, grading, or other project-related ground disturbance to check for the inadvertent discovery of archaeological resources or human remains. During construction of the proposed project, should the Archaeologist determine that the probability of inadvertent discovery during construction is low, they may make a recommendation to the Lead Agency that monitoring be reduced to regular periodic or "spot-check" monitoring, or that monitoring may cease altogether.

Mitigation Measure MM CUL-1b:

In the event that buried archaeological resources are discovered during construction, operations shall stop within a 100-foot radius of the find, and an Archaeologist who meets the Secretary of Interior's Professional Qualification Standards for archaeology shall be consulted to determine whether the resource requires further study. The qualified Archaeologist shall make recommendations to the Lead Agency on the measures that shall be implemented to protect the discovered resources, including but not limited to excavation and evaluation of the finds in accordance with Section 15064.5 of the CEQA Guidelines. Potentially significant cultural resources consist of, but are not limited to, stone, bone, fossils, wood, or shell artifacts or features, including hearths, structural remains, or historic dumpsites. Any previously undiscovered resources found during construction within the project area shall be recorded on appropriate California Department of Parks and Recreation (DPR) forms and evaluated for significance in terms of CEQA criteria. If the resources are determined to be unique historic resources as defined under Section 15064.5 of the CEQA Guidelines, mitigation measures shall be identified by the Archaeological Monitor and recommended to the Lead Agency. The Lead Agency, along with other relevant or Tribal officials, shall be contacted upon the discovery of cultural resources to begin coordination on the disposition of the find(s). Treatment of any significant cultural resources shall be undertaken with the approval of the Lead Agency. No further grading shall occur in the area of the discovery until the Lead Agency approves the

measures to protect these resources. Upon coordination with the Lead Agency, any archaeological artifacts recovered shall be donated to an appropriate Tribal custodian or a qualified scientific institution where they would be afforded applicable cultural resources laws and guidelines.

K. Impact CUL-2: The proposed project could disturb human remains, including those interred outside of formal cemeteries.

The EIR finds that the proposed project could disturb human remains during construction. (Draft EIR, pp. 3.4-17 to 3.4-18.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that construction-related ground disturbance may uncover previously undiscovered human remains. This would be a potentially significant impact. Implementation of Mitigation Measure MM CUL-2 would ensure that the inadvertent discovery of human remains would be subject to specific procedures consistent with the CEQA Guidelines, the California Health and Safety Code, and the California Public Resources Code (including halting work until the Coroner determines whether the remains are Native American, and if so contacting the Most Likely Descendant, and treating or disposing of the human remains with appropriate dignity, and any associated grave goods as outlined in the mitigation measure and as provided in Public Resource Code Section 5097.98. Therefore, Mitigation Measure MM CUL-2 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM CUL-2, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM CUL-2:

In the event of the accidental discovery or recognition of any human remains, CEQA Guidelines Section 15064.5, Health and Safety Code Section 7050.5, and Public Resources Code Sections 5097.94 and Section 5097.98 shall be followed. If during the course of project construction, there is accidental discovery or recognition of any human remains, the following steps shall be taken:

1. There shall be no further excavation or disturbance within 100 feet of the remains until the County Coroner is contacted to determine whether the remains are Native American and if an investigation of the cause of death is required. If the Coroner determines the remains to be Native American, the Coroner shall contact the Native American Heritage Commission (NAHC) within 24 hours, and the NAHC shall identify the person or persons it believes to be the Most Likely Descendant (MLD) of the deceased Native American. The MLD may make recommendations to the landowner or the person responsible for the excavation work within 48 hours, for means of

treating or disposing of, with appropriate dignity, the human remains, and any associated grave goods as provided in Public Resource Code Section 5097.98.

2. Where the following conditions occur, the landowner or his or her authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity either in accordance with the recommendations of the MLD or on the project site in a location not subject to further subsurface disturbance:

- The NAHC is unable to identify an MLD or the MLD failed to make a recommendation within 48 hours after being notified by the commission.
- The descendant identified fails to make a recommendation.
- The landowner or his authorized representative rejects the recommendation of the descendant, and mediation by the NAHC fails to provide measures acceptable to the landowner.

L. Impact GEO-1: The proposed project could directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury or death involving rupture of an earthquake fault, seismic ground shaking, seismic-related ground failure and landslides.

The EIR finds that the proposed project could directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury or death involving rupture of an earthquake fault, seismic ground shaking, seismic-related ground failure, or landslides. (Draft EIR, pp. 3.6-14 to 3.6-17.) Therefore, the project could result in a potentially significant impact.

Finding: The City finds that because the project site is subject to seismic effects from fault lines in the region (such as ground shaking, ground failure, and landslides), the project could expose people and structures to adverse effects. This would be a potentially significant impact. Implementation of Mitigation Measure MM GEO-1 would ensure that the applicant submits a design-level geotechnical investigation, prepared by a qualified engineer, to the City for review and approval. The investigation will identify grading and building practices necessary to achieve compliance with the latest California Building Standards Code geologic, soils, and seismic requirements as well as the recommendations of the Geologic and Geotechnical Feasibility Evaluation (Quantum Geotechnical, Inc., 2023) and the recommended measures identified will be incorporated into the project design plans. Therefore, Mitigation Measure MM GEO-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM GEO-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM GEO-1: Prior to the issuance of building permits for each on-site

structure, the applicant shall submit a design-level geotechnical investigation to the City of Saratoga for review and approval. The investigation shall be prepared by a qualified engineer and shall identify grading and building practices necessary to achieve compliance with the latest adopted edition of the California Building Standards Code geologic, soils, and seismic requirements as well as the recommendations of the Geologic and Geotechnical Feasibility Evaluation (prepared for Masson Estates by Quantum Geotechnical, Inc., dated December 11, 2023) to address on-site seismic shaking, landsliding, debris flows, and expansive soils, as applicable. The measures identified in the approved design-level geotechnical investigation shall be incorporated into the project design plans.

M. Impact GEO-3: The proposed project would be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse.

The EIR finds that a large-scale dormant landslide within the northeast quarter of the project site, where several residences are proposed, exhibits an unacceptably low factor of safety under seismic conditions, which would subject proposed structures to landsliding. (Draft EIR, p. 3.6-19.) Without proper geotechnical engineering measures, this could result in a potentially significant impact.

Finding: The City finds that due to a large, dormant landslide on a portion of the site, some of the proposed structures would be subject to landsliding. This would be a potentially significant impact. Implementation of Mitigation Measure MM GEO-1, described in section VI.L. above, would ensure that the applicant submits a design-level geotechnical investigation, prepared by a qualified engineer, to the City for review and approval. The investigation will identify grading and building practices necessary to achieve compliance with the latest California Building Standards Code geologic, soils, and seismic requirements as well as the recommendations of the Geologic and Geotechnical Feasibility Evaluation (Quantum Geotechnical, Inc., 2023) and the recommended measures identified will be incorporated into the project design plans. Therefore, Mitigation Measure MM GEO-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM GEO-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM GEO-1: See Impact GEO-1 above.

N. Impact GEO-4: The proposed project would be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial direct or indirect risks to life or property.

The EIR finds that the proposed project could create substantial direct or indirect risks to life or property due to expansive soils. (Draft EIR, pp. 3.6-20 to 3.6-21.) This would be a potentially significant impact.

Finding: The City finds that due to the proposed project's location on expansive soils, the proposed project could create substantial direct or indirect risks to life or property. This would be a potentially significant impact. Implementation of Mitigation Measure MM GEO-1, described in section VI.L. above, would ensure that the applicant submits a design-level geotechnical investigation, prepared by a qualified engineer, to the City for review and approval. The investigation will identify grading and building practices necessary to achieve compliance with the latest California Building Standards Code geologic, soils, and seismic requirements as well as the recommendations of the Geologic and Geotechnical Feasibility Evaluation (Quantum Geotechnical, Inc., 2023) and the recommended measures identified will be incorporated into the project design plans. Therefore, Mitigation Measure MM GEO-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM GEO-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM GEO-1: See Impact GEO-1 above.

O. Impact GEO-5: The proposed project could directly or indirectly destroy a unique paleontological resource or site or unique geologic feature.

The EIR finds that earth-disturbing activities during construction could damage or destroy significant paleontological resources. (Draft EIR, pp. 3.6-21 to 3.6-22.) This would be a potentially significant impact.

Finding: The City finds that the proposed project's location within the Pliocene- to early Pleistocene-age Santa Clara Formation is considered to have a high potential to contain significant paleontological resources that could be damaged or destroyed during earth-disturbing activities. This would be a potentially significant impact. Implementation of Mitigation Measure MM GEO-5 would ensure that training of construction crews to recognize paleontological resources and procedures to be followed if resources are discovered, monitoring, avoidance of resources, and proper excavation and curation of any encountered resources, would minimize impacts to the resources. Therefore, Mitigation Measure MM GEO-5 is adopted to reduce associated Project impacts and would avoid or substantially lessen the

significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM GEO-5, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM GEO-5: Paleontological Monitoring

Prior to the start of any ground-disturbing activity, a qualified Paleontologist meeting Society of Vertebrate Paleontology (SVP) standards and best practices shall prepare paleontological resources sensitivity training materials for use during project-wide Worker Environmental Awareness Program (WEAP). The WEAP shall be conducted by a qualified Environmental Trainer, under the supervision of a qualified Paleontologist. In the event construction crews are phased in, additional training shall be conducted for new construction personnel. The training session shall focus on the recognition of the types of paleontological resources that could be encountered within the project site and the procedures to be followed if they are found.

Paleontological monitoring shall be conducted by a qualified Paleontological Resource Monitor meeting SVP standards and best practices, under the supervision of a qualified Paleontologist. Monitoring would be required for excavations into previously undisturbed areas mapped as Santa Clara Formation. Monitoring would not be required for excavations into colluvium, residual soil, stream channel alluvium, or landslide debris deposits. If excavation into these deposits would extend into the Santa Clara Formation, monitoring would be required for exaction in Santa Clara Formation deposits.

If earth-disturbing construction-related activities uncover any paleontological resources (i.e., bones or teeth), those activities shall be diverted at least 15 feet away from the discovery until a qualified Paleontologist is brought on-site to assess the find for possible salvage, consistent with the standards and best practices set by the SVP. Construction workers shall not attempt to remove such finds. The qualified Paleontologist shall document the discovery as needed and assess the significance of the find under the criteria set forth in CEQA Guidelines Section 15064.5. Salvaged fossils shall be deposited in an appropriate repository (i.e., University of California Museum of Paleontology [UCMP]), where they will be properly curated and made available for future research. The results of the assessment shall be detailed in a final monitoring report and submitted to the City. The qualified Paleontologist shall notify the appropriate agencies to determine procedures that would be followed before construction activities are allowed to resume at the location of the discovery. If the applicant determines that avoidance is not feasible, the qualified Paleontologist shall prepare an excavation plan for mitigating the effect of construction activities on the discovery.

P. Impact GHG-1: The proposed project could generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment.

The EIR finds that the project would result in the generation of greenhouse gas emissions that exceeds the project's established threshold of zero emissions. (Draft EIR, pp. 3.7-14 to 3.7-15.) Therefore, the project would result in a potentially significant impact.

Finding: The City finds that the proposed project would generate greenhouse gas emissions exceeding the project's established threshold of zero emissions. This would be a potentially significant impact. Implementation of Mitigation Measure MM GHG-1 would ensure that the project would offset GHG emissions to zero by incorporating GHG emission reduction design elements (such as on-site solar, implementation of bicycle lanes or other Transportation Demand Management [TDM] measures) and/or obtaining carbon credits. Therefore, Mitigation Measure MM GHG-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM GHG-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM GHG-1:

The project developer shall offset greenhouse gas (GHG) emissions to zero by funding activities that directly reduce or sequester GHG emissions or, if necessary, by obtaining carbon credits. The project developer shall prioritize on-site design features, such as the installation of solar panels, and direct investments in GHG reductions in the vicinity of the project to help provide potential air quality and economic co-benefits locally. For example, direct investment in a local building retrofit program can pay for cool roofs, solar panels, solar water heaters, smart meters, energy-efficient lighting, energy-efficient appliances, energy-efficient windows, insulation, and water conservation measures for homes within the geographic area of the project. Other examples of local direct investments include financing installation of regional electric vehicle (EV) charging stations, funding public transit improvements, implementing bicycle lanes, paying for electrification of public-school buses, and investing in local urban forests. However, it is critical that any such investments in actions to reduce GHG emissions are real and quantifiable. Where further project design or regional investments are infeasible or not proven to be effective, it may be appropriate and feasible to mitigate project emissions through purchasing and retiring carbon credits issued by a recognized and reputable accredited carbon registry.

GHG reductions must meet the following criteria:

• Real—represent reductions actually achieved (not based on maximum permit levels);

• Additional/Surplus—not already planned or required by regulation or policy (i.e., not double counted);
• Quantifiable—readily accounted for through process information and other reliable data;
• Enforceable—acquired through legally-binding commitments/agreements;
• Validated—verified through accurate means by a reliable third party, and
• Permanent—will remain as GHG reductions in perpetuity.

In partnership with offset providers, the project developer shall purchase carbon offsets (from available programs that meet the above criteria) and shall quantify and offset to zero all GHG emissions (after implementation of any on-site project design features which may serve to reduce emissions). Offset protocols and validation applied to the project could be developed based on existing standards (e.g., Climate Registry Programs) or could be developed independently, provided such protocols satisfy the basic criterion of "additionality" (i.e., the reductions would not happen without the financial support of purchasing carbon offsets).

Prior to issuing building permits for development within the project area, the City of Saratoga shall confirm that the project developer or its designee has fully offset the project's construction- and operational GHG emissions over the 30-year project life associated with such building permits by relying upon one of the following compliance options, or a combination thereof:

• Demonstrate that the project developer has directly undertaken or funded activities that reduce or sequester GHG emissions that are estimated to result in GHG reduction credits (if such programs are available) and retire such GHG reduction credits in a quantity equal to the remaining GHG emissions;
• Provide a guarantee that the project developer shall retire carbon credits issued in connection with direct investments (if such programs exist at the time of building permit issuance) in a quantity equal to the remaining GHG emissions;
• Undertake or fund direct investments (if such programs exist at the time of building permit issuance) and retire the associated carbon credits in a quantity equal to the remaining GHG emissions; or
• If it is impracticable to fully offset operational emissions through direct investments or quantifiable and verifiable programs do not exist, the project developer or its designee may purchase and retire carbon credits that have been issued by a recognized and reputable, accredited carbon registry in a quantity equal to the remaining GHG Emissions.

Q. Impact GHG-2: The proposed project could conflict with an applicable plan, policy or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases.

The EIR finds that because the proposed project would generate greenhouse gas emissions exceeding the project's established threshold of zero emissions the project would be inconsistent with Plan Bay Area 2050 and the 2022 Scoping Plan. (Draft EIR, pp. 3.7-17 to 3.7-18.) Therefore, this would be a potentially significant impact.

Finding: The City finds that because the proposed project would generate greenhouse gas emissions exceeding the project's established threshold of zero emissions the project would be inconsistent with applicable plans. This would be a potentially significant impact. Implementation of Mitigation Measure MM GHG-1, described in section VI.P. above, would ensure that GHG emissions are offset to zero, and therefore, the project would be consistent with Plan Bay Area 2050 and the 2022 Scoping Plan. Therefore, Mitigation Measure MM GHG-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM GHG-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM GHG-1: See Impact GHG-1 above.

R. Cumulative GHG Impact:

The EIR finds that the proposed Project could result in a cumulatively considerable contribution to cumulative GHG emissions impacts. (Draft EIR, p. 3.7-18.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that the proposed project could result in a cumulatively considerable contribution to cumulative GHG emissions impacts. This would be a potentially significant impact. However, with implementation of Mitigation Measure MM GHG-1, described above, the proposed project's impacts would be reduced to a less-than-significant level and would not cause any cumulatively considerable contributions to cumulative impacts. Mitigation Measure MM GHG-1 is adopted to reduce Project impacts and would avoid or substantially lessen the potentially significant cumulative environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM GHG-1, described above, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

S. Impact NOI: The proposed project would not generate a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies.

The EIR finds that the Project's operational noise would result in a substantial permanent increase in ambient noise levels that would exceed the City's nighttime noise performance standard of 40 dBA Leq. (Draft EIR, p. 3.11-18.) Therefore, the project would have a potentially

significant impact.

Finding: The City finds that the Project's stationary noise sources (e.g., mechanical ventilation equipment), would result in operational noise that would exceed the City's nighttime noise performance standard of 40 dBA Leq. This would be a potentially significant impact. Implementation of Mitigation Measure MM NOI-1 would ensure that mechanical ventilation equipment operational noise levels would not result in a substantial permanent increase in ambient noise levels in excess of any of the City's noise performance standards. Therefore, Mitigation Measure MM NOI-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM NOI-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM NOI-1:

At the time of building permit submittal, the project plans shall include at least one of the following:

- Specific mechanical ventilation equipment models that generate noise less than 66 A-weighted decibels (dBA) equivalent noise levels (Leq) at a distance of 20 feet;
- Solid (no vertical or horizontal gaps) shielding directly around each mechanical ventilation unit;
- Solid (no vertical or horizontal gaps) fencing at the property line; or
- Placement of the mechanical ventilation unit a minimum of 28 feet from the property line.

T. Impact TRANS-3: The proposed project could substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment).

The EIR finds that stopping site distance and corner site distance at the project site are inadequate, and turning radii and on-site circulation are inadequate as proposed. (Draft EIR, pp. 3.15-16 to 3.15-31.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that due to inadequate stopping site distance and corner site distance, and inadequate turning radii and on-site circulation, the project could substantially increase hazards. This would be a potentially significant impact. Implementation of Mitigation Measures MM TRANS-3 and MM TRANS-4 would ensure adequate site distances and circulation clarity. Therefore, Mitigation Measures MM TRANS-3 and MM TRANS-4 are adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measures MM TRANS-3 and MM TRANS-4 , which are hereby adopted and made conditions of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM TRANS-3:

Prior to the issuance of a building permit, the project applicant shall remove two trees north of the intersection of Masson Estates Way and Pierce Road to provide a minimum of 200 feet of stopping sight distance (SSD) and 331 feet of corner sight distance (CSD) for vehicles turning on to Pierce Road from Masson Estates Way. Additionally, the project applicant shall adjust grading of the hillside east of the intersection of Masson Estates Way and Mason Estates Court to provide 220 feet of CSD.

Mitigation Measure MM TRANS-4:

Prior to the issuance of a grading permit, the project applicant shall rename the west leg of the Masson Estates Way and Masson Estates Court intersection as Masson Estates Way and the northern leg as Masson Estates Court. Alternatively, the project applicant shall redesign the on-site roadways so that continuation on Masson Estates Way would be a through movement.

U. Impact TCR-1: The proposed project could cause a substantial adverse change in the significance of a Tribal Cultural Resource that is listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code Section 5020.1(k).

The EIR finds that, given the project site's proximity to Sanborn Park, an area known to have Tribal Cultural Resources, the project could disturb previously undiscovered Tribal Cultural Resources. (Draft EIR, p. 3.16-13 to 3.16-14.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that the proposed project earthmoving activities associated with project construction could encounter previously undiscovered Tribal Cultural Resources that could be damaged or destroyed. This would be a potentially significant impact. Implementation of Mitigation Measures MM CUL-1a, MM CUL-1b, described in Section VI.J. above, would ensure that training of construction crews, and monitoring by an archaeologist and by a Tribal monitor, both present during ground disturbing activities would ensure proper treatment, recordation, and conserved through donation to an appropriate Tribal custodian or a qualified scientific institution. Implementation of Mitigation Measure MM CUL-2, described in section VI.K. above, would ensure that the inadvertent discovery of human remains would be subject to specific procedures consistent with the CEQA Guidelines, the California Health and Safety Code, and the California Public Resources Code (including halting work until the Coroner to determine whether the remains are Native American, and if so contacting the Most Likely Descendant, and treating or disposing of, with appropriate dignity,

the human remains, and any associated grave goods) as outlined in the mitigation measure and as provided in Public Resource Code Section 5097.98. Together, these mitigation measures would reduce potential impacts to previously undiscovered Tribal Cultural Resources to a less than significant level. Therefore, Mitigation Measures MM CUL-1a, CUL-1b, and CUL-2 are adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measures MM CUL-1a, MM CUL-1b, and MM CUL-2, which are hereby adopted and made a conditions of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measures MM CUL-1a, MM CUL-1b, and MM CUL-2: See Impacts CUL-1 and CUL-2 above.

V. Impact TCR-2: The proposed project could cause a substantial adverse change in the significance of a Tribal Cultural Resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1.

The EIR finds that, given the project site's proximity to Sanborn Park, an area known to have Tribal Cultural Resources, the project could disturb previously undiscovered Tribal Cultural Resources determined by the lead agency, in its discretion and supported by substantial evidence, to be significant. (Draft EIR, p. 3.16-14 to 3.16-15.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that the proposed project earthmoving activities associated with project construction could encounter previously undiscovered Tribal Cultural Resources that could be damaged or destroyed. This would be a potentially significant impact. Implementation of Mitigation Measures MM CUL-1a, MM CUL-1b, described in Section VI.J. above, would ensure that training of construction crews, and monitoring by an archaeologist and by a Tribal monitor, both present during ground disturbing activities would ensure proper treatment, recordation, and conserved through donation to an appropriate Tribal custodian or a qualified scientific institution. Implementation of Mitigation Measure MM CUL-2, described in Section VI.K. above, would ensure that the inadvertent discovery of human remains would be subject to specific procedures consistent with the CEQA Guidelines, the California Health and Safety Code, and the California Public Resources Code (including halting work until the Coroner to determine whether the remains are Native American, and if so contacting the Most Likely Descendant, and treating or disposing of, with appropriate dignity, the human remains, and any associated grave goods) as outlined in the mitigation measure and as provided in Public Resource Code Section 5097.98. Together, these mitigation measures would reduce potential impacts to previously undiscovered Tribal Cultural Resources to a less than significant level. Therefore, Mitigation Measures MM CUL-1a, CUL-

1b, and CUL-2 are adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measures MM CUL-1a, MM CUL-1b, and MM CUL-2, which are hereby adopted and made a conditions of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measures MM CUL-1a, MM CUL-1b, and MM CUL-2: See Impacts CUL-1 and CUL-2 above.

W. Impact UTIL-1: The proposed project could require or result in the relocation or construction of new or expanded water, wastewater treatment or stormwater drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects.

The EIR finds that, the exact location of gas lines is unknown and therefore connection to lines from further away could be required, resulting in the construction of expanded natural gas facilities. (Draft EIR, p. 3.17-14 to 3.17-15.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that the exact location of gas lines is unknown and therefore connection to gas lines from further away could be required, resulting in the construction of expanded natural gas facilities. This would be a potentially significant impact. Implementation of Mitigation Measure MM UTIL-1 would ensure that if no gas lines are in roadways adjacent to the project site, the proposed project would be required to implement MM UTIL-1, which requires the proposed project to be all-electric in design and not include natural gas infrastructure. Therefore, MM UTIL-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM UTIL-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM UTIL-1: Energy Use Options

The proposed project would connect to existing natural gas lines in Pierce Road and/or Saratoga Heights Road located adjacent to the project site. The applicant shall submit to the City for review and approval, utility improvement plans showing this connection, prior to issuance of grading permits. If such connections cannot be demonstrated, then the proposed project shall be designed and constructed as an all-electric development. As such, no natural gas infrastructure shall be installed and all appliances, heating, ventilation, and air

conditioning (HVAC) systems and water heating systems shall be electric.

X. Impact WILD-4: The proposed project could expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes.

The EIR finds that, given the project's location in the Santa Clara County Geologic Hazard Zone for landslides the project could expose people to significant risks of flooding or landslides as a result of runoff, post-fire slope instability, or drainage changes. (Draft EIR, p. 3.18-26 to 3.18-27.) Therefore, the Project could result in a potentially significant impact.

Finding: The City finds that given the project's location in the Santa Clara County Geologic Hazard Zone for landslides the project could expose people to significant risks of flooding or landslides as a result of runoff, post-fire slope instability, or drainage changes. This would be a potentially significant impact. Implementation of Mitigation Measure MM GEO-1, described above, would require excavation of the landslide area and replacement with an engineered fill, the construction of concrete piers, and a subgrade slough wall, which would mitigate landslide impacts to a less than significant level. This groundwork would also protect residents from landsliding in post-wildfire conditions. Therefore, MM GEO-1 is adopted to reduce associated Project impacts and would avoid or substantially lessen the significant environmental effect as identified in the Final EIR Volume (CEQA Guidelines Section 15091(a)(1)).

Mitigation: Implementation of Mitigation Measure MM GEO-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce this impact to a less-than-significant level.

Mitigation Measure MM GEO-1: See Impact GEO-1, above.

VII. CUMULATIVE IMPACTS

An EIR is required to discuss the cumulative impacts of a project when the project's incremental effect is cumulatively considerable. CEQA Guidelines § 15130(a). "Cumulatively considerable" means that the incremental effects of the project are significant when viewed in connection with the effects of past projects, other current projects, and probable future projects. CEQA Guidelines § 15065(a)(3); Pub. Resources Code § 21083(b)(2).

When evaluating cumulative impacts, CEQA allows the use of either a list of past, present, and probable future projects, including projects outside the control of the lead agency, or a summary of projections in an adopted planning document. To determine the project's potential cumulative impacts, the Final EIR Volume analysis is based on a combination of these approaches and considers the effects of the project in conjunction with growth and development projections contained within adopted local plans as well as list of development

projects referred to in the Draft EIR Table 3-1. Draft EIR at pp. 3-5 to 3-8. For the purposes of analyzing the cumulative impacts of the project, these local plans include the City of Saratoga's General Plan and Municipal Code. This section addresses those cumulative impacts that the Draft EIR identifies as cumulatively considerable, and therefore significant and unavoidable.

A. Cumulative Hazards: Would the proposed Project cumulatively impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?

The EIR finds that the proposed Project would make a cumulatively considerable contribution to the significant cumulative impacts on emergency response and evacuation planning. (Draft EIR at 3.8-27.) Therefore, the Project in combination with cumulative projects would result in cumulative impacts that would be significant and unavoidable.

Finding: The City finds that the proposed project would be considered to have a significant cumulative impact on an evacuation route identified in existing emergency response or evacuation plans contained with the General Plan Safety Element. The cumulative projects would have a significant cumulative impact, as shown by the fact that Pierce Road already has a V/C ratio greater than one, and several of the cumulative projects are located on Pierce Road or would be likely to use Pierce Road in the event of an evacuation. The proposed Project would increase travel times in the evacuation area by a maximum of 0.9 minute during an event at the Mountain Winery Venue, and a maximum of 0.4 minute without the addition of event traffic from the venue. Accordingly, the proposed project would have a cumulatively considerable contribution to the significant cumulative impact. While implementation of MM WILD-1 would ensure implementation of the proposed Project's WPP and measures therein intended to support efficient evacuation, the proposed Project's contribution to evacuation delay would not be eliminated and would therefore be cumulatively considerable. There is no known feasible cumulative mitigation. As such, the proposed project in combination with cumulative projects would result in cumulative impacts that would be significant and unavoidable.

Mitigation: Implementation of Mitigation Measure WILD-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce the project's cumulative contribution, but not to a less-than-significant level. There is no known feasible cumulative mitigation. Therefore, the impact would remain significant and unavoidable.

B. Cumulative Land Use: Would the proposed Project cause a cumulatively significant environmental impact due to a conflict with an applicable land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?

The EIR concludes that the proposed Project's incremental contribution to the cumulative projects' potentially significant impact regarding consistency with plans and policies could be considerable as it reinforces and amplifies a citywide shift away from planned land use

patterns. (Draft EIR at p. 3.10-47.) The project could make a significant cumulative contribution.

Finding: The City finds that because there are there are 20 proposed projects in the cumulative projects list that qualify for consideration under the Builder's Remedy, and therefore may not strictly comply with General Plan land use designations and zoning, there is a potentially significant cumulative impact related to conflicts with applicable plans, policies or regulations. The proposed Project's inconsistency with density and lot coverage standards is not isolated, and instead is an incremental contribution to the potentially significant cumulative impact. There is no known feasible cumulative mitigation. As such, the proposed Project in combination with cumulative projects would result in a cumulative impact that would be significant and unavoidable.

Mitigation: There is no feasible mitigation for this cumulatively significant impact. Therefore, the impact would remain significant and unavoidable and the proposed Project's contribution to the cumulative impact would be cumulatively considerable.

C. **Cumulative Transportation (Vehicle Miles Traveled [VMT]): Would the project result in a cumulatively considerable conflict with or inconsistency with CEQA Guidelines Section 15064.3(b)?**

The EIR concludes that cumulative projects would likely result in a cumulative impact related to VMT, and that the proposed Project's VMT would have a cumulatively considerable contribution to that cumulative VMT impact. (Draft EIR at p. 3.15-34.) The proposed Project would therefore would make a cumulatively considerable contribution with respect to an inconsistency with CEQA Guidelines Section 15064.3, subdivision (b).

Finding: The City finds that the cumulative projects are likely to result in a significant cumulative impact, and because many of these projects are residential developments like the proposed Project, there may not be practical or feasible VMT-reducing mitigation measures for these cumulative projects. As a result, the cumulative projects will likely result in a cumulative VMT impact. The significance conclusion reached above for Impact TRANS-2 shows that the proposed Project will have a significant and unavoidable impact to VMT. As a result, the Project would also make a cumulatively considerable contribution to the cumulative VMT impact. The two VMT mitigation measures identified in the City's Housing Element EIR—a TDM Plan and a citywide VMT impact fee program—are not feasible here. Traditional TDM measures are not practical for the number of single-family homes in the proposed project, and the City does not yet have a VMT impact fee program. As a result, there is no feasible cumulative mitigation for the proposed Project's cumulative VMT impact. The project's impacts related to VMT would be considered cumulatively significant and unavoidable.

Mitigation: There is no known feasible mitigation for this cumulatively significant impact. Therefore, the impact would remain significant and unavoidable and the proposed Project's contribution to the cumulative impact would be cumulatively considerable.

D. Cumulative Transportation (Emergency Access): Would the proposed Project result in a cumulatively considerable impact with respect to emergency evacuation in the project vicinity?

The EIR concludes that there is an existing potentially significant cumulative impact with regards to emergency evacuation in the project vicinity, and that the proposed Project would make a cumulatively considerable contribution to that impact. (Draft EIR at 3.15-35.)

Finding: The City finds that cumulative projects have the potential to add traffic to Pierce Road, which has been identified as having a V/C ratio of greater than one, indicating an existing evacuation bottleneck. As a result, because emergency evacuation can directly affect emergency access, there is an existing potentially significant cumulative impact with regards to emergency evacuation in the project vicinity. The proposed Project would contribute to the existing V/C ratio on Pierce Road, and would therefore contribute to the existing cumulative impact. The contribution would be cumulatively considerable.

Mitigation: Implementation of Mitigation Measure MM WILD-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce the Project's contribution to the cumulative impact, but not to a less-than-significant level. Therefore, the impact would remain significant and unavoidable and the project's contribution to the cumulative impact would be cumulatively considerable.

E. Cumulative Wildfire: Would the proposed Project result in a cumulatively considerable impact with respect to substantially impairing an adopted emergency response or emergency evacuation plan?

The EIR finds that the proposed Project would make a cumulatively considerable contribution to the existing bottleneck on Pierce Road during an evacuation. (Draft EIR at 3.18-27 to 3.18-28.) Therefore, the Project in combination with cumulative projects would result in cumulative impacts that would be significant and unavoidable.

Finding: The City finds that the proposed project would be considered to have a significant impact on an evacuation route identified in existing emergency response or evacuation plans contained with the General Plan Safety Element. The cumulative projects would have a significant cumulative impact, as shown by the fact that Pierce Road already has a V/C ratio greater than one, and several of the cumulative projects are located on Pierce Road or would be likely to use Pierce Road in the event of an evacuation. The proposed Project would increase travel times in the evacuation area by a maximum of 0.9 minute during an event at the Mountain Winery Venue, and a maximum of 0.4 minute without the addition of event traffic from the venue. Accordingly, the proposed project would have a cumulatively considerable contribution to the significant cumulative impact. While implementation of MM WILD-1 would ensure implementation of the proposed Project's WPP and measures therein intended to support efficient evacuation, the proposed Project's contribution to evacuation delay would not be eliminated and would therefore be cumulatively considerable. There is no known

feasible cumulative mitigation. As such, the proposed project in combination with cumulative projects would result in cumulative impacts that would be significant and unavoidable.

Mitigation: Implementation of Mitigation Measure MM WILD-1, which is hereby adopted and made a condition of approval for the proposed Project, would reduce the project's cumulative contribution, but not to a less-than-significant level. There is no known feasible cumulative mitigation. Therefore, the impact would remain significant and unavoidable.

VIII. OTHER CEQA FINDINGS

A. Irreversible Environmental Changes

CEQA Guidelines Section 15126.2(d) requires the evaluation of significant irreversible environmental changes, stating, "uses of nonrenewable resources during the initial and continued phases of a proposed Project may be irreversible since a large commitment of these resources makes removal or nonuse thereafter unlikely." As explained in Section IV, above, the findings in this Section VIII are based on the Final EIR Volume, the discussion and analysis in which is hereby incorporated in full by this reference.

The EIR evaluated whether the proposed Project would result in the irretrievable commitment of resources or would cause irreversible changes in the environment. The proposed Project would not result in irreversible damage from environmental accidents, such as an accidental spill or explosion of a hazardous material. (Draft EIR at p. 5-3.) Operation of the proposed Project would not involve a significantly inefficient, unnecessary, or waste commitment of nonrenewable resources. (Draft EIR at p. 5-4.)

Therefore, the EIR determined that the proposed Project would not result in significant irreversible environmental changes, with the exception of those related to the Project's significant and unavoidable impacts, namely: impacts related to emergency response and evacuation, conflict with applicable plans, policies or regulations, consistency with CEQA Guidelines Section 15064.5(b), emergency access, emergency response and evacuation, wildfire hazards, consistency with an emergency response/evacuation plan, and exposure of project occupants to pollutant concentrations from wildfire. (Draft EIR at p. 5-4).

Finding: The proposed Project would cause irreversible environmental changes associated with its significant and unavoidable impacts, namely: impacts related to emergency response and evacuation, conflict with applicable plans, policies or regulations, consistency with CEQA Guidelines Section 15064.5(b), emergency access, emergency response and evacuation, wildfire hazards, consistency with an emergency response/evacuation plan, and exposure of project occupants to pollutant concentrations from wildfire. Otherwise, the proposed Project would have less than significant impacts related to the impacts described under CEQA Guidelines Section 15126.2(d).

B. Growth-Inducing Impacts

An EIR is required to discuss growth-inducing impacts, which consist of the ways in which the Project could foster economic or population growth, or the construction of additional housing, either directly or indirectly, in the surrounding environment. State CEQA Guidelines § 15126.2(e); Public Resources Code § 21100(b)(5). Direct growth inducement would result, for example, if a Project involves the construction of substantial new housing that would support increased population in a community or establishes substantial new permanent employment opportunities. This additional population could, in turn, increase demands for public utilities, public services, roads, and other infrastructure. Indirect growth inducement would result if a Project stimulates economic activity that requires physical development or removes an obstacle to growth and development (e.g., increasing infrastructure capacity that would enable new or additional development). It must not be assumed that growth in any area is necessarily beneficial, detrimental, or of little significance to the environment. State CEQA Guidelines § 15126.2(d). As explained in Section IV, above, the findings in this Section are based on the Final EIR Volume, the discussion and analysis in which is hereby incorporated in full by this reference.

The EIR analyzed the growth-inducing impacts of the proposed Project, which were determined to not be growth-inducing (Draft EIR at p. 5-1 to 5-3). The proposed Project would not induce substantial unplanned population in the City. It would contribute approximately 70 people to the City's population, which would represent an increase of 0.23 percent relative to the City's population of 31,110, and would be below the 2030 forecast for the City's population. The proposed Project also would not result in indirect population growth in the City because it would not result in any employment opportunities at operation, nor would it extend roads or other infrastructure into undeveloped areas in the City.

Finding: The proposed Project would not have substantial growth-inducing impacts.

IX. ALTERNATIVES

The EIR analyzed the originally proposed Project and three alternatives (including a no Project alternative), examining the environmental impacts and feasibility of each alternative, as well as the ability of the alternatives to meet Project objectives. The Project objectives as presented in Section 2 (Project Description) and Section 6 (Alternatives) of the Draft EIR are listed above in Section I of these Findings. A detailed description of the proposed Project is included in Section 2 of the Draft EIR, and detailed descriptions of each of the alternatives is included in Section 6 of the Draft EIR.

The No Project Alternative is a required element of an EIR pursuant to Section 15126.6(e) of the CEQA Guidelines that examines the environmental effects if the Project were not to proceed. Additionally, Alternative 2 – Consistency with Land Use and Zoning Alternative, and Alternative 3 – Riparian Preservation Alternative, were analyzed as part of the "reasonable range of alternatives" that could result in a reduction in Project impacts while achieving most

of the basic objectives of the Project. Brief summaries of the alternatives are provided below. A brief discussion of the Environmentally Superior Alternative follows the summaries of the alternatives.

As explained in Section IV, above, the findings in this Section are based on the Final EIR Volume, the discussion and analysis in which is hereby incorporated in full by this reference.

A. The Proposed Project

The proposed Project would involve subdividing a 72.45-acre parcel and developing 25 market-rate and affordable homes and related infrastructure, including new internal streets and driveways, supporting parking spaces, landscaping, bioretention and drainage features, and utility improvement, pursuant to the Housing Accountability Act (HAA) (California Government Code § 65589.5). Development would be contained within the northern 18.38-acre portion (25.4 percent) of the parcel (Development Area); the southern 54.06-acre portion (74.6 percent) (Remainder Area) is not proposed for development, with the exception of emergency access roads. Homes would consist of 1–3 stories, and streets would be designed to ensure the homes are located among vegetation and placed to reduce their prominence within the landscape. The color palate of the homes would include earth tones such as shades of brown and tan, along with shades of white and gray.

The proposed Project was determined to have a significant and unavoidable impacts related to emergency response and evacuation, emergency access, wildland fires, conflict with applicable land use plans, and transportation (VMT).

Finding: Even though it would have significant and unavoidable impacts related to evacuation plans, wildland fires, conflicts with applicable plans, and transportation, the proposed Project is a feasible project.

B. Alternative 1 - The No Project Alternative

Under the No Project Alternative, the proposed Project would not be constructed. No development of any kind would occur. For the purposes of this alternatives analysis, it is assumed the project site would remain vacant and no other alternative land use activities would occur. No improvements would be made to the emergency access road.

Because the No Project Alternative would involve no construction or operation of any new development, it would have no impacts. As a result, all impacts would be reduced relative to those of the proposed Project.

Finding: The No Project Alternative is rejected as infeasible because it would not meet any of the Project objectives and denial of the proposed Project on the ground that an alternative is available under CEQA would violate the HAA and HCA.

C. Alternative 2 – Consistency with Land Use and Zoning Alternative

Under the Consistency with Land Use and Zoning Alternative, the proposed project would be reduced from 25 residential lots to nine residential lots, aligning with the project site's existing land use and zoning designations. The project site is designated as Residential Hillside Conservation (RHC) and zoned Hillside Residential (HR), which allow for a maximum density of 0.5 dwelling unit per acre (du/acre) or 1.55 people per acre and 15,000 square feet or 25 percent impervious coverage of net site area, whichever is less. The total acreage of the project site would remain unchanged, and development would occur in the northern 18.38-acre portion of the parcel. As in the proposed Project, the southern 54.06 acres would remain undeveloped with the exception of an emergency access road.

By reducing the number of residential units to nine on the 18.38-acre portion, this alternative would result in a lower overall development density, thereby minimizing ground disturbance, grading, and impervious surface coverage compared to the proposed project. As such, this alternative would be consistent with the requirements of the land use and zoning designations for the site. The proposed bioretention areas and emergency access road would be included, similar to the proposed project.

The EIR finds that Alternative 2 – Consistency with Land Use and Zoning Alternative, would generally have similar but slightly reduced impacts relative to the proposed Project. The reduction in impacts results from the reduced development size and associated reduction in population, ground disturbance, and impervious areas. (Draft EIR at p. 6-17.) Impacts related to VMT, emergency access, conflicts with emergency response plans or evacuation plans, and wildfire hazards would remain significant and unavoidable, though they would be less than the proposed project. However, Alternative 2 would reduce the proposed project's significant and unavoidable impacts to land use and planning as this alternative would be consistent with the land use and zoning designations for the site and would have no impact in this regard.

Nearly all of the same mitigation measures described for the proposed Project would still be required for Alternative 2 (i.e., Mitigation Measures MM AIR-1, MM BIO-1a, MM BIO-1b, MM BIO-1c, MM BIO-1d, MM BIO-1e, MM BIO-2, MM CUL-1a, MM CUL-1b, MM CUL-2, MM GEO-1, MM GEO-5, MM GHG-1, MM NOI-1, MM TRANS-3, MM TRANS-4, MM UTIL-1, MM WILD-1). Mitigation Measure MM BIO-3 would not be required for Alternative 2.

Finding: Alternative 2 – Consistency with Land Use and Zoning Alternative, would meet or partially meet most of the Project objectives. However, this alternative is rejected because it does not meet the objective related to provision of affordable housing consistent with State law, including the HAA and SB 330, and denial of the proposed Project on the ground that an alternative is available under CEQA would violate the HAA and HCA.

D. Alternative 3 - Riparian Preservation Alternative

Under the Riparian Preservation Alternative, development within and adjacent to the sensitive

0.2-acre riparian area (Section 3.3, Biological Resources, Exhibit 3.3-1) would not occur. To preserve this area, this alternative would not develop on Lots 14, 15, 17, or 19 within the project site, resulting in a reduction of four homes compared to the proposed project. The proposed bioretention areas emergency access road would be included, similar to the proposed project.

By reducing the number of residential units by four, this alternative would result in a lower overall development density, thereby somewhat reducing ground disturbance, grading, and impervious surface coverage compared to the proposed project. The proposed bioretention areas and emergency access road would be included, similar to the proposed project.

The EIR finds that Alternative 3 – Riparian Preservation Alternative, would generally have similar but slightly reduced impacts relative to the proposed Project. The reduction in impacts results from the reduced development size and associated reduction in population, ground disturbance, and impervious areas. (Draft EIR at p. 6-26.) Impacts related to VMT, emergency access, land use and planning, conflicts with emergency response plans or evacuation plans, and wildfire hazards would remain significant and unavoidable, though they would be less than the proposed project.

Nearly all of the same mitigation measures described for the proposed Project would still be required for Alternative 3, with the exception of MM BIO-2, because the riparian area would be avoided under Alternative 3.

Finding: Alternative 3 – Riparian Preservation Alternative, would meet or partially meet most of the Project objectives. However, this alternative is rejected because it does not meet the objective related to provision of affordable housing consistent with State law, including the Housing Accountability Act and SB 330, and denial of the proposed Project on the ground that an alternative is available under CEQA would violate the HAA.

E. Environmentally Superior Alternative

Section 15126.6(e)(2) of the CEQA Guidelines requires that an "environmentally superior" alternative be selected and the reasons for such a selection be disclosed. The environmentally superior alternative is the alternative that would be expected to create the least significant environmental effects.

On the basis of the analysis of the Draft EIR, the City finds that the No Project Alternative is the environmentally superior alternative. (Draft EIR at p. 6-32.) However, Section 15126.6(e)(2) of the CEQA Guidelines states that if the environmentally superior alternative is the No Project Alternative, the EIR shall also identify an environmentally superior alternative among the other alternatives. In this case, the EIR identified Alternative 2 - Consistency with Land Use and Zoning Alternative as the environmentally superior alternative, because it would result in reduced impacts compared to the proposed Project under all impact areas. (Draft EIR at p. 6-33.)

Finding: Environmental Superior Alternative – The No Project Alternative is the environmentally superior alternative. However, the No Project Alternative is infeasible because it would not meet any of the Project Objectives and denial of the proposed Project on the ground that an alternative is available under CEQA would violate the HAA. Since the No Project Alternative was determined to be the environmentally superior alternative, pursuant to Section 15126.6(e)(2) of the CEQA Guidelines, Alternative 2 – Consistency with Land Use and Zoning Alternative has also been identified as the environmentally superior alternative. However, this alternative is rejected because it does not meet the objective related to provision of affordable housing consistent with State law, including the HAA and SB 330, and denial of the proposed Project on CEQA grounds would violate the HAA.

X. STATEMENT OF OVERRIDING CONSIDERATIONS

Section 15091 of the CEQA Guidelines (and Section 21081 of the California Public Resources Code) require a public agency, prior to approving a project, to identify significant impacts of the project and make one or more written findings for each such impact. According to Section 21081, "no public agency shall approve or carry out a project for which an environmental impact report has been certified which identifies one or more significant effects on the environment that would occur if the project is approved or carried out unless both of the following occur:

> (a) The public agency makes one or more of the possible findings with respect to each significant effect:
>
> > 1. Changes or alterations have been required in, or incorporated into, the project to mitigate or avoid the significant effects on the environment.
> >
> > 2. Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency.
> >
> > 3. Specific economic, legal, social, technological, or other considerations, including considerations for the provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or alternatives identified in the environmental impact report.
>
> (b) With respect to significant effects which were subject to a finding under paragraph (3) of subdivision (a), the public agency finds that specific overriding economic, legal, social, technological, or other benefits of the project outweigh the significant effects on the environment."

As discussed in Section IX of these Findings, the No Project Alternative has been rejected as infeasible because it would not meet the project objectives and denial of the proposed Project

on CEQA grounds would violate the HAA. Alternatives 2 and 3 have also been rejected as infeasible because they would not meet the objective related to provision of affordable housing consistent with State law, including the Housing Accountability Act, Density Bonus Law, SB 330, and Permit Streamlining Act, and denial of the proposed project on CEQA grounds would violate the HAA. The proposed Project qualifies for the Builder's Remedy provision of the HAA because 20% of the units will be affordable to lower-income households and the preliminary application was submitted before the City had adopted a substantially compliant Housing Element. As a result, the City cannot rely on subjective standards or on inconsistency with zoning or General Plan standards as a basis for denial for a qualifying project.

Since the Alternatives have been rejected as infeasible, as stated above, CEQA requires the decision-making agency to balance the benefits of a Project against its significant and unavoidable impacts when determining whether to approve a Project. If the benefits of the Project outweigh its unavoidable adverse environmental effects, those effects may be considered acceptable (CEQA Guidelines Section 15093(a)).

As set forth above, the City has found that some of the adverse environmental impacts of the Masson Estates Project remain significant and unavoidable following adoption and implementation of mitigation measures described in the EIR and incorporated into the Proposed Project. Section 15093(b) of the CEQA Guidelines provides that when the decision of the public agency results in the occurrence of significant impacts that are not avoided or substantially lessened, the agency must state in writing the reasons to support its actions. Having balanced the benefits of the Proposed Project against its significant and unavoidable environmental impacts, the City finds that the Project's benefits outweigh its unavoidable adverse environmental effects, as they are described in the EIR, and that the adverse environmental effects are therefore acceptable.

The following statements identify the reasons why, in the City's judgment, specific benefits of the Project outweigh the significant and unavoidable effects. The substantial evidence supporting the benefits of the Project can be found in the CEQA Findings, in the Project itself, and in the Record of Proceedings. The reasons set forth below are based on the Final EIR Volume and other information in the administrative record.

The City adopts and makes this Statement of Overriding Considerations regarding the significant unavoidable impacts and the anticipated benefits of the Masson Estates Project. The City finds that each of the benefits set forth below in this Statement constitutes a separate and independent ground for finding that the benefits of the Project outweigh the specific risks of their potential significant adverse environmental impacts. The benefits of the Project, which constitute the specific economic, legal, social, technological and other considerations that justify the approval of the Project are as follows:

A. The proposed Project would provide residential uses, including 20 percent on-site affordable units, on a site that does not currently contain any housing, which will provide housing and help to meet the City's Regional Housing Needs Assessment (RHNA) obligations.

B. The Project applicant will dedicate a public trail that provides a community benefit. This trail will help the City meet Goal OSC-5 in its General Plan which provides: "A citywide system of hiking, bicycling, and horseback riding trails shall be provided within the community which includes regional trail linkages with City, County, State, and regional parks, and other publicly owned open space lands."

C. The proposed Project would provide well-designed ownership residential single-family housing that adds diversity to Saratoga's ownership housing supply and meets a variety of residents' needs.

D. The proposed Project is a cohesive development consisting of high-quality, contemporary urban design that respects and relates well to its surroundings and preserves sensitive features of the project site.

E. The proposed Project would preserve the City's natural beauty and small town residential character.

F. The proposed Project would align with California's goals for housing production.

G. Approving the Project is required by the Housing Accountability Act, Government Code Section 65589.1.

H. The Project includes dedication of street right-of-way to provide a 25-foot half-width along the frontage of the site.

I. The Project includes a 50% cost share between the Project applicant and the City to construct a retaining wall structure for stabilizing the portion of Pierce Road adjacent to the Project site between Masson Court and Vintage Lane, thus protecting that length of road from that is subject to ground movement.

XI. INCORPORATION BY REFERENCE

These findings incorporate the text of the Final EIR Volume for the Project, the Mitigation Monitoring and Reporting Program, City staff reports relating to the Project and other documents relating to public hearings on the Project, by reference, in their entirety. Without limitation, this incorporation is intended to elaborate on the scope and nature of mitigation measures, Project and cumulative impacts, the basis for determining the significance of impacts, the comparison of the alternatives to the Project, the determination of the environmentally superior alternative, and the reasons for approving the Project.

XII. RECORD OF PROCEEDINGS

Various documents and other materials related to the Project constitute the record of proceedings upon which the City bases its findings and decisions contained herein.

Those documents and materials are available online at https://www.saratoga.ca.us/641/12-Pierce-Road-Masson-Estates and/or at the City of Saratoga Community Development Department, Planning Division located at 13777 Fruitvale Avenue, Saratoga, CA 95070.

XIII. NO RECIRCULATION REQUIRED

State CEQA Guidelines Section 15088.5 requires a lead agency to recirculate an EIR for further review and comment when "significant new information" is added to the EIR after public notice is given of the availability of the Draft EIR but before certification. No significant new information was added to the Draft EIR as a result of the public comment process. The Final EIR Volume responds to comments, and clarifies, amplifies and makes insignificant modifications to the Draft EIR. The Final EIR Volume does not identify any new significant effects on the environment or a substantial increase in the severity of an environmental impact.

Finding: For the foregoing reasons, recirculation of the Final EIR Volume is not required.

2084357.9

ITEM # 6

SANTA CLARA LAFCO

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

Commissioners
Sylvia Arenas
Jim Beall
Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Terry Trumbull
Mark Turner

Alternate Commissioners
Pamela Campos
Helen Chapman
Betty Duong
Zach Hilton
Teresa O'Neill

Executive Officer
Neelima Palacherla

LAFCO MEETING: **December 2, 2026**

TO: **LAFCO**

FROM: **Neelima Palacherla, Executive Officer**
Dunia Noel, Assistant Executive Officer
Emmanuel Abello, Analyst

SUBJECT: **LAFCO's ANNUAL FINANCIAL AUDIT REPORT – JUNE 30, 2026**

STAFF RECOMMENDATION

1. Receive a presentation from Chavan & Associates, LLP on LAFCO's Annual Financial Audit Report for Fiscal Year ending June 30, 2026.
2. Receive and file the Annual Financial Audit Report (June 30, 2026) prepared for Santa Clara LAFCO by Chavan & Associates, LLP.

BACKGROUND

The independent auditing firm of Chavan & Associates, LLP has prepared the LAFCO financial audit for Fiscal Year 2026, ending on June 30, 2026 (**Attachment A**).

The audit was conducted in accordance with the generally accepted auditing standards as specified in the report. The auditors found LAFCO's financial statements present fairly, in all material aspects, the financial position of LAFCO, as of June 30, 2026.

The audit did not identify any deficiencies in internal control over financial reporting that are considered to be material weaknesses or significant deficiencies.

Provided for the Commission's information are additional documents, entitled the Management Letter and the Commission Letter dated October 29, 2026 (see **Attachments B** and **C**), which provide information relating to the audit, according to auditor's professional standards, on the auditor's responsibilities with regard to the audit of Santa Clara LAFCO.

Prior to FY 2018, LAFCO's financials were reported as a special revenue fund, together with other funds, in the County of Santa Clara's Comprehensive Annual Financial Report. In August 2018, LAFCO retained Chavan & Associates, LLP through an RFP process to audit LAFCO's financial statements and prepare its General Purpose Financial Statements for Fiscal Years ending 2018, 2019, 2020 and 2021 at

a cost of $40,000. In December 2021, LAFCO extended the agreement to January 1, 2024, to include audit of financial statements for Fiscal Years ending 2022 and 2023, and added $25,500 in the contract, for a total contract amount not to exceed $65,500. At its February 2024 meeting, LAFCO authorized the Executive Officer to amend the services agreement with Chavan & Associates, LLP, to (a) extend the agreement term to January 1, 2027, (b) include an additional $38,250 in the contract, for a total contract amount not to exceed $103,750, and (c) designate Paul Pham as the Contractor's Project Manager, pursuant to Government Code §12410.6[b].

Therefore, Chavan and Associates has audited LAFCO's financial statements for nine consecutive years, from FY2018 through the recently concluded FY2026, marking the end of its current contract. Over that period, Sheldon Chavan served as the lead audit partner for the first six years, and Paul Pham served as engagement partner for the last three.

Staff will bring back for the Commission's consideration at the February 3, 2027 LAFCO meeting, recommendations on the issuance of a Request for Proposals (RFP) for an independent Certified Public Accounting firm to audit LAFCO's financial statements and prepare its General-Purpose Financial Statements for FY 2027 onwards.

ATTACHMENTS

Attachment A:	Annual Financial Audit Report (June 30, 2026)
Attachment B:	Management Letter dated October 29, 2026
Attachment C:	Letter to the Commission dated October 29, 2026

ITEM # 6
Attachment A

Local Agency Formation Commission
of
Santa Clara County

Annual Financial Audit Report

June 30, 2026

Chavan & Associates, LLP
Certified Public Accountants
16450 Monterey Road, Suite #5
Morgan Hill, CA 95037

Local Agency Formation Commission of Santa Clara County

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FINANCIAL SECTION

Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Local Agency Formation Commission of Santa Clara County (LAFCO), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise LAFCO's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental-type activities of the Local Agency Formation Commission of Santa Clara County, as of June 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LAFCO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

Deficit Net Position

As presented in the statement of net position, LAFCO reported a deficit net position in its government-wide financial statements as of June 30, 2026. This deficit is primarily attributable to its net pension and net OPEB liabilities, along with the associated deferred outflows and inflows of resources, which are disclosed in Notes 5 and 6 to the financial statements. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As disclosed in Note 1 to the financial statements, effective July 1, 2025, LAFCO adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets. The adoption of GASB Statement No. 103 changed the presentation of the budgetary comparison schedule presented as required supplementary information and changed the content of management's discussion and analysis. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LAFCO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAGAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LAFCO's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LAFCO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2026, on our consideration of LAFCO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAFCO's internal control over financial reporting and compliance.

C & A LLP

October 29, 2026
Morgan Hill, California

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Management's Discussion and Analysis

This section of the Local Agency Formation Commission of Santa Clara County's (LAFCO) annual financial report presents management's discussion and analysis (MD&A) of LAFCO's financial performance during the fiscal year ended June 30, 2026. It should be read in conjunction with LAFCO's financial statements and the accompanying notes.

This MD&A is organized by the five sections required by GASB Statement No. 103, Financial Reporting Model Improvements, which LAFCO implemented this year: an overview of the financial statements, a financial summary, detailed analyses of significant changes, a discussion of significant capital asset and long-term financing activity, and a description of currently known facts, decisions, or conditions expected to affect LAFCO's financial position or results. Under Statement No. 103, the MD&A is limited to these sections and focuses on explaining why balances and results changed rather than restating amounts; budgetary comparison information is presented as required supplementary information.

Overview of the Financial Statements

The Local Agency Formation Commission of Santa Clara County was established in 1963 pursuant to state statute to encourage the orderly formation and development of local government agencies. LAFCO achieves this mandate by reviewing and approving proposals for annexations, incorporations, and other changes of organization, as well as by establishing spheres of influence and conducting municipal service reviews.

Pursuant to California Government Code Section 56381, LAFCO's net operating costs are apportioned among the County of Santa Clara, cities within the county, and independent special districts. LAFCO's cash is held in the County treasury. Governance is provided by a commission consisting of seven commissioners and five alternates. LAFCO maintains a Memorandum of Understanding (MOU) with the County of Santa Clara for administrative staffing and support services. As of June 30, 2026, the agency directly employed four full-time employees. LAFCO accounts for all of its activities in a single governmental fund, the General Fund, and its basic financial statements consist of two kinds of statements that present different views of LAFCO, as shown in Figure A-1.

Figure A-1. Contents of LAFCO's Basic Financial Statements

Government-wide Financial Statements		Governmental Fund Financial Statements (General Fund)	
Statement of Net Position	Statement of Activities	Balance Sheet	Statement of Revenues, Expenditures, and Changes in Fund Balance
Reconciliations of the fund statements to the government-wide statements			
Notes to Financial Statements			

Government-wide financial statements provide both long-term and short-term information about LAFCO's overall financial status, using the accrual basis of accounting in a manner similar to a private-sector business. The statement of net position includes all of LAFCO's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including its right-of-use lease asset and long-term obligations, with the difference reported as net position. The statement of activities reports how net position changed during the year, presenting the cost of LAFCO's general government function net of the program revenues (application fees and agency apportionments) that directly offset it, followed by general revenues such as investment income. Under GASB Statement No. 103, transactions and events that are either unusual in

nature or infrequent in occurrence are presented separately as unusual or infrequent items, replacing the former extraordinary and special item categories.

Fund financial statements focus on LAFCO's General Fund, its only fund, and report on a short-term, current financial resources basis using modified accrual accounting. The balance sheet reports the resources available for spending at year end, classified into fund balance categories that describe the constraints on their use, and the statement of revenues, expenditures, and changes in fund balance reports the inflows and outflows of spendable resources during the year. Because the fund statements leave out capital assets and long-term liabilities, reconciliations following each fund statement explain the differences between the fund and government-wide views. All of LAFCO's activities are reported in the General Fund, so there are no interfund transfers.

Figure A-2. Major Features of LAFCO's Government-wide and Fund Financial Statements

	Government-wide Statements	Governmental Fund Statements
Scope	Entire LAFCO	LAFCO's activities that are not proprietary or fiduciary — the General Fund, LAFCO's only fund
Required financial statements	Statement of net position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Types of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Types of deferred outflows and inflows of resources	All resources that flow into and out of LAFCO during the year that relate to a future year	Only amounts related to revenues that are not yet available
Types of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

The notes to the financial statements provide information essential to a full understanding of the statements. The notes are followed by required supplementary information: the General Fund budget-to-actual comparison schedule, which GASB Statement No. 103 requires to be presented as RSI with variances between the original and final budget and between the final budget and actual results.

Financial Summary

LAFCO's total net position improved by $65,357 during the year, from a deficit of $774,860 to a deficit of $709,503. Total revenues increased $301,738, or 26.7 percent, to $1,433,757, principally because intergovernmental revenue — the apportionments from the County, cities, and independent special districts and County reimbursements — increased $288,058. Total expenses increased $170,369, or 14.2 percent, to $1,368,400. LAFCO reported no unusual or infrequent items, and prior-year amounts have not been restated.

Condensed Statement of Net Position — Governmental Activities

Condensed Statement of Net Position	FY2026	FY2025	Change	% Change
Assets				
Current assets	$ 461,268	$ 420,597	$ 40,671	9.67%
Right of use assets - Net	43,318	95,297	(51,979)	(54.54%)
Total assets	$ 504,586	$ 515,894	$ (11,308)	(2.19%)
Deferred outflows of resources	$ 440,387	$ 412,402	$ 27,985	6.79%
Liabilities				
Current liabilities	$ 111,328	$ 97,894	$ 13,434	13.72%
Noncurrent liabilities	1,448,192	1,579,549	(131,357)	(8.32%)
Total liabilities	$ 1,559,520	$ 1,677,443	$ (117,923)	(7.03%)
Deferred inflows of resources	$ 94,956	$ 25,713	$ 69,243	269.29%
Net investment in capital assets	$ (2,746)	$ (4,547)	$ 1,801	39.61%
Unrestricted (deficit)	(706,757)	(770,313)	63,556	8.25%
Total net position	**$ (709,503)**	**$ (774,860)**	**$ 65,357**	**8.43%**

Fiscal year 2025 net position components have been reclassified to present a net investment in capital assets deficit of $4,547 (right-of-use lease asset of $95,297 less lease liability of $99,844); total net position is unchanged.

LAFCO's deficit in net position is attributable primarily to its net pension liability of $821,377 and net OPEB liability of $405,712, together with the related deferred outflows and inflows of resources, which are reported in the government-wide financial statements but not in the General Fund. Net investment in capital assets was a deficit of $2,746, as the lease liability of $46,064 exceeded the carrying amount of the related right-of-use office space lease asset of $43,318. LAFCO reported no restricted net position at June 30, 2026.

Condensed Statement of Activities — Governmental Activities

Summary of Changes in Net Position	FY2026	FY2025	Change	% Change
Revenues				
Program revenues				
Charges for services	$ 23,785	$ 21,074	$ 2,711	12.86%
Operating grants and contributions	1,365,669	1,077,611	288,058	26.73%
General revenues				
Investment income	44,303	33,334	10,969	32.91%
Total revenues	**1,433,757**	**1,132,019**	**301,738**	**26.65%**
Expenses				
General government	1,366,141	1,194,184	171,957	14.40%
Interest expense	2,259	3,847	(1,588)	(41.28%)
Total expenses	**1,368,400**	**1,198,031**	**170,369**	**14.22%**
Change in net position	65,357	(66,012)	131,369	199.01%
Beginning Net Position	(774,860)	(708,848)	(66,012)	(9.31%)
Ending Net Position	**$ (709,503)**	**$ (774,860)**	**$ 65,357**	**8.43%**

General Fund — Changes in Fund Balance

General Fund — Changes in Fund Balance	FY2026	FY2025	Change	% Change
Revenues				
Intergovernmental	$ 1,365,669	$ 1,077,611	$ 288,058	26.73%
Charges for services	23,785	21,074	2,711	12.86%
Investment income	44,303	33,334	10,969	32.91%
Total revenues	**1,433,757**	**1,132,019**	**301,738**	**26.65%**
Expenditures				
Current — general government	1,414,236	1,193,427	220,809	18.50%
Total expenditures	**1,414,236**	**1,193,427**	**220,809**	**18.50%**
Net change in fund balance	**19,521**	**(61,408)**	**80,929**	**131.79%**
Beginning Fund balance	376,483	437,891	(61,408)	(14.02%)
Ending Fund balance	**$ 396,004**	**$ 376,483**	**$ 19,521**	**5.19%**

For fiscal year 2026, total revenues of $1,433,757 exceeded total expenditures of $1,414,236 by $19,521. This represents a positive variance as compared to fiscal year 2025, when expenditures exceeded revenues by $61,408. The revenue increase was driven primarily by higher apportionments from Santa Clara County, cities, and special districts. Expenditures increased primarily because employee services rose $116,778 and professional services rose $114,469, mainly for contract services on the countywide water and wastewater studies.

At June 30, 2026, the General Fund's fund balance was $396,004, consisting of $11,693 nonspendable for prepaid expenses and $384,311 unassigned. The ending fund balance is carried forward to offset subsequent-year operating expenses, thereby reducing the costs apportioned to LAFCO's funding agencies. Although LAFCO has not formally adopted a written reserve policy, the agency internally designates $200,000 as a general reserve to provide financial flexibility and stability for contingencies and unanticipated needs, such as litigation.

Detailed Analyses

Statement of Net Position

Current and other assets increased by $40,671, driven primarily by a $27,742 increase in cash and investments held in the County treasury, the recognition of $11,693 in prepaid expenses at year end, and a $1,236 increase in interest receivable. Conversely, net capital assets decreased by $51,979, reflecting the amortization of the right-of-use office space lease asset, as LAFCO recorded no capital outlays during the year.

Total liabilities decreased by $117,923, or 7.0 percent, led by a $131,357 (8.3 percent) decrease in noncurrent liabilities. Specifically, the net pension liability decreased by $169,299, and the remaining $46,064 office space lease liability, all due within one year, is now reported as a current liability after scheduled lease payments of $53,780 reduced the balance. These reductions were partially offset by an $81,146 increase in the net OPEB liability and a $2,861 increase in compensated absences. Additionally, deferred outflows of resources increased by $27,985, and deferred inflows of resources increased by $69,243, reflecting the results of recent actuarial measurements for LAFCO's pension and OPEB plans, along with contributions made subsequent to the measurement dates.

Statement of Activities

Total revenues for fiscal year 2026 increased by $301,738, or 26.7 percent, compared to the prior fiscal year. Operating grants and contributions — which comprise 95.3 percent of LAFCO's total revenue base

— increased by $288,058 (26.7 percent). This growth was driven primarily by a $192,039 increase in apportionments from the County, cities, and independent special districts, which are apportioned based on LAFCO's net operating costs, and a $96,019 increase in County reimbursements for professional and specialized services. Additionally, charges for services increased by $2,711 (12.9 percent), and investment income on cash held in the County treasury pool increased by $10,969 (32.9 percent).

Total expenses increased by $170,369, or 14.2 percent, during the fiscal year. General Fund expenditures for employee services rose by $116,778 (12.7 percent), reflecting higher salary and benefit costs for staffing, provided through the County. Professional services increased by $114,469, or 72.7 percent, primarily due to an increase in contract services for countywide water and wastewater studies. Government-wide general government expenses were reduced by $46,896 relative to General Fund expenditures, as pension and OPEB contributions exceeded recognized expenses (compared to a $9,086 reduction in fiscal year 2025). Furthermore, general government expenses incorporate $51,979 of amortization for the right-of-use office space lease asset.

Unusual or Infrequent Items

LAFCO reported no unusual or infrequent items in fiscal year 2026 or fiscal year 2025.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets

Capital assets, net	FY2026	FY2025	Change	% Change
Right-of-use lease asset	$ 259,897	$ 259,897	$ -	0.00%
Less: accumulated amortization	(216,579)	(164,600)	(51,979)	(31.6%)
Right-of-use lease asset, net	$ 43,318	$ 95,297	$ (51,979)	(54.5%)

LAFCO's only capital asset is a right-of-use asset for its office space lease, recognized under GASB Statement No. 87. The asset, with a cost of $259,897, was amortized by $51,979 during the year, leaving a net carrying amount of $43,318. LAFCO had no capital outlay and entered into no new leases during the year. Additional details are presented in Note 4.

Long-Term Debt and Financed Obligations

Summary of Long-Term Liabilities (including current portion)	FY2026	FY2025	Change	% Change
Lease Liability	$ 46,064	$ 99,844	$ (53,780)	(53.86%)
Net Pension Liability	821,377	990,676	(169,299)	(17.09%)
Net OPEB Liability	405,712	324,566	81,146	25.00%
Compensated Absences	221,103	218,242	2,861	1.31%
Total Long-Term Liabilities (including current portion)	**$ 1,494,256**	**$ 1,633,328**	**$ (139,072)**	**(8.51%)**

LAFCO maintains no bonded debt, notes, or other formal borrowings. During the fiscal year, the agency made $53,780 in principal payments toward its office space lease liability, with the remaining balance of $46,064 due within one year. Net pension and net OPEB liabilities comprise 82.1 percent of total long-term liabilities and are determined through actuarial valuations. Additional details regarding these obligations are presented in Notes 3 through 6 to the financial statements.

Currently Known Facts, Decisions, or Conditions

The following matters, known to management as of the date of this report, are expected to have a significant effect on LAFCO's financial position or results of operations in future periods:

Office space lease. The office space lease liability will be fully repaid in fiscal year 2027. The Commission will consider renewing the lease or other alternatives during fiscal year 2027.

Fiscal year 2027 budget. The Commission adopted its fiscal year 2027 budget at the June 3, 2026, LAFCO meeting. The budget includes appropriations totaling $1,735,905, approximately 18.5 percent higher than fiscal year 2026 final appropriations. The budget assumes a rollover of $57,251 in fund balance from the previous fiscal year and anticipates no change in application fees or any increase in interest from deposits and investments from the previous year. LAFCO's net operating costs of $1,643,655 are apportioned to the County, cities, and independent special districts under the fiscal year 2027 budget and reflect an approximately 20 percent increase from fiscal year 2026.

Requests for Information

This financial report is designed to provide the Commission, funding agencies, and the public with a general overview of LAFCO's finances and to demonstrate accountability for the public resources entrusted to the agency. If you have any questions regarding this report or need additional financial information, contact the Executive Officer at LAFCO of Santa Clara County, 777 North First Street, Suite 410, San Jose, CA 95112.

Basic Financial Statements

Local Agency Formation Commission of Santa Clara County

Statement of Net Position

June 30, 2026

	Governmental Activities
Assets	
Current assets:	
Cash and investments	$ 443,191
Interest receivable	6,384
Prepaid expenses	11,693
Total current assets	461,268
Noncurrent assets:	
Right of use assets:	
Office space lease	259,897
Accumulated amortization	(216,579)
Total right of use assets, net	43,318
Total Assets	$ 504,586
Deferred Outflows of Resources	
OPEB adjustments	$ 197,077
Pension adjustments	243,310
Total Deferred Outflows of Resources	$ 440,387
Liabilities	
Current liabilities:	
Accounts Payable	$ 29,598
Accrued liabilities	28,246
Unearned revenue	7,420
Current portion of lease payable, office space	46,064
Total current liabilities	111,328
Noncurrent liabilities:	
Net OPEB liability	405,712
Net pension liability	821,377
Compensated absences	221,103
Total noncurrent liabilities	1,448,192
Total Liabilities	$ 1,559,520
Deferred Inflows of Resources	
OPEB adjustments	$ 27,767
Pension adjustments	67,189
Total Deferred Inflows of Resources	$ 94,956
Net Position	
Net investment in capital assets	$ (2,746)
Unrestricted	(706,757)
Total Net Position	$ (709,503)

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

Local Agency Formation Commission of Santa Clara County

Statement of Activities

For the Fiscal Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
General government	$ 1,366,141	$ 23,785	$ 1,365,669	$ 23,313
Interest expense	2,259	-	-	(2,259)
Total governmental activities	$ 1,368,400	$ 23,785	$ 1,365,669	21,054
General revenues:				
Investment income				44,303
Change in net position				65,357
Net position beginning - July 1, 2025				(774,860)
Net position ending - June 30, 2026				$ (709,503)

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

Local Agency Formation Commission of Santa Clara County

Balance Sheet
Governmental Funds
June 30, 2026

	General Fund
ASSETS	
Cash and investments	$ 443,191
Interest receivable	6,384
Prepaid expenses	11,693
Total Assets	$ 461,268
LIABILITIES	
Accounts payable	$ 29,598
Accrued liabilities	28,246
Unearned revenue	7,420
Total Liabilities	65,264
FUND BALANCE	
Nonspendable for prepaid expenses	11,693
Unassigned	384,311
Total Fund Balance	396,004
Total Liabilities and Fund Balance	$ 461,268

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

Local Agency Formation Commission of Santa Clara County

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2026

Total fund balance - governmental funds		$ 396,004
Amounts reported in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Right of use assets	$ 259,897	
Accumulated amortization	(216,579)	43,318
Differences between projected and actual experience in pension and OPEB plans are not incorporated into the actuarial valuation until the subsequent fiscal year. Consequently, these variances are reported as deferred outflows or inflows of resources in the statement of net position as follows:		
OPEB adjustments:		
Difference between actual and expected experience		4,188
Difference between actual and expected earnings		(12,446)
Change in assumptions		136,607
Contributions subsequent to the measurement date		40,961
Pension adjustments:		
Difference between actual and expected experience		70,576
Difference between actual and expected earnings		(67,189)
Change in assumptions		11,777
Contributions subsequent to measurement date		160,957
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Net OPEB liability	$ 405,712	
Net pension liability	821,377	
Leases payable	46,064	
Compensated absences	221,103	(1,494,256)
Total net position - governmental activities		$ (709,503)

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

Local Agency Formation Commission of Santa Clara County

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the Fiscal Year Ended June 30, 2026

	General Fund
Revenues:	
Intergovernmental	$ 1,365,669
Charges for services	23,785
Investment income	44,303
Total revenues	1,433,757
Expenditures:	
Current:	
Employee services	1,038,338
Professional services	271,976
Commission fees	6,400
Facilities	58,106
Insurance	14
Supplies	2,438
Memberships	14,793
Travel	15,542
Miscellaneous	6,629
Total expenditures	1,414,236
Net change in fund balance	19,521
Fund balance - July 1, 2025	376,483
Fund balance - June 30, 2026	$ 396,004

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

Local Agency Formation Commission of Santa Clara County

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2026

Total net change in fund balance - governmental funds	$	19,521
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation or amortization expense.		
Amortization expense		(51,979)
In governmental funds, actual contributions to pension and OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, current year pension and OPEB expenses, as reported in the plans' actuarial valuation reports, are reported as expenses, as adjusted for deferred inflows and outflows of resources.		46,896
In governmental funds, the proceeds of leases are reported as other financing sources at lease commencement whereas lease principal payments are reported as expenditures. Interest is recognized as expenditure when due and payable. The net effect of these differences in the treatment of leases and related items is as follows:		
Principal lease payments		53,780
In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures are measured by the amount of financial resources used (essentially the amounts paid). For the current fiscal year, leave earned exceeded leave used.		(2,861)
Change in net position of governmental activities	$	65,357

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. General

The Local Agency Formation Commission of Santa Clara County (the "Commission" or "LAFCO") was established in 1963 to administer State laws that encourage the orderly formation and development of local government agencies, which is essential to the social, fiscal, and economic well-being of the State. The Commission operates under the authority of Government Code Section 56000 and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

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

B. Reporting Entity

LAFCO's financial statements include the accounts of all its operations. LAFCO evaluated whether any other entity should be included in these financial statements. The criteria for including an organization in LAFCO's reporting entity are based on financial accountability, as set forth in GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus. These criteria include whether:

- The organization is legally separate
- LAFCO appoints a voting majority of the organization's governing body
- LAFCO is able to impose its will on the organization
- The organization can provide a financial benefit to, or impose a financial burden on, LAFCO
- The organization is fiscally dependent on LAFCO

Accordingly, for the year ended June 30, 2026, LAFCO does not have any component units but is a blended component unit of the County of Santa Clara.

C. Accounting Principles

The accounting policies of LAFCO conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

D. Basis of Presentation

Government-Wide Financial Statements:

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

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

better identify the relationship between the government-wide statements and the statements for the governmental funds.

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

Fund Financial Statements:

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

E. Basis of Accounting

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Apportionments are recognized as revenue in the fiscal year for which they are apportioned.

Governmental Fund Financial Statements:

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

Non-exchange transactions, in which LAFCO receives value without directly giving equal value in return, include apportionments from the County, cities, and independent special districts. Under the accrual basis, revenue from apportionments is recognized in the fiscal year for which the

apportionments are made. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Deferred Inflows of Resources:

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

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

Unearned Revenue:

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

Expenses/Expenditures:

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

F. Fund Accounting

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

G. Budgets and Budgetary Accounting

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

H. Cash and Equivalents

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

I. Cash and Investments

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

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

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

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

Each of these valuation techniques requires inputs to calculate a fair value. Fair value measurements maximize the use of observable inputs and minimize the use of unobservable inputs.

J. Prepaid Expenses

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

K. Capital Assets

Capital assets, which may include land, buildings, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets (right of use assets), and all other tangible or intangible assets, that are used in operations and that have initial useful lives extending beyond a single reporting period, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than $5,000. Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Right of use assets are recorded at the present value of payments expected to be made during the lease term. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized.

Depreciation/Amortization of all exhaustible capital assets is recorded as an expense in the government-wide Statement of Activities with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the Statement of Net Position.

The purpose of depreciation and amortization is to spread the cost of capital assets equitably among all users over the life of these assets. The useful life of right of use assets is typically determined by the associated lease term of those assets. The amount charged to depreciation and amortization expense each year represents that year's pro rata share of the cost of capital assets. LAFCO uses the straight-line method, under which the cost of an asset is divided by its expected useful life in years and charged to expense each year until the asset is fully depreciated or amortized.

L. Compensated Absences

LAFCO recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported in the government-wide statement of net position to reflect LAFCO's obligation to fund such costs from future operations. LAFCO includes its share of Social Security and Medicare payments made on behalf of the employees in its accrual for compensated absences. However, LAFCO does not accrue for compensated absences in its governmental fund statements and recognizes liabilities for compensated absences only if they are due and payable in an event such as termination.

Vacation

LAFCO's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

LAFCO's policy permits employees to accumulate earned but unused sick leave benefits. Generally, employees must complete ten years of service with the County to be eligible to receive pay for

accrued sick leave, with the eligible payout determined by the terms outlined in the Memorandum of Understanding between the employees' bargaining units and LAFCO.

M. Noncurrent Liabilities

In the government-wide financial statements, liabilities such as leases payable, net pension liabilities and net OPEB liabilities are reported as noncurrent liabilities in the Statement of Net Position, net of current portions.

N. Leases (Lessee)

LAFCO is a lessee under a noncancellable lease for office space. LAFCO recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, LAFCO initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how LAFCO determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- LAFCO uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, LAFCO generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that LAFCO is reasonably certain to exercise.

LAFCO monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported separately as right of use assets and lease liabilities are reported as current and noncurrent liabilities in the statement of net position.

O. Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Fund Balance Classifications

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, LAFCO classifies governmental fund balances as follows:

Nonspendable fund balance includes amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.
Restricted fund balance includes amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and do not lapse at year-end. Commitments are established by formal action of the Commission.

Assigned fund balance includes amounts that are intended to be used for specific purposes that are neither restricted nor committed. Fund balance may be assigned by the Executive Officer.

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

When both restricted and unrestricted fund balance are available, LAFCO uses restricted amounts first, unless legal documents or contracts, such as a grant agreement requiring dollar-for-dollar spending, prohibit doing so. Additionally, LAFCO uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Q. Net Position

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

Unrestricted net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Pensions

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB Statement No. 68) requires that the reported results pertain to liability and asset information within certain defined timeframes. Liabilities are based on the results of actuarial calculations performed as of June 30, 2024. For this report, the following timeframes are used for LAFCO's pension plan:

Valuation Date (VD)	June 30, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	June 30, 2024 to June 30, 2025

S. Other Postemployment Benefits Other Than Pensions (OPEB)

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

T. Implemented Accounting Pronouncements

GASB Statement No. 103, Financial Reporting Model Improvements, effective fiscal 2026

Effective July 1, 2025, LAFCO implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. The provisions that affect LAFCO's financial report are: (1) the MD&A is organized into five required sections and explains why balances and results changed rather than restating amounts; (2) transactions that are unusual in nature or infrequent in occurrence are reported separately as unusual or infrequent items, replacing the former extraordinary and special item categories (LAFCO reported no such items in fiscal year 2026 or 2025); and (3) the General Fund budgetary comparison schedule is presented as required supplementary information, with variances between the original and final budget and between the final budget and actual results. LAFCO reports all of its activities in a single governmental fund and has no proprietary funds or component units. Implementation changed presentation only. It had no effect on LAFCO's beginning net position or fund balance. This change in accounting principle is reported in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections.

GASB Statement No. 104, Disclosure of Certain Capital Assets, effective fiscal 2026

Effective July 1, 2025, LAFCO implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This standard establishes separate major-class disclosure requirements for lease assets, intangible right-of-use assets, subscription assets, and other intangible assets within the capital asset note disclosures (Note 4). It also requires specific disclosures for capital assets held for sale based on management intent and a probable one-year sale timeframe. LAFCO had no capital assets meeting the held-for-sale criteria as of June 30, 2026. Implementation changed presentation only. It had no effect on LAFCO's net position or fund balance, and prior-year amounts were not restated.

U. Upcoming Accounting and Reporting Changes

LAFCO is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following GASB Statement:

GASB Statement No. 105, Subsequent Events, effective fiscal 2027.

In December 2025, the Governmental Accounting Standards Board (GASB) issued Statement No. 105, Subsequent Events, which supersedes the subsequent events guidance in GASB Statement No. 56. GASB Statement No. 105 establishes updated accounting and financial reporting standards for evaluating, recognizing, and disclosing transactions or events occurring after the financial statement date. The standard distinguishes between recognized subsequent events (reflecting pre-existing conditions) and nonrecognized events (arising after the financial statement date), detailing specific disclosure requirements for material nonrecognized items—such as debt events, government combinations, or other essential matters—as well as the date through which subsequent events were evaluated.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. LAFCO will implement this Statement for the fiscal year ending June 30, 2027.

NOTE 2 - CASH AND INVESTMENTS

Summary of Cash and Investments

LAFCO's cash and investments held in the Santa Clara County Treasurer’s commingled pool totaled $443,191 as of June 30, 2026.

Fair Value Measurements

GASB Statement No. 72 establishes a hierarchy of inputs to the valuation techniques described in Note 1. This hierarchy has three levels:

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

Investments in the County Treasury Investment Pool are not measured using the input levels above because LAFCO's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

Cash in Santa Clara County Treasury

The fair value of LAFCO's investment in the county pool is reported at amounts based on LAFCO's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Santa Clara County investment pool funds were available for withdrawal on demand and had a weighted average maturity of 595 days. All cash and investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average cash and investment balances of the various funds of the County.

Risk Disclosures

The specific limitations regarding interest rate risk, credit risk, custodial credit risk, and concentration of credit risk are detailed below:

a) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. LAFCO manages its exposure to interest rate risk by investing in the Santa Clara County investment pool, which had a fair value of approximately $11.38 billion as of June 30, 2026.

b) Credit Risk

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

c) Custodial Credit Risk

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

and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the money invested by LAFCO in the County of Santa Clara Investment Pool).

d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. LAFCO's investment in the County's commingled pool is diversified by the County Treasurer by limiting the percentage of the portfolio that can be invested in any one issuer's name. Investments in U.S. Treasuries, U.S. Agency securities explicitly backed by the U.S. government, and mutual and pooled funds are not subject to this limitation. More than 5% of the County's commingled pooled investments are invested in securities of each of the following issuers: the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank.

NOTE 3 – LONG-TERM LIABILITIES

The following summarizes LAFCO's long-term liabilities as of June 30, 2026:

Description	Balance July 1, 2025	Additions	Adjustments & Deletions	Balance June 30, 2026	Due Within One Year
Net Pension Liability	$ 990,676	$ 311,781	$ 481,080	$ 821,377	$ -
Net OPEB Liability	324,566	259,312	178,166	405,712	-
Office Lease	99,844	-	53,780	46,064	46,064
Compensated Absences	218,242	2,861	-	221,103	-
Total Long-term Liabilities	$ 1,633,328	$ 573,954	$ 713,026	$ 1,494,256	$ 46,064

NOTE 4 - LEASES AND RIGHT OF USE ASSETS

LAFCO has a five-year lease agreement for building space at 777 North First Street, San Jose, California, that commenced on May 1, 2022. Monthly base rent is $4,670, with the lease term ending April 30, 2027. The lease liability was initially measured at $259,897, the present value of the payments over the five-year term discounted at 3%. Payments for the fiscal year ended June 30, 2026 totaled $56,039, consisting of $53,780 of principal and $2,259 of interest, leaving a lease liability of $46,064 at June 30, 2026, all due within one year. LAFCO recorded a corresponding right-of-use asset of $259,897. As of June 30, 2026, accumulated amortization was $216,579, resulting in a net carrying amount of $43,318. The following summarizes the principal and interest requirements to maturity:

Year Ending June 30	Principal Payments	Interest Payments	Total
2027	46,064	636	46,700
Total	$ 46,064	$ 636	$ 46,700

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the County of Santa Clara Miscellaneous Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). LAFCO reports its proportionate share of the Plan. Benefit provisions under the Plan are established by State statute and Commission resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

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

The Plan's provisions and benefits in effect at June 30, 2026, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
Benefit formula	2% @ 55 2.5% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.0% / 2.5%	2%
Required employee contribution rates	8.00%	7.50%
Required employer contribution rates	9.71%	9.71%

Employees Covered

As of June 30, 2026, there were four active employees covered by the plan.

Contributions

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

For the year ended June 30, 2026, the contributions were as follows:

Contributions - employer	$	145,620
Contributions - employee		15,337
Total	$	160,957

Pension Liabilities

As of June 30, 2026, LAFCO reported a net pension liability of $821,377 for its proportionate share of the County of Santa Clara's miscellaneous pension plan. LAFCO's proportionate share is measured at 0.022%, based on its contributions relative to the projected contributions of all participating employers, actuarially determined. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025 using standard update procedures.

The Plan's net pension liability is measured as the total pension liability less the plan fiduciary net position; LAFCO reports its proportionate share. The change in the net pension liability for the plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2025	$ 3,588,437	$ 2,597,761	$ 990,676
Service cost	86,347	-	86,347
Interest	235,598	-	235,598
Differences between expected and actual experience	35,334	-	35,334
Benefit payments	(162,526)	(162,526)	-
Change in proportionate share	(171,219)	(123,953)	(47,266)
Employer contributions	-	137,535	(137,535)
Employee contributions	-	41,791	(41,791)
Net investment income	-	301,754	(301,754)
Administrative expense	-	(1,768)	1,768
Net change	23,534	192,833	(169,299)
Balance at June 30, 2026	$ 3,611,971	$ 2,790,594	$ 821,377

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

For the year ended June 30, 2026, LAFCO recognized pension expense of $96,537. As of June 30, 2026, LAFCO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 11,777	$ -
Differences between Expected and Actual Experience	70,576	-
Differences between Projected and Actual Investment Earnings	-	67,189
Pension Contributions Made Subsequent to Measurement Date	160,957	-
	$ 243,310	$ 67,189

LAFCO reported $160,957 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Miscellaneous
2027	$ 74,038
2028	(12,813)
2029	(24,547)
2030	(21,514)
	$ 15,164

Actuarial Assumptions

The total pension liabilities in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.80% (2)
Mortality	(3)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Return [1][2]
Public Equity	37.00%	4.56%
Private Equity	17.00%	5.56%
Fixed Income	28.00%	2.53%
Real Assets	15.00%	3.03%
Private Debt	8.00%	4.93%
Strategic Leverage	-5.00%	1.40%
Total	100.00%	

(1) An expected inflation rate of 2.30% used for this period.
(2) Figures are based on the 2024 Mid-Cycle Asset Liability Management study.

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

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

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability	$ 1,311,352
Current Discount Rate	6.90%
Net Pension Liability	$ 821,377
1% Increase	7.90%
Net Pension Liability	$ 417,248

Pension Plan Fiduciary Net Position

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

The County participates in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent multiple-employer postemployment health plan, to fund other postemployment benefits through CalPERS. The CERBT plan's audited financial statements are available at https://www.calpers.ca.gov/investments/about-investment-office/investment-financial-reports.

Benefits Provided

All County employees hired prior to August 12, 1996 are eligible for health benefits upon attaining age 50 with 5 years of service. Employees hired on or after August 12, 1996 and before June 19, 2006 are eligible for health benefits upon attaining age 50 with 8 years of service. Employees hired on or after June 19, 2006 are eligible for health benefits upon attaining age 50 with 10 years of service. All Miscellaneous and Safety employees and Judges have the opportunity, upon attaining plan eligibility, to participate in the plan in retirement.

The County has established a 15-year (up from 10-year) retiree health benefit service requirement that applies to most employees hired on or after September 30, 2013.

Employees who retired before December 5, 1983 have their full premium cost subsidized by the County. In addition, the County subsidizes the Part B premium cost for the retirees in Medicare status who are not receiving Health-in-Lieu benefits.

For most employees who retired after December 4, 1983, the County contribution is limited to the cost of the Kaiser under-age-65 retiree-only rate (different for Medicare and non-Medicare) over the plan year in question. Retirees pay the difference between the County contribution and the premium rate required by their enrolled plan.

Post-1983 retirees do not receive full Medicare Part B premium reimbursement, but only up to maximum monthly subsidies when combined with the medical premium. The County does not cover premium costs associated with dependents.

Employees Covered by Benefit Terms

As of June 30, 2026, the benefit terms covered four active employees.

Contributions

LAFCO's contributions are based on an actuarially determined rate and are approved by the Commission through adoption of the annual budget. Total contributions during the year were $40,961. Total contributions included in the measurement period were $30,109. Contributions included in the measurement period were 5.62% of covered employee payroll.

Actuarial Assumptions

The following summarizes the actuarial assumptions for the OPEB plan used for this fiscal year:

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2025
Actuarial Cost Method:	Entry-Age Actuarial Cost Method
Amortization Method:	26-Year Closed Amortization, Level Percent of Payroll
Amortization Period:	26 years
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.30%
Wage Inflation	2.80%
Salary Increases	Miscellaneous: 9.01% to 3.34%, varying by service, including wage inflation. Safety: 15.18% to 4.27%, varying by service, including wage inflation.
Investment Rate of Return	6.25%, Net of investment expenses
Medical Cost Trend Rates:	
Non-Medicare medical plan	8.00% graded down to an ultimate rate of 4.50% over 14 years
Medicare medical plan	7.00% graded down to an ultimate rate of 4.50% over 10 years
Medicare Part B	6.20% for 8 years, then 5.75% graded down to an ultimate rate of 4.50% over 5 years

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability (TOL) as of June 30, 2025, the measurement date, for the fiscal year ended June 30, 2026.

Long-Term Expected Rate of Return

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
International Equity	49.00%	6.100%
Fixed Income	23.00%	1.800%
Real Estate	20.00%	3.400%
Treasury Inflation Protected Securities (TIPS)	5.00%	1.800%
All Commodities	3.00%	3.900%
Total	100.00%	

Net OPEB Liability

LAFCO's net OPEB liability was measured as of June 30, 2025 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023 (valuation date) for the fiscal year ended June 30, 2026. The following summarizes the changes in the net OPEB liability during the year ended June 30, 2026, for the measurement date of June 30, 2025:

Fiscal Year Ended June 30, 2026 (Measurement Date June 30, 2025)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2025	$ 676,558	$ 351,992	$ 324,566
Service cost	22,433	-	22,433
Interest in Total OPEB Liability	42,534	-	42,534
Employer contributions	-	30,109	(30,109)
Employee contributions	-	1,831	(1,831)
Difference between actual and exp experience	3,880	-	3,880
Proportionate share changes	(6,149)	(3,199)	(2,950)
Changes in assumptions	94,288	-	94,288
Net investment income	-	43,479	(43,479)
Administrative expenses	-	(126)	126
Benefit payments	(24,990)	(24,990)	-
Implicit subsidy fulfilled	-	3,746	(3,746)
Net changes	131,996	50,850	81,146
Balance at June 30, 2026	$ 808,554	$ 402,842	$ 405,712

Covered Employee Payroll	$ 535,299
Total OPEB Liability as a % of Covered Employee Payroll	151.05%
Plan Fiduciary Net Position as a % of Total OPEB Liability	49.82%
Service Cost as a % of Covered Employee Payroll	4.19%
Net OPEB Liability as a % of Covered Employee Payroll	75.79%

Deferred Inflows and Outflows of Resources

At June 30, 2026, LAFCO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 8,512	$ 4,324
Difference between actual and expected earnings	-	12,446
Change in assumptions	147,604	10,997
OPEB contribution subsequent to measurement date	40,961	-
Totals	$ 197,077	$ 27,767

Of the total amount reported as deferred outflows of resources related to OPEB, $40,961 resulting from LAFCO contributions subsequent to the measurement date and before the end of the fiscal year will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ended June 30,	
2027	$ 27,040
2028	17,497
2029	18,336
2030	17,540
2031	20,499
Thereafter	27,437
Total	$ 128,349

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2026:

Service cost	$ 22,433
Interest in TOL	42,534
Expected investment income	(22,130)
Other	(3,746)
Employee contributions	(1,831)
Difference between actual and expected experience	(4,409)
Difference between actual and expected earnings	(3,914)
Change in assumptions	23,014
Administrative expenses	126
OPEB Expense	**$ 52,077**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2026:

Net OPEB liability ending	$	405,712
Net OPEB liability beginning		(324,566)
Change in net OPEB liability		81,146
Changes in deferred outflows		(63,810)
Changes in deferred inflows		2,289
Employer specific changes in proportionate share		2,950
Employer contributions		30,109
Other		(607)
OPEB Expense	**$**	**52,077**

Sensitivity to Changes in the Discount Rate

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

	Discount Rate		
	(1% Decrease)	**6.25%**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 483,333	$ 405,712	$ 276,749

Sensitivity to Changes in the Healthcare Cost Trend Rates

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

	Trend Rate		
	(1% Decrease)	**(Current Rate)**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 267,116	$ 405,712	$ 498,477

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation

LAFCO may be subject to various claims and litigation in the normal course of business. Management believes there were no matters that would have a material adverse effect on LAFCO’s financial position or results of operations as of June 30, 2026.

NOTE 8 - RISK MANAGEMENT

LAFCO is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. LAFCO is a member of the Special District Risk Management Authority (SDRMA). During the fiscal year ended June 30, 2026, LAFCO had the following coverages subject to the terms, conditions and exclusions as provided in the Memorandum of Coverage from SDRMA:

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

Workers' compensation coverage as noted above applies to Commissioners; employees are covered by the County of Santa Clara. There were no claims in any of the last three fiscal years, and there were no reductions in LAFCO's insurance coverage during the current year. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events from the statement of net position date of June 30, 2026, through October 29, 2026, the date the financial statements were issued. No subsequent events have been identified that require adjustment to or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Local Agency Formation Commission of Santa Clara County

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2026

	Budgeted Amounts				
	Original	Final	Actual (GAAP Basis)	Variance Original to Final Budget	Variance Final Budget to Actual
Revenues:					
Intergovernmental	$ 1,365,669	$ 1,365,669	$ 1,365,669	$ -	$ -
Charges for services	25,000	25,000	23,785	-	(1,215)
Investment income	10,000	10,000	44,303	-	34,303
Total revenues	1,400,669	1,400,669	1,433,757	-	33,088
Expenditures:					
Current:					
Employee services	994,427	994,427	1,038,338	-	43,911
Professional services	337,533	337,533	271,976	-	(65,557)
Commission fees	10,000	10,000	6,400	-	(3,600)
Facilities	58,106	58,106	58,106	-	-
Insurance	8,000	8,000	14	-	(7,986)
Supplies	15,000	15,000	2,438	-	(12,562)
Memberships	15,000	15,000	14,793	-	(207)
Travel	23,600	23,600	15,542	-	(8,058)
Miscellaneous	3,000	3,000	6,629	-	3,629
Total expenditures	1,464,666	1,464,666	1,414,236	-	(50,430)
Net change in fund balance	(63,997)	(63,997)	19,521	-	83,518
Fund balance beginning	376,483	376,483	376,483	-	-
Fund balance ending	$ 312,486	$ 312,486	$ 396,004	$ -	$ 83,518

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

NOTE 1 — BUDGETARY BASIS OF ACCOUNTING AND PRESENTATION

Pursuant to California Government Code Section 56381, the Commission adopts a proposed General Fund budget by May 1 and a final budget by June 15 of each year. The budget is prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), the same basis used in the governmental fund financial statements; accordingly, no reconciliation to GAAP is required. Expenditures may not legally exceed appropriations at the major object level, which is the legal level of budgetary control. The budget was adopted on June 4, 2025, and was not amended during the fiscal year; accordingly, the original and final budgets are the same. As required by GASB Statement No. 103, the budgetary comparison schedule presents variances between the original and final budgets and between the final budget and actual amounts, with significant variations explained in Notes 2 and 3.

NOTE 2 — EXPLANATION OF SIGNIFICANT VARIATIONS BETWEEN THE ORIGINAL AND FINAL BUDGET

The General Fund budget was not amended during fiscal year 2026; accordingly, there were no variations between the original and final budgets. The budget provided for revenues of $1,400,669 and appropriations of $1,464,666, resulting in a projected decrease in fund balance of $63,997.

NOTE 3 — EXPLANATION OF SIGNIFICANT VARIATIONS BETWEEN THE FINAL BUDGET AND ACTUAL AMOUNTS

Actual revenues exceeded final budgeted revenues by $33,088. This variance was primarily attributable to investment income, which exceeded the budget by $34,303 as a result of higher-than-anticipated interest earnings on deposits and investments, partially offset by charges for services, which were $1,215 less than budgeted. Actual expenditures were $50,430 less than final appropriations, primarily because professional services were $65,557 less than budgeted, as the contract services for a comprehensive review of wastewater services within Santa Clara County commenced during fiscal year 2026 and was in its initial phase as of June 30, 2026. Expenditures for supplies, travel, insurance and commission fees were also less than budgeted by $12,562, $8,058, $7,986 and $3,600, respectively. These favorable variances were partially offset by employee services, which exceeded final appropriations by $43,911 as a result of higher salary and pension costs, and by miscellaneous expenditures, which exceeded final appropriations by $3,629. As a result, the actual net change in fund balance was $83,518 more favorable than the final budget, and the ending fund balance of $396,004 exceeded the final budgeted fund balance of $312,486 by the same amount.

NOTE 4 — PENSION AND OPEB SCHEDULES

The Schedule of Contributions for Pension Plans and the Schedule of Changes in Net Pension Liability present information for the last ten fiscal years. The Schedule of Contributions for OPEB Plans and the Schedule of Changes in Net OPEB Liability present information beginning with fiscal year 2018, the year LAFCO implemented GASB Statement No. 75; additional years will be presented as they become available until ten years are shown. Notes on changes in benefit terms and changes in assumptions are presented with each schedule.

Local Agency Formation Commission of Santa Clara County

Schedule of Contributions for Pension Plans

For the Fiscal Year Ended June 30, 2026

Fiscal Year Ended	2017	2018	2019	2020	2021
Actuarially Determined Cont. (ADC)	$ 64,817	$ 72,514	$ 77,923	$ 84,621	$ 90,788
Contributions in Relation to ADC	64,817	72,514	77,923	84,621	90,788
Contribution Deficiency (Excess)	-	-	-	-	-
Covered Payroll	**$ 356,470**	**$ 381,587**	**$ 421,278**	**$ 390,298**	**$ 414,272**
Contributions as % of Covered Payroll	**18.18%**	**19.00%**	**18.50%**	**21.68%**	**21.92%**

Fiscal Year Ended	2022	2023	2024	2025	2026
Actuarially Determined Cont. (ADC)	$ 81,926	$ 96,874	$ 115,422	$ 144,458	$ 160,957
Contributions in Relation to ADC	81,926	96,874	115,422	144,458	160,957
Contribution Deficiency (Excess)	-	-	-	-	-
Covered Payroll	**$ 364,104**	**$ 382,484**	**$ 447,897**	**$ 464,856**	**$ 514,887**
Contributions as % of Covered Payroll	**22.50%**	**25.33%**	**25.77%**	**31.08%**	**31.26%**

Notes to Schedule:

Valuation Date: June 30, 2023

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 26 years
Inflation Assumed at 2.3%.
Investment rate of return of 6.8%.
The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.
Asset valuation method is Fair Value of Assets.
Payroll growth 2.8%.
The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018, and then from 7.15% to 6.90% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2021.

Local Agency Formation Commission of Santa Clara County

Schedule of Changes in Net Pension Liability

For the Fiscal Year Ended June 30, 2026

Fiscal Year	2017	2018	2019	2020	2021
Total pension liability					
Service cost	$ 56,283	$ 66,427	$ 72,114	$ 66,827	$ 68,852
Interest	180,987	189,609	206,148	198,109	194,627
Changes of assumptions	-	158,690	(28,601)	-	-
Diff. expected and actual experience	3,559	(2,638)	19,945	39,404	22,186
Benefit payments	(108,619)	(116,090)	(130,376)	(126,340)	(125,902)
Change in proportionate share	-	-	104,305	(299,075)	(210,721)
Net change in Total Pension Liability	132,210	295,998	243,535	(121,075)	(50,958)
Total pension liability - beginning	2,388,448	2,520,658	2,816,656	3,060,191	2,939,116
Total pension liability - ending	$ 2,520,658	$ 2,816,656	$ 3,060,191	$ 2,939,116	$ 2,888,158
Plan fiduciary net position					
Employer contributions	$ 64,817	$ 72,514	$ 77,923	$ 84,621	$ 90,788
Employee contributions	28,002	29,734	31,795	31,754	32,010
Net investment income	9,509	199,967	174,067	130,885	97,705
Benefit payments	(108,619)	(116,090)	(130,376)	(126,340)	(125,902)
Net plan to resource movement	47	(28)	3	(8)	33
Administrative expense	(1,099)	(2,651)	(3,199)	(1,414)	(2,750)
Change in proportionate share	-	-	73,296	(214,687)	(150,670)
Other	-	-	(6,074)	5	-
Net change in plan fiduciary net position	(7,342)	183,446	217,435	(95,184)	(58,786)
Plan fiduciary net position - beginning	1,803,180	1,795,838	1,979,284	2,196,719	2,101,535
Plan fiduciary net position - ending	$ 1,795,838	$ 1,979,284	$ 2,196,719	$ 2,101,535	$ 2,042,749
Net pension liability	$ 724,820	$ 837,372	$ 863,472	$ 837,581	$ 845,409
Plan fiduciary net position as % of the total pension liability	71.24%	70.27%	71.78%	71.50%	70.73%
Covered payroll	335,288	356,470	381,587	421,278	390,298
NPL as a % of covered payroll	216.18%	234.91%	226.28%	198.82%	216.61%
TPL as a % of covered payroll	751.79%	790.15%	801.96%	697.67%	739.99%

(continued)

Local Agency Formation Commission of Santa Clara County

Schedule of Changes in Net Pension Liability

For the Fiscal Year Ended June 30, 2026

Fiscal Year	2022	2023	2024	2025	2026
Total pension liability					
Service cost	$ 70,813	$ 79,022	$ 77,038	$ 86,193	$ 86,347
Interest	204,051	216,292	212,601	234,028	235,598
Changes of assumptions	-	98,409	-	-	-
Diff. expected and actual experience	(1,869)	44,632	36,560	46,472	35,334
Benefit payments	(135,654)	(146,756)	(146,308)	(160,797)	(162,526)
Change in proportionate share	19	(525,070)	287,201	123,402	(171,219)
Net change in Total Pension Liability	137,360	(233,471)	467,092	329,298	23,534
Total pension liability - beginning	2,888,158	3,025,518	2,792,047	3,259,139	3,588,437
Total pension liability - ending	$ 3,025,518	$ 2,792,047	$ 3,259,139	$ 3,588,437	$ 3,611,971
Plan fiduciary net position					
Employer contributions	$ 104,817	$ 111,272	$ 115,422	$ 129,459	$ 137,535
Employee contributions	33,537	34,436	34,459	40,765	41,791
Net investment income	459,658	(190,408)	131,883	225,694	301,754
Benefit payments	(135,654)	(146,756)	(146,308)	(160,797)	(162,526)
Net plan to resource movement	-	-	-	-	-
Administrative expense	(2,041)	(1,559)	(1,577)	(1,924)	(1,768)
Change in proportionate share	16	(365,668)	200,010	86,260	(123,953)
Other	-	16	-	-	-
Net change in plan fiduciary net position	460,333	(558,667)	333,889	319,457	192,833
Plan fiduciary net position - beginning	2,042,749	2,503,082	1,944,415	2,278,304	2,597,761
Plan fiduciary net position - ending	$ 2,503,082	$ 1,944,415	$ 2,278,304	$ 2,597,761	$ 2,790,594
Net pension liability	$ 522,436	$ 847,632	$ 980,835	$ 990,676	$ 821,377
Plan fiduciary net position as % of the total pension liability	82.73%	69.64%	69.91%	72.39%	77.26%
Covered payroll	414,272	364,104	447,897	464,856	514,887
NPL as a % of covered payroll	126.11%	232.80%	218.99%	213.11%	159.53%
TPL as a % of covered payroll	730.32%	766.83%	727.65%	771.95%	701.51%

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018, and then from 7.15% to 6.90% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2021.

Local Agency Formation Commission of Santa Clara County

Schedule of Contributions for OPEB Plans

For the Fiscal Year Ended June 30, 2026

Fiscal Year Ended	2018	2019	2020	2021	2022
Actuarially determined contribution (ADC)	$ 29,697	$ 29,697	$ 30,704	$ 27,601	$ 23,723
Less: actual contribution in relation to ADC	(34,427)	(24,639)	(25,852)	(22,766)	(19,206)
Contribution deficiency (excess)	$ (4,730)	$ 5,058	$ 4,852	$ 4,835	$ 4,517
Covered employee payroll	$ 349,612	$ 397,559	$ 402,829	$ 399,011	$ 369,855
Contrib. as a % of covered employee payroll	9.85%	6.20%	6.42%	5.71%	5.19%

Fiscal Year Ended	2023	2024	2025	2026
Actuarially determined contribution (ADC)	$ 22,362	$ 27,734	$ 25,609	$ 34,334
Less: actual contribution in relation to ADC	(18,293)	(23,665)	(28,956)	(30,109)
Contribution deficiency (excess)	$ 4,069	$ 4,069	$ (3,347)	$ 4,225
Covered employee payroll	$ 337,824	$ 464,885	$ 505,266	$ 535,299
Contrib. as a % of covered employee payroll	5.41%	5.09%	5.73%	5.62%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2025
Actuarial Cost Method:	Entry-Age Actuarial Cost Method
Amortization Method:	26-Year Closed Amortization, Level Percent of Payroll
Amortization Period:	26 years
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.30%
Wage Inflation	2.80%
Salary Increases	Miscellaneous: 9.01% to 3.34%, vary by service, including wage inflation. Safety: 15.18% to 4.27%, vary by service, including wage inflation.
Investment Rate of Return	6.25%, Net of investment expenses
Medical Cost Trend Rates:	
Non-Medicare medical plan	8.00% graded to 4.50% over 14 years
Medicare medical plan	7.00% graded to 4.50% over 10 years
Medicare Part B	6.20% for 8 years, then 5.75% graded to 4.50% over 5

Other Notes

GASB Statement No. 75 requires a disclosure of schedule of contributions for the last ten fiscal years, or a disclosure of as many years as available if less than ten years are available. LAFCO implemented GASB Statement No. 75 in fiscal year 2018.

There were no changes in benefit terms.

There were no changes in discount rates

Inflation decreased from 2.50% to 2.30% effective fiscal year 2023

Wage inflation increased from 2.75% to 2.80% effective fiscal year 2023

Local Agency Formation Commission of Santa Clara County

Schedule of Changes in Net OPEB Liability

For the Fiscal Year Ended June 30, 2026

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total OPEB liability									
Service cost	$ 14,472	$ 13,122	$ 14,930	$ 14,091	$ 11,037	$ 10,986	$ 18,029	$ 18,647	$ 22,433
Interest	34,597	20,649	35,501	32,617	26,639	27,427	36,236	37,880	42,534
Changes of benefit terms	-	-	-	-	-	2,875	-	-	-
Differences between expected and actual experience	(40,235)	(3,650)	(30,126)	(19,223)	4,409	(39)	1,598	3,351	3,880
Changes of assumptions	(9,061)	3,835	4,159	(13,776)	4,479	29,396	(14,052)	64,149	94,288
Benefit payments	(16,867)	(8,877)	(19,358)	(18,090)	(15,912)	(16,105)	(20,954)	(22,839)	(24,990)
Proportionate share changes	-	21,414	(2,209)	(46,108)	(79,049)	(19,391)	106,474	4,760	(6,149)
Other	-	(13,486)	-	-	-	-	-	-	-
Net change in Total OPEB Liability	(17,095)	33,007	2,897	(50,489)	(48,397)	35,149	127,331	105,948	131,996
Total OPEB Liability - beginning	488,207	471,112	504,119	507,016	456,527	408,130	443,279	570,610	676,558
Total OPEB Liability - ending	$ 471,112	$ 504,119	$ 507,016	$ 456,527	$ 408,130	$ 443,279	$ 570,610	$ 676,558	$ 808,554
Plan fiduciary net position									
Employer contributions	$ 28,891	$ 44,336	$ 23,466	$ 23,598	$ 18,824	$ 18,293	$ 23,665	$ 28,956	$ 30,109
Proportionate share changes	-	8,578	(9,847)	(22,638)	-	-	53,840	2,528	-
Employee contributions	1,325	-	1,453	1,520	1,505	1,426	1,871	1,782	1,831
Net investment income	16,679	1,156	14,662	8,058	56,099	(34,552)	18,198	34,389	43,479
Proportionate share changes	-	-	-	-	(41,968)	(12,597)	-	-	(3,199)
Benefit payments	(16,867)	(8,877)	(19,358)	(18,090)	(15,912)	(16,105)	(20,954)	(22,839)	(24,990)
Implicit subsidy fulfilled	-	-	5,503	1,538	4,874	3,065	2,451	4,180	3,746
Other	-	(126)	(733)	-	-	-	-	-	
Administrative expense	(563)	-	-	(546)	(655)	(523)	(106)	(117)	(126)
Adjustments	3,999	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	33,464	45,067	15,146	(6,559)	22,767	(40,993)	78,965	48,879	50,850
Plan fiduciary net position - beginning	155,257	188,721	233,788	248,934	242,374	265,141	224,148	303,113	351,992
Plan fiduciary net position - ending	$ 188,721	$ 233,788	$ 248,934	$ 242,374	$ 265,141	$ 224,148	$ 303,113	$ 351,992	$ 402,842
Net OPEB liability (asset)	$ 282,391	$ 270,331	$ 258,082	$ 214,153	$ 142,989	$ 219,131	$ 267,497	$ 324,566	$ 405,712
Plan fiduciary net position as a percentage of the total OPEB liability	40.06%	46.38%	49.10%	53.09%	64.96%	50.57%	53.12%	52.03%	49.82%
Covered Employee Payroll	$ 339,998	$ 349,612	$ 397,559	$ 402,829	$ 399,011	$ 337,824	$ 464,885	$ 505,266	$ 535,299
Net OPEB liab. as a % of cov. Emp. payroll	83.06%	77.32%	64.92%	53.16%	35.84%	64.87%	57.54%	64.24%	75.79%
Total OPEB liab. as a % of cov. Emp. payroll	138.56%	144.19%	127.53%	113.33%	102.29%	131.22%	122.74%	133.90%	151.05%

Other Notes

GASB Statement No. 75 requires a disclosure of schedule of contributions for the last ten fiscal years, or a disclosure of as many years as available if less than ten years are available. LAFCO implemented GASB Statement No. 75 in fiscal year 2018.

There were no changes in benefit terms.

There were no changes in discount rates

Inflation decreased from 2.50% to 2.30% in fiscal year 2023

Wage inflation increased from 2.75% to 2.80% in fiscal year 2023

OTHER INDEPENDENT AUDITOR'S REPORTS

Chavan and Associates, llp
Certified Public Accountants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Local Agency Formation Commission of Santa Clara County (LAFCO) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise LAFCO's basic financial statements, and have issued our report thereon dated October 29, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

C & A LLP

October 29, 2026
Morgan Hill, California

Chavan and Associates, llp
Certified Public Accountants

Local Agency Formation Commission of Santa Clara County
777 North First Street, Suite 410
San Jose, California

RE: Management Letter for the Year Ended June 30, 2026

In planning and performing our audit of the financial statements of Local Agency Formation Commission of Santa Clara County as of and for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered Local Agency Formation Commission of Santa Clara County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Local Agency Formation Commission of Santa Clara County's internal control. Accordingly, we do not express an opinion on the effectiveness of Local Agency Formation Commission of Santa Clara County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible:* The chance of the future event or events occurring is more than remote but less than likely.

- *Probable*: The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As discussed below, we identified certain matters, including newly issued accounting standards, that are presented for your consideration. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. Our comments are summarized as follows:

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GASB Statement No. 105, Subsequent Events, effective for the fiscal year ending June 30, 2027; early application is encouraged.

The Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. Recognized subsequent events provide additional evidence about conditions that existed at the date of the financial statements and are reflected in the amounts reported; nonrecognized subsequent events relate to conditions that arose after that date and are disclosed rather than recognized. Nonrecognized subsequent events that have a significant effect and that relate to debt, government combinations or disposals of government operations, changes in the composition of the financial reporting entity, or other matters essential to a user's analysis require disclosure of the nature of the event, its effect, and an estimate of its financial effect or a statement that such an estimate cannot be made. The Statement also requires disclosure of the date through which subsequent events were evaluated.

We believe that the implementation of these recommendations will provide the Local Agency Formation Commission of Santa Clara County with a stronger system of internal control while also making its operations more efficient. We would be happy to discuss the details of these recommendations with you at your convenience.

Purpose of Communication

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

This communication is intended solely for the information and use of management, those individuals charged with governance, others within the organization, and the County of Santa Clara, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

C & A LLP

October 29, 2026
Morgan Hill, California

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Chavan and Associates, llp
Certified Public Accountants

To the Commission of the
Local Agency Formation Commission of Santa Clara County

RE: Governance Letter for the Fiscal Year Ended June 30, 2026

We have audited the basic financial statements of the Local Agency Formation Commission of Santa Clara County as of and for the year ended June 30, 2026, and have issued our report thereon dated October 29, 2026. Professional standards require that we advise you of the following matters relating to our audit.

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

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

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

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

Other Information in Documents Containing Audited Financial Statements

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

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

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Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards have been implemented to reduce threats to our independence to an acceptable level in relation to the preparation of the financial statements and related note disclosures. Those safeguards include the review of the financial statements and notes by a qualified Partner, Manager, Senior or third party, that has not been included in the audit team.

Significant Risks Identified

We did not identify any significant risks that required special audit consideration.

Qualitative Aspects of the Commission's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Local Agency Formation Commission of Santa Clara County is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2026. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements include accumulated amortization related to right of use lease assets and unfunded liabilities and expenses based on assumptions in actuarial studies performed on defined benefit pension plans and other postemployment benefit plans (GASB 68 and GASB 75).

We evaluated the key factors and assumptions used to develop the identified estimates and

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determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

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

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that required the attention of management.

Identified or Suspected Fraud

We have neither identified nor obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

There were no uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing

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matter, which could be significant to the Local Agency Formation Commission of Santa Clara County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of our auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 29, 2026.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

C & A LLP

October 29, 2026
Morgan Hill, California

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ITEM # 7

SANTA CLARA LAFCO

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

Commissioners
Sylvia Arenas
Jim Beall
Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Terry Trumbull
Mark Turner

Alternate Commissioners
Pamela Campos
Helen Chapman
Betty Duong
Zach Hilton
Teresa O'Neill

Executive Officer
Neelima Palacherla

LAFCO MEETING: **December 2, 2026**

TO: **LAFCO**

FROM: **Neelima Palacherla, Executive Officer**
Dunia Noel, Assistant Executive Officer

SUBJECT: **SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT IMPLEMENTATION OF PLAN FOR SERVICES 2026 ANNUAL REPORT (continued from October 7, 2026)**

STAFF RECOMMENDATION

Accept report and provide direction, as necessary.

BACKGROUND

On April 2, 2025, LAFCO approved a reorganization of Santa Clara County Central Fire Protection District (CCFD) and the South Santa Clara County Fire Protection District (SCFD) that included dissolution of the SCFD, and concurrent annexation of its territory to the CCFD; and a Sphere of Influence (SOI) amendment for the CCFD to include the SCFD SOI, subject to terms and conditions as specified in LAFCO Resolution 2025-01.

The reorganization became effective on July 1, 2025.

The terms and conditions of the reorganization, as specified in LAFCO Resolution 2025-01, require CCFD to provide LAFCO annually and for 2 years, a written update on how the Plan for Services included with the LAFCO application is being implemented.

On July 24, 2026, CCFD provided its first annual report (**Attachment A**) for LAFCO's consideration. At its October 7, 2026 meeting, LAFCO considered the report submitted by the CCFD, along with a written public comment requesting fiscal data regarding the implementation of the Plan for Services. CCFD staff attended the meeting and responded to inquiries from the Commission.

During the discussion, CCFD staff advised that the District's audited financial statements will be incorporated into its Annual Comprehensive Financial Report (ACFR). The ACFR will be submitted to the County Auditor-Controller and the District's Board of Directors by the end of the year. The Report will become publicly available upon its submission to the Board and will help clarify the District's

financial position, and CCFD will transmit a copy of the Report to LAFCO for its records.

At the meeting, upon Commissioner Arenas' request, the Commission continued the item to the next LAFCO meeting to allow for the full commission including Commissioner Turner, Mayor of Morgan Hill, to participate in a broader discussion on opportunities for a more regional, cohesive response system, including the use of automatic aid agreements, in South County.

ATTACHMENT

Attachment A: CCFD on Implementation of Plan for Services 2026 Annual Report (covers July 1, 2025 through July 1, 2026)

CCFD on Implementation of Plan for Services
2026 Annual Report

Prepared for:

LAFCO of Santa Clara County

Background

Update on Resolution No. 2025-01. Resolution of the Local Agency Formation Commission of Santa Clara County amending the sphere of influence (SOI) of the Santa Clara County Central Fire Protection District (CCFD aka SCCFD), dissolving the South Santa Clara County Fire Protection District (SCFD) and annexing its territory to CCFD. This resolution was registered as complete by the clerk recorder on 5/16/2025. As part of the terms and conditions requirement for Resolution No. 2025-01, CCFD is directed to provide annual written updates for two years on the implementation of CCFD's Plan for Services.

This report covers the time frame from July 1, 2025 through July 1, 2026.

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1. **Update on the Items Identified in the Terms and Conditions**
   - Successor Agency
   - Revenue Transfer
   - Transfer of Assets & Liabilities
   - Successor Agency Revenue Sources
   - Governance – Board of Directors
   - Use of Funds
   - Plan for Services

2. **Identification of Any Improvement or Upgrading of Structures, Roads, Other Infrastructure Improvements Within the Affected Territory**
   - Fleet
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3. **Updated Map**

4. **Positive Community Impact**
   - Community Outreach: July 1, 2025 – June 30, 2026
   - South County Volunteers (Company 70)
   - Response Data: July 1, 2025 – June 30, 2026
   - Fire Marshal/Fire Prevention Inspection Data: July 1, 2025 – June 30, 2026
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5. **Conclusion**

1. Update on the Items Identified in the Terms and Conditions

Successor Agency
Upon the effective date of the reorganization, the SCFD shall be dissolved, terminated, and all of its corporate powers shall cease. All rights, responsibilities, and functions of the SCFD will be transferred to CCFD, as the successor agency. CCFD, as successor agency to SCFD, shall function under and carry out all authorized duties and responsibilities assigned to a fire protection district as provided in the Health and Safety Code ((§13800 et seq.).

At 0800 hours on July 1, 2025, operational responsibility for fire and emergency services within the former South County Fire District (SCFD) service area formally transferred from the previous contract provider, CAL FIRE, to the Santa Clara County Central Fire Protection District (CCFD), consistent with the transition plan developed jointly by both agencies. The transfer was completed successfully, ensuring uninterrupted service delivery and operational readiness from four strategically located fire stations.

Of the four stations supporting service delivery, only the Masten Station was directly transferred to CCFD ownership and operation. Treehaven Station, located on the western edge of the city of Gilroy, continues to be occupied and operated by CCFD under a lease agreement with the City. To maintain service levels and eliminate potential coverage gaps, CCFD rapidly established and staffed two additional facilities: the temporary Vineyard Station in Morgan Hill and the Casa de Fruta Station along Highway 152, approximately three miles west of the Pacheco Pass State CAL FIRE station. Both facilities were developed and equipped to provide full all-risk emergency response capabilities.

Since assuming responsibility for service delivery, CCFD has made substantial progress in enhancing operational readiness, response capabilities, and infrastructure throughout the former SCFD service area. These efforts have included targeted fleet modernization initiatives, apparatus and equipment upgrades, facility repairs, deferred maintenance projects, and other infrastructure improvements designed to strengthen service reliability, firefighter safety, and long-term operational sustainability. Collectively, these investments have improved the department's ability to meet community expectations while positioning the organization for continued growth and service excellence in the south county area.

Revenue Transfer
Upon the effective date of the reorganization, CCFD shall levy, collect, track and administer all revenue, income, and previously authorized funds, charges, fees, assessments, and taxes currently in effect, levied, or collected by SCFD, including, but not limited to, property and other taxes.

Beginning July 1, 2025, CCFD assumed responsibility for the administration and receipt of all revenues, income, and previously authorized charges, taxes, and assessments collected by SCFD. This includes property taxes, mitigation impact fees, grant funding, mutual-aid deployment reimbursements, Emergency Medical Services Advanced Life Support first responder fees, and various other fiscal charges.

The first full fiscal year following the SCFD reorganization into CCFD concluded on June 30, 2026. Financial statements for this period, which are currently being prepared, will offer the initial formal assessment of the reorganization's fiscal impact.

Transfer of Assets & Liabilities

Upon the effective date of the reorganization, all assets and liabilities, including but not limited to debts, obligations, equipment, facilities, property, cash, fund balances or other fiscal matters of SCFD shall become the assets and liabilities of CCFD.

Effective July 1, 2025, CCFD became the successor agency to SCFD, taking control of all former SCFD assets and liabilities. These acquisitions include the Masten Station real property, equipment, and various vehicles or apparatus with an approximate value of $1.2 million. Additionally, CCFD assumed all former obligations, outstanding debts, cash holdings, fund balances, and related fiscal items.

As of June 30, 2026 CCFD has eliminated SCFD’s long-term debt obligations and consolidated insurance policies to provide comprehensive coverage for both SCFD and CCFD, including general liability, automobile liability and physical damage, property damage, and public officials' errors and omissions liability.

Successor Agency Revenue Sources

CCFD, as successor agency, will continue to be financed through property taxes, benefit assessments, special assessments and taxes, fees and charges, and all other revenue currently in effect and being collected by CCFD and SCFD. Until otherwise determined by the CCFD Board of Directors, pursuant to GC §56886(t), any previously authorized charge, fee, assessment, or tax within the SCFD territory shall be extended or continued by CCFD, as successor agency.

When CCFD became the successor agency to SCFD on July 1, 2025, it assumed control over all revenue streams formerly managed by SCFD, primarily comprised of property taxes, but also including fire mitigation impact fees. The fire mitigation impact fees were originally established by SCFD to fund essential fire protection services for new developments. These fees are regulated by the Mitigation Fee Act (Government Code. 66000 et seq.) and County Ordinance Code Division C19.

To ensure the uninterrupted collection of mitigation fees across the previous SCFD jurisdiction—encompassing San Martin and the unincorporated regions adjacent to Morgan Hill and Gilroy—CCFD created Service Zone 4 on April 22, 2025. These funds

are managed within a specific special revenue account, which mandates that spending be restricted to eligible capital projects benefiting fire protection services in Zone 4. Through this dedicated fiscal management, CCFD guarantees that these assets are used solely for authorized capital improvements within the Service Zone 4 boundaries.

Governance – Board of Directors
The total composition of the CCFD Board of Directors will remain the same.

The Santa Clara County Central Fire Protection District (CCFD aka SCCFD) derives its authority from the California Health and Safety Code, Division 12, Part 2.7, known as the Fire Protection District Law of 1987 (Bergeson Fire District Law). Governance of the District is provided by the Santa Clara County Board of Supervisors, which serves as the District's Board of Directors. Accordingly, CCFD is classified as a dependent special district.

The July 1, 2025, transition of fire and emergency service responsibilities within the former South County Fire District service area did not result in any changes to the District's governance structure, reporting relationships, or organizational authority. CCFD remains a dependent fire protection district, and the Santa Clara County Board of Supervisors continues to serve as the District's Board of Directors, providing policy direction, fiscal oversight, and governance consistent with its statutory authority.

Use of Funds
CCFD will ensure that all funds derived from the territory of the former SCFD are accounted for and expended for the provision of fire services within the reorganized CCFD in compliance with all applicable measures, ordinances, statues and regulations of CCFD.

Effective July 1, 2025, CCFD assumed control of SCFD's funds, managing and spending them to provide fire services within the newly reorganized CCFD in compliance with all applicable regulations.

Following the dissolution of SCFD on July 1, 2025, CCFD prepared, coordinated and managed the Fiscal Year 2025 (FY 2025) financial audit, for the period of July 1, 2024, to June 30, 2025. The FY 2025 audit was organized, prepared, and managed in accordance with Generally Accepted Accounting Principles (GAAP) and in compliance with Government Code 26909. CCFD also fulfilled the requirements of Government Code 53891 by completing the Special District Financial Transaction Report. Although SCFD's external auditors delivered a clean, unmodified opinion on the FY 2025 financial statements, the Management Report and Required Communications highlighted a continuous deficiency in SCFD's financial oversight and GAAP expertise, which caused the following issues:

- A lack of formal close processes and balance sheet reconciliations, causing frequent misclassifications, inappropriate balances, and extensive audit adjustments.

- No personnel taking full responsibility for GAAP reporting, including a failure to implement a recent Governmental Accounting Standards Board pronouncements (GASB) lease pronouncement.

- A majority of sampled credit card charges lacked supporting receipts.

These oversight deficiencies will be resolved as CCFD incorporates financial reporting for SCFD into its own established, compliant reporting system starting July 1, 2025. Backed by comprehensive GAAP expertise, CCFD has been awarded the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for eleven straight years. Copies of the complete SCFD Fiscal Year 2025 financial audit reports can be reviewed at CCFD Headquarters.

Plan for Services

Upon the effective date of the reorganization, CCFD as the successor agency shall serve the dissolved SCFD service territory through implementation of the Plan for Services until and unless it is determined by the CCFD Board of Directors that fiscal or service requirements justify changes to the Plan for Services.

The Plan for Service, as submitted as part of the application for dissolution of SCFD and annexation of the territory into CCFD, was implemented as written. Any augmentations and improvements are also identified below.

- Assumption of all-risk, all-hazards emergency response, emergency medical response inclusive of Advanced Life Support (ALS) capabilities, dispatching services, fire prevention services, community education services, and emergency management within the expanded CCFD service area.

- Fire services were maintained or improved response times and service levels were achieved with Santa Clara County Communications playing a vital role as they provided a new updated Computer Aided Dispatch (CAD) system that went live in September 2023, as well as Automatic Vehicle Location (AVL) capabilities within that CAD system.

- Santa Clara County Fire Department provided all-hazards all-risk protection and Advanced Life Support (ALS) first responder fire and EMS services from the existing Masten Fire Station owned by the fire district and the Treehaven Fire Station located in the city of Gilroy, and serving both the city and adjacent unincorporated communities through a lease agreement for the station facility.

The evaluation and implementation of fire and emergency response services from two new strategically located facilities within the reorganized Santa Clara County Central Fire Protection District (CCFD) were undertaken to ensure compliance with the then existing no-cost automatic aid agreements, including the automatic aid agreement with the City of Morgan Hill, while maintaining comparable levels of service and response performance throughout the expanded fire district.

The operational alternative plan that was implemented also addressed the service delivery gap created by the non-renewal of the Amador Agreement with the County of Santa Clara. Through the deployment of resources from existing and newly established station locations, CCFD implemented a service delivery model designed to preserve emergency response capabilities, maintain operational readiness, and support continued partnership with regional automatic aid commitments.

- Vineyard Fire Station: As an interim measure to ensure uninterrupted emergency response coverage within the reorganized District, CCFD established a temporary fire station at 10675 Vineyard Boulevard, Suite C, in Morgan Hill through a license agreement with the County of Santa Clara through the end of March 2029, with a potential for a lease extension if needed. Significant improvements and modifications were completed to transform portions of the commercial building into a fully functional fire station, replicating the operational, residential, and support amenities typically found in a modern fire service facility. The station provides strategically located all-risk response capabilities that support service delivery within the expanded District and surrounding areas.

  Recognizing the importance of a long-term solution, CCFD is actively evaluating opportunities for a permanent fire station within the service area. Discussions are underway with a property owner regarding either a long-term land lease or property acquisition, and the feasibility of constructing a permanent station that would further enhance operational effectiveness, firefighter safety, and community service capabilities.

  Following the reorganization of the CCFD, the fire service provider for the City of Morgan Hill (CALFIRE) terminated the existing three-party automatic aid agreement governing emergency response into and out of the cities of Morgan Hill, Gilroy, and the area of the former SCFD. While this decision altered the historical deployment model within the region, CCFD remains committed to regional cooperation and continues to support the development, renewal, or establishment of mutually beneficial response agreements and has successfully negotiated a two-party automatic aid agreement with the Gilroy Fire Department. Santa Clara County Central Fire Protection District remains open to collaborative partnerships that leverage available fire and emergency resources, like the former three-party agreement, which would improve operational efficiency, and enhance service delivery throughout the affected geographic area. Such agreements would promote a more cohesive regional response system and maximize the

effectiveness of limited public safety resources for the benefit of all communities served.

- Casa de Fruta Fire Station: The County of Santa Clara had anticipated continuing year-round fire protection and Advanced Life Support (ALS) emergency medical response coverage within the Highway 152 corridor through a Cooperative Agreement with CAL FIRE under the Amador Program. Authorized by California Public Resources Code Section 4144, Amador Agreements allow local governments to contract with CAL FIRE for year-round fire protection services from stations that would otherwise be staffed only during the declared fire season. The County Administration requested continuation of this service model; however, CAL FIRE formally rejected this request.

  In response to the resulting service gap, CCFD rapidly developed and implemented an alternative service delivery strategy outlined in the plan for service, to ensure continued fire, rescue, and ALS emergency medical coverage for residents, businesses, and the significant commuter and traveling public utilizing the Highway 152 corridor. CCFD secured a lease for multiple buildings located on the Casa de Fruta property, approximately three miles west of the CAL FIRE Pacheco Pass State Fire Station. CCFD completed substantial facility improvements and modifications to support emergency response operations and established a fully functional all-risk response fire station.

  The Casa de Fruta Station provides year-round fire suppression, rescue, emergency medical, and ALS response capabilities along the Highway 152 corridor and within the surrounding service area. Since its establishment, the station has maintained uninterrupted operational readiness and continues to provide critical emergency services throughout the year.

  Historically, CAL FIRE maintained a year-round staffed response resource at the Pacheco Pass Fire Station along the Highway 152 corridor. In late 2025, CAL FIRE elected to relocate this resource during the non-fire season, resulting in the station not being staffed year-round. Consequently, the Casa de Fruta Fire Station became the sole year-round all-risk Fire, Rescue, and Advanced Life Support (ALS) response resource serving the Highway 152 corridor within Santa Clara County, providing coverage from its location eastward to the county boundary. This includes unprotected areas of the County with no designated fire protection provider or services which are outside of the CCFD jurisdiction.

  This change significantly increased the importance of the Casa de Fruta Fire Station in maintaining emergency response capabilities along this critical transportation corridor. The station now serves as the primary year-round response resource for fire suppression, rescue incidents, medical emergencies, and other all-hazard events occurring within the eastern portion of the Highway 152 corridor.

The District's proactive response to the loss of the anticipated Amador Agreement demonstrates its commitment to maintaining service continuity, protecting life and property, and ensuring reliable emergency response capabilities throughout the expanded service area. The establishment of the Casa de Fruta Station has strengthened regional preparedness and provided a sustainable operational solution to address both daily emergency response demands and seasonal fire protection needs.

Table 1: Summarizes all-year staffing for CCFD stations within the annexed region

Fire Station	Daily Staffing	Unit (Staffing model)	Additional Apparatus
Masten	4	Type 1 Engine 68 (ALS 3) Battalion Chief B68 (Chief Officer)	Water Tender 68 (Tandem) Utility U-68 UTV-68 (select call) Reserve B168 Reserve WT168 Reserve E168
Treehaven	3	Type 1 Engine 69 (ALS 3)	Water Tender 69 (Tandem) Type 3 Engine 369 Utility U-69 (select call)
Vineyard (Temporary)	3	Type 1 Engine 67 (ALS 3)	Type 6 Engine 667 (tandem vehicle)
Casa De Fruta	3	Type 3 Engine 370 (ALS 3)	Utility U-70 (tandem vehicle)
Total	13	*Type 3 and Type 6 engines have offroad capabilities	

Identification of Any Improvement or Upgrading of Structures, Roads, Other Infrastructure Improvements Within the Affected Territory

Fleet

A total of 3 fire engines, 1 water tender, and a utility vehicle were procured and put into service and improvements to three of the four fire facilities occurred over the past 12 months in the reorganized fire district territory.

Fire Stations and Facilities

All fire station facilities received updated modern signage (see pages 20-23) in January 2026. Primary radio “ring-down” systems were installed at all fire stations via fiber connections, with low earth orbit (LEO) satellite connectivity as a backup.

Vineyard Station (67)

- The Fire District is working diligently to procure a replacement site for a permanent fire station to replace this temporary fire station.
- Engine 67, a new type 1 structural firefighting engine capable of operating in the wildland-urban interface (WUI), was placed in service at Vineyard Fire Station in June 2026, serving the area around rural Morgan Hill.
- An all-season carport canopy was installed to house/protect E67.
- This fire station is not assigned to provide response coverage within the city of Morgan Hill for the area previously served by the CAL FIRE SCU Headquarters station. This response assignment is established at the request of the Morgan Hill Fire Department, which contracts with CAL FIRE for fire protection services.

Masten Station (68)

- Masten Fire station underwent significant station improvements (new flooring, improved dormitory space, etc.) and it was recently repainted.
- A new Water Tender 68 was placed into service at Masten Fire Station in November 2025, which brought the total to two water tenders in the south county area for the reorganized fire district.
- Masten Fire Station will receive a replacement Type 1 fire engine in July/August of 2026 that is newer and better suited for the response area, with capabilities for WUI firefighting and motor vehicle accidents on Highways 101 and 152.

Treehaven Station (69)

- Treehaven Fire Station received E369, a new, modern wildland firefighting Type 3 fire engine in June 2026 and a new modern structure firefighting Type 1 fire engine is anticipated to be delivered at the end of 2026/early 2027.

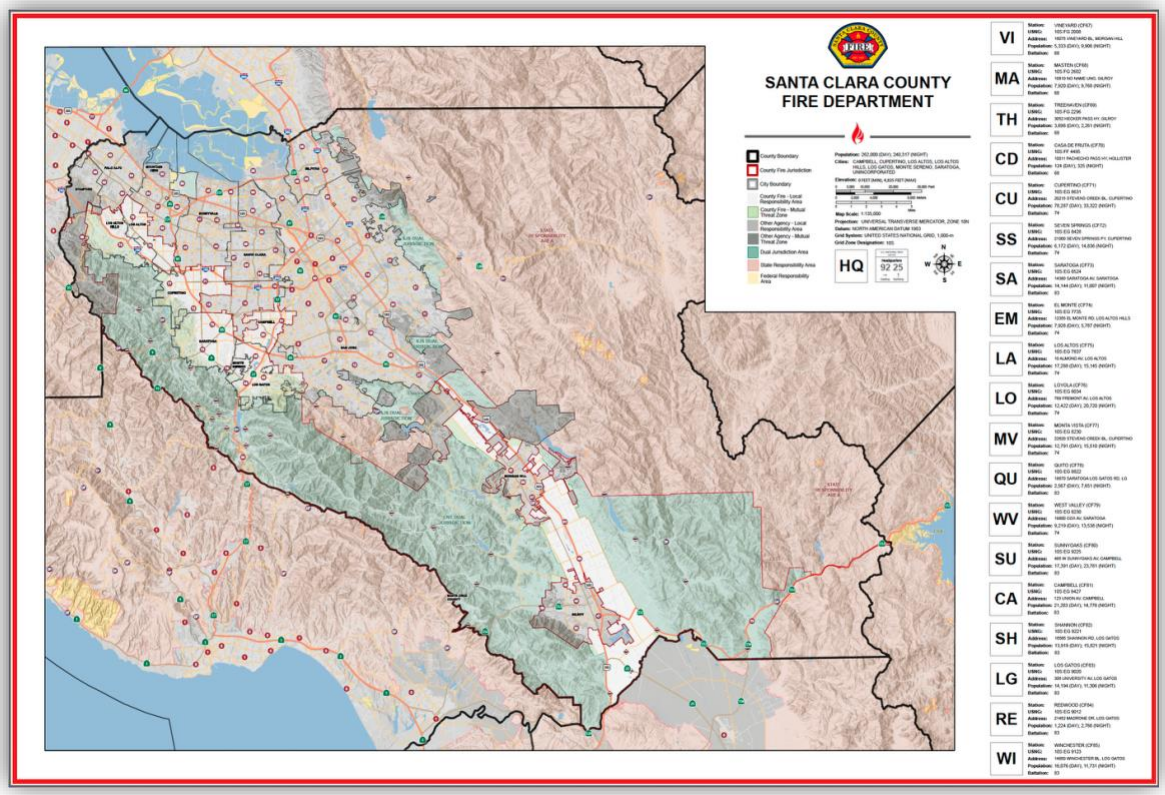
Casa de Fruta Station (70)

- Completed the addition of expanded crew quarters (Tank House Project).
- Replaced a wildland capable Type 3 fire engine at Casa de Fruta Station in April 2026 with the new unit capable of wildland firefighting and responding to motor vehicle accidents on Highway 152.
- Added a newer utility pickup (chase vehicle U-70) in September 2025 to enhance firefighter safety during freeway responses.
- Added a Butler Building to house E370, U-70, and serve to house fire fighter turnout personal protective equipment (PPE) storage.

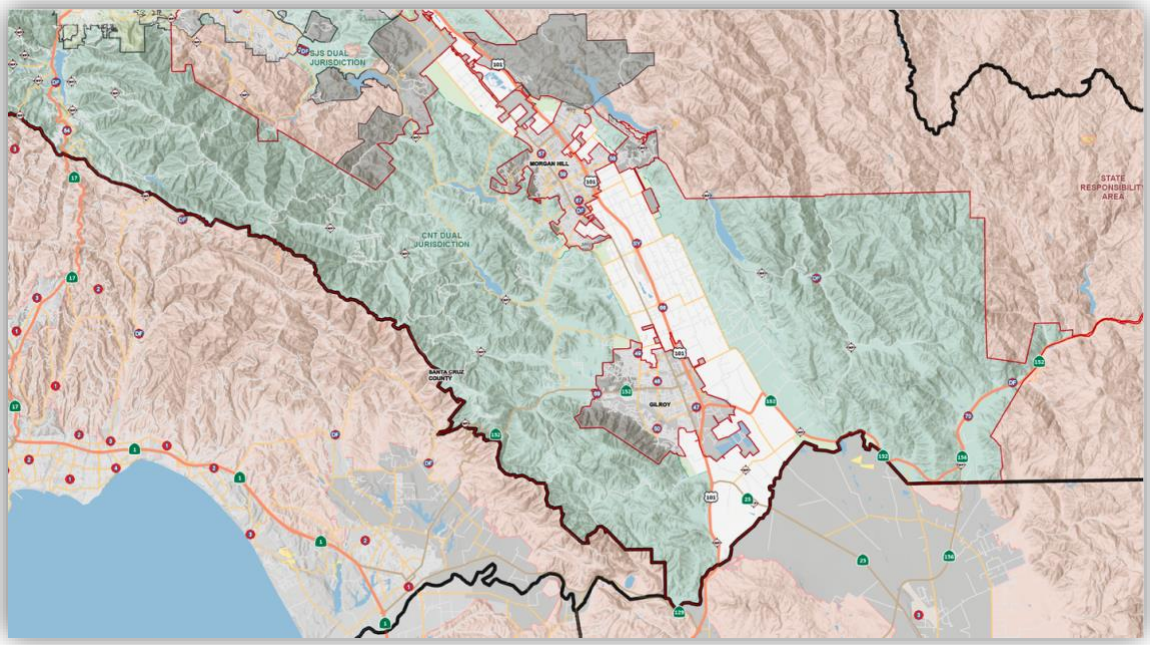
Sycamore Facility (10-acre site off of Hwy 101)

- Purchased (with Board approval) two 5-acre parcels for a total of 10 acres on Sycamore Avenue (former Camping World property, see photo page 24) for future potential development of a training center and fleet/logistics center; currently in the site planning phase.

2. Updated Map



Map Zoomed into the former South Santa Clara County Fire District



3. Positive Community Impact

Community Outreach: July 1, 2026 – June 30, 2026

Active Engagement in South County Events
- San Martin Lion's Club Pancake Breakfast
- San Martin Neighborhood Association Meeting

Citizen Recognition
- Pediatric Full Arrest Save – July 1, 2025

Events
- National Night Out – August 5, 2025
- Gilroy Rodeo (Masten/Engine Visit) – August 8, 2025
- California Trucking Association 2025 Truck Driver Appreciation Day (California Highway Patrol facility in San Martin) – September 9, 2025
- San Martin Food Truck Fly-In Event – November 1, 2025
- Hands-Only CPR Event – November 13, 2025
- Rucker Elementary School (Masten/Engine Visit) – December 3, 2025
- San Martin Home & School Club's Santa's Breakfast (Masten/Engine Visit) – December 12, 2025
- Vineyard Station Tour (Residents) – February 10, 2026
- St. Patrick's Day Pancake Breakfast – March 15, 2026
- San Martin Lion's Club Easter Event (Masten/Engine Visit) – April 5, 2026
- Community Wildfire Preparedness Workshop – May 2, 2026
- Hands-Only CPR Class – May 2, 2026
- Santa Clara County Youth Shoot Safety Event (Vineyard/Engine Visit) – May 3, 2026
- Sportsman Banquet (Access Check) – May 19, 2026
- Rucker Elementary School's Career Day (Masten/Engine Visit) – May 28, 2026
- Embark Behavioral Health, Vineyard Station Tour – June 13, 2026
- Svedal Midsummer Festival – June 20, 2026
- San Martin Gwinn Go Kids, Inc., Summer Camp program (Masten/Engine Visit) – June 22, 2026

Upcoming Events
- San Martin National Night Out – August 4, 2026
- SCC/San Martin Animal Shelter "Clear the Shelters" Event – August 29, 2026
- San Martin Food Truck Fly-In Event – October 17, 2026

Fuels Mitigation in South County Area
- May 11 – May 15, 2026
- May 18 – May 22, 2026

2026 Spring County Chipping Schedule						
Chipping Event	Event Dates	ChipperDay Zone	Zone Name	Registration Opens	Registration Closes	Capacity
1	April 13 - April 17	2	Cupertino	March 2	April 6	50
		3	Saratoga			
		4	Monte Sereno / Greenwood Ln. / Mountain Wy. / Bainter Ave. / Overlook Rd.			
2	April 20 - April 24	5	Montevina Rd.		April 13	25
		6	Beardsley / Black Rd. / Thompson / Gist Rd.			
		7	Brush Rd. / Hillside Dr. / Bear Creek Rd. / Chase Rd.			
		8	Idylwild Rd. / Oakmont / Wright Dr. / OSCH between Holy City			
3	April 27 - May 1	11	Chemekata Park		April 20	25
		12	Aldercroft Heights / Lupin Lodge / Soda Springs			
		13	Morrill Rd. / Cothran Rd. / Cathermola Rd. by Lake Elsman / Lago Lomita Wy.			
4	May 11 - May 15	22	Las Animas Rd. / Blue Ridge / Single Valley Rd. / North of Henry Coe		May 4	25
		23	San Jose East Foothills / Mt. Hamilton			
		14	Los Gatos Foothills / South Monte Sereno			
		10	Summit Rd. / Melody Ln. / Mt. Charlie Rd.			
5	May 18 - May 22	17	West Morgan Hill / Llagas - Uvas / Croy Rd. / Sveadal		May 11	35
		18	West Gilroy			
		19	East Gilroy			
		15	Loma Prieta / Loma Chiquita / Mt. Chual Spur / Cathermola Rd. East			
		20	Jackson Oaks / Holiday Lake Estates			
6	June 1 - June 5	1	Palo Alto		May 25	35
Depot 1 & 2	Work with RESA to set dates	9	Redwood Estates	N/A	N/A	N/A

South County Volunteers (Company 70)

Program Overview

Deputy Fire Chief Glass and Deputy Fire Chief Shumate conducted multiple meetings with Company 70 leadership to provide a comprehensive overview of the SCCFD Volunteer Program.

A recruitment meeting was held at the Masten Fire Station on July 16, 2025 to engage interested personnel

- 12 former Company 70 personnel signed the initial roster
- 9 personnel successfully joined the SCCFD Volunteer program

Current Personnel Status

The volunteer roster currently stands as follows:

- 6 Active Personnel: Actively serving as volunteer firefighters. This group includes:
  - 2 personnel with Firefighter I qualifications
  - 2 personnel qualified as driver/operators for the reserve water tender located at the Masten Fire Station

Additionally

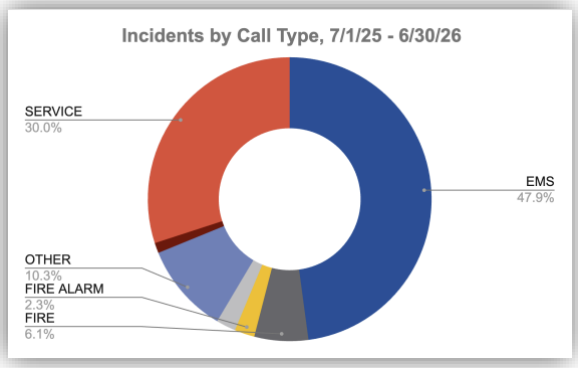
- One member is currently on leave: Temporarily inactive while attending paramedic school
- Two career transitions: Successfully transitioned into full-time, permanent fire service positions with other agencies
- One member failed to complete the mandatory SCCFD background check and was dropped from the program

Response Data: July 1, 2025 – June 30, 2026

Unique Incidents by Call Type

Zone 4 - July 1, 2025 - June 30, 2026

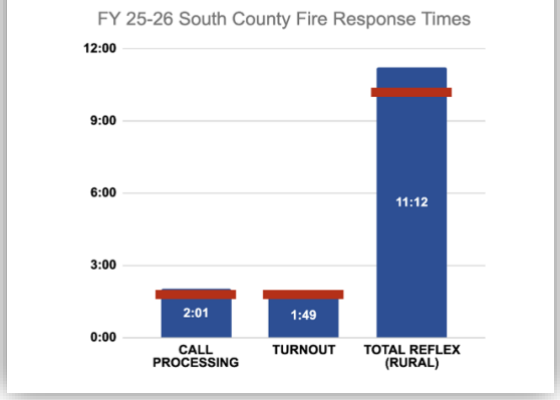
Call Type	Number of Calls	Percentage of Calls
EMS	1238	47.87%
FIRE	159	6.15%
FIRE ALARM	59	2.28%
HAZARDOUS CONDITION	58	2.24%
OTHER	266	10.29%
RESCUE	30	1.16%
SERVICE	776	30.01%
TOTAL CALLS	2586	100.00%



Fire Data

Average time for fire apparatus responding to fire emergencies in South County when first on scene

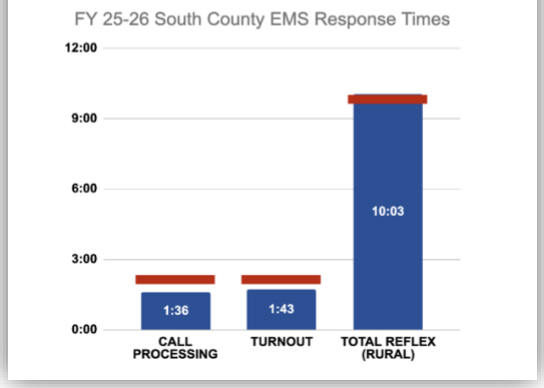
	Source: Policy 1003 Time Standard	Source: PSR (FIRESTATS) July 1, 2025 - June 30, 2026
CALL PROCESSING	2:00	2:01
TURNOUT	2:00	1:49
TOTAL REFLEX (RUAL)	9:30	11:12
NUMBER OF FIRE CALLS	159	



EMS Data

Average time for fire apparatus responding to fire emergencies in South County when first on scene

	Source: Policy 1003 Time Standard	Source: PSR (FIRESTATS) July 1, 2025 - June 30, 2026
CALL PROCESSING	2:00	1:36
TURNOUT	2:00	1:43
TOTAL REFLEX (RUAL)	9:30	10:03
NUMBER OF FIRE CALLS	1238	



Fire Marshal/Fire Prevention Inspection Data: July 1, 2025 – June 30, 2026
Since the reorganization, we have seen a significant increase in Fire and Life Safety inspection activity and engagement within these communities. SCCFD is pleased to report that we have completed 100% of the inspections identified by SCFD. Our team is now proactively canvassing these areas to identify additional businesses that may not have been included in the original records so they can be added to our inspection program.

Fire and Life Safety Inspections completed in unincorporated areas of:

- Gilroy: 122
- Morgan Hill: 60
- San Martin: 119
- Total Inspections Completed: 301

Fire Investigation/Arson Arrest Data: July 1, 2025 – June 30, 2026

Table 2: Fire Investigations Responded to by Our Duty Investigators

Station Area	Total Investigations	Classification	Pertinent Information
Vineyard	3	2 accidental 1 incendiary	N/A
Masten	12	7 accidental 4 undetermined 1 incendiary	1 arrest
Treehaven	5	1 accidental 2 undetermined 2 incendiary	1 arrest
Casa de Fruta	2	1 undetermined 1 incendiary	1 arrest

5. Conclusion

The reorganized Santa Clara County Central Fire Protection District (CCFD) provides stable local fire service to the community residing in the area, as well as to the over 150,000 commuters that travel through the southern end of the reorganized fire district daily, which includes the following:

- Improved response time and local resource availability
- Access to SCCFD's enhanced training, technology, community education, and risk reduction services, pre-fire management and wildfire resilience program inclusive of the fire fuels crew mitigation/operational work, emergency management, dispatch services, and fire prevention inspection/mitigation work
- Regional fire and emergency services delivery model that provides streamlined and consistent training, community risk reduction, fire prevention inspections, and operational response throughout the fire districts
- Direct access to CCFD's Type 1 Hazmat and Type 1 Urban Search and Rescue (US&R) capabilities.

The reorganization of the Santa Clara County Central Fire Protection District has strengthened collaborative fire agency relationships. Fire personnel from CCFD and surrounding agencies consistently report that joint training initiatives, coordinated responses, and area coverage efforts have enhanced operational effectiveness and interoperability during emergency incidents. Feedback from both County Fire personnel and automatic aid and mutual aid partners has been overwhelmingly positive, noting that the strong working relationships, shared training opportunities, and regular interaction have significantly improved coordination, communication, and overall incident management on critical events.

CCFD remains committed to providing service beyond jurisdictional boundaries whenever resources are available and assistance is needed. This regional approach recognizes that emergencies do not adhere to political boundaries and that effective public safety is best achieved through collaboration and shared commitment to community protection.

Through ongoing communication, cooperative planning, and operational partnerships with neighboring agencies, including the City of San José to the north, Pajaro Valley Fire Protection District to the west, and the Gilroy and Hollister Fire Departments to the south, CCFD continues to strengthen regional response capabilities. These partnerships enhance resource availability, improve situational awareness, and support coordinated emergency response efforts, ultimately providing greater service reliability and improved outcomes for the communities served throughout the region.

The dissolution of SCFD and annexation into CCFD (Santa Clara County Central Fire Protection District) was a strategic decision by the Board of Supervisors of Santa Clara County, who serve as the Board of Directors, that aligns with the goal of delivering high-quality, equitable, and sustainable fire protection and emergency services throughout the County. The update to the Plan for Services demonstrates the feasibility and benefits of the recent change.

Vineyard Station 67

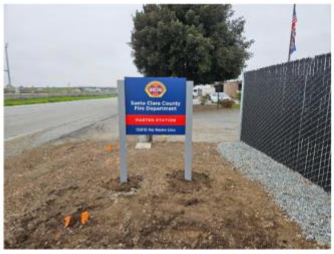






Masten Station 68









Treehaven Station 69







Casa de Fruta Station 70







Planned SCCFD Training/Fleet/Logistics Facility



Sycamore Site
13575 Sycamore Avenue
San Martin, CA 95046





ITEM # 8

SANTA CLARA LAFCO

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

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Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Terry Trumbull
Mark Turner

Alternate Commissioners
Pamela Campos
Helen Chapman
Betty Duong
Zach Hilton
Teresa O'Neill

Executive Officer
Neelima Palacherla

LAFCO MEETING: **December 2, 2026**

TO: **LAFCO**

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

SUBJECT: **UPDATE ON SANTA CLARA COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT SERVICE REVIEW**

AD HOC COMMITTEE / STAFF RECOMMENDATION

Accept report and provide direction, as necessary.

COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT SERVICE REVIEW

Selection of Consultant and Finalization of Contract

On October 7, 2026, the Commission approved the utilization of an Informal Competitive Procurement (ICP) process to seek a proposal from Sjoberg Evashenk Consulting (SEC) to prepare LAFCO's Santa Clara County Mosquito and Vector Control District Service Review. On October 8, 2026, LAFCO staff sent a Request Proposal to the firm, and in response received a proposal on October 26th. Staff convened the Ad-Hoc Committee, consisting of Commissioner Turner and Alternate Commissioner Chapman, which evaluated SEC's proposal and interviewed the firm's team on November 10, 2026.

The Ad Hoc Committee selected SEC to conduct LAFCO's Santa Clara County Mosquito and Vector Control District Service Review.

Staff is currently working with SEC to finalize the terms of the service agreement, scope of work, rate schedule, and project schedule. It is anticipated that the service agreement will be in place by December 1, 2026.

NEXT STEPS

Once the service agreement is signed, LAFCO staff will meet with the consultants to provide a brief orientation to LAFCO and Santa Clara County, and to begin preparations for the Kick-Off meetings with the District.

This service review is expected to be completed in August 2027. LAFCO staff will continue to provide the Commission with updates as the project progresses.

ITEM # 9

SANTA CLARA LAFCO

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Executive Officer
Neelima Palacherla

LAFCO MEETING: **December 2, 2026**

TO: **LAFCO**

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

SUBJECT: **UPDATE ON COUNTYWIDE WATER AND WASTEWATER SERVICE REVIEW**

STAFF RECOMMENDATION

Accept report and provide direction, as necessary.

COUNTYWIDE WATER AND WASTEWATER SERVICE REVIEW

The report provides a brief summary of the service review related work that has been completed since the October 7, 2026 LAFCO meeting and the anticipated next steps.

PROFILE VERIFICATION UNDERWAY

RSG (LAFCO's Consultant) is in the process of preparing profiles for affected agencies and has begun sending each affected agency their draft profile for verification. This process is expected to be completed by the end of January. RSG will soon begin using the verified profiles to conduct their analysis, prepare preliminary findings, and start developing their Draft Service Review Report.

NEXT TAC MEETING TO DISCUSS PRELIMINARY FINDINGS

RSG will present their preliminary findings to the Technical Advisory Committee (TAC) at its next meeting, which is anticipated to occur in early April 2027 (date/time to be determined). A meeting agenda and materials will be available on the LAFCO website prior to the meeting date.

The TAC meets periodically to receive updates and provide expertise and advice on the Countywide Water and Wastewater Service Review. Current members are as follows:

- Commissioner Rosemary Kamei and Alternate Commissioner Teresa O'Neill, appointed by LAFCO;

- Matt Morely (City Manager, City of Saratoga) and Chris Constantin (City Manager, Town of Los Gatos) appointed by the Santa Clara County/Cities Managers' Association;
- Aaron Baker (Chief Executive Officer, Santa Clara Valley Water District) and Scott Wagner (Director of Capital Planning & Water Resources, California Water Service Company), liaisons to the Santa Clara County Water Retailer's Group;
- Mansour Nasser (Assistant Director of Environmental Services, City of Sunnyvale) and Chris Ghione (Assistant City Manager/Public Services Engineering Director, City of Morgan Hill), liaisons to the Santa Clara County Municipal Public Works Officials' Association; and
- Tim Kiser (District Manager, West Valley Sanitation District), liaison to the Santa Clara County Special Districts Association.

REVISION OF PROJECT SCHEDULE

The data collection process and affected agencies' verification of the collected data is taking much longer than anticipated, as most agencies requested and received additional time to provide RSG with the requisite information, and the outline for affected agency profiles was significantly reorganized and refined to better align with anticipated service review determinations. This, along with the upcoming holidays, has resulted in an overall need to push the project schedule back by a few months and to sync the revised schedule with the regular LAFCO meetings held on the first Wednesday of even months.

LAFCO staff and RSG have jointly agreed on a revised schedule that includes the following key steps and timeline:

- Service providers validate their profiles compiled by consultant: November 2026 – January 2027
- Consultant prepares preliminary findings and presents them to LAFCO staff and TAC: January 2027 – March 2027
- Consultant prepares Draft Service Review Report: April – early June 2027
- LAFCO releases Draft Report for public review and comment: late June 2027
- LAFCO public hearing on Draft Report: August 4, 2027
- LAFCO releases Revised Draft Report for public review and comment: mid-August 2027
- LAFCO public hearing to adopt Final Report: October 6, 2027
- Publication of Adopted Final Report: late October 2027

LAFCO's Countywide Water and Wastewater Service Review webpage will be updated to reflect the revised project schedule and continues to serve as the main

resource for information on this project. Staff will continue to provide the Commission with updates on this project as it progresses.

ITEM # 10

SANTA CLARA LAFCO

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Executive Officer
Neelima Palacherla

LAFCO MEETING: **December 2, 2026**

TO: **LAFCO**

FROM: **Neelima Palacherla, Executive Officer**
Dunia Noel, Assistant Executive Officer

SUBJECT: **REQUEST FOR A LAFCO STUDY SESSION ON THE TOPIC OF BUILDER'S REMEDY PROJECTS IN THE UNINCORPORATED COUNTY**

STAFF RECOMMENDATION

Direct staff to schedule a LAFCO study session for February 3, 2026, on the subject of Builder's Remedy projects in the unincorporated county and provide direction as needed.

BACKGROUND

At the October 7, 2026 LAFCO meeting, under Item No #15 - Commissioner Reports, Commissioner Arenas requested that LAFCO hold a study session on Builder's Remedy projects in the unincorporated county. Commissioners expressed their support and shared some preliminary ideas for the session. Because the request was not an item on the LAFCO meeting agenda, Legal Counsel advised that the request would be placed on a future meeting agenda for the Commission's further discussion and approval. This step ensures that the Commission continues to operate in a manner consistent with the Brown Act.

Therefore, LAFCO staff have prepared this report for the Commission's consideration and action based on the request.

Builder's Remedy Projects in the Unincorporated County

Based on information available on the County of Santa Clara Department of Planning website as of November 18, 2026, the County is currently processing 29 Builder's Remedy projects that include approximately 6,600 housing units in the unincorporated area. Many of these projects involve lands that are adjacent to or near a city. Nearly 5,400 of these units are being proposed near the cities of Morgan Hill (12 projects, 2,430 units total) and Gilroy (5 projects 2,956 units total).

These proposed projects involve land in rural unincorporated areas that lack public services such as water and wastewater services. These same areas also lack other

types of public services and/or levels of public service that are typically available within a city (e.g. police, fire, emergency medical services, parks, schools, libraries, etc.) to support the proposed level/density of development. Many of these proposed projects may also involve agricultural lands or lands located within a Very High Fire Hazard Severity Zone or High Fire Hazard Severity Zone.

Since 2017, the State Water Resources Control Board (SWRCB) has taken steps to discourage the establishment of new public water systems and instead encouraged applicants to seek service from one or more currently permitted public water systems, including cities. They have discouraged such systems because they have found that over time, many of them lack technical, managerial, and financial capability to provide adequate and reliable domestic water to their service area.

In 2019, the State authorized the SWRCB to deny permit requests for new public water system under certain conditions. This has increased Builder's Remedy applicant interest in obtaining city water service, either by requesting service outside city boundaries or by asking the city to annex the property. Both actions require the city to apply to LAFCO for approval.

SWRCB has raised similar concerns about the long-term sustainability of new onsite wastewater treatment facilities which are also subject to their review and permitting.

Purpose of the LAFCO Study Session

The Builder's Remedy applies to cities and counties with land use authority to approve housing development projects and LAFCO does not have land use authority. There are no applications currently before LAFCO that involve Builder's Remedy projects in the unincorporated county. However, there are questions about how Builder's Remedy projects in the unincorporated area will receive necessary services and the potential need for them to seek LAFCO approval for city service extensions outside city boundaries or for annexation to nearby cities.

The purpose of the LAFCO study session is to help establish a shared understanding amongst the commissioners of the current situation as to the requirements, roles, constraints, and opportunities for the County, cities, the SWRCB, and LAFCO as it relates to Builder's Remedy projects in the unincorporated county.

The session would be for informational purposes only, and the Commission would not take any action.

LAFCO STUDY SESSION

Proposed Format

LAFCO staff recommends that the Commission hold an approximately 90-minute informational study session on Builder's Remedy projects in the unincorporated county.

Ground Rules

The study session would address the broader issue, and presentations shall not address the merits of any specific project. Commissioners should not comment on any project, site, or applicant. The session would include an opportunity for members of the public to provide comment.

Draft Outline for LAFCO Study Session

A draft outline for the LAFCO study session is provided below for the Commission's feedback and consideration. The draft outline includes recommendations on topics, speakers, and the approximate time needed for each item.

Proposed Topics	Proposed Speakers	Approx. Time
1. Welcome	LAFCO Chair	
2. Issue Overview and LAFCO Role – What is Builder's Remedy? – What is LAFCO' mission and how does the jointly adopted Countywide Growth Management Framework support efficient public services/infrastructure and low-cost housing options?	LAFCO Counsel, and LAFCO staff	15
3. Overview of Proposed Builder's Remedy Projects in the Unincorporated County: Challenges and Potential Approaches	TBD by County	15
4. Role of Other Agencies Related to Proposed Builder's Remedy Projects in the Unincorporated County		
a. Cities (Morgan Hill, Gilroy, San Jose, other?)	TBD by Cities	5 per/city
b. State Water Resource Control Board (SWRCB)	TBD by SWRCB	5
c. LAFCO	LAFCO staff	5
5. For the Upcoming RHNA Cycle, how to Ensure Housing Allocations are Targeted to the Existing Urban Footprint in Santa Clara County rather than to the Rural Unincorporated Areas?	LAFCO Staff, County, & Other	10
6. Adjourn	LAFCO Chair	

Proposed Date, Time, and Location for the LAFCO Study Session

The study session is proposed to be held just prior to the regular February 3, 2027 LAFCO meeting.

- Date: February 3, 2027
- Time: 12:30 PM
- Location: Board Meeting Chambers

The LAFCO study session agenda and materials will be provided to the Commission and posted on the LAFCO website by Friday, January 29, 2027.

WORKLOAD IMPACTS

This proposed LAFCO study session is not part of LAFCO's adopted work plan for FY 2026-2027. LAFCO staff have a full workload, with several high-priority projects currently underway, including a Countywide Water and Wastewater Service Review, Service Review for the Santa Clara County Mosquito and Vector Control District; multiple boundary change applications under review and anticipated for hearing; local agency and public requests for assistance and information; and ongoing administrative projects. LAFCO has no control over the timing, volume, or complexity of applications it receives and must process such applications pursuant to the timelines set in State law.

While LAFCO staff actively manages this workload, adding and prioritizing the proposed study session in the current workplan may result in certain other items being delayed.

NEXT STEPS

Based on direction received, LAFCO staff will request participation from appropriate staff at the County, the cities, and the State Water Resource Control Board and coordinate with them on their presentations, following which LAFCO staff will make the necessary preparations for the study session.

ITEM # 11

2027 SCHEDULE OF LAFCO MEETINGS AND APPLICATION FILING DEADLINES

LAFCO MEETING	DEADLINE TO FILE APPLICATION
February 3, 2027	December 3, 2026
April 7, 2027	February 4, 2027
June 2, 2027	April 8, 2027
August 4, 2027	June 3, 2027
October 6, 2027	August 5, 2027
December 1, 2027	October 7, 2027

TIME OF MEETINGS	1:15 PM
LOCATION OF MEETINGS	Board of Supervisors' Chambers 70 West Hedding Street San Jose, CA 95110
APPLICATION MAILING ADDRESS	LAFCO Office 777 North First Street, Suite 410 San Jose, CA 95112 (408) 993-4705

ITEM # 12

SANTA CLARA LAFCO

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

Commissioners
Sylvia Arenas
Jim Beall
Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Terry Trumbull
Mark Turner

Alternate Commissioners
Pamela Campos
Helen Chapman
Betty Duong
Zach Hilton
Teresa O'Neill

Executive Officer
Neelima Palacherla

LAFCO MEETING: **December 2, 2026**

TO: **LAFCO**

FROM: **Neelima Palacherla, Executive Officer**
Dunia Noel, Assistant Executive Officer

SUBJECT: **APPOINTMENT OF 2027 LAFCO CHAIRPERSON AND VICE-CHAIRPERSON**

STAFF RECOMMENDATION

Per the rotation schedule, appoint Commissioner Yoriko Kishimoto to serve as Chairperson for 2027; and Commissioner Lee to serve as Vice-Chairperson for 2027.

BACKGROUND

Pursuant to the LAFCO Bylaws, the rotation schedule for Chairperson and Vice Chairperson is as follows unless otherwise determined by the Commission:

- Cities member
- County member
- San Jose member
- Special Districts member
- County member
- Public member
- Special Districts member

On December 3, 2025, LAFCO appointed Rosemary Kamei (San Jose member), as Chairperson, and Yoriko Kishimoto (Special Districts member), as Vice-Chairperson for calendar year 2026.

In accordance with the above-mentioned rotation schedule, it is recommended that Commissioner Kishimoto (Special Districts member) be appointed 2027 Chairperson and Commissioner Lee (County member) be appointed 2027 Vice-Chairperson.

ITEM # 13

SANTA CLARA LAFCO

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

Commissioners
Sylvia Arenas
Jim Beall
Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Terry Trumbull
Mark Turner

Alternate Commissioners
Pamela Campos
Helen Chapman
Betty Duong
Zach Hilton
Teresa O'Neill

Executive Officer
Neelima Palacherla

LAFCO MEETING: **December 2, 2026**

TO: **LAFCO**

FROM: **Neelima Palacherla, Executive Officer**
Dunia Noel, Assistant Executive Officer

SUBJECT: **CALAFCO RELATED ACTIVITIES**

STAFF RECOMMENDATION

Accept report and provide direction, as necessary.

13.1 REPORT ON THE 2026 CALAFCO ANNUAL CONFERENCE

Chairperson Kamei, Alternate Commissioner O'Neill, Executive Officer Palacherla, Assistant Executive Officer Noel and Analyst Abello attended this year's CALAFCO Annual Conference which was held at the Sheraton Grand Sacramento from October 21– October 23. The annual conference provided an opportunity for LAFCOs across the state to share some of their best practices and learn new techniques and approaches from other LAFCOs.

Chair Kamei Re-Elected to CALAFCO Board of Directors

Chair Kamei was re-elected to the CALAFCO Board of Directors seat from the Coastal Region to serve a new two-year term, which begins on December 1, 2026 and will end in October 2028. Chair Kamei was first elected to serve on the CALAFCO Board in October 2025, for a term of two years. The following counties form CALAFCO's Coastal Region: Alameda, Contra Costa, Marin, Monterey, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma and Ventura.

CALAFCO continues to rebuild itself, and as part of that effort, the CALAFCO Board of Directors will continue working on organizational restructuring and reforms, improving communications, and promoting member engagement, while ensuring the delivery of important CALAFCO services like legislative advocacy and providing education opportunities to member LAFCOs.

Chair Kamei and Assistant EO Noel attended the October 22, 2026 CALAFCO Board of Directors meeting, which was held as part of the 2026 CALAFCO Annual Conference in Sacramento.

Chair Kamei, as a member of CALAFCO's Board of Directors, is anticipated to attend six CALAFCO Board meetings in 2027, including an all-day in-person Board Strategic Planning Workshop on February 25, 2027 and a Regular Board Meeting on February 26, 2027, both in Sacramento.

The next CALAFCO Board Meeting will be held on December 11, 2026 at the CALAFCO Office in Sacramento with teleconference option. At the December 11th meeting, the incoming Board will elect its officers and consider committee assignments, including appointments to the Legislative Committee.

CALAFCO has issued a Board Update (**Attachment A**) introducing its incoming Board of Directors, including the three LAFCO Executive Officers elected to regional seats, whose terms begin on December 1, 2026.

Summary of Annual Conference Program

The Annual Conference started on Wednesday morning with "What is LAFCO?: The Game Show" a LAFCO 101 session styled in a gameshow format. In the afternoon, there was the Conference Opening program that was followed by two general sessions – "Beyond Growth: What's Next for LAFCO?" and "Balancing Competing Priorities: Housing, Agriculture, Infrastructure, and the LAFCO Perspective."

Thursday's program included regional caucus meetings and elections, CALAFCO Annual Business Meeting, lunch and keynote address from California Assembly Majority Leader Cecilia Aguiar-Curry, and breakout sessions including, "What Your Reports Are Really Saying: And the Questions You Should Be Asking"; "California Public Utilities Commission 101: Where State Regulation and LAFCO Intersect"; "Legal Counsel Roundtable"; "Strategic Public Engagement: A Plan for Any Scenario"; "Fire Services Under Pressure: What Should LAFCOs Be Watching?"; "Telling It Straight: Delivering Tough News About a Project Concept"; "Disadvantaged Communities: What Have We Learned?"; and CALAFCO Awards Banquet.

Friday's program started with a CALAFCO Board of Directors Breakfast and Meeting, followed by two general sessions - "AI and Local Government: What LAFCO Leaders Need to Know" and "Legislative Update: What LAFCOs Should Be Watching." CALAFCO will be posting all conference presentation materials and handouts on its website at www.calafco.org.

Conference attendees received a hard copy of the October 2026 edition of *The Sphere* (**Attachment B**), CALAFCO's annual journal. This issue featured perspectives from LAFCO leaders, Associate Members, and statewide organizations on local problem-solving, professional connections, and partnerships across California's local government community

The next CALAFCO Annual Conference is scheduled for September 8-10, 2027 at The Langham Hotel in Pasadena.

13.2 CALAFCO LEGISLATIVE COMMITTEE MEETINGS

Chair Kamei serves on the CALAFCO Legislative Committee as the Coastal Alternate Member. In this capacity she regularly attends CALAFCO Legislative Committee meetings. Executive Officer Palacherla also attends these meetings and provides support, as necessary.

Chair Kamei and EO Palacherla attended the CALAFCO Legislative Committee's October 15, 2026 and EO Palacherla attended the November 18, 2026 meeting. At the October meeting, the Committee reviewed the 2027 legislative proposals submitted by member LAFCOs and discussed next steps. At the November meeting, the Committee continued its review of those legislative proposals, received a verbal update on one of those proposals, and discussed next steps.

CALAFCO will seat new Legislative Committee Members at its next Board Meeting on December 11, 2026.

ATTACHMENTS

Attachment A: CALAFCO Board Update (November 2026)

Attachment B: The Sphere: CALAFCO (October 2026)

California Association of Local Agency Formation Commissions
CALAFCO
SUPPORTING SUSTAINABLE COMMUNITY GROWTH

BOARD UPDATE

NOVEMBER 2026

MEET CALAFCO'S INCOMING BOARD

CALAFCO's newly elected 16-member Board begins its terms on December 1, 2026. Thank you to everyone who participated in the election and to the directors who have made the commitment to serve.

THREE EXECUTIVE OFFICERS ELECTED TO REGIONAL SEATS

Earlier this year, CALAFCO members approved changes that opened regional Board seats to LAFCO Executive Officers and removed commissioner seat-type categories. With the October election complete, those changes are now taking shape.

The incoming Board includes three Executive Officers elected to regional director seats: Kai Luoma of Ventura LAFCO, Paul Novak of Los Angeles LAFCO, and Tyler Salcido of Imperial LAFCO. Tyler will continue his Board service under the new structure.

Executive Officers have contributed to CALAFCO for many years through regional leadership, legislative work, educational programs, and committee service. Direct election to regional seats allows them to bring that experience to the association's decisions alongside their commissioner colleagues.

KAI LUOMA | VENTURA LAFCO

Coastal Region | One-year term

Kai has served as Ventura LAFCO's Executive Officer since 2014 and brings a long background in local government planning. Many members know him through his work as Vice-Chair of CALAFCO's Legislative Committee, where he has helped develop practical improvements to LAFCO law. He has also participated in the working groups reviewing CALAFCO's governance and dues structure. His approach emphasizes research, practical solutions, and listening to different viewpoints.

PAUL NOVAK | LOS ANGELES LAFCO

Southern Region | One-year term

Paul has served as Los Angeles LAFCO's Executive Officer since 2011. His involvement with CALAFCO includes service as a Deputy Executive Officer, Legislative Committee member, and contributor to conferences and staff workshops. He brings experience in land use planning, legislative proposals, and professional education. In his candidate statement, Paul emphasized collaboration, mutual respect, and building agreement around shared goals.

TYLER SALCIDO | IMPERIAL LAFCO

Southern Region | Two-year term

Tyler brings experience as both a LAFCO Executive Officer and a former city manager. He has already been involved in CALAFCO through his service as Southern Region Deputy Executive Officer and his work on the Achievement Awards, Staff Workshop Planning, and Dues Committees. His nomination emphasized continuity and ensuring that smaller, rural, agricultural, and border-region LAFCOs have a voice in statewide discussions.

WELCOMING OUR OTHER INCOMING DIRECTORS

Six other incoming directors will join the Board on December 1. We welcome their participation and the experience they bring from their local communities.

Director	Member LAFCO	Region	New term
Janice Bell	Colusa LAFCO	Northern	One year
Jill Cox	Trinity LAFCO	Northern	Two years
Josh Pedrozo	Merced LAFCO	Central	One year
Terry Woodrow	Alpine LAFCO	Central	Two years
Robert Amparano	Imperial LAFCO	Southern	One year
Gerard McCallum	Los Angeles LAFCO	Southern	Two years

CONTINUING THEIR SERVICE

The following directors will also return for new terms. Their continued involvement provides valuable experience and continuity as the new Board begins its work. Tyler Salcido, introduced on the preceding page, will also return for a two-year term.

Director	Member LAFCO	Region	New term
Kevin Goss	Plumas LAFCO	Northern	One year
Josh Susman	Nevada LAFCO	Northern	Two years
Anita Paque	Calaveras LAFCO	Central	One year
Gay Jones	Sacramento LAFCO	Central	Two years
Wendy Root Askew	Monterey LAFCO	Coastal	One year
Virginia Chang Kiraly	San Mateo LAFCO	Coastal	Two years
Rosemary Kamei	Santa Clara LAFCO	Coastal	Two years

All terms begin December 1, 2026. One-year terms end November 30, 2027; two-year terms end November 30, 2028.

Thank you to our outgoing Board members for their time and contributions, and to all incoming and returning directors for their willingness to serve. I look forward to working with the new Board and continuing our practical work in education, legislative advocacy, and member services.

Michelle McIntyre
Executive Director

The Sphere

JOURNAL OF THE CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS



Local Fire Districts
Call For Action

One Agreement
That Still Delivers

Commissioner's Toolkit

October 2026

CALAFCO Publication | CALAFCO.org

BOARD OF DIRECTORS

Wendy Root Askew, *Chair*
Yxstian Gutierrez, *Vice Chair*
Gay Jones, *Immediate Past Chair*
Josh Susman, *Treasurer*
Anita Paque, *Secretary*

CENTRAL REGION

Gay Jones, *Sacramento LAFCO*
José C. Henríquez, *Sacramento LAFCO*
Whitney Eklund, *Placer LAFCO*
Anita Paque, *Calaveras LAFCO*

COASTAL REGION

Roger Anderson, *Santa Cruz LAFCO*
Joe Serrano, *Santa Cruz LAFCO*
Virginia Chang Kiraly, *San Mateo LAFCO*
Rosemary Kamei, *Santa Clara LAFCO*

NORTHERN REGION

Shannon Costa, *Butte LAFCO*
Kevin Goss, *Plumas LAFCO*
Ricki Heck, *Nevada LAFCO*
Paul Minchella, *Modoc LAFCO*

SOUTHERN REGION

Tyler Salcido, *Imperial LAFCO*
Steve Sanchez, *Riverside LAFCO*
Yxstian Gutierrez, *Riverside LAFCO*

CALAFCO STAFF

Michelle McIntyre, *Executive Director*
José C. Henríquez, *Executive Officer*
Shannon Costa, *Deputy Executive Officer*
Tyler Salcido, *Deputy Executive Officer*
Joe Serrano, *Deputy Executive Officer*
Paula de Sousa, *General Counsel*

THANK YOU
TO OUR ASSOCIATE MEMBERS

GOLD ASSOCIATE MEMBERS

AP TRITON

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BEST BEST & KRIEGER LLP

CivicBound

COLANTUONO HIGHSMITH WHATLEY, PC

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ease works
Empowering Growth. Enhancing Productivity.

PLANWEST PARTNERS, INC.

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RSG
BETTER COMMUNITIES.
BOLDER FUTURES.

SILVER ASSOCIATE MEMBERS

City of Rancho Mirage

DTA

Fire Risk Management Services

Griffith, Masuda & Hobbs, A Professional Law Corporation

Hinman & Associates Consulting, Inc.

Policy Consulting Associates, LLC

South Fork Consulting, LLC

Articles, announcements, comments or other materials noteworthy to LAFCO commissioners and staff, may be submitted to the Editor at info@calafco.org or call 916-442-6536. The contents of this publication do not necessarily reflect the views of CALAFCO, its members, or their professional or official affiliations. ©2026 CALAFCO. All rights reserved. For permission to reproduce any article in this publication, contact info@calafco.org.

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Monterey Bay
Monterey, CA



Salinas Valley Agriculture
Monterey, CA



Elkhorn Slough
Monterey, CA

The Chair's Corner

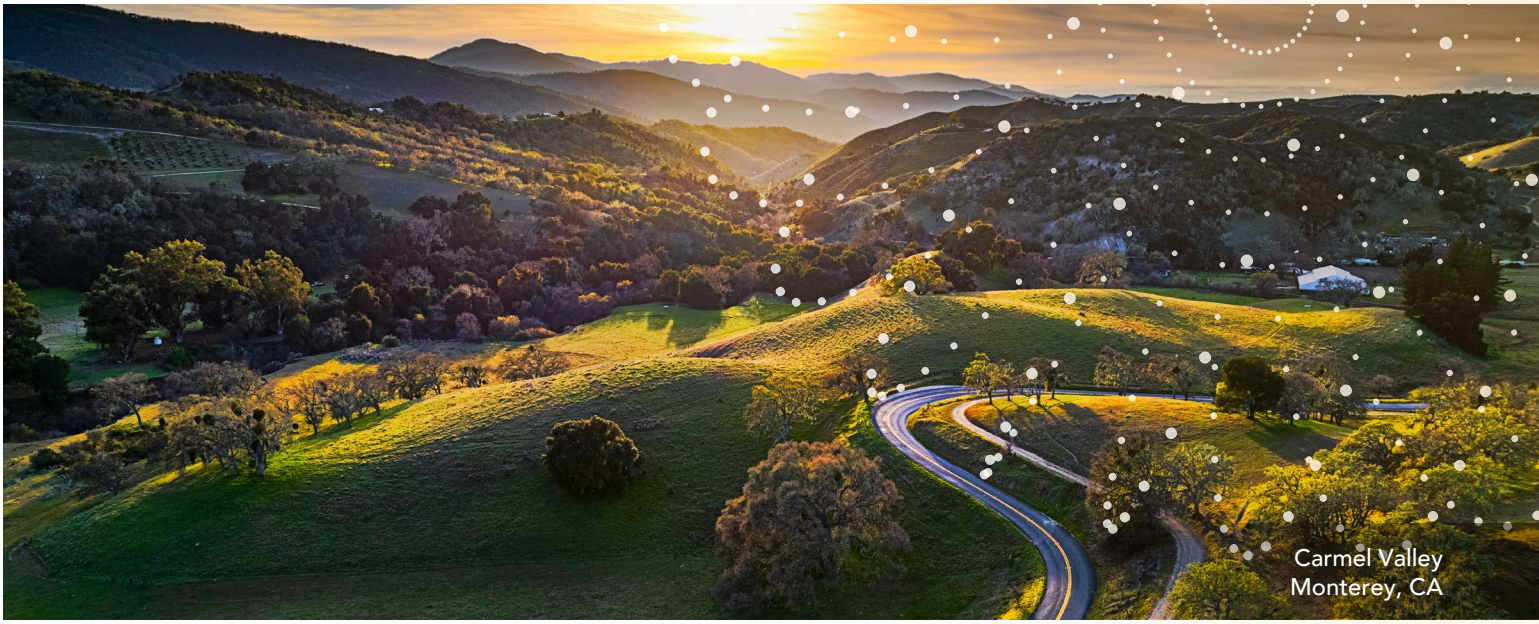
Shared Purpose, Stronger Communities

By Wendy Root Askew, Monterey County Supervisor, Monterey County District 4, CALAFCO Chair

Most people don't spend their days thinking about city boundaries, special districts, spheres of influence, or municipal service reviews. They simply count on clean water flowing from their taps, reliable roads, and emergency services when they need them. Behind these everyday essentials is the important work of local government. What I value most about public service is knowing that much of our work happens behind the scenes, yet its impact is felt in the everyday lives of those we serve.

Across California, LAFCOs help communities grow intentionally, not simply bigger, but better. We protect farmland and open space, discourage inefficient sprawl, encourage responsible development, and promote efficient, sustainable public services. Our work may not always make headlines, but the decisions we make have a lasting impact on the communities we serve.

Of course, no two counties face the same challenges. A rural county addressing wildfire risk has different needs than an urban county navigating housing and development pressures.



Carmel Valley
Monterey, CA

Yet we all benefit from sharing experiences and learning from one another. This is where CALAFCO plays such an important role.

CALAFCO is more than an annual conference. It is a statewide professional community where commissioners, executive officers, staff, and counsel come together to exchange ideas, navigate challenges, mentor colleagues, and advance effective local governance. These connections help us better serve our individual communities while working toward a shared purpose.

> **That spirit of collaboration has been especially evident this year.**

As Chair, I've been encouraged not only by what we've accomplished, but also by how we've accomplished it.

Over the past year, we've modernized our governance, expanded educational opportunities through CALAFCO University, hosted a well-attended staff workshop, strengthened legislative engagement, launched a successful mentorship program, and continued important conversations about our organization's long-term sustainability. Each of these efforts reflects thoughtful progress guided by the voices of our members.

Since its founding in 1971, CALAFCO has been built on partnership and trust. More than five decades later, those values remain at the heart of our organization, guiding how we listen, collaborate, and move forward together.

As we gather for this year's Annual Conference, we have much to celebrate and important work ahead. We'll complete our governance improvements, continue enhancing communications and educational programs, and focus on maintaining a financially strong organization that remains responsive to the needs of every member agency.



Equally important is the opportunity to connect with one another. Every conversation, mentoring partnership, and shared lesson adds to our collective knowledge and ability to serve Californians. Each LAFCO, large or small, urban or rural, brings valuable experience and a perspective worth hearing.

I hope to personally thank you for the time, expertise, and dedication you bring to CALAFCO. Your commitment to public service and to one another is what makes this organization strong.

I look forward to all we will accomplish together and to continuing the important work that makes a difference in communities across California.



A Career I Didn't See Coming

By Michelle McIntyre, CALAFCO Executive Director

When I started at LAFCO as a clerk, I was focused on doing my job well and keeping an eye on what might come next. I had no idea I was taking the first step in a career I would come to love.

Each new role, from clerk to analyst and eventually Executive Officer, gave me a wider view of the work. The more I learned, the more invested I became. What I once saw as a narrow specialty turned out to be a field full of variety, challenge, and purpose.

> **Somewhere along the way, I fell in love with LAFCO.**

It happened gradually, through the projects, the problem-solving, and above all the people. LAFCO work touches nearly every corner of local government, and the colleagues I met across the state showed me how much depth and opportunity this field holds.

As an Executive Officer, one of my favorite parts of the job was making LAFCO understandable and relatable. My goal was for someone who knew nothing about us to see our materials and think, "That looks interesting. I'd like to learn more."

That meant paying close attention to how we presented ourselves. We asked whether information was easy to find, whether someone new could follow it without knowing our terminology, and whether our materials felt welcoming and professional. Each improvement gave people a new reason to stop and take a look.



Along the way, I discovered the value of simple graphics, clear writing, and consistent design. I loved creating materials that were both educational and beautiful, because good design invites people into information they might otherwise pass by.

I am excited to bring that same approach to CALAFCO.

Our recent website work is already making CALAFCO's resources easier to find and use. The Member Hub gives members a clear place to start. The Commissioner's Toolkit brings key resources together, and a Staff Toolkit will extend that same support to the clerks, analysts, and Executive Officers who keep our agencies running. Our communications work with CV Strategies shares the same goal: helping people find, understand, and use everything CALAFCO has to offer.

These improvements open doors. A new commissioner can find a confident starting point. A clerk or analyst can access tools that help them learn and grow. Someone outside our agencies can see why LAFCO matters from their very first visit.

Looking ahead, I see real opportunities for CALAFCO to support members across the full range of running an agency. My master's degree in public administration is a part of my background I look forward to drawing on. LAFCO colleagues have shared how much of their work involves budgets, personnel, and office operations, often with lean teams that accomplish a great deal.

> **CALAFCO is well positioned to help. By listening to members, we can shape education, shared resources, and peer connections that strengthen LAFCOs of every size.**

Today, some of my most rewarding work is creating opportunities for others to discover LAFCO, both inside and outside our agencies. I also keep learning, which is one of the things I value most about this field.

My path into LAFCO was a happy surprise. My hope now is to help the next generation see the possibilities from the start. When CALAFCO makes the work easier to understand, helps people feel supported, and gives them room to grow, we build a stronger future for LAFCOs across California. I am proud to be part of it.



Partners in Progress

Local Fire Districts Call for Action

To Address Funding Shortfalls



Fire protection districts and LAFCOs have a long and important relationship in California's local government structure. Because LAFCOs oversee the boundaries, formation, consolidation, and service areas of local fire protection districts, the two parties may not always approach issues from the same perspective. However, they share a fundamental goal: ensuring the consistent delivery of high-quality local government services to countywide constituents. Adequate and stable funding is essential to making that goal possible.

Fire districts are represented statewide through the Fire Districts Association of California (FDAC). After years of discussion about increased service demands on fire protection districts and the lack of corresponding funding growth, FDAC researched and released ***Fighting Fire with Funding: The Urgent Need for Adequate Fire Service Resources in California***, a white paper that outlines the challenges facing local fire service agencies.

The white paper identifies four key issues affecting fire protection districts: increased service demands, rising costs, funding shortfalls, and the resulting impact on service delivery. It also provides background on the history of fire protection districts and their funding, policy changes that have affected districts, and ongoing funding and cost-recovery challenges. The paper calls on the Governor and Legislature to address California's fire services funding shortfall.

Fire protection district representatives have been reaching out to legislators in Sacramento and district offices to advocate for adequate funding, which is crucial to maintaining a safe and effective emergency response system for all Californians and securing the future of the state's fire service.

The California Special Districts Association, California Volunteer & Combination Fire Chiefs Association, League of California Cities, and California Fire Chiefs Association have all endorsed the white paper and its call to action, underscoring broad statewide support for securing adequate funding for local fire protection districts.



> **With a shared commitment to high-quality local government services, county LAFCOs are well positioned to support advocacy for adequate and stable funding for local fire protection districts.**

Funding levels must keep pace with the increased demands on today's emergency response system so fire protection districts can continue to protect and serve California communities.

For more information on local fire service funding efforts, please email staff@fdac.org or visit www.fdac.org.

One Agreement That Still Delivers

Three Southern California Parties Working Together For Decades



By Tom Coleman, General Manager, Rowland Water District

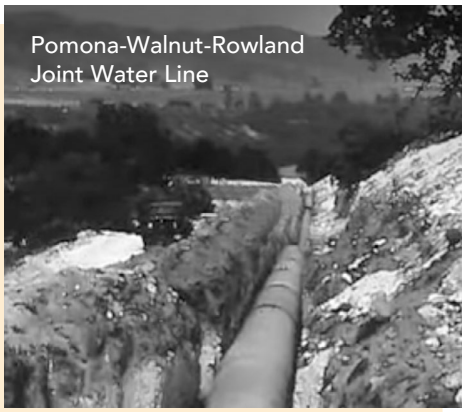
Rowland Water District, Walnut Valley Water District, and the City of Pomona share the pipeline that keeps water flowing to a growing region

When Walnut Valley Water District, Rowland Water District, and the City of Pomona broke ground on a shared pipeline in 1955, each party faced the same problem. Local groundwater was limited, imported water was available, and the cost of building transmission capacity alone was steep for all three. Their answer was the Pomona-Walnut-Rowland Joint Water Line Commission, formalized under a Joint Powers Agreement in 1956 and still in service today.

The line runs 7.6 miles and varies from 42 to 54 inches in diameter. It carries water purchased from the Metropolitan Water District of Southern California through Three Valleys Municipal Water District to three service areas that would each have needed their own transmission capacity to reach the same supply. Those service areas now hold roughly 70,000 connections serving close to 300,000 residents and businesses, with 13,500 connections in Rowland, 27,000 in Walnut Valley, and 30,000 in Pomona. For many years the line served as Walnut Valley's primary source. Completion of the Badillo/Grand Transmission Main in 1993 added a second route into the area, giving the region an alternative during outages and seismic events. Redundancy of that kind comes from planning across boundaries rather than within them.

The governance has proven as durable as the pipe. The Joint Water Line Commission seats three members, one appointed by the governing body of each member, and officers rotate annually. Administrative duties are divided between the districts, with Walnut Valley providing the commission's administrative officer and secretary and Rowland Water District Director of Finance Myra Malner serving as treasurer. The commission adopts its own operating budget, and water purchases are allocated among the three.

In December 2006, the parties amended and renewed the agreement for twenty years, with three ten-year extensions available by consent of all three. Parties that have jointly run a capital asset for seven decades tend to know what they are signing. ***"Agreements like this one are how local agencies get large infrastructure built. Each party carries a share of the cost and each party gets a share of the reliability. That's the definition of win-win,"*** said Rowland Water District General Manager Tom Coleman.



Pomona-Walnut-Rowland Joint Water Line

The relationship extends past the pipeline. Rowland and Walnut Valley also jointly govern the Puente Basin Water Agency, a separate joint powers authority focused on local, imported, and recycled supply within the basin, and several directors serve on both bodies. That overlap builds familiarity, and familiarity shortens the distance between a problem and a decision.



Through all of it, service boundaries stayed the same. Each party kept its identity, its governing body, and its accountability to its own ratepayers. What changed was the cost and the reliability of the water moving through the ground beneath all three service areas. For commissioners evaluating municipal service reviews, that combination offers a useful reference point. Shared infrastructure, governed by a durable agreement with clear cost allocation and rotating leadership, can deliver much of what consolidation promises while preserving local representation. It also produces something harder to measure on a spreadsheet, because officials who meet as commissioners of the same pipeline develop working relationships that carry into drought response, rate discussions, and regional advocacy.

Seventy years later, the pipeline is still doing the job it was built to do. So is the partnership behind it.





Collaboration Wins Again

Joint Compliance Project Marks Another Success of Agencies Working Together

By Orchard Dale Water District and La Habra Heights County Water District

New state and federal regulations can be an enormous challenge for local agencies. Whether these impose small updates to reporting requirements or significant operational changes, complying with new requirements will often impact services and finances. Finding solutions that meet current and future needs, without straining the families and businesses they serve, quickly becomes a daunting task.

Water providers are one prominent example of agencies across California struggling financially to comply with new regulations. Designed to protect public health, lower allowances for constituents such as hexavalent chromium (chrome-6) and per- and polyfluoroalkyl substances (PFAS) in water come at high costs. Treatment system costs can range from a few million to more than $100 million, depending on system size and the levels of constituents in water supplies. Rather than facing these challenges alone, many local agencies are actively working with one another on collaborative approaches. Two neighboring agencies in Los Angeles County, Orchard Dale Water District (ODWD) and La Habra Heights County Water District (LHHCWD), have worked closely together for more than half a century due to their unusual and connected histories.

Both agencies began as mutual water companies in the early 20th century. By the 1950s, Orchard Dale Service Company, as it was known, found itself unable to invest in expanding its system to accommodate demand as residential development expanded. Residents voted to form a water district, but the existing well infrastructure remained with the mutual company's owners. They shifted those to the other mutual water company they owned, La Habra Heights Mutual Water Company. To ensure continuity, the two water providers formalized that arrangement with a Joint Facilities Agreement (JFA).

The unusual arrangement resulted in two separate agencies serving their own areas, with La Habra Heights County Water District maintaining its system and wells that would also meet the water needs of Orchard Dale Water District. The JFA provides ODWD with perpetual water rights from LHHCWD at its Gualtieri Reservoir, with Orchard Dale Water District paying its proportionate share of operating and maintenance costs for groundwater pumped from La Habra Heights County Water District wells. ***"The agreement between our two districts may seem a little unusual when you first look at it, but it really benefits both sides,"*** said La Habra Heights County Water District General Manager Joe Matthews. ***"From our perspective, we have someone who helps cover a good portion of our expenses, while they receive a steady water supply from us at a reasonable cost."***

This sentiment is shared on both sides. ***"The only people who question the Joint Facilities Agreement are those who don't fully understand it,"*** said Orchard Dale Water District General Manager Ed Castaneda. ***"The families and businesses that depend on us come out ahead. We save on costs for their water supply and infrastructure, plus a lot of overhead. They spend less money on water bills, leaving more money for themselves"***

The true reason the arrangement works is that every level recognizes the value of working together. From the two Boards of Directors to management and staff, there's a strong and valued connection between the two agencies. When there are questions about strategies or approaches, each organization knows there's a friendly, helpful voice just a phone call away. The partnership worked on a day-to-day basis, but the true test comes when facing more significant, long-term issues.

In the past several years, tighter standards for the amount of PFAS allowed in drinking water have been lowered significantly due to potential health concerns in high concentrations. While these substances are widely used in our lives in everything from stain-proofing, water-resistant clothing, and non-stick pans to fast-food wrappers and to-go containers for food, water providers are the ones required to remove them. The options to meet the new compliance goals are all costly, challenging and time-consuming. There's no simple answer when choosing a solution that provides the best long-term benefits.

"Our staff and board have spent years researching options that range from blending water with uncontaminated sources to reduce overall levels, drilling new wells, importing water and various treatment options," said Matthews. ***"Unfortunately, we're looking at constructing treatment systems that will cost millions up front, plus ongoing expenses to increase staff and operate those facilities."***

Since La Habra Heights County Water District and Orchard Dale Water District can use a shared well water production and distribution system, capital improvement projects such as PFAS treatment also fall under the JFA. LHHCWD is required to consult with ODWD and offer the agency the option to participate in capital improvement projects. If a joint project moves forward, ODWD would then be responsible for funding approximately 1/3 of the costs.

With a project this significant, both districts are working together. While both districts have a connection with the Metropolitan Water District of Southern California, imported water is considerably more expensive than well water, making treatment a better option for both agencies. The collaboration has benefited both districts as they review options. Because the JFA brings them together, LHHCWD and ODWD split costs for consultants and engineering proportionally while evaluating options. Even after they eliminated the ideas of new wells or water blending, additional work was required to determine which treatment option would be best overall. Another round of engineering reports examined space and cost considerations to determine which of three types of technology would be used.



La Habra Heights County Water District and Orchard Dale Water District are two of many providers dealing with PFAS regulation compliance. Other agencies have already faced this challenge, and LHHCWD and ODWD are turning to some of them for insight and advice.

Pico Water District was among the first agencies in Southern California to address high PFAS levels, eventually installing three treatment systems. Matthews has spoken frequently with management and staff there for insight. ***"We really learned a lot going through the process, including adjustments made to our first facility that sped up the process to get the second and third ones up and running with state approval,"*** said Pico Water District General Manager Joe Basulto. ***"We are pleased to share what we have learned because, ultimately, we share the same responsibility of protecting public health and providing every customer with safe, reliable drinking water."***

The PFAS facilities for LHHCWD and ODWD are still in progress, and a big question remains about financing. Settlement funds were granted from a national class action lawsuit against PFAS manufacturers, which will go toward their respective shares. They are pursuing state and federal grants to help offset capital costs. They are also negotiating with another local agency, the Water Replenishment District of Southern California (WRD), which uses recycled water to recharge the basins that feed groundwater wells across Los Angeles County. WRD offers a remediation program to help cover expenses related to PFAS treatment.

Over the years, and especially as they deal with PFAS, Orchard Dale Water District and La Habra Heights County Water District have recognized the value of working together and with other local agencies, which truly benefits the customers they serve. And they wouldn't have it any other way.

"Even if we weren't connected through the JFA, we would still be working together with La Habra Heights," said Castaneda. ***"It just makes sense for both of us."***

"At the end of the day, this is a win-win situation for the customers we both serve," added Matthews. ***"You can't beat that."***





Elevating LAFCO

A Design Odyssey with Chase Design

By Chase Design

LAFCOs do complex work, and communicating that work clearly is not always easy. From agency identity and websites to reports, maps, and fiscal information, thoughtful design can help make information more approachable and accessible to commissioners, agencies, and the public. Our work with LAFCOs across California has offered a unique look at how different agencies are using design to reflect the communities they serve and tell their stories.

Igniting the Spark

In 2017, San Diego LAFCO embarked on a mission to redefine its identity, and Chase Design was enlisted to infuse the essence of San Diego County into its logo. Drawing inspiration from the majestic Palomar mountain range, the vibrant hues of birds of paradise, the iconic downtown cityscape, and the tranquility of the ocean, we blended these elements into a design that captured San Diego's natural beauty and urban vitality. The logo redesign also provided an opportunity to carry that visual identity into San Diego LAFCO's print materials and communications, creating a consistent and recognizable presence for the agency.

A Splash of Tradition

Orange County LAFCO approached its identity with a different vision, centered on simplicity and a strong sense of place. An abstract orange silhouette paired with the waves of the Pacific Ocean created a visual identity distinctly tied to Orange County. From there, Orange County LAFCO turned its attention to its digital presence. Its website, the virtual gateway to its services and resources, needed to balance functionality and aesthetics. Months of collaboration, brainstorming, and fine-tuning resulted in a clean and modern website with streamlined navigation designed to make LAFCO information easier for visitors to find and explore.

Charting New Waters

For Santa Cruz LAFCO, a website redesign offered an opportunity to bring a breath of fresh air to the agency's digital presence. Local imagery, clear navigation, and an approachable visual style helped connect the website to the community and landscape it represents while keeping information and resources easy to navigate.

Sealing the Deal with Style

Alameda LAFCO presented yet another opportunity to create an identity rooted in place. Inspired by the allure of art deco and the tapestry of Alameda's landscape, we crafted a seal-style logo that reflected both the character of the region and the role of the agency. Each of these projects presented a different community and a different challenge. Rather than taking a one-size-fits-all approach, the process began with the place itself, its landscape, character, history, and the identity each LAFCO wanted to convey.

Sharing Insights, Shaping Futures

Visual communication can also help LAFCOs present complex information in more approachable ways. At the 2024 CALAFCO Annual Conference, Chase Design presented the Fiscal Indicators developed for Orange County LAFCO, a tool designed to help communicate information about agencies' fiscal health. From fiscal data and maps to reports and websites, how information is presented can play an important role in helping commissioners, agencies, and the public understand the issues before them.

What the Future Holds Beyond Horizons

As we look toward the horizon, these experiences demonstrate the many ways design can help tell the story of an agency and the community it serves. No two LAFCOs, or counties, are exactly alike.

Each has its own landscape, history, challenges, and character. Whether through a logo, website, publication, or data visualization, thoughtful design can help reflect that individuality while making the work of LAFCO more recognizable and accessible.

A Love Letter To CALAFCO

By Amanda Ross, Principal, South Fork Consulting & CivicBound



My first CALAFCO Annual Conference was in 2022 in Newport Beach. After years of working as an analyst on service reviews and sphere updates, I had recently taken the plunge and started my own firm, landing our first LAFCO client the previous year. My mentor encouraged me to attend conferences, network, and learn more about the LAFCO profession. I flew in alone from Sacramento, knowing only one commissioner and one Executive Officer (EO) from El Dorado County. This was the third conference I had ever attended as a city planning professional and I was a little nervous.

Taking the hotel shuttle from the airport, I saw a few others who appeared to be going to the conference as well. Most were traveling in groups, I'm assuming staff and commissioners together. I was too nervous to introduce myself and strike up a conversation. Once I got to the conference I checked in and went to the conference opening. Little did I know I was about to become part of such a tight-knit community of kind and caring professionals. I will never forget my first general session. Not because of the speakers or the topic, I honestly can't remember either. What sticks in my memory is an interaction that occurred between Paul Novack, the EO from Los Angeles LAFCO, and Christine Crawford, the EO from Yolo LAFCO. They happened to be sitting near each other. Paul made a funny, sarcastic comment to the group during Q&A and while we all chuckled, Christine gave him a playful punch on his shoulder.

> **That moment spoke volumes to me and highlighted the magic of this organization and its people.**

Two executive officers from opposite sides of the state who probably only see each other twice a year at the annual and staff conferences were not just professional colleagues, but friends. This magical interaction was not a one off. As I've grown in my professional capacity in the LAFCO world and met more and more of the people who operate within its sphere (haha, see what I did there?), I am constantly blown away by the professionalism and friendships that have grown from each and every workshop and conference I've attended. These relationships cross counties and the state and remain strong each year. I see new friendships grow between conferences, all of us sharing in our common passion for reducing urban sprawl, protecting open space and agricultural lands, and supporting our local agencies and communities. Commissioners show me again and again how much commitment and care they bring to their LAFCO responsibilities. Many come with open minds and hearts, willing to roll up their sleeves and join in this important work.

I've often heard CALAFCO described as one big family, and I believe that to be true. Like any family, we've experienced our share of challenges and disagreements in recent years. Some of those differences have led members to sit things out, but the connections we've built over the years remain meaningful. I'm writing this letter because I believe the magic is still there. The purpose and mission of CALAFCO are all the more important to all of the work each LAFCO does throughout the state. We are all professionals and friends, and we are all in this together. I'm excited to welcome my friends and colleagues to my hometown of Sacramento, and I hope you enjoy your visit to our beautiful state capital.

With professional grace and endearing friendship,
Amanda

South Fork
CONSULTING



Sutters Fort
Historic Park
Sacramento, CA



Donnell Lake
Tuolumne County, CA

Partnering with LAFCOs

Through Representation

By Dane Wadle, CSDA Director of Field Operations

One of CSDA's priorities is to help special districts secure local agency formation commission (LAFCO) representation throughout California. Currently, 32 of California's 58 LAFCOs include special district representatives. The benefits of securing representation are significant. When represented, special districts serve on this regional body as co-equal partners with their county and city peers. Special districts bring their expertise as direct service providers and their focus on local infrastructure to commission discussions. District leaders appointed to LAFCO participate in decisions governing boundary changes, consolidations, annexations, formations, dissolutions, service extensions, and other LAFCO actions of critical importance to the communities special districts serve.



In 2017, the process for seating district representatives was streamlined through legislation co-sponsored by the California Special Districts Association and the California Association of Local Agency Formation Commissions. Assembly Bill 979, authored by Assembly Member Tom Lackey, simplified the process by allowing special districts to call a vote for representation upon the written request of one or more districts collectively representing 10 percent or more of the county's taxable property assessed value.



Groveland,
Tuolumne County, CA

After the request is submitted, the LAFCO executive officer conducts a vote of the independent special districts selection committee. If a majority of committee members support representation, districts are seated on the commission.

CSDA has helped special districts in two counties secure LAFCO representation in recent years. In 2020, Tuolumne County districts joined LAFCO under the AB 979 process.

Two years later, in 2022, Alpine County districts joined the Commission. District leaders bring their unique perspectives to commission discussions, which frequently focus on special district services and governance.

> **Moreover, district commissioners provide a channel for additional connectivity, communication, and collaboration with their peers throughout the county.**

Another benefit of special district representation on LAFCO is the diversification and resilience it adds to LAFCO's budget. When special districts opt in to representation, they agree to pay a portion of the LAFCO dues shared by the county and cities.

The default special district dues share is one-third. However, because special districts in most counties receive far less than one-third of local revenues, LAFCOs frequently negotiate a more equitable arrangement that requires a smaller but still significant special district contribution.

Any new LAFCO dues either provide additional funding to LAFCO or help spread costs, benefiting all local governments.

Representation discussions are underway in other counties following the successful efforts in Tuolumne and Alpine. CSDA is ready to partner with LAFCOs and district leaders to facilitate these discussions.

Even if special districts do not anticipate an organizational or boundary change in the immediate future, LAFCOs are important partners and conveners that regularly engage independent special districts through responsibilities such as preparing and approving spheres of influence and conducting municipal service reviews.

CSDA
California Special Districts Association
Districts Stronger Together

The seating of special districts on LAFCO demonstrates that special districts can effectively collaborate with their fellow local government leaders and enhances the stature of LAFCOs as the appropriate forum to review and oversee the questions that inevitably arise between two or more public agency service providers at the local level.

Absent a local process that gives special districts a seat at the table and affords residents a meaningful voice, the State Legislature will often fill the void.

> **CSDA thanks CALAFCO and local LAFCOs for their ongoing partnership in helping special districts in every county achieve LAFCO representation.**


Historic Downtown Courthouse
Sonora, CA



Working Across Boundaries

FRMS Joins CALAFCO to Strengthen California Communities

By Kimberly Naucler, Executive Director, Fire Risk Management Services (FRMS)

In 2026, Fire Risk Management Services (FRMS) proudly joined the California Association of Local Agency Formation Commissions (CALAFCO). As an organization serving emergency service agencies throughout California, we recognize CALAFCO's important role in shaping the future of local governance, promoting efficient service delivery, and supporting thoughtful approaches to jurisdictional changes and consolidations.

Our decision to become a CALAFCO member reflects our commitment to understanding and participating in the important work the organization undertakes on behalf of California communities. FRMS serves agencies statewide, and many of our members are directly affected by annexations, reorganizations, consolidations, and other changes to local government structure. By engaging with CALAFCO, we can better support our members as they navigate these transitions while continuing to deliver essential public services.

As a first responder-focused organization, FRMS understands a fundamental truth: fire has no boundaries. Emergencies do not stop at city limits, district lines, or county borders. The fire service has long embraced mutual aid and collaboration because protecting lives, property, and communities requires agencies to work together. This philosophy closely aligns with CALAFCO's mission to encourage efficient government services and foster solutions that benefit all Californians.

FRMS is a California Joint Powers Authority (JPA) and a member-directed risk-sharing pool serving the fire and emergency service community. The organization was formed by consolidating two long-standing entities: the Fire Districts Association of California Employee

Benefits Authority (FDAC EBA) and the Fire Agencies Self Insurance System (FASIS). The consolidation and governing JPA framework took effect on July 1, 2023, creating a stronger, more comprehensive organization dedicated to serving public agencies throughout California.

Today, FRMS provides multi-line coverage solutions, including employee health benefits and workers' compensation programs, to eligible public agencies. The consolidation was designed to deliver long-term rate stability, broad coverage options, and expanded services for members. Through our partnership with Sedgwick, which manages day-to-day JPA administration, we remain focused on delivering responsive service and innovative risk management solutions.

The FRMS Board of Directors comprises experienced firefighting professionals working on behalf of California's emergency services community.

Beyond traditional insurance and risk-sharing services, FRMS is committed to supporting the health and well-being of firefighters and emergency personnel who serve our communities.

We recognize that the risks facing today's fire service extend far beyond emergency incidents. That is why we are taking a proactive approach to preventing injuries and illnesses through innovative programs that address some of the profession's most significant health challenges.

Among these efforts is our comprehensive Cancer, Cardiac, and Mental Health Screening Program. Firefighters face elevated risks of occupational cancer exposure, cardiovascular disease, and the mental and emotional effects of emergency response work.

Rather than simply responding to claims after an injury or illness, FRMS focuses on helping agencies identify risks early, support employee wellness, and improve long-term outcomes for first responders. These forward-thinking initiatives demonstrate our commitment to prevention, resilience, and workforce sustainability.

As California continues to evolve, the fire service must remain adaptable and collaborative. Consolidations, regional partnerships, and innovative governance models will continue to shape how emergency services are delivered.

FRMS is committed to active participation in these conversations, bringing the unique perspective of a statewide fire service risk pool to discussions on organizational effectiveness and community protection.

We look forward to working with CALAFCO members and stakeholders across California.

> **Together, we can strengthen local agencies, promote responsible stewardship of public resources, and ensure that communities receive the high-quality services they deserve.**

By embracing collaboration and looking beyond traditional boundaries, we can build a safer, healthier, and more resilient California for all.

Kimberly Naucler is the Executive Director of Fire Risk Management Services (FRMS), a California Joint Powers Authority providing employee health benefits, workers' compensation, and risk management solutions to public agencies serving communities throughout California.



Bridging the Gap

How Regional Collaboration is Helping Small Water Systems Turn Grants into Results



By Lance Eckhart,General Manager, Chief Hydrogeologist,
San Gorgonio Pass Water Agency

Winning a multimillion-dollar grant should be cause for celebration. For a small water system, it can also create an entirely new problem. Contractors need to be paid. Materials need to be purchased. Construction needs to keep moving. But state grant reimbursements can take months to arrive. For a small system operating with limited reserves, that timing mismatch can put an otherwise fully funded project out of reach.

San Gorgonio Pass Water Agency (SGPWA) saw that challenge firsthand and decided to do something about it. What began as a solution for one local water provider has become a regional model that pairs technical assistance, grant support and SGPWA's revolving gap funding program to help small systems turn grant awards into projects, progress and lasting community benefits. To date, the model has helped four small water systems, supported five projects and advanced $10.8 million in gap funding assistance.

> **The premise is simple: A grant only works if a community can use it.**

Special Districts Solving Regional Challenges

For special districts, collaboration can be one of the most powerful tools available to solve problems that cross jurisdictional lines. SGPWA's gap funding program puts that principle into practice by using the capacity of a regional special district to help smaller local water providers deliver projects their communities need.



Banning Heights Mutual Water Company
New One-million-gallon Reservoir

That approach has found a strong champion in Riverside County Fifth District Supervisor Dr. Yxstian Gutierrez, who serves as Chair of Riverside LAFCO and on CALAFCO's Board of Directors. Supervisor Gutierrez has supported regional water investments that connect directly with SGPWA's collaborative approach, including securing County ARPA funding for the Heli-Hydrant network and County Line Road Recharge Basin and Turnout project. Those investments demonstrate what can happen when special districts, counties, local water providers and other public agencies align resources around a shared regional need.

A Missing Piece in the Funding Puzzle

SGPWA serves as the State Water Project contractor for a 225-square-mile area of western Riverside County. Within that service area are several small water systems, some serving rural and disadvantaged communities with limited staff and financial capacity.

In 2021, SGPWA partnered with the non-profit organization California Rural Water Association to help small water systems access the technical expertise and grant support needed to advance critical infrastructure projects. But even when grant funding is secured, another challenge can remain. Many reimbursement-based grants require the local water provider to pay contractors first and seek reimbursement afterward. A reimbursement that takes several months may be manageable for a large agency with significant reserves. For a small system, it can slow, stall, or stop construction altogether. SGPWA's Board recognized that the region needed more than help winning grants and that small systems needed a financial bridge. SGPWA first piloted its gap funding program with Cabazon Water District in 2022. SGPWA advances funds for eligible project expenses, allowing contractors to be paid and construction to continue while the system awaits state reimbursement. When reimbursement arrives, the money returns to SGPWA and can be put back to work.

That revolving structure is what makes the model powerful. The same public dollars can help move one community project forward, return to the Agency and then help move another.

Small Systems, Regional Results

The results are visible across the Pass area.

At High Valleys Water District in Twin Pines, gap funding helped replace undersized two-inch lines with eight-inch water mains in a rural, fire-prone community. Before the project, 12 customers relied on outdated infrastructure. The improvements strengthened water delivery, fire protection, and the system's ability to serve additional connections.

At Banning Heights Mutual Water Company, the model helped advance a new one-million-gallon reservoir serving 552 residents across 170 connections. The reservoir increases drinking water storage and supports SGPWA's regional Heli-Hydrant network, which gives firefighting helicopters another resource during wildfires.



County Line Road Recharge Basin and Turnout project

In South Mesa Water Company's service area, the impact reaches even further. With SGPWA's gap funding assistance, South Mesa Water Company advanced a state-funded project to replace approximately 50,229 linear feet of aging water distribution pipelines and consolidate Hillcrest Mobile Estates into its service area.

Those improvements also connect to a greater regional effort: the County Line Road Recharge Basin and Turnout project, a partnership among SGPWA, South Mesa Water Company and San Bernardino Valley Municipal Water District that will bring imported State Water Project supplies into the area for groundwater recharge. The project also illustrates how different pieces of regional investment can build on one another. Supervisor Gutierrez helped secure County ARPA funding for the County Line Road project, while SGPWA's gap funding assistance helped South Mesa Water Company advance the pipeline improvements needed to strengthen its local system.

The connection illustrates an important lesson: Helping one small system move a critical project forward can create benefits that extend far beyond its service boundaries.

Partnerships That Multiply the Impact

The gap funding program works because no single agency is expected to solve every piece of the problem. SGPWA brings regional capacity and revolving financial support. CRWA provides small-system expertise and technical assistance. State agencies provide grant funding. Local water providers build and operate the infrastructure. County and regional partners help advance complementary investments. For special districts, that model offers a practical example of regional collaboration without sacrificing local control. Smaller systems remain responsible for serving their communities, while partners contribute the financial capacity, expertise and resources that can be difficult for a small water system to maintain on its own.

> **Each partner brings something different to the table, and the community gets a stronger result because of it.**

A Model Others Can Use

California does not lack small water systems with important infrastructure needs. There are many public funding programs intended to help them. Sometimes, what is missing is the connective tissue between the two. Regional agencies are well positioned to provide this necessary collaboration and assistance to small water systems. They may have financial capacity, technical expertise, grant administration experience, or relationships that smaller providers cannot maintain on their own. Deploying those resources does not require taking over a small system or diminishing its local identity. That is where special districts can make an outsized difference. Their ability to understand local needs while working across jurisdictional boundaries can position them to connect communities with resources that might otherwise remain out of reach. The larger lesson is about collaboration. When agencies look beyond jurisdictional lines and focus on the barriers preventing a community project from moving forward, relatively simple solutions can unlock significant investment. A grant award should be the beginning of a project, not another obstacle to overcome. Sometimes the most important bridge a regional agency can build is the one between resources and results.

SAN GORGONIO PASS WATER AGENCY
Established 1961





A Life in LAFCO

Thoughts on 37 Years Advising LAFCO's

By Scott Browne, Law Offices of P. Scott Browne

> **At 75, with 37 years of experience advising LAFCOs under my belt, I felt it was time to share my perspective with the next generation of LAFCO professionals.**

I began representing LAFCOs in 1987. Things were very different then. At that time, most LAFCOs were operated by county staff as add-ons to their regular county duties. Although nominally independent, most LAFCOs were viewed as perfunctory rubber stamps for county policy.

I was retained to serve as legal counsel for Nevada LAFCO as part of the slow evolution toward LAFCO independence and agency. Nevada LAFCO was dealing with a long-overdue proposal to incorporate the town of Truckee. The County actively opposed the incorporation effort because of its perceived negative fiscal impact. County counsel, acting as legal counsel for the Commission, ruled that the city representatives had a conflict of interest and could not vote on the matter.

The City Commissioners took an emphatic exception to the ruling, resulting in a near fistfight. Subsequent review of the Cortese Knox Act showed that the conflict ruling was in error, and the Commission determined it was time to retain independent legal counsel. As one of the few private attorneys in Nevada County with CEQA and municipal law experience, I was retained to represent the Commission, a position I have had the privilege to hold to this day. And so, my life in LAFCO began.

I took to it immediately. I found the broad range of LAFCO work intellectually stimulating and enjoyed working with the LAFCO staff. I attended the CALAFCO conferences and began to make a name for myself in that small pond. I was asked to join the Legislative Committee, where Clark Alsop and I regularly sparred but more often agreed.

Paula Leasure, the part-time Butte LAFCO Executive Officer (EO), approached me at a conference about representing Butte LAFCO. I agreed and began representing Butte LAFCO as well. Under the guidance of Butte's amazing Chair and 45-year public member, Carl Leverenz, I helped them through the long, painful process of gaining independence from Butte County.

Soon thereafter, I met John Benoit. John had an established career in planning and had done some LAFCO work as planning director of Glenn County. Having left Glenn County, John had just started working for Quad Knopf. He saw a need to provide independent staffing for small North State LAFCOs. He approached me to join him so we could offer a contract staff solution for these small North State LAFCOs. We quickly took on Yuba, Colusa, and Lake County LAFCOs. I convinced John to go out on his own, and our work grew. We added Sutter, Plumas, and Modoc LAFCOs to the group I represented. Eventually, I represented nine LAFCOs.



Downtown
Chico, CA

At the same time, the LAFCO world was experiencing a game-changing event—the adoption of the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH) of 2000. It completely reorganized and rationalized the Knox-Nesbit Act. Its most fundamental change shifted LAFCO funding from the County alone to a mix of the County, cities, and, where included, special districts. This funding change gave Cities and special districts ownership in LAFCO. This changed everything. This broader ownership inevitably generated a demand for full LAFCO independence and greater agency.

The second profound change in CKH was to confirm the primacy of the Sphere of Influence as the planning tool for LAFCOs. CKH required the regular updating of Spheres and new municipal service reviews to support those updates. LAFCOs now had to do regular, extensive planning work with their agencies. This transformed most LAFCOs from episodic reactors to the occasional application to ongoing, active planners for better local government.

As I represented more LAFCOs, my involvement deepened, and my knowledge of LAFCO-related issues grew. At the same time, however, I always maintained an active private practice. I drafted contracts and represented clients in private real estate litigation, including a notable 7-month-long trial, the longest civil trial in Nevada County Court history. I also served as general counsel for public agencies, including small fire districts, cities, and CSDs, and handled extensive CEQA litigation for both private parties and public agencies.

With this broad experience, I was able to help my LAFCOs avoid reinventing the wheel in each county and many pitfalls. But it was not one-sided. In turn, the Commissioners and staff taught me as well. The Commissioners, particularly in the smaller LAFCOs, taught me by example about selfless dedication to their communities and the public interest.

The staff taught me how to maintain professional integrity and achieve the LAFCO mission while navigating the shifting sands of local politics. Most importantly, from this group I made many lifelong friends.

I look back on it all with considerable satisfaction. Yes, there have been LAFCOs ignore my advice or make poor decisions driven by the politics of the moment. Still, I believe LAFCOs have been a force for good in their communities. As one of the few local agencies serving the entire community as their constituency, they are particularly effective as impartial facilitators, helping agencies and groups work together to improve local government.

I also feel fortunate to have had the opportunity to meet so many outstanding individuals across the State through my many years of participation in CALAFCO functions. It is a small community, mostly made up of smart, quirky, and fun people. Every conference now feels like a reunion with old friends.

But fewer of my long-time friends, now the "LAFCO Dinosaurs," are at these meetings. Like them, at 75, I feel my time in LAFCO is coming to a close. Perhaps not immediately, but soon.

> **For those who come after me, I tell you, you are fighting the good fight.**

Your jobs have real meaning and positive consequences for your communities. Keep your integrity and commitment to the LAFCO mission, and after a career in LAFCO, you will look back on a life well lived, as I do.



City of Palm Springs
Crisis Communication Forum

From Strangers to a Crisis-Ready Task Force

Coachella Valley PIO Task Force

**By Jennifer Barnakian-Poland,
CV Strategies, CV PIO Task Force
Executive Committee Member**

When an emergency crosses jurisdictional lines, there should already be people on the other end of the phone who know how to work together. Effective response depends on relationships between agencies that make it easier to coordinate, work with the media and keep communities informed. Those relationships rarely happen by accident. They are built before they are needed, often by bringing people to the same table who might otherwise never have reason to meet.

In the Coachella Valley, that approach has taken root. What started as a simple conversation between two communications professionals has now grown into the Coachella Valley Public Information Officers (CV PIO) Task Force, a regional network of nearly 30 public information professionals representing cities, special districts, public safety agencies, utilities, media and other organizations.



KESQ News Channel 3
Studio Tour



City of Palm Springs
Crisis Communication Forum

The CV PIO Task Force opens the door to new connections, leading to stronger relationships and a better response when support is needed most. The concept behind forming the task force emerged from challenges experienced during two unexpected events that impacted the Coachella Valley.

In August 2023, Tropical Storm Hilary made landfall in the desert region, devastating communities and highlighting gaps in coordination as cities declared local emergencies. Less than two years later, the region faced another crisis when a domestic terrorist attack on a fertility clinic in Palm Springs left four people injured and damaged buildings across several blocks.

"When I got the call about the bombing of the fertility clinic, the blast had impacted several blocks, including a busy hospital directly across the street," explained Amy Blaisdell, Chief Communications Officer for the City of Palm Springs and Chair of the CV PIO Task Force. ***"Handling a crisis of that magnitude, you quickly realize how important it is to know who to call."***

Local government often operates within its own jurisdiction, but when unexpected events like these occur, the importance of having relationships beyond those boundaries quickly becomes clear.

Recognizing that need, CV Strategies, a local strategic communications firm, helped bring together communicators from across the Coachella Valley to create a forum where collaboration could happen intentionally.

"I've worked with public agencies across California, but when a crisis happens in your own backyard, the importance of strong regional connections becomes very real," said Erin LaCombe, CEO and Founder of CV Strategies. ***"My vision was to build a regional network where communicators could exchange ideas and establish those important relationships before the next crisis hits the Valley."***



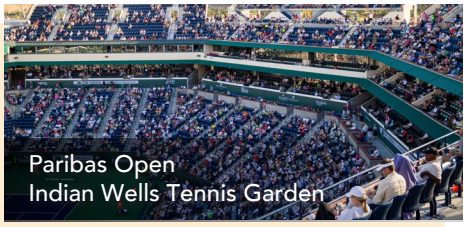
Erin LaCombe and Beatrice Eslamboly of CV Strategies, Coachella Valley Journalism Awards Reception

Reaching out was the first step, but bringing people into the same room and turning those introductions into meaningful relationships required something different. The Task Force began creating opportunities for members to step outside of their offices, visit organizations involved in emergency response and learn alongside one another.

During a recent visit to ABC affiliate KESQ-TV, more than two dozen members received a behind-the-scenes look at a local newsroom, met with broadcast professionals and watched a live television production unfold. The tour provided valuable insight into how stories are developed and delivered, while giving people from different industries a chance to connect and share perspectives. A city communicator could exchange ideas with someone from a special district. A public safety professional could hear how another agency approaches crisis communications. PIOs could talk directly with journalists about what happens on both sides of a media inquiry. But building those connections required more than in-person opportunities.

> **The CV PIO Task Force needed a way to continue those conversations after members returned to their respective agencies.**

With guidance from the Executive Committee, a dedicated online platform was developed for CV PIO Task Force members to serve as a central point of connection. It provides a place to share information and support coordinated communication when a crisis occurs. The platform includes a regional PIO directory, media contacts, a shared calendar, communication resources, training materials and a growing library of tools members can use within their own organizations.

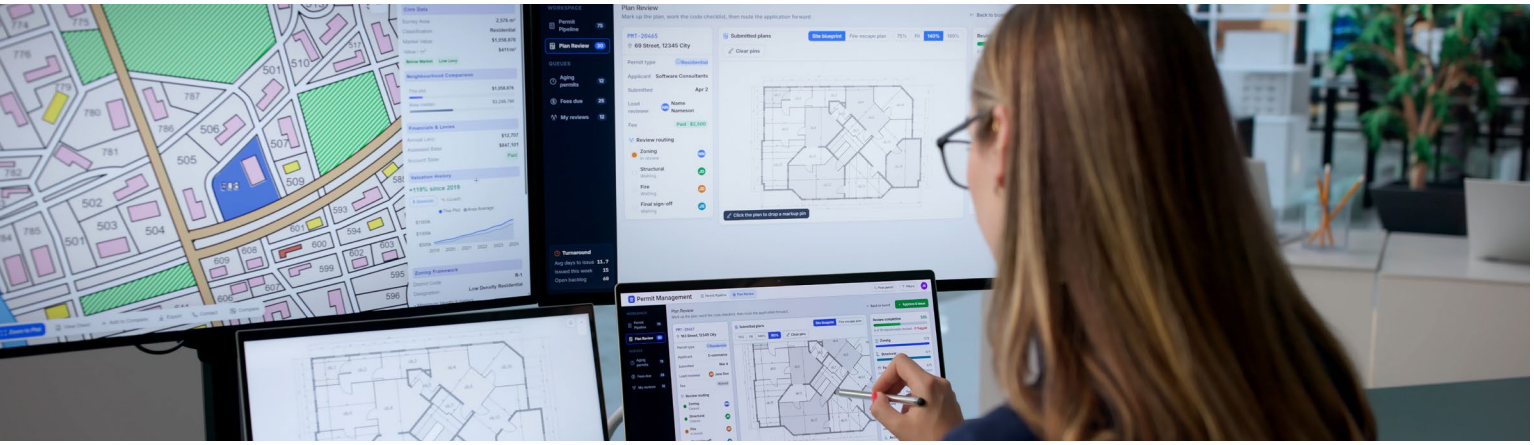


Paribas Open
Indian Wells Tennis Garden

That consistent connection is especially valuable in the Coachella Valley, a region that draws millions of visitors each year for events like the BNP Paribas Open and Coachella Music Festival while facing the threat of earthquakes, wildfires and power outages.

Communities everywhere face their own version of those risks, and no single agency holds everything needed to respond to them. For CALAFCO and its member LAFCOs, the CV PIO Task Force offers one example of how planners, engineers, emergency managers, finance professionals, communicators and agency leaders can build working relationships before an emergency requires them. Cities, counties and special districts that make up each LAFCO have clearly defined responsibilities and spheres of influence, but the communities they serve do not experience public services through those same organizational lines. In the wake of a natural disaster or a terrorist attack, people from different agencies may suddenly find themselves working alongside one another with little notice. The CV PIO Task Force exists for exactly that reason, showing what becomes possible when agencies make collaboration part of their preparation rather than waiting for an emergency to bring them together. Because when the next crisis hits, the first call should be to someone you trust and can depend on.

COACHELLA VALLEY
PIO TASK FORCE



Beyond the MSR

LAFCO's Toolkit for Agencies in Distress

RSG
BETTER COMMUNITIES.
BOLDER FUTURES.

By Carol Ieromnimon, Associate, RSG and Jillian Glickman, Associate, RSG

Across California, local agencies are encountering governance, financial, and/or service delivery challenges. This is especially true for small special districts that provide critical services such as fire protection, water, and wastewater. Small special districts often have limited revenues, aging infrastructure, constrained staffing, or governance issues that affect their ability to provide adequate, sustainable services.

LAFCOs routinely identify and document these challenges through the municipal service review (MSR) process, but this raises a more fundamental question: aside from documenting these issues in a service review, what tools does LAFCO have to ensure these deficiencies are addressed? The answer is usually not simple, and dissolution may not always be the right path forward.



LAFCOs have several tools available, ranging from agency check-ins and sphere of influence actions to LAFCO-initiated dissolution. The right approach depends on the severity of the issues and an agency's ability and willingness to address them.

Agency Check-Ins: Keeping the Lines Open

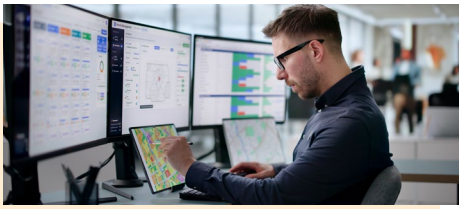
When an MSR identifies concerns that warrant continued attention but don't necessarily require immediate formal action, periodic check-ins with the agency can give LAFCO a practical way to monitor progress and maintain communication.

Check-ins can be tailored to the specific issues identified through the MSR and may be useful when an agency is actively working to correct identified deficiencies. For example, an agency with overdue financial audits may have hired an auditor or begun coordinating with the County to bring its audits up to date, while an agency without a functioning board may be actively recruiting board members to restore a quorum. Check-ins can also provide an opportunity to meet directly with agencies that dispute MSR findings, better understand their concerns, and determine whether revisions or additional information are warranted. In either case, check-ins allow LAFCO to establish reasonable timelines, monitor progress, and maintain a cooperative working relationship with the agency.

However, check-ins have limitations. They largely depend on the agency's willingness to participate and make meaningful progress. Without setting clear expectations and a defined timeframe, continued monitoring can become an indefinite exercise. For this reason, agency check-ins may work best for manageable or emerging concerns, while persistent or worsening deficiencies may require stronger tools.

Spheres of Influence: A Conditional Path Forward

When identified deficiencies persist or merit greater accountability than what periodic check-ins can provide, LAFCOs may consider using their sphere of influence (SOI) authority to establish more formal expectations for improvement. This approach may be appropriate when an agency faces serious concerns but still demonstrates the capacity and willingness to address them.



A few LAFCOs across the state have incorporated a "provisional SOI" into their sphere of influence policies. A provisional SOI is a temporary sphere designation applied to agencies experiencing significant financial, governance, or service-related concerns. It allows LAFCO to acknowledge current deficiencies while identifying specific improvements that must be addressed within a defined timeframe. It also signals that failure to meet benchmarks may lead to further action, such as a zero SOI designation or LAFCO-initiated dissolution proceedings.

The effectiveness of a provisional SOI largely depends on how its benchmarks are structured. Conditions should be specific, measurable, and time-bound, and respond to the deficiencies identified through the MSR. For example, benchmarks might require an agency to achieve defined fiscal reserves, achieve board quorum by a certain date, complete overdue audits on a set schedule, or implement identified service or infrastructure improvements within a specified timeframe.

By linking sphere designations to concrete milestones, provisional SOIs give LAFCOs a clear path forward while preserving the authority to act if conditions do not change.

LAFCOs may also consider reduced SOIs for struggling agencies with SOIs that extend beyond their jurisdictional boundaries. In doing so, LAFCO effectively signals that an agency is not equipped to accommodate additional growth or pursue annexations at this time. Therefore, while a reduced SOI may limit future growth opportunities and associated property tax revenues, it can incentivize agencies to address existing challenges and improve their capacity to serve future development.

LAFCO-Initiated Dissolution: The Ultimate Accountability Tool

When an agency's deficiencies are severe and/or persistent, and other tools have failed to produce meaningful improvement, LAFCO may consider initiating dissolution proceedings. Government Code Section 56375 authorizes LAFCOs to initiate dissolutions, and Section 56375.1 establishes a structured process for doing so. LAFCO-initiated dissolution is typically reserved as a last-resort option. Still, it exists for a reason: some agencies reach a point where continued operation is no longer in the public interest.

Section 56375.1 requires that an MSR prepared pursuant to Section 56430 include a finding that one or more qualifying conditions exist. These include chronic service deficiencies where the board is not actively engaged in remediation, unlawful or reckless spending without corrective action, willful neglect of public disclosure requirements, failure to hold required meetings, and persistent audit or fiscal control deficiencies.

Importantly, dissolution under Section 56375.1 is not an immediate action. After adopting a resolution of intent to initiate dissolution, LAFCO must provide the agency a remediation period of no less than 12 months to address the identified deficiencies. If the agency demonstrates adequate progress, LAFCO may rescind the resolution and no further action is required. If the agency fails to remedy the deficiencies, LAFCO may proceed with dissolution.

This framework serves a dual purpose. Filing a notice of intent can draw attention from oversight bodies, elected officials, and community members in ways that years of MSR findings may not. For some agencies, the prospect of dissolution can create additional urgency to act. In this way, the 12-month remediation window functions as both a safeguard and a catalyst.

According to the California State Board of Equalization, 301 special districts have been dissolved statewide since FY 2022-23, inclusive of both LAFCO-initiated and non-LAFCO-initiated dissolutions. Despite the frequency of agency dissolutions, dissolution is rarely straightforward. Identifying a viable successor agency can be complex, particularly in rural or unincorporated areas, and outstanding liabilities, contracts, and infrastructure obligations require careful planning. These considerations help explain why dissolution requires careful evaluation and why less intensive tools may be the appropriate first step. However, when significant deficiencies persist, and the statutory conditions are met, dissolution gives LAFCO a mechanism to consider whether continued agency operation remains justifiable.

Continued on next page.

San Joaquin County Case Study: The Toolkit in Action

In 2025, San Joaquin LAFCO illustrated how these tools work in practice. The Commission initiated an MSR and SOI Update for a small fire protection district that had long contracted with a neighboring city for fire protection services. The district had no operational role in providing the service it was formed to deliver yet continued to exist as a separate entity on paper.

The MSR also documented significant financial and governance deficiencies that raised questions about the district's continued viability as a standalone agency. Its governing board was entirely vacant, with no clear evidence of when it last met with a quorum or met minimum meeting requirements, and financial audits had not been completed in the prior three years.

Taken together, these conditions raised a fundamental question: what purpose did maintaining a separate district serve when it lacked the governance and financial capacity to operate independently, especially when another public agency was already providing the underlying service?

In this case, the identified concerns could not reasonably be addressed through periodic check-ins or improvement benchmarks, given the district had no functioning governing board to implement corrective actions and lacked basic financial and administrative oversight. Therefore, in October 2025, LAFCO adopted the MSR and SOI Update, along with a resolution of intent to initiate dissolution consistent with Government Code §56375.1, and established a 12-month remediation period for the district to address the identified deficiencies.

This case shows how an MSR can lay the groundwork for formal action and how the remediation period provides a structured opportunity to correct issues while preserving LAFCO's authority to act. It reminds us that LAFCO's toolkit exists not only to identify deficiencies but to drive meaningful change for the communities that depend on these agencies for reliable, transparent service delivery.

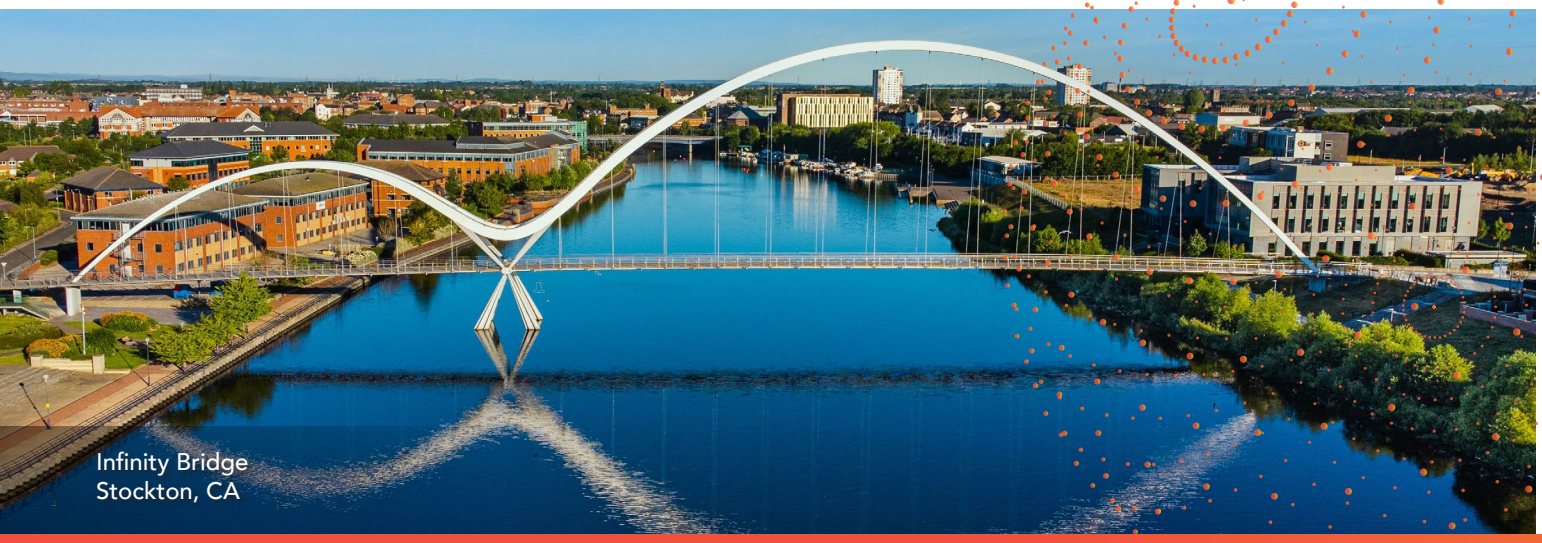
Matching the tool to the Problem

When an MSR identifies deficiencies, the appropriate response will depend on the nature and severity of the concerns as well as the agency's capacity and willingness to address them. Agency check-ins may be appropriate when issues are manageable, and efforts to correct them are feasible.

When deficiencies persist, or greater accountability is needed, SOI action can establish more formal expectations and benchmarks. In more severe cases, LAFCO-initiated dissolution may be what is needed.

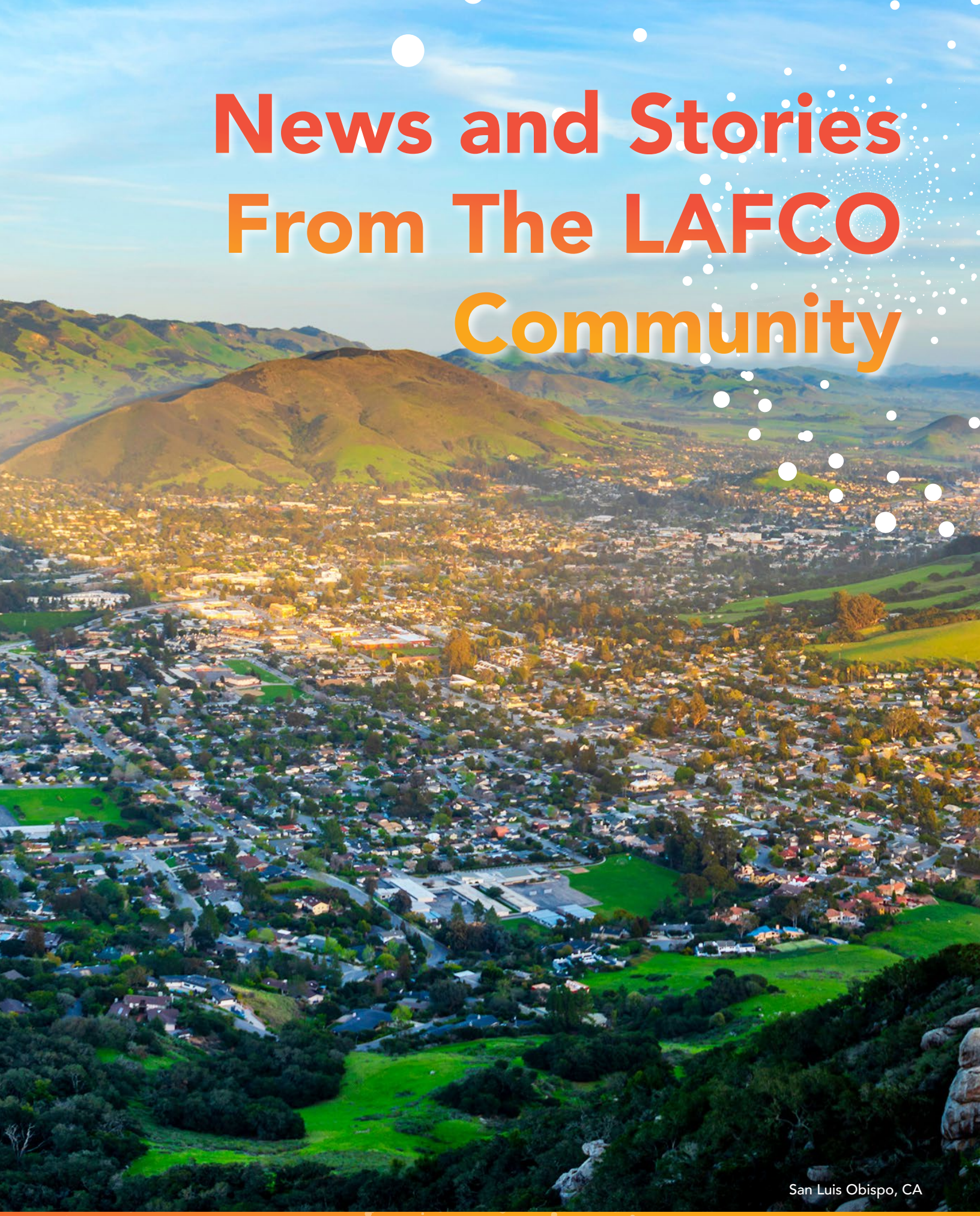
Regardless of the tool, clear, well-supported MSR findings provide an important first step in helping LAFCO determine what comes next. Equally important is LAFCO's willingness to set expectations, monitor progress, and follow through when conditions do not improve.

Ultimately, a LAFCO's goal is not to penalize struggling agencies but to promote effective, accountable, and sustainable local governance. By viewing MSRs as a starting point rather than an endpoint, LAFCOs can take a more proactive role in the solution and help create a path toward improvement.



Infinity Bridge
Stockton, CA

News and Stories From The LAFCO Community

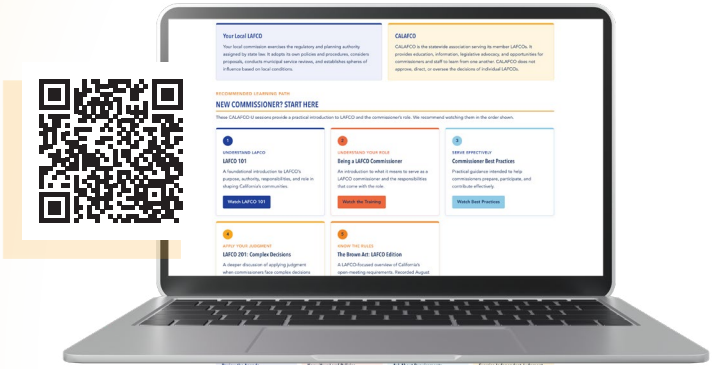


San Luis Obispo, CA

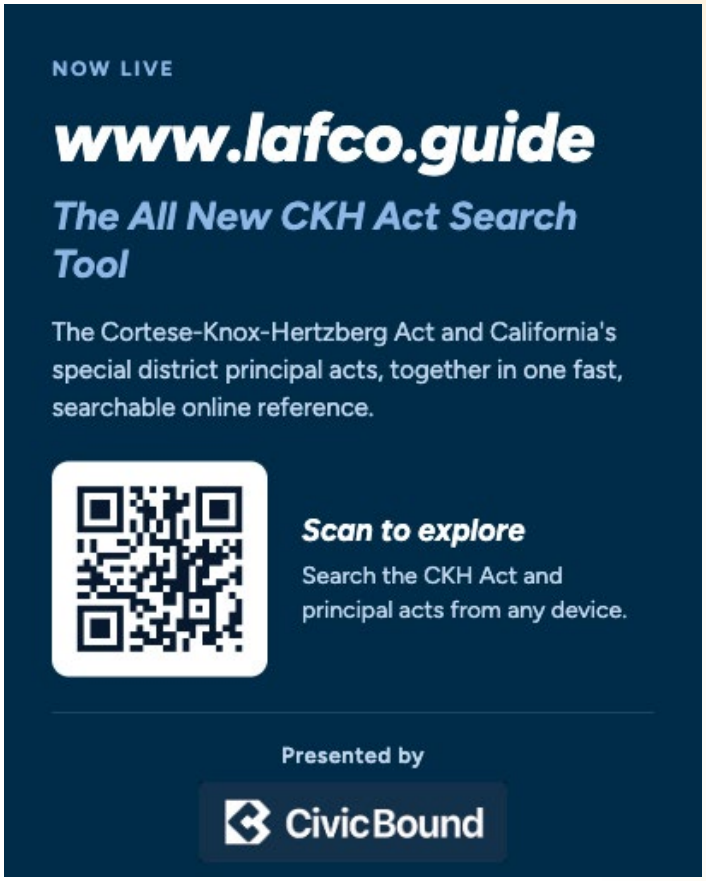
NEW RESOURCES

Commissioner's Toolkit

Find helpful resources, practical guidance and tips to support you as you learn your responsibilities and make the most of your role.

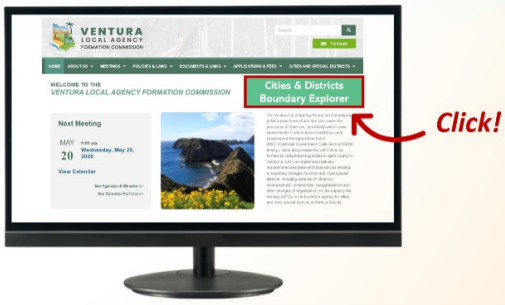


Log into your member account and visit **calafco.starchapter.com/Commissioner_Toolkit** or scan the QR to get started.



Ventura LAFCO Launches Interactive Map Tool

Cities & Districts Boundary Explorer



In a collaborative effort with the County Surveyor's Office and the Information Technology Services Department, Ventura LAFCO launched a feature on its website in fall 2025 to provide information and records on city boundary changes. Since then, website visitors have been able to navigate to a specific area of interest by searching for an Assessor's Parcel Number, address, or intersection, or by zooming in directly on the map, and can access available official boundary change documents for that area.

In May 2026, the map tool was expanded to include special districts and can be used in the same way as for city boundary research. The Cities & Districts Boundary Explorer has already proven beneficial for LAFCO staff research, and we expect it to be a useful tool for local agency staff and members of the public. **Scan the QR code to check out the Cities & Districts Boundary Explorer and be inspired!**

Raising Sacramento. Moving a River.

What would it take today? Revisiting the Great Flood of 1862 and the need for collaboration across boundaries.

By Kristi Grabow, Sacramento LAFCO

One of my favorite random Sacramento history facts is that Leland Stanford had to row a boat to his inauguration as California's eighth governor. For some reason, it's interesting to imagine a historical figure rowing through Sacramento's streets, especially one who would later have a renowned university named after him. But that is exactly what happened on January 10, 1862. A flood submerged Sacramento and transformed much of the Central Valley into an inland sea. Early Sierra Nevada snowstorms, followed by powerful storms that brought heavy warm rain, melted the snowpack and sent water rushing into the valley. The disaster killed an estimated 4,000 people and caused $50-100 million (approximately $3 billion today) worth of damage (National Oceanic and Atmospheric Administration [NOAA], n.d.).



Sacramento thought it was prepared. The city had recently completed new levees designed to protect it from flooding along the American and Sacramento rivers. Unfortunately, the levees were overwhelmed, and Sacramento's low-lying elevation left the city vulnerable to the rising waters. Floodwater remained a problem for Sacramento for months, prompting the City to take action and lift itself out of the water.

Having worked in public service for more than twenty years, I find this historic moment makes me wonder: What would public agencies do today if someone came to us with a request to "raise the City's elevation and relocate the river?"

I posed that hypothetical question to a few colleagues and my boss: Remi Mendoza, City of Sacramento Principal Planner for Long-Range Planning; Jessica Brandt, City of Folsom Principal Planner; and José Henríquez from Sacramento LAFCO. Their responses offer a fun, surprisingly relevant look at how public agencies might tackle this situation today.

Remi's response was, "My initial reaction is that if Sacramento were confronted with a flood risk today comparable to what the City faced after the Great Flood of 1862, our response would look very different. Relocating the river would likely face enormous environmental and regulatory challenges, while raising large portions of the city would be extraordinarily costly and disruptive given the amount of development and infrastructure now in place."

"From a planning perspective, I think we would instead look at a comprehensive regional flood-protection strategy. That would likely mean pursuing an even higher level of flood protection through improvements such as strengthening, widening, and potentially raising levees, along with additional improvements to the broader flood-control system, including Folsom Dam. A project of that magnitude would cost billions of dollars and require close coordination among local, state, and federal agencies, as well as significant federal and state funding and potentially a local funding contribution."

"The planning role would be helping coordinate land use, environmental review, infrastructure, community impacts, and long-term growth considerations while the flood-control agencies and engineers developed the technical solution. In some ways, the biggest difference from 1862 is that today it would take an extraordinary number of agencies, approvals, funding sources, and years of planning to accomplish something on that scale."

I also posed the hypothetical question to Jessica Brandt, Principal Planner with the City of Folsom. Her first response was, "it is a fascinating thought experiment." She then considered how different land use and permitting coordination would be today.

"Lake Natoma and most of the property around it are wholly owned and controlled by the Federal Government, as they are part of the infrastructure for Folsom Dam," Jessica explained. "Then there's State Parks land mixed in along the lake, and then city or private property behind that."

"In other words, even a seemingly simple change to something as fundamental as the level of a lake could quickly become a multi-jurisdictional undertaking." Jessica continued, "that any changes to Lake Natoma's level would likely involve federal and state environmental review, extensive public outreach, and coordination among numerous public agencies and private property owners."

And then there is the political reality.

"It would also definitely need lockstep political agreement on the policy direction," Jessica said. "Which is very difficult to get and maintain." Her response highlights another major difference between 1862 and today. The challenge is no longer simply determining what needs to be done; it is determining who has the authority to do it, who owns the land or infrastructure involved, who must approve it, who pays for it, and how all those interests can agree on a path forward.

This brings us back to LAFCO.

What happens when the solution itself changes who is responsible for maintaining critical infrastructure—or even alters the boundaries and relationships among local governments?

That is when I turned to my boss, Sacramento LAFCO Executive Officer José Henríquez. While Remi and Jessica approached the hypothetical from a planning perspective, José considered what might happen after the flood—and how the response could raise questions about agency responsibilities, reclamation districts, and local government boundaries.

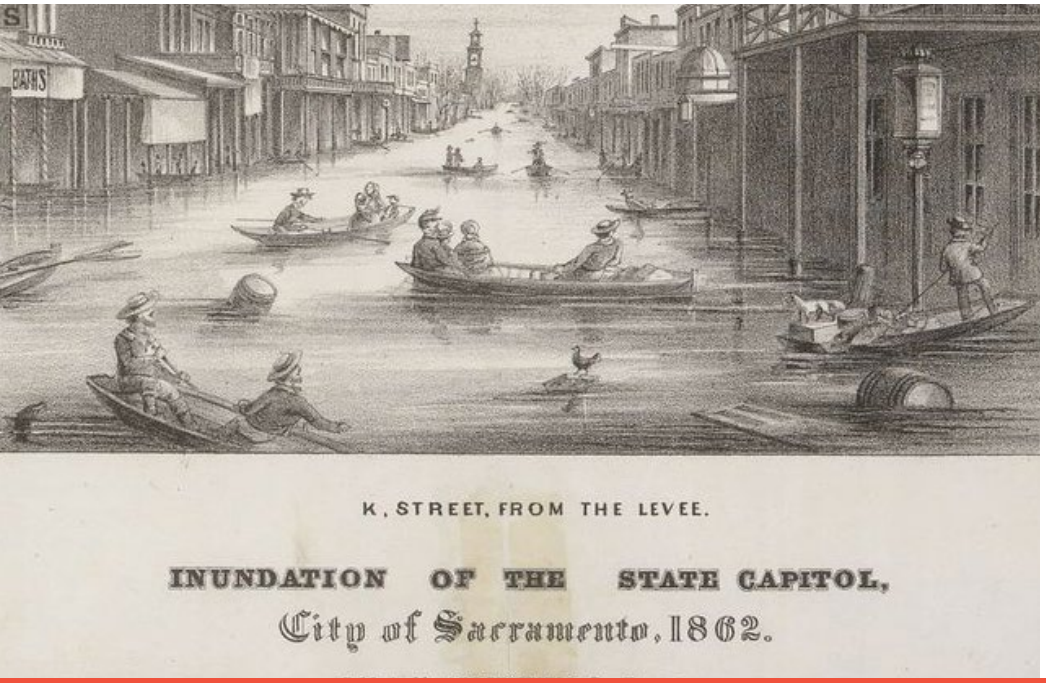

Sacramento, CA

> **As José put it, "This is a good mental exercise."**

José highlighted that many of the actions Sacramento took following the 1862 flood, such as raising the City and constructing major flood-control infrastructure, would likely fall outside LAFCO's direct jurisdiction.

This is where we all let out a collective "whew."

Instead, José mentioned that "if the Great Flood happened in 2026, LAFCO's role would be reactive, even if LAFCO had sounded the alarm about the state of levee maintenance in a municipal service review (MSR). I can imagine there would be a post-mortem analyzing where the failure(s) occurred and trying to ascertain their root causes.

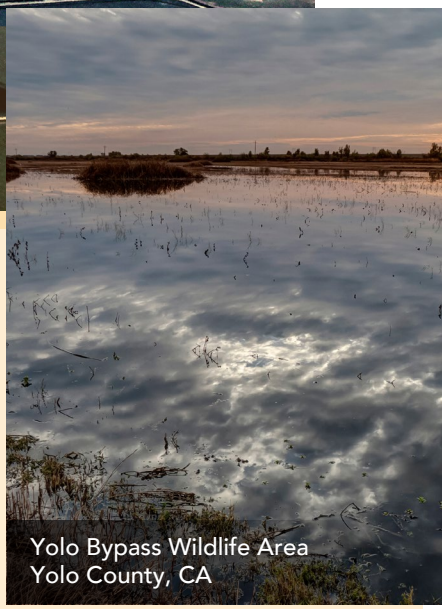


K, STREET, FROM THE LEVEE.

INUNDATION OF THE STATE CAPITOL,
City of Sacramento, 1862.



Flooded Fields and Irrigation Ditches
Sacramento, CA



Yolo Bypass Wildlife Area
Yolo County, CA

If the flood happened like it did in 2005 in New Orleans, it would have been a levee failure. I can imagine there would be increased scrutiny of levee maintenance and the structure of reclamation districts. LAFCO would be called to review the Reclamation Districts (RDs) in an MSR."

"If the City of Sacramento incurred significant damage and/or losses, there would be pressure for the City to petition LAFCO to dissolve the RDs within its city limits and assume their levee maintenance. This is not unusual, as the City of West Sacramento assumed levee maintenance from various RDs a few years ago. Whether the Commission would grant the City of Sacramento's request would depend on the RDs' financial, operational, and governmental health."

"Another action taken in response to the Great Flood was diverting the American River several miles north of its original confluence with the Sacramento River. If the City of Sacramento also undertook the diversion in 2026, jurisdictional questions would arise about which agency or agencies would be responsible for providing services to the area.

That would depend on whether the area now south of the American was already within the city limits or was unincorporated. If the latter, there would likely be a clamor to annex the land into the City, since it would now be 'landlocked' between the City and the new American River. LAFCO may need to facilitate and negotiate a new governmental arrangement for that area."

The Great Flood of 1862 forced Sacramento to do something extraordinary. Faced with a problem that threatened the City's very existence, its residents raised streets, buildings, and ultimately much of the City itself.

Today, the response would look very different. Before raising a street—or moving a river—there would be planning documents, environmental reviews, engineering studies, public meetings, funding plans, and a seemingly endless number of agencies involved. While that may sound exhausting, maybe that is the point. California's communities rarely solve today's challenges with a single agency, a single jurisdiction, or a simple decision. Whether we are addressing flooding, housing, infrastructure, climate change, or growth, the solutions require us to work across boundaries.

The Great Flood of 1862 may have occurred more than 160 years ago. However, it still raises a strikingly relevant question: When faced with an extraordinary problem, how do we work together to create an equally extraordinary solution?

> **Fortunately, none of us have to figure out how to raise a city, at least not today.**

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2026 Staff Workshop Mobile Workshop
San Luis Obispo, CA

An Opportunity for Reflection and Fulfillment

By Imelda Marquez-Vawter, Senior Analyst, San Luis Obispo LAFCO

Project Spotlight
2026 Mobile Staff Workshop

SLO LAFCO hosted the 2026 Staff Workshop in the City of Pismo Beach in coordination with the CALAFCO team and planning committee volunteers. The Mobile Workshop showcased the San Luis Ranch Specific Plan project that was annexed into the City of San Luis Obispo (SLO) in 2018. Typically, after LAFCO approves a project and completes any post-approval tasks, LAFCO removes the project from the burner and hands it to the City or County to see the development through to completion. This year's Mobile Workshop allowed SLO LAFCO to reflect on the developed project and discuss its components and execution.

The Mobile Workshop included a guided visit to City Farm SLO, a nonprofit urban farm in the heart of the City of SLO. The farm was established in part by preserving prime agricultural land through approval of the San Luis Ranch Specific Plan and the 2018 annexation. City Farm SLO has become a hub for sustainable agriculture, youth education, and community engagement, complementing adjacent housing and commercial uses. Participants learned about regenerative farming practices, met the farm's furry residents, and tasted seasonal crops. The tour followed Froom Ranch Way, offering views of the on-site agricultural fields and housing development before arriving at the final stop: SLO Ranch Farms and Marketplace, the commercial component of the San Luis Ranch Specific Plan. At SLO Ranch Farms and Marketplace, participants browsed, ate, and shopped before concluding with a presentation by David Church, former Executive Officer of SLO LAFCO, and Timmi Tway, City of SLO Director of Community Development, who highlighted key successes and lessons learned.

SLO Ranch
Specific Plan Annexation

The San Luis Ranch Specific Plan annexation area had been within the City's Sphere of Influence (SOI) since 1984. The SOI vision was highly contentious but gradually evolved from a large-scale shopping mall to mixed-use development.



This SOI boundary was consistently reaffirmed over time, including in the City's Municipal Service Review (MSR) and SOI Study adopted in 2016, two years before consideration of the annexation. That same year, the City and the County entered into a Memorandum of Agreement establishing development standards and zoning procedures for the SOI area, including provisions for interagency coordination and consultation throughout the development process.



Ms. Tway and Mr. Church attributed the project's success to planning tools and coordination. However, Mr. Church still emphasized the importance of being available to the applicant and affected agencies. "Comment early and often. Raise and resolve issues proactively. This prevents future problems," Mr. Church said.

The San Luis Ranch Specific Plan project description evolved over the years. It ultimately resulted in a 133-acre mixed-use development featuring residential, agricultural, commercial (office, retail, and hotel), open space, and parks. The project provided 281 single-family homes, 296 multifamily homes, and an affordable housing component. Ms. Tway highlighted the neighborhoods' alignment with City, State, and LAFCO goals and priorities (e.g., mixed uses, housing opportunities, community gardens, on-site farming, walkability, historic preservation, etc.). Of the 109 acres of prime agriculture on site, 53 acres remained active agriculture and 56 acres were converted.

The conversion triggered SLO LAFCO Policy 2.9.12, which requires a 1:1 ratio of preserved prime agricultural land for prime land converted. The outcome was 83 acres placed into agricultural easements. Of that, 53 acres were preserved on-site, and 30 acres were preserved off-site, altogether exceeding the 1:1 mitigation policy.

Although the affected territory was an unincorporated island within the SOI, surrounded by the City service area, the site still contained prime agricultural soils intended for farming. The Specific Plan listed agriculturally compatible uses for the 53 acres preserved on site; however, residents were unhappy with the outcome and the hoop houses' aesthetics. According to Ms. Tway, if the City wants control over farm aesthetics, including the use of hoop houses, then the City must 1) build it into the Agricultural Conservation Easement Agreement, 2) clearly identify allowed operations and required permits, and 3) consider the impact range of viable farming uses.

Additionally, Ms. Tway and Mr. Church stressed the importance of being clear while building in reasonable flexibility. Clear conditions help; however, consider carefully how those conditions are applied. To avoid unintended consequences, consult the experts when developing those conditions. For example, hoop houses were allowed and implemented to regulate temperature and allow year-round farming, and they use 40% less water. However, they had unintended consequences for the soil and aesthetics.

Overall, the Commission was tasked with balancing the need for housing and efficient public services with competing interests: discouraging urban sprawl while preserving prime agricultural land and open space. The result was approval of the annexation in 2018. "The Specific Plan worked out so much better than it would have had a huge mall been built. It was a much better solution that helped with today's housing crisis," Mr. Church said. "The Mobile Workshop was great! So good to see the implementation going so well."



Felton Fire's Turning Point

How a Community Chose Local Control and How LAFCO Helped Them Get There

By Joe Serrano, Santa Cruz LAFCO Executive Officer

Felton has always been a place where local identity matters. Tucked between redwoods and river bends, the community has long relied on its volunteer driven fire district (neighbors protecting neighbors). But in recent years, the Felton Fire Protection District (FFPD) has faced the same pressures small fire agencies statewide confront: rising call volumes, aging equipment, workforce turnover, and a station built in the 1950s that has never seen a major renovation. The district's challenges were no longer theoretical; they were structural, urgent, and unavoidable.

Last year, Santa Cruz LAFCO published the ***Felton Fire Protection District Governance Options Report***. This comprehensive roadmap helped the district and its residents understand the problem's depth and the range of credible solutions. The report did not prescribe an outcome; instead, it created a shared language, a common set of facts, and a transparent framework for evaluating what "sustainable fire protection" could look like in Felton. As one resident said at a town hall, "For the first time, we could actually see the whole picture."



That picture ultimately led the district to pursue a Proposition 218 benefit assessment, one that would cost the average homeowner nearly $700 per year for a typical single-family home. In most communities, that level of investment would be a steep hill to climb. In Felton, it became a rallying point.

In July 2026, Felton property owners approved the assessment with 67.88% support, generating an estimated $1.7 million annually to rebuild staffing, replace aging apparatus, and finally modernize the 71 year old station. The public understood exactly what was at stake: keeping local control, preserving community identity, and reinvesting in a fire district that had protected them for generations. The Felton Community for Emergency Response (a resident-driven group) played a pivotal role, mobilizing residents, sharing information, and reinforcing the message that sustainable fire protection required sustainable funding.

> **Although FFPD never filed an application with LAFCO, the Commission's work was still central to the district's success.**

The Governance Options Report became the vehicle that allowed Felton FPD to communicate clearly with its constituents by explaining the district's fiscal realities, operational limitations, and long term risks. It grounded the conversation, built trust, and gave the community confidence that the assessment was not just necessary, but strategic.

Felton's story is now a case study in what LAFCOs do best: illuminate challenges, convene partners, and help communities make informed decisions about their future. The district is hiring its first full time engine company, planning long overdue capital improvements, and transitioning from a struggling volunteer agency into a stable career/volunteer hybrid model. Most importantly, Felton remains proudly local … because its residents chose to invest in themselves.

For LAFCOs across California, the lesson is clear: even without a formal application, a well crafted governance study can reshape a district's trajectory. In Felton, it helped turn a moment of crisis into a moment of clarity (and ultimately) into a community driven solution.

Rural Healthcare District Bankruptcy

The Elephant in the Room

By Gary Thompson, Executive Officer Riverside LAFCO

Rural healthcare facilities, whether private hospitals or medical facilities or public facilities within a Healthcare special district, have become increasingly vulnerable throughout the state over the last several years. Rising costs of providing services, revenue constraints due to reimbursement funding delays, limited populations to draw patients from, and generally remote locations all combine to create a crisis for some, with disrupted cash flow and resulting service disruptions. This is the case with the Palo Verde Healthcare District (PVHD) here in Riverside County.

For years, the PVHD, located in the City of Blythe, has served a population of less than 25,000 within a district boundary covering approximately 1,022 square miles of sparsely populated desert lands, and has operated with very limited cash flow. The previous Municipal Service Review (MSR) in 2001 addressed this issue. Recently, a series of internal failures disrupted the primary electronic management system for submitting medical claim information for all insurance, Medicaid, and Medicare reimbursements, and a resulting lawsuit wiped out months of cash flow for the district's one 51-bed hospital. This created a significant backlog of debt, forcing the hospital to shut down all services except emergency services. All surgical, inpatient, and pregnancy-related services, including delivery, were curtailed. The closest hospitals for these services are over 90 miles away in California and over 50 miles away in Arizona.

When that shoe dropped, the Mayor of the City of Blythe requested that LAFCO take a hard look at the district due to the significant impact the suspended services have had on the City of Blythe's and the surrounding communities' populations, and to identify what options might be available for the district to recover. We immediately accelerated the scheduled MSR for PVHD by one year. After completing the MSR, we identified nine options the district and/or LAFCO could pursue, including dissolution (with a successor agency) or bankruptcy. The Riverside LAFCO Commission was directed to initiate the dissolution of the PVHD and begin the search for a successor agency or even a private hospital provider. Shortly after, PVHD filed for Chapter 9 Bankruptcy. This essentially brought the dissolution process to a halt; however, it did not prevent LAFCO from helping the district at least maintain the remaining services.

At the urging of LAFCO's Executive Officer, in direct consultation with the Riverside County Chief Executive Officer, the county undertook to arrange an interim plan to temporarily operate the hospital at a reduced service level on a reimbursable basis and assumed operations and management of the district.



The PVHD Board of Directors remains the legislative body for items requiring Board approval; however, virtually all management staff for the district are currently county personnel. The current status is now in the hands of the bankruptcy court. Riverside LAFCO continues to support efforts to find a successor agency in the event that PVHD may have to dissolve once it emerges from bankruptcy, so the jury is still out at this time.

LAFCO's goal is to do our best to ensure that the original fully functional, all-service hospital is back in operation, one way or another, for the sake of the regional population. They deserve adequate services just as much as any urbanized area, and LAFCO's goal is to do whatever we can, within our abilities and authorities, to make that happen.

This situation may or may not have been prevented. Years of operating on very thin margins, followed by a catastrophic event that completely disrupted district cash flow and wiped out all reserve capacity, created this situation. From a LAFCO perspective, this brings to light that closer attention should be paid to these rural facilities and districts, whether they are healthcare districts or small rural water districts. The five-year MSR cycle is insufficient to ensure that these rural outlying districts are financially and operationally solvent, and it behooves greater attention to be placed on all rural areas so as not to deem them the "forgotten ones." Stay tuned, and hopefully the end result here will be a positive outcome for all.



Beating the Clock

The Creative Partnership That Brought Sewer Service to Rural Communities

By Kristi Grabow, Sacramento LAFCO

For years, residents of Hood and Franklin, two small, unincorporated communities along the Sacramento River, lived with a problem they had no way to solve on their own. Their aging septic systems were failing, and stricter state standards adopted in 2012 required more room for a compliant system than most of their parcels had to offer. Some households limited their water use just to keep their systems from backing up, but there was no real fix available to them.

Hood is a small agricultural town of roughly 300 residents, and Franklin is home to several multi-acre ranches and agricultural properties. Income surveys conducted for the project found median household incomes of about $33,000 in Hood and $56,500 in Franklin, modest enough that a costly, out-of-pocket septic repair was never a realistic option for most residents. And even where a homeowner had the money for repairs, the land itself simply couldn't accommodate a compliant system.

The solution was to implement public sewer service. But getting there meant we, alongside our partners at Sacramento Area Sewer District (SacSewer), had to solve a timing problem that will sound familiar to LAFCOs anywhere in the state. A state grant carried a fixed construction deadline, while the statutory process that had to unfold alongside it moved on a schedule of its own.

SacSewer had been working toward a solution for these communities for years, securing local, state, and federal grant funding to design and build septic-to-sewer conversions for several Sacramento County communities, including Hood and Franklin. ***"When SacSewer reached out to us in 2022 to begin the process of annexing the two communities, the timing problem became clear immediately,"*** said José C. Henríquez, then the newly appointed Executive Officer for Sacramento LAFCO. ***"Neither community was within SacSewer's service area, and bringing them in would require both a Municipal Service Review and a Sphere of Influence update, exactly the kind of process that protects good planning, but can also take a significant amount of time."*** Our staff estimated a year or more, but the grant funding wasn't going to wait that long. Construction needed to move forward on the state's funding timeline anyway. Miss it, and the chance to finally connect these communities was at risk.

"We couldn't rush the Municipal Service Review and Sphere of Influence process without undermining the planning safeguards it exists to protect, but the state wasn't going to move the grant's construction deadline to accommodate us," continued José Henríquez, Executive Officer at Sacramento LAFCO. ***"A two-tiered approach was the only path that would allow us to satisfy both obligations at once."***

Rather than choosing between rushing a process the law requires or missing a funding deadline that wouldn't come again, we recommended a different path: an Out-of-Agency Service Agreement. The agreement allowed SacSewer to begin building the infrastructure Hood and Franklin needed immediately, while the Municipal Service Review and Sphere of Influence update moved forward separately on its own legally required timeline. Our Commission approved the agreement on August 3, 2022.



It's a simple idea once you see it laid out, but it's the kind of solution that only works when a LAFCO and its partner agency have the trust and shared commitment to move at two different speeds toward the same outcome. SacSewer could move quickly to meet the immediate community need while we kept the statutory process moving forward with equal purpose. Neither track could have replaced the other, and neither could have succeeded on its own.

With the agreement in place, SacSewer partnered with contractor Mountain Cascade, Inc. to construct roughly 6.5 miles of force main and 87 private pump stations, and to decommission 84 septic tanks across the two communities. The work included threading a 3,500-foot force main beneath Interstate 5 via horizontal directional drilling, at depths approaching 100 feet, and adjusting construction sequencing to avoid disturbing active raptor nesting areas identified along the route. SacSewer also partnered with the Sacramento County Department of Transportation to fully repave several roads, leaving both communities with better infrastructure than they'd had before the project began.

By August 2025, most of the sewer force main and on-site infrastructure work was complete, but what remained posed a different set of challenges. It meant connecting individual homes to the system and decommissioning the septic tanks they replaced, all while working through language barriers, an aging population, and a general distrust of government that meant some properties needed to be visited an average of ten times before the connection was finished.

A number of residents who had initially declined to participate changed their minds after watching construction move down their street, requiring SacSewer to add them into the project on short notice.

"Some of these families had been dealing with a failing septic system for years, with no affordable path forward. Getting them connected took persistence, going back again and again to explain the project and earn their trust. Hearing how much it meant to the residents to finally have a reliable, long-term solution made this whole process worth it," said SacSewer General Manager Christoph Dobson.

That persistence paid off on August 5, 2026, when our Commission approved annexation of Hood and Franklin, formally bringing both communities into SacSewer's service area and completing the sequence set in motion by that 2022 agreement. The full effort connected 84 properties, including a mobile home park and a school, to public sewer at no direct cost to property owners, funding a $29.7 million project through grants and non-rate revenue.

The Hood and Franklin story is a case study in a problem plenty of LAFCOs run into: an urgent, well-documented community need, a funding source with its own deadline, and a statutory process that exists for good reason but doesn't bend for anyone's calendar. The approach we developed with SacSewer allowed service to move forward immediately while the statutory process proceeded on its own track. It isn't a shortcut around the law, but rather a way to meet an urgent need without skipping a single step it requires.

For any LAFCO facing a similar mismatch between a grant clock and a statutory timeline, that's worth remembering. Sometimes the right answer isn't choosing one track over the other. It's finding a way to run both at once.

Data Centers

Is Your LAFCO Prepared? Understanding Our Role.

By Crystal Craig, Assistant Executive Officer, Riverside LAFCO

As many of you have observed, AI data centers are increasingly in the headlines, reflecting a nationwide issue that parallels ongoing discussions about the Colorado River. Artificial intelligence has emerged as one of the defining technologies of our generation, reshaping not only our technological landscape but also our cultural norms.

The term "AI" scares people, especially as we hear about communities grappling with the implications of data centers. Critical concerns often include data security, customer privacy, and environmental impact, issues that require robust infrastructure to address effectively.

While data centers may seem like a recent phenomenon, they have existed since the 1960s. Although they have grown in scale and complexity, the concept of data management has existed for decades.

Today, demand for data is higher than ever, fueled by technological innovation and growing reliance on digital tools such as Google Maps and email.

This surge in demand requires a corresponding evolution in infrastructure, as exemplified by NASA's ongoing initiatives to handle large volumes of scientific data effectively.

In our hyperconnected world, data doesn't exist in a vacuum; rather, it is interlinked across multiple data centers. Large AI workloads are often distributed across multiple locations, improving connectivity for users accessing their devices.

> **AI's rapid expansion has accelerated this transformation, highlighting the essential infrastructure that supports seamless data access.**

As we use our devices, we must recognize the intricate systems behind our instant gratification. This brings us to a pressing question: **How do we build the infrastructure we need to meet growing demand?** Timing is critical for California to modernize its data infrastructure while making community engagement and public education essential parts of the process.

California faces significant challenges in addressing water supply and infrastructure changes in response to fluctuating environmental conditions. So why should water professionals care about data processing and the infrastructure that supports it?

The Riverside LAFCO Commission has recognized the importance of reviewing data centers to identify aspects within its purview. We are tasked with facilitating discussions about LAFCO's role in potential annexations and ensuring that we are prepared for the implications of data centers in Riverside County.

At Riverside LAFCO, we have proactively examined data centers and understand that water and electricity are two critical issues we must address as these developments arise. Riverside County has ample land for data center construction, so we must understand the implications these facilities have on local resources and planning. The intention is to advocate for responsible integration of data centers, particularly when applications for annexation to municipalities or water districts are submitted.



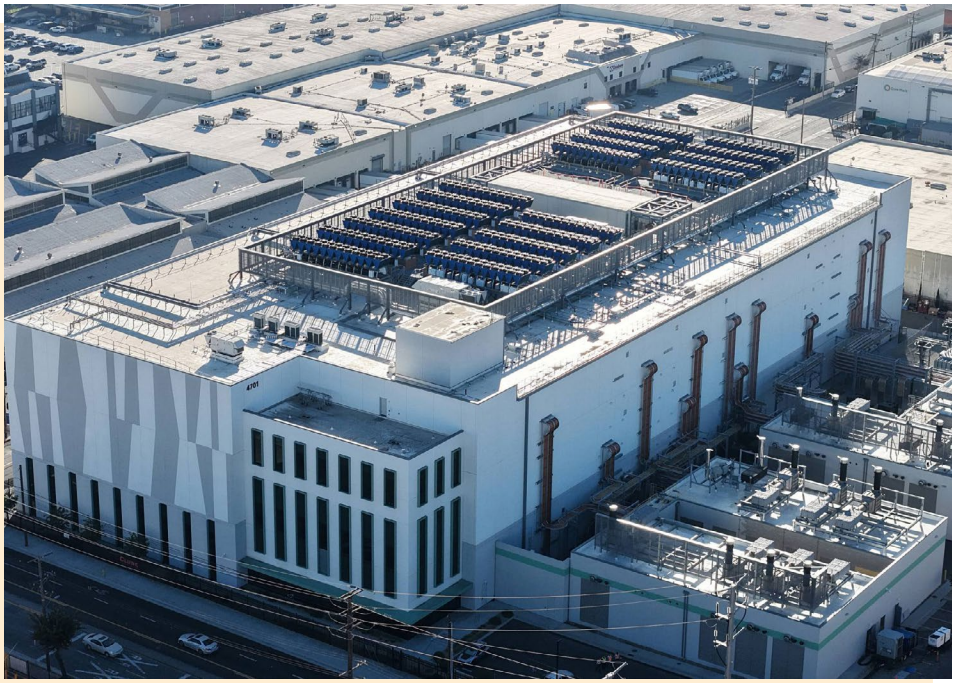
Our focus remains rooted in water policy, as we explore the planning and resource management challenges presented by data centers.

Data centers are specialized facilities designed to house computer systems, including servers, storage devices, and networking equipment. They are essential for managing vast amounts of data, enabling businesses to thrive in a digital landscape. Their proliferation, driven by the AI boom, highlights significant land-use concerns, particularly their substantial water and electricity consumption.

While data centers can create jobs and spur investment, planners must consider their extensive utility and security needs.

These factors add planning complexity, especially when facilities are located near agricultural or open spaces. Although LAFCO does not have the authority to approve or deny specific projects, it plays a vital role in ensuring that jurisdictional changes serve the public interest. A common misconception is that a data center's resource consumption depends solely on its size. In reality, it largely depends on the facility's engineering and design. Communities must stay vigilant about the implications of data centers and adapt their strategies accordingly.

Are you facing similar challenges in your counties? How are you addressing the emergence of data centers? All LAFCOs should consider these factors as we navigate the AI technology boom together.



Questions that Local Agencies & LAFCOs Should Ask Before Approval:

Can Existing Infrastructure Support the Project?
- Ample Water Supply?
- Ample Power Supply?
- Existing Road Access?
- Emergency Services nearby?

New Community Assets or Liabilities?
- Will jobs be a net gain or loss?
- Taxes? (e.g. special assessments, property taxes)
- Community economic benefits?
- Environmental/Community limitations & costs?

What New Water/Power Sources are Needed?
- Electrical Transmission Lines and Substations?
- Battery Energy Storage Systems (BESS)?

Water Supply: Dams, Aquifers & Aqueducts?
- Backup Generators?
- Are Guidelines Enforceable and Transparent?
- Mitigation Reporting and Community Agreements?
- Are Noise standards within CEQA adequate?
- Power and Water-use disclosures?
- Air pollution standards within CEQA adequate?

Incorporating these insights can strengthen the narrative around LAFCO's role in facilitating responsible growth and addressing the challenges posed by data center developments. Emphasizing collaboration, innovation, and community engagement will resonate well with your LAFCO and communities.

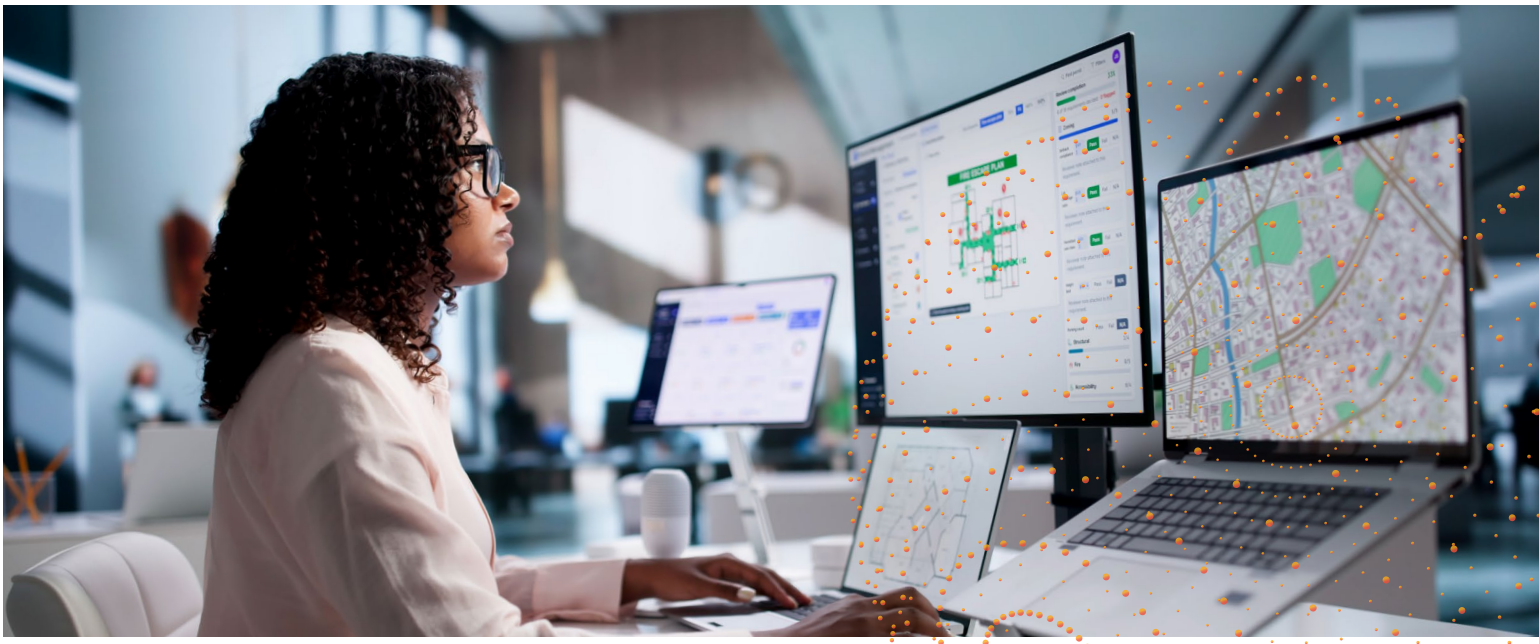
Photo Credits:

1.Interior of Data Center: https://www.vicorpower.com/resource-library/articles/high-performance-computing/disaggregating-power-in-data-centers

2.Exterior of Data Center: Mario Tama (Getty Images). https://www.canarymedia.com/articles/batteries/aligned-data-center-get-online-faster



Infinity Foot Bridge
Stockton, CA



MSR Assistant

An Annual KPI Check-Up

By JD Hightower, Executive Officer, San Joaquin LAFCO, and Amanda Ross, Principal, South Fork Consulting, LLC

Imagine receiving a call from a resident who wants to inter a loved one at the local public cemetery, but no one is responding to her calls or emails. As the LAFCO Executive Officer, you contact the cemetery district and discover its only employee is on a three-month vacation. The board chair is unable to help without access to the office, and the board hasn't met all year because the chair is its only remaining member.

Sound familiar? We hope not! The only graveyard that should be this abandoned is the one at the end of the Haunted Mansion. Unfortunately, one of us recently experienced a similar situation, and it was considerably less fun. Fortunately, LAFCOs have a valuable tool for evaluating local agencies: the municipal service review (MSR) and sphere of influence update process. However, these reviews can be complex, costly, and time-consuming.

To help address these challenges, San Joaquin LAFCO (SJLAFCO), in collaboration with CALAFCO Associate Members South Fork Consulting, LLC and the Paperwork Company, developed an approach that may offer a solution.

How Often Should LAFCOs Conduct Service Reviews?

The Cortese-Knox-Hertzberg Act directs commissions to review and update spheres of influence every five years, as necessary (Gov. Code § 56425(g)). However, Government Code § 56106 generally treats statutory timelines for commission action as directory rather than mandatory, allowing LAFCOs to consider local circumstances when scheduling updates. An MSR must be conducted before an sphere of influence (SOI) update.

Maintaining a five-year review cycle can be challenging. LAFCOs oversee varying numbers of cities and special districts, each with unique service needs and circumstances. Some conduct reviews in-house, while others rely on consultants. Guided by its mission of ***"Balancing Community and Commerce,"*** San Joaquin LAFCO seeks to balance local expectations with measurable data when evaluating growth, services, and public resources. Its goal is to provide timely, cost-effective information that supports informed decisions.



Almond Trees
San Joaquin County, CA

Barriers to the 5-Year Cycle

Two common challenges affect LAFCOs' ability to maintain regular reviews:

- **FINANCIAL LIMITATIONS:** Funding is one of the biggest challenges LAFCOs face in maintaining a five-year review cycle. LAFCO budgets are typically supported by contributions from cities, counties, and special districts, with annual budgets adopted by the Commission and funding allocations determined by statute. Securing sufficient resources to complete service reviews and sphere updates can be difficult, particularly for LAFCOs funded solely by cities and counties. These commissions face the added challenge of establishing a nexus between funds spent on special district reviews and the proportional benefits received.
- **TIMING CONSTRAINTS:** MSRs and SOI updates compete with applications and other statutory responsibilities. Unpredictable application volumes and required processing deadlines can delay reviews, sometimes leaving data outdated before the process is complete.

To manage these demands, some LAFCOs prioritize reviews based on local conditions. San Joaquin LAFCO, for example, focuses on five-year cycles for cities growing faster than the county average, while allowing longer intervals for slower-growing cities and special districts.

But what if LAFCOs could identify emerging concerns without waiting for a full service review? That's the idea behind SJLAFCO's proposed annual Key Performance Indicator (KPI) check-up. Much like an annual physical, this approach could help identify small problems before they become serious. By tracking a few meaningful indicators tailored to each agency type, LAFCOs could better determine when a comprehensive MSR and SOI update may be needed.

Building on Benchmarks

In the last issue of ***The Sphere***, South Fork Consulting's article, "Setting the Bar: Why Performance Measures Belong in Every MSR," highlighted a benchmark-based approach used in the City of Rocklin MSR and SOI study, approved by Placer LAFCO in April 2025. Rather than relying on broad narrative assessments, this approach evaluates agencies against predetermined, measurable benchmarks to establish whether they are providing adequate services.

> **Benchmarks address a common challenge in service reviews: determining what "adequate service" actually means.**

Without clear standards, findings can lack measurable support, leaving future commissions without a baseline for comparison. Performance measures provide a consistent, evidence-based approach to evaluating service quality, supporting accountability, informed planning, and public trust.

This same approach provides a foundation for annual KPI check-ups. While a comprehensive MSR evaluates the full set of benchmarks in greater depth, the annual check-up tracks a smaller group of indicators most likely to reveal emerging service concerns.

Each year's findings contribute to a growing record of performance data, helping streamline future MSRs and giving LAFCOs and agencies a clearer understanding of when and why a comprehensive review may be needed.

The Proposed Strategy: Annual KPI Check-Ups

A recent San Joaquin County Civil Grand Jury report highlighted the need for more timely information about local agencies and special districts. Combined with an ongoing service review of 17 rural fire districts, the findings underscored the need for a more efficient approach to monitoring agency performance and improving public access to information.

Much of this information is already publicly available through annual audits, water master plans, capital improvement plans, consumer confidence reports, regulatory notices, and other agency reports. By bringing key indicators together on its website, San Joaquin LAFCO (SJLAFCO) could provide a centralized resource for annual monitoring, with links to more detailed information.

Between responding to the Grand Jury's findings and reviewing comments on the draft fire service review, LAFCO staff felt as stretched as the portraits in the Haunted Mansion. Then, much like the inscription on Uncle Dwight's tombstone, "Poor Uncle Dwight was changing a light when he had a shocking idea," inspiration struck: a better approach to monitoring agency performance. To address the Grand Jury's recommendations without overburdening staff or local agencies, SJLAFCO is piloting a more flexible service review model guided by annual KPI check-ins. Drawing on South Fork Consulting's performance benchmark approach, SJLAFCO and CALAFCO Associate Members have developed draft KPIs for the Commission's consideration.

Under the proposed approach, agencies would submit a brief, standardized annual certification rather than waiting for the five-year review cycle or a significant event to prompt a full MSR. Each check-in would focus on two or three key metrics tailored to the agency type, along with general indicators applicable to all agencies.

Key Components of the Annual Check-up

Raw Data Collection (LAFCO Does the Heavy Lifting): Instead of asking agencies to calculate complex metrics, LAFCO staff will conduct the data analysis. This removes the "homework" burden from agencies, increasing compliance, and ensures we analyze standardized, apples-to-apples data.

- **Targeted KPIs:** Working cooperatively with agencies, the checklist will include two (2) or three (3) agency-specific metrics that provide the most valuable insights into an agency's operational circumstances.
- **The "Negative Check" Certification:** The check-in includes a brief governance and financial questionnaire presented as a negative-check system. A perfectly healthy agency can simply check "No" down the column to indicate no major distress events, sign under penalty of perjury, and return the form.
- **Public Transparency:** The completed certifications and SJLAFCO's KPI summaries will be hosted on the San Joaquin LAFCO website, providing a clear, publicly accessible record of continuous oversight.

Moving Forward

As LAFCOs continue to balance statutory requirements with the realities of daily operations, we hope SJLAFCO's KPI concept offers an option for our fellow LAFCOs. Pairing a defined set of KPIs with measurable MSR metrics gives Commissions a way to confirm that local agencies are operating effectively between service reviews and to identify early which agencies most need a full review, so that limited staff time and budget go where they will do the most good.



The cemetery district in our opening story did not begin to struggle overnight. A vacant board seat, canceled meetings for lack of quorum, and a single staffing failure: the warning signs were there long before anyone at LAFCO had reason to look for them. A one-page annual check-in would have surfaced each of them. That is the point of this exercise, not more paperwork, but earlier questions. The intent is to be an affordable and useful tool for increasing public awareness and information.

San Joaquin LAFCO expects to bring the draft KPIs to its Commission for consideration later this year, and we would welcome input from our colleagues before then. If your LAFCO has tried something similar, or if you would like to see the draft, please reach out, and as always, "Beware of hitch-hiking ghosts!"





Big Shoes, Small Bites

Lessons from My First Year as Clerk

By Desirae Leverett, Clerk to the Commission, Yolo LAFCO

When I stepped into the role of Clerk to the Commission at Yolo LAFCO, I inherited much more than a job description. I inherited the carefully laid foundation established by the lovely Terri Tuck, who held this role for more than 25 years. Following someone who spent a quarter century mastering the position was no small feat, and I spent my first months trying to wrap my head around what it would entail.

One of the most surprising things I learned along the way is how truly unique and individual every LAFCO is. No two operate quite the same. That is precisely why I wanted to write this, because stepping into someone else's shoes as a LAFCO clerk can be daunting, and I suspect I am not the only one who has felt this weight. Clerks are the backbone of any LAFCO. They are required to be process-oriented but also to switch into an analytical mode at any given moment, depending on which project comes their way.

At Yolo LAFCO, there is almost no downtime. I faced a constant stream of new tasks and procedures using language I had never encountered before, and I needed to complete this work quickly to meet legal requirements and deadlines. Learning a role like this can feel like a fire hose blasting into a champagne bottle. There is a lot of information to absorb and limited time.

If I could go back and tell myself one thing on day one, it would be this: Everything will be okay, as long as you don't let fear or uncertainty stop you. Maintain forward momentum. You will not know everything on day one or day one hundred, and you will likely make mistakes. But if you keep moving, keep learning, and keep asking questions, the puzzle that is your LAFCO starts to come together. My goal became clear early on: build on the great foundation Terri left while updating our processes to carry us into a new age of AI and technology.

That balance, honoring what works while modernizing what does not, is a challenge I imagine many clerks will face as a generation retires and the next assumes these roles.

What follows are the practical lessons I learned along the way. I hope they spare the next new clerk some of the uncertainty I experienced.

1. **Start with your LAFCO's website.** Go through it thoroughly. Look for a glossary, applicant information, and any old Municipal Service Reviews you can find. Read through old minutes, agendas, and packets. This public-facing material is often the gentlest on-ramp to understanding what your agency does and how it communicates.
2. **Learn your server's filing structure.** Understanding how your files are organized will reveal your team's workflow. Do not be intimidated by the legal jargon in the documents. Aim to understand both the historical and the new information. This step does double duty: it teaches you the role and helps you identify areas ripe for improvement.
3. **Use AI as a learning tool.** When you encounter unfamiliar terminology or dense concepts like the Brown Act or parliamentary procedure, AI can quickly break them down into plain language. Treat it as a patient tutor available whenever you need one.
4. **Lean on the CALAFCO clerks' ListServ**. It is a lifeline and a way to build rapport with fellow clerks. They may not be able to tell you exactly how your LAFCO should operate, since every LAFCO is different, but they are almost always eager to help because they understand what you are going through.
5. **Build relationships with your county.** If your LAFCO works closely with the county, for example by using county HR, make time to reach out and ask questions. County employees are usually happy, helpful public servants, just like you.
6. **Connect with your Board of Supervisors clerk.** This is one of the most valuable relationships you can build. BOS clerks work at a higher level and often come equipped with tools like Chair Notes and Clerk Scripts. Which brings me to the next tip.
7. **Create a clerk template.** Meeting days are stressful enough. A clean script, complete with your commissioners' names in the order they should be called, will save you when the pressure is on. This is a great place to use AI to tailor a template to your agency's specific meeting style. Trust me, your future self will thank you.
8. **Apply for the CALAFCO Mentorship Program.** Request to be paired with someone who has served as a clerk. These programs connect you with people who become valuable resources you might not have met otherwise. Mentors are rich in historical knowledge and can also be a welcome outlet for the frustrations and struggles that come with a steep learning curve. You do not have to carry it all alone.



Blue Ridge Trail
Yolo County, CA

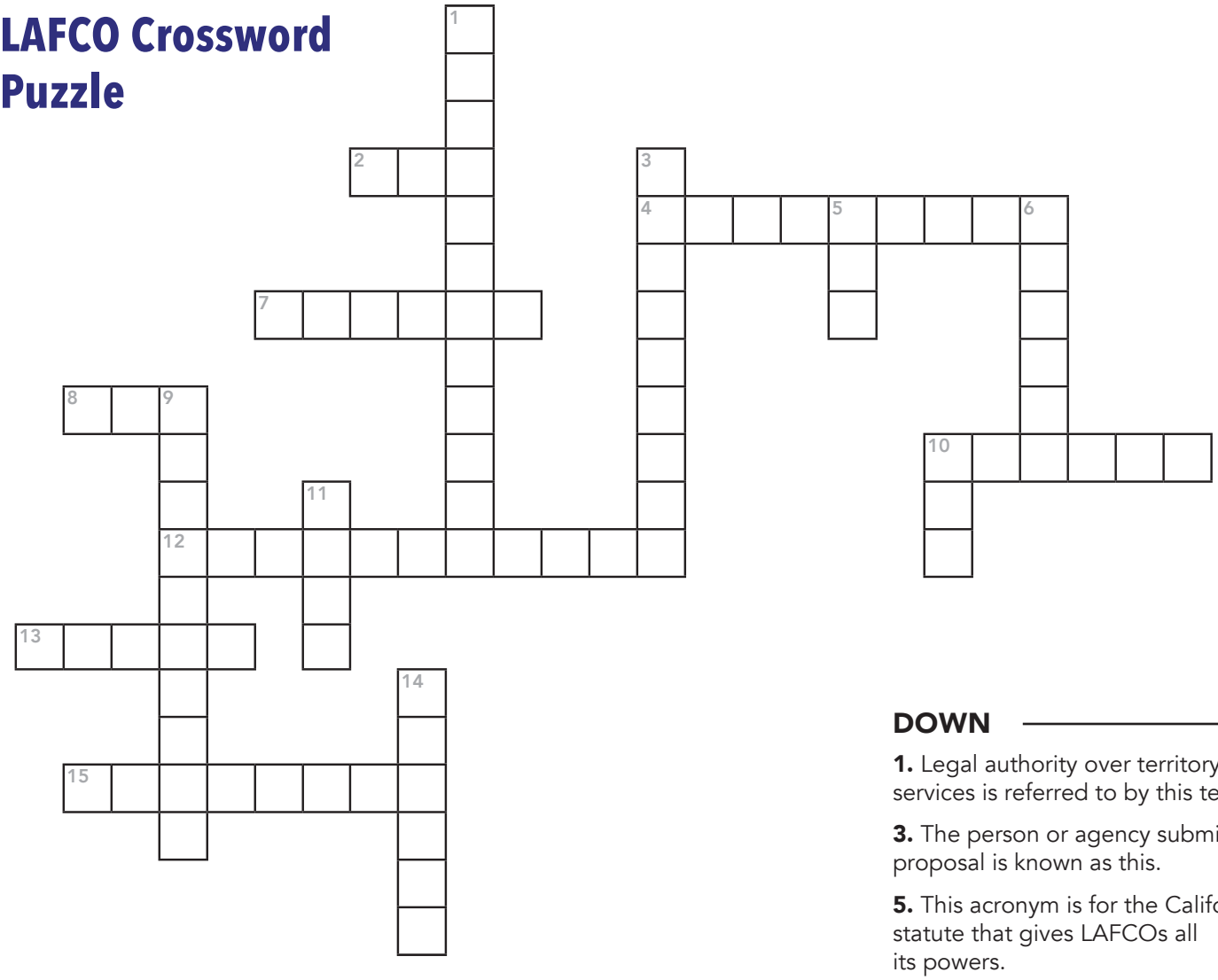
A final word to the next new clerk

Stepping into any long-held role can feel like an impossible act to follow. But you do not have to fill those shoes perfectly on your first day. You just have to keep moving forward. Study and respect the history, build your relationships, lean on the resources around you, and permit yourself to learn in small bites rather than all at once.

Every LAFCO is different, and that is the beauty of this community. We are all figuring it out in our own corners of the state, and we are all better for sharing what we learn. To the next clerk stepping into big shoes: take small bites, keep moving, and trust that the puzzle will come together in time. Take a breath, take the next step, and know that the rest of us are right here, figuring it out alongside you.

Within the Sphere

LAFCO Crossword Puzzle



ACROSS

2. This acronym refers to a boundary adopted by the commission meant to be used as a planning tool.

4. This type of LAFCO contains most of a district's territory within their county, and determines which LAFCO oversees it.

7. Input from residents or agencies during a meeting is offered this comment period.

8. This acronym refers to a collaborative entity formed when two or more public agencies agree to exercise shared powers.

10. Small, non-public water providers that often require LAFCO coordination when service reliability becomes a concern (m_____ water systems).

12. A district with its own board, staff, and budget is known as this.

13. This growth boundary, usually adopted by cities and counties, help guide development patterns, _____ limit line.

15. An application requesting a jurisdictional change is called this after it is deemed complete by LAFCO.

DOWN

1. Legal authority over territory or services is referred to by this term.

3. The person or agency submitting a proposal is known as this.

5. This acronym is for the California statute that gives LAFCOs all its powers.

6. These authorized "powers" are unused services but can be activated with LAFCO approval.

9. When a district begins providing a new service, this is occurring.

10. This acronym is for the comprehensive study which evaluates how well agencies deliver services.

11. When an agency is fully responsible for environmental review under CEQA they are considered this.

14. Annexing these types of unincorporated pockets surrounded by a city is known as this.

LAFCO Double Puzzle

Unscramble the words below to solve the coded phrase at the end.

MSEOCINRMOSI

16

EEXICOCFTVEUREIF

3 2

ASYLTAN

1

LCKRE

5

LCOAFAC

7 10

RHSEPSE

6

TNAIOLOINDOCS

8

NNITZEROIGAORA

9

TOANEIXNNA

4 13 14 18 12

RIOCAPOTRNNOI

11 17 15

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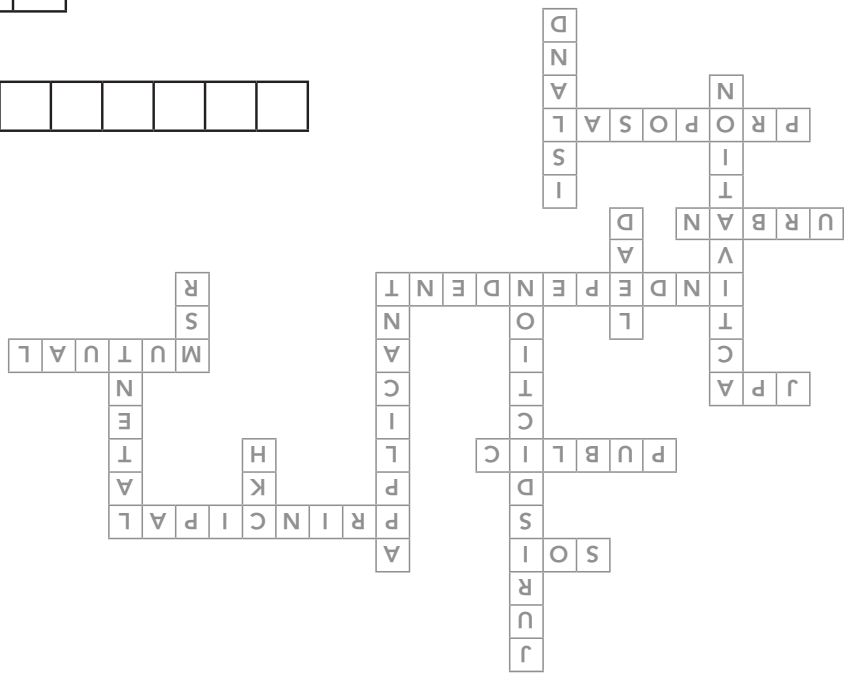
1 2 3 4 5 6 7 8 9 10 11 12

13 14 15 16 17 18



Answers

COMMISSIONER

EXECUTIVE OFFICER

ANALYST

CLERK

CALAFCO

SPHERES

CONSOLIDATION

REORGANIZATION

ANNEXATION

INCORPORATION

YOU ARE A LAFCO

EXPERT!


EXPLORATIONS AND SURVEYS
FOR A
R.R. ROUTE FROM THE MISSISSIPPI RIVER
TO THE
PACIFIC OCEAN.
WAR DEPARTMENT.
GEOLOGICAL MAP
OF A PART OF THE STATE OF
CALIFORNIA
EXPLORED IN 1853 BY
LIEUT. R. S. WILLIAMSON U.S. TOP. ENGRS.
Prepared to accompany the report of
WILLIAM P. BLAKE
GEOLOGIST OF THE EXPEDITION.
Scale of Miles.
Lith. of Sarony, Major & Knapp N.Y.
Granitic and Metamorphic.
Erupted Granite and Syenite.
Serpentine, Trap, Greenstone and Porphyry.
Basaltic Lava. (Found on a table Land, or Plateau, at Fort Miller and at many points further north, not represented on the map.)
Metamorphic Slates, chiefly Clay Slate & Talcose Slate. (Auriferous.)
White and crystalline Limestone. (Metamorphosed.)
Tertiary and Quaternary. (The wash and detritus or drift of the Great Basin and the Coast slopes generally rests upon
Tertiary (Horizontal strata at Ocoya Creek, but upraised at other localities. Includes the San Francisco Sandstone.)
Alluvium.
GREAT BASIN
SACRAMENTO
STOCKTON
SAN FRANCISCO
MONTEREY
SAN DIEGO
Mt Shasta
Weaverville
Trinidad
Humboldt
Mendocino
Sonoma
Napa
Marysville
Downieville
Nevada
Grass Valley
Placerville
Columbia
Sonora
Mariposa
San Jose
Santa Cruz
San Juan
Soledad
San Antonio
San Miguel
San Luis Obispo
La Purissima
Santa Barbara
San Buenaventura
San Fernando
San Gabriel
San Bernardino
San Luis Rey
San Pasqual
Los Angeles
Woodville
Carmel
Oakland
Martinez
Benicia
Colonna
Auburn
Michigan City
Quicksilver Mine
Moquelumne Hill
Mt Diablo
Pt de los Reyes
Pt St Pedro
Pt Montara
Pt Pinos
Pt Carmel
Pt Sur
Pt Concepcion
Pt Hueneme
Pt Dume
Pt Fermin
Pt Loma
Pt Conception
Santa Rosa
Sta Inez
Sta Barbara
Sta Cruz Island
Anacapa
Catalina
Clear Lake
Eagle L.
Mud L.
Goose L.
Lower Klamath L.
Tule River
Trinity River
Eel River
Russian R.
Sacramento R.
San Joaquin R.
Mokelumne R.
Stanislaus R.
Tuolumne R.
Merced R.
Fresno R.
Kings R.
Kern R.
Tejon Pass
Walker's Pass
Owen's R.
Carson R.
Truckee R.
Walker's L.
Mono L.
Tulare L.
Buenaventura L.
Colorado River
Gila R.
Rio Virgen
Rio Colorado
Mojave R.
Williamson's R.
Yuma
Fort Yuma
Rio Gila
Colorado Desert
Valley of the Colorado
Agua Caliente
Warner's Pass
Big Laguna
Cape Tosko
Cape Colnett
Lost Coronado
Panamint Mts
Death Valley
Owen's Lake
Walker's Pass
Tejon Pass
Cajon Pass
San Gorgonio Pass
Warm & cold Springs
Deep Well
Aqua Caliente
Warner's Pass
Big Laguna
Rio Gila
Colorado River
Valley of the Colorado
Colorado Desert
Fort Yuma
San Diego
False Point
False Bay
Punta Loma