



LAFCO MEETING AGENDA

Wednesday, December 8, 2004

1:15 p.m.

**Chambers of the Board of Supervisors
70 West Hedding Street, First Floor, East Wing
San Jose, CA 95110**

CHAIRPERSON: Susan Vicklund-Wilson

COMMISSIONERS: Donald F. Gage, Linda J. LeZotte, Blanca Alvarado, John Howe

ALTERNATES: Pete McHugh, Chuck Reed, Terry Trumbull, Roland Velasco

The items marked with an asterisk (*) are included on the Consent Agenda and will be taken in one motion. At the beginning of the meeting, anyone who wants to discuss a consent item should make a request to remove that item from the Consent Agenda.

If you wish to participate in the following proceedings, you are prohibited from making a campaign contribution of more than \$250 to any commissioner or alternate. This prohibition begins on the date you begin to actively support or oppose an application before LAFCO and continues until three months after a final decision is rendered by LAFCO. No commissioner or alternate may solicit or accept a campaign contribution of more than \$250 from you or your agent during this period if the commissioner or alternate knows, or has reason to know, that you will participate in the proceedings. If you or your agent have made a contribution of more than \$250 to any commissioner or alternate during the twelve (12) months preceding the decision, in the proceeding that commissioner or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the commissioner or alternate returns the campaign contribution within thirty (30) days of learning both about the contribution and the fact that you are a participant in the proceedings.

Pursuant to Government Code Sections 56700.1 and 81000 et seq., any person or combination of persons who directly or indirectly contribute \$1,000 or more in support of or in opposition to a change of organization or reorganization that has been submitted to Santa Clara County LAFCO and will require an election must comply with the disclosure requirements of the Political Reform Act of 1974 which apply to local initiative measures. These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. Additional information about the requirements pertaining to the local initiative measures to be presented to the electorate can be obtained by calling the Fair Political Practices Commission at (916) 322-5660.

1. ROLL CALL

2. PUBLIC PRESENTATIONS

This portion of the meeting is reserved for persons desiring to address the Commission on any matter not on this agenda. Speakers are limited to THREE minutes. All statements that require a response will be referred to staff for reply in writing.

3. APPROVE MINUTES OF OCTOBER 13, 2004 MEETING

4. SKYVIEW DRIVE, DETACHMENT FROM SAN JOSE

Proposal by property owner for detachment of lands (APN 595-06-002) located at 15221 Skyview Drive from the City of San Jose.

Possible Action: Adopt resolution terminating detachment proceedings.

5. REVISION OF SERVICE REVIEW BOUNDARIES AND PRIORITIES

Possible Action: Consider recommendations on revisions to remaining service review boundaries and priorities.

6. AUTHORIZATION FOR DEVELOPING LAFCO POLICIES FOR ISLAND ANNEXATIONS

Possible Action: Authorize staff to develop local LAFCO policies for city annexations of unincorporated islands.

7. ADOPTION OF BOUNDARY AND SPHERE OF INFLUENCE (SOI) MAPS FOR SPECIAL DISTRICTS

Possible Action: Adopt maps depicting the boundaries and SOI of the following special districts: Purissima Hills County Water District, Guadalupe-Coyote Resource Conversation District and Loma Prieta Resource Conservation District

8. APPROVE 2005 LAFCO MEETING SCHEDULE

Possible Action: Adopt the schedule of meetings and filing deadlines for 2005.

9. APPOINTMENT OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2005

Possible Action: Appoint Chairperson and Vice-Chairperson for 2005.

10. EXECUTIVE OFFICER'S REPORT

10.1 Update on Countywide Water Service Review

For Information Only.

11. PENDING APPLICATIONS (Information Only)

11.1 Application for Formation of Redwood Estates Community Services District

12. WRITTEN CORRESPONDENCE

13. ADJOURN

Adjourn to the next regular business meeting on Wednesday, February 9, 2005.

NOTE TO COMMISSIONERS:

Upon receipt of this agenda, please contact LAFCO Clerk, Lena Vasquez at (408) 299-6415 if you are **unable** to attend the LAFCO meeting.

In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Clerk of the Board's Office 24 hours prior to the meeting at (408) 299-4321, TDD (408) 993-8272.

Local Agency Formation Commission of Santa Clara County

MINUTES - WEDNESDAY, DECEMBER 8, 2004

1. ROLL CALL

The Local Agency Formation Commission (LAFCO) of Santa Clara County convenes the 8th day of December 2004 at 1:17 p.m. in the Chambers of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California, with the following members present: Chairperson Susan Vicklund Wilson, Commissioners Donald Gage, John Howe, and Linda J. Lezotte. Commissioner Alvarado arrives at 1:21 p.m.

The LAFCO staff in attendance includes Neelima Palacherla, LAFCO Executive Officer; Kathy Kretchmer, LAFCO Counsel; Dunia Noel, LAFCO Analyst; and Ginny Millar, LAFCO Surveyor.

The meeting is called to order by Chairperson Wilson and the following proceedings are had, to wit:

2. PUBLIC PRESENTATIONS

There are no public presentations.

3. APPROVE MINUTES OF OCTOBER 13, 2004 MEETING

On motion of Commissioner Gage, seconded by Commissioner LeZotte, it is unanimously ordered that the minutes of October 13, 2004 be approved, as submitted.

4. 15221 SKYVIEW DRIVE, DETACHMENT FROM SAN JOSE

Proposal by property owner for detachment of lands (APN 595-06-002) located at 15221 Skyview Drive from the City of San Jose.

Neelima Palacherla, LAFCO Executive Officer, informs the Commission that she is in receipt of the application for this detachment as well as the resolution from the City of San Jose opposing the detachment. Further, she states that LAFCO staff recommends that the proceedings for the detachment be terminated.

On motion of Commissioner Gage, seconded by Vice-Chairperson Howe, it is unanimously ordered that the resolution terminating the detachment proceedings of 15221 Skyview Drive from San Jose be adopted.

5. REVISION OF SERVICE REVIEW BOUNDARIES AND PRIORITIES

Ms. Palacherla announces that in 2002, LAFCO adopted priorities and boundaries regarding service reviews and how they should be conducted in Santa Clara County. She reports that LAFCO has completed the Countywide Fire Service Review and that staff is in the process of conducting the Water Service Review. She states that following the Water Service Review, LAFCO would conduct four sub-regional service reviews, which will be for the north, south, central and west valley areas of the County.

Staff is proposing to revise this so that only two service reviews would be required. The first would combine the central and south areas into one region, and the second would combine the north and west into another region. Ms. Palacherla points out that the sub-regional service reviews will be conducted in a more timely and efficient manner and will enable staff to address issues regarding South County and Coyote Valley.

Ms. Palacherla requests that LAFCO authorize revisions to the service review boundaries, to conduct South and Central County service reviews upon completion of the water service review, followed by the North County and West Valley service reviews.

Commissioner Wilson inquires whether sub-regional service reviews are being conducted by other LAFCOs. Ms. Palacherla responds that some LAFCOs are conducting regional service reviews and others are conducting city/agency service reviews.

On motion of Commissioner Gage, seconded by Commissioner LeZotte, it is unanimously ordered that the revisions to the service review boundaries be approved.

6. AUTHORIZATION FOR DEVELOPING LAFCO POLICIES FOR ISLAND ANNEXATIONS

Ms. Palacherla requests that LAFCO authorize staff to develop local LAFCO policies on local island annexations. She explains that State law provides a two-year window of opportunity to conduct streamlined pocket annexations. She explains that the County Planning Office has developed maps that will be included in the distribution to each city to further assist in this process. Ms. Palacherla requests that LAFCO authorize development of local policies and states that prior to public hearing, staff will distribute these policies to the cities to obtain comments from city staff.

Commissioner Howe inquires whether LAFCO staff has reviewed the expense that the cities will incur from annexation fees. Ms. Palacherla responds that staff will provide

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information on the annexation processing costs. Commissioner Howe suggests that this issue be included when the motion is made.

Commissioner Alvarado requests that staff return to LAFCO with the policy and information on acreage for each city. Ms. Palacherla states that the number of pockets is based on the maps that will be reconfirmed by the County Surveyor prior to final distribution. She continues by stating that LAFCO staff will send the maps to the cities, and the cities can decide which pockets would qualify for the streamlined annexation process based on criteria in State law.

In response to an inquiry by Commissioner Gage regarding whether or not excessive amounts of industrial land could prevent pockets from being annexed, Ms. Palacherla explains that these pockets are all within the Urban Service Area (USA).

Commissioner LeZotte expresses agreement with Commissioner Howe regarding the LAFCO fees and inquires whether the maps will be distributed with the policy so that her staff can review them. Ms. Palacherla informs the Commission that she plans to send a draft of the policies and maps to the cities at the same time. Commissioner Wilson points out that, in the past, the process to annex pockets 75 acres or less was not accomplished due to opposition in the San Jose area.

Commissioner Alvarado points out that the County has an agreement with the City of San Jose to annex pockets and suggests that Kathy Kretchmer, LAFCO Counsel, review what the impact will be for the City. Ms. Kretchmer responds that staff will make reference to that agreement in a letter to the City when the maps and policies are distributed.

Commissioner LeZotte inquires when the maps and policies will be distributed and who will receive them. Ms. Palacherla informs the Commissioners that staff anticipates distribution within the next two to three weeks and that the recipients will be planning directors and city managers. She adds that a compact disk may also be available upon request.

On motion of Commissioner Alvarado, seconded by Commissioner Howe, it is unanimously ordered that LAFCO authorize staff to develop LAFCO policies for city annexations of unincorporated islands, review the impact of costs to the cities, and that the policies and maps be distributed at the same time.

7. **ADOPTION OF BOUNDARY AND SPHERE OF INFLUENCE (SOI) MAPS FOR SPECIAL DISTRICTS**

Dunia Noel, LAFCO Analyst, reports that LAFCO staff has developed district boundary and SOI boundary maps for special districts in Geographical Information System (GIS). She states that the maps are for Purissima Hills County Water District and two resource conservation districts, Loma Prieta Resource Conservation District and the Guadalupe Coyote Resource Conservation District that serve various parts of Santa Clara County. These will be used in the current water service review. She comments that, in the past, LAFCO staff did not have access to these maps and that the three maps have been prepared using various information sources.

Ms. Noel informs the Commissioners that the maps have been reviewed and agreed upon by district staff and are current as of December 8, 2004. She refers to the maps posted on the wall and explains the details of the boundaries. She comments that LAFCO staff has worked closely with staff from the special districts to confirm the boundaries.

Commissioner LeZotte recommends that this item be held to the next LAFCO meeting, and that her staff would like to review the maps first. Commissioner Howe suggests that the maps be reproduced and distributed to the Commissioners.

In response to an inquiry by Commissioner Alvarado, Ms. Palacherla confirms that the maps will be used for the service review. Further, she states that she would like to have the maps adopted today so that LAFCO staff can forward them to the consultants to include as part of the water service review and that the water service review draft report is planned to be distributed in January. She points out that several years ago funding had been reduced from the County Surveyor's Office resulting in the maps not being maintained by the County Surveyor's Office or by special districts. Therefore, LAFCO staff has taken responsibility for developing the maps in GIS and to maintain them for future use. She continues by stating that as annexations and detachments become finalized, LAFCO staff plans to continue maintaining these maps and posting them on the LAFCO website as a resource. Ms. Palacherla requests that any questions or concerns by city staff regarding the maps be directed to her or Ms. Noel.

On motion of Commissioner Alvarado, seconded by Commissioner Gage, it is unanimously ordered that the boundary and SOI maps for special districts be adopted.

8. APPROVE 2005 LAFCO MEETING SCHEDULE

On motion of Commission Gage, seconded by Commissioner Alvarado, it is unanimously ordered that the 2005 LAFCO meeting schedule and application filing deadlines be approved.

9. APPOINTMENT OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2005

On motion of Commissioner LeZotte, seconded by Commissioner Alvarado, it is unanimously ordered that Commissioner Howe be appointed Chairperson and Commissioner Gage be appointed as Vice-Chairperson for 2005.

10. EXECUTIVE OFFICER'S REPORT

10.1 Update on Countywide Water Service Review

Ms. Noel summarizes that the major stakeholders have been contacted regarding the progress on the Countywide Water Service Review. She states that in October, presentations were made to the Santa Clara County Water Retailers Group, Santa Clara County/Cities Public Works Officials Association and Santa Clara County/Cities Managers Association. The presentations included a brief review regarding the purpose of LAFCO service reviews, legal requirements for service reviews as well as the scope and expected outcome of the service reviews.

Ms. Noel continues by stating that preliminary issues were identified and that the next step will be a mid-December release of LAFCO's draft Countywide Water Service Review to water agencies for their comments. She notes that LAFCO staff and consultants will consider all comments received on the draft report and that the report will be revised as necessary. She informs the Commissioners that the report will be released in mid-January for public review and comments. Further, she comments that LAFCO expects to hold a public hearing in February to address the reviewed draft report to solicit additional comments. She concludes by stating that LAFCO staff anticipates a public hearing to be held in April to adopt the final service review report and subsequently begin the revisions for the spheres of influence for the different water districts.

11. PENDING APPLICATIONS

11.1 Application for Formation of Redwood Estates Community Services District (RECS)

Ms. Palacherla reports that currently, there is one pending application for RECS that was received and an update was provided at the October 13, 2004 LAFCO meeting. She notes that the application is incomplete due to several items that are still needed and that there may be

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changes to the project. She comments that staff received a letter from six mutual water companies in Santa Cruz expressing their interest in the proposal.

Ms. Palacherla informs the Commissioners that the next step will be to arrange a meeting with all mutual water companies in Santa Cruz and Santa Clara Counties. Options to achieve mutually agreed objectives will be discussed and what the pros and cons for each option will be. Further, she states that LAFCO staff believes that detailed analysis will be needed and that a professional with expertise in this area would be required to assist in the decision-making and feasibility of each option.

12. WRITTEN CORRESPONDENCE

There is no written correspondence.

13. ADJOURN

On motion of the Chairperson, there being no objection, the meeting is adjourned at 1:55 p.m. to the next regular meeting scheduled to be held on Wednesday, February 9, 2005 at 1:15 in the Chamber of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California.

Susan Vicklund-Wilson, Chairperson
Local Agency Formation Commission

ATTEST:

Lena Vasquez, LAFCO Clerk

LAFCO Meeting: December 8, 2004
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer *NP*
SUBJECT: **Skyview Drive, Detachment from San Jose**
Agenda Item # 4

STAFF RECOMMENDATION

Staff recommends that the Commission adopt a resolution (Attachment C) to terminate the proceedings for the detachment from San Jose, of property located at 15221 Skyview Drive. (APN: 595-06-002)

PROJECT DESCRIPTION AND BACKGROUND

LAFCO received an application by petition of property owners for detachment from the City of San Jose of property located at 15221 Skyview Drive, San Jose. (See Attachment A for map of area) This property is located within the City's sphere of influence but outside its urban service area. The property is however surrounded on three sides by the City of San Jose.

Section 56751 of the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 requires that applications for reorganizations involving detachment of territory from a city be placed on the agenda of the next LAFCO meeting for informational purposes and requires a copy of the proposal to be forwarded to the city from which the detachment is requested. The law also provides that if within 60 days of placing the item on the LAFCO agenda, the city adopts and transmits to LAFCO a resolution requesting termination of proceedings, then LAFCO shall terminate the proceedings upon receipt of the resolution.

The proposal was placed on LAFCO's October Meeting Agenda as an informational item. Staff forwarded a referral of the application to San Jose. The City Council on October 12, 2004, adopted a resolution in opposition to the detachment and transmitted it LAFCO. (See Attachment B for City of San Jose Resolution #72358) Pursuant to State law, LAFCO must terminate the detachment proceedings based on the City's opposition.

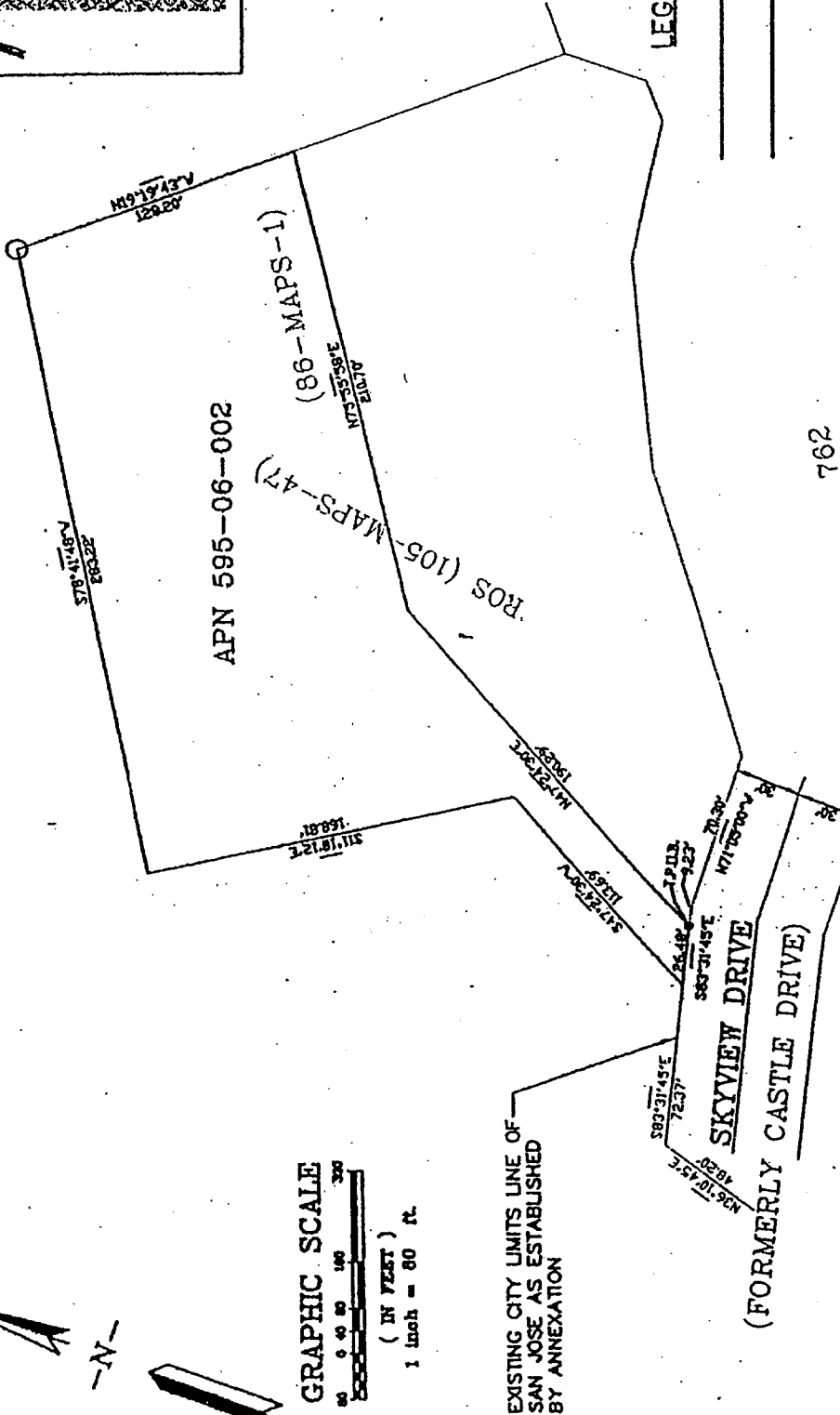
ATTACHMENTS

- Attachment A: Map of Proposal
- Attachment B: San Jose City Council Resolution #72358 opposing detachment
- Attachment C: LAFCO Resolution terminating proceedings

DEANNEXATION MAP



LOCATION MAP
NTS



LEGEND

- _____ BOUNDARY LINE OF PROPOSED ANNEXATION
- _____ EXISTING CITY LIMITS LINE

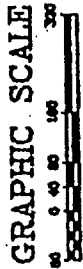
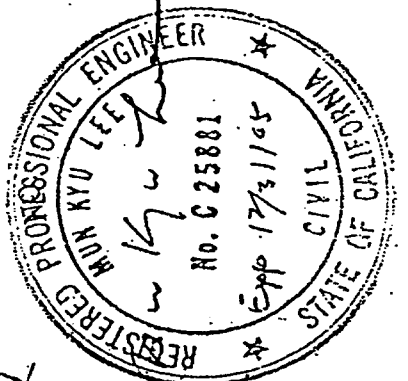
EXHIBIT B

PROPOSED DEANNEXATION
TO COUNTY OF SANTA CLARA
ENTITLED _____

DATE: 8/8/04 SCALE: 1" = 80'

BY: FH

LEE ENGINEERS, INC. 1211 PARK AVE SUITE 112, SAN JOSE, CA 95126



EXISTING CITY LIMITS LINE OF
SAN JOSE AS ESTABLISHED
BY ANNEXATION

SKYVIEW DRIVE
(FORMERLY CASTLE DRIVE)

TRACT

762

EXHIBIT "A"

DEANNEXATION TO – COUNTY OF SANTA CLARA
APN 595-06-002

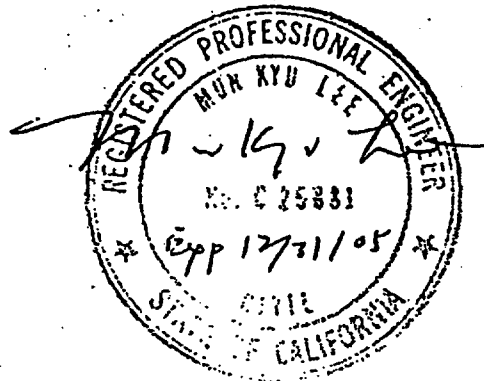
NAME OF DEANNEXATION _____

DATE 08-08-04

The land referred to herein is situated in the State of California, County of Santa Clara, city of San Jose (and is described as follows)

Beginning at the point of intersection of the Northeasterly line of Skyview Drive (Formerly Castle Drive) with the northwesterly line of lot 9 as said Drive and Lot are shown upon the Map of Tract No. 762, Sierra Heights, which said Map was filed for record in the office of the Recorder of the County of Santa Clara, State of California, on May 29, 1951 in Book 33 of Maps, at pages 38 and 39, records of said County; running thence along the Northeasterly lines of Skyview Drive (Formerly Castle Drive), $N71^{\circ}05'00''W$, 70.30' to an angle point therein and $N83^{\circ}31'45''W$, 9.23' to the True Point of Beginning of this description; thence leaving said line Northeasterly line of running $N47^{\circ}24'30''E$, 190.29' and $N75^{\circ}55'58''E$, 210.70' to a point on the Northeasterly line of that certain 5 acre parcel of land shown on the Record of Survey filed for recording the office of the Recorder of the County of Santa Clara, State of California on September 5, 1957 in Book 86 of Maps, at page 1, records of said County; running thence along said last named line $N19^{\circ}19'43''W$, 128.20' to an iron pipe set at the most Northerly corner of said 5 acre parcel; running thence along the Northwesterly line of said 5 acre parcel $S78^{\circ}41'48''W$, 283.22'; thence leaving said line and running $S11^{\circ}18'12''E$, 168.81' and $S47^{\circ}24'30''W$, 113.69' to a point on said Northeasterly line of Skyview Drive (Formerly Castle Drive); thence running along said last named line $S83^{\circ}31'45''E$, 26.48' to the true point of beginning, containing 1.00 acre as surveyed in April 1959 by Robert W. Tonkin, Land Surveyor, and being a portion of Pueblo Tract No. 1; San Jose, City Lands.

APN 595-06-002





CITY CLERK

CITY OF SAN JOSÉ, CALIFORNIA

Office of the City Clerk
801 North First Street, Room 116
San José, California 95110
Telephone (408) 277-4424
FAX (408) 277-3285

ITEM No. 4
ATTACHMENT B

October 22, 2004

SANTA CLARA COUNTY
Neelima Palacheria
LAFCO Executive Officer
70 West Hedding
San Jose, CA 95110

At its October 12, 2004 meeting, the City Council directed the City Clerk to forward Resolution No. 72358 to the Executive Officer of the Local Agency Formation Commission of Santa Clara County. A certified copy of said resolution is attached.

Lee Price
City Clerk

Attachment

RESOLUTION NO. 72358

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE INDICATING THE OPPOSITION OF THE CITY OF SAN JOSE TO A PROPOSED REORGANIZATION OF TERRITORY INVOLVING THE DETACHMENT OF CERTAIN REAL PROPERTY LOCATED AT 15221 SKYVIEW DRIVE (APN 595-06-002) AND DIRECTING THE CITY CLERK TO TRANSMIT TO AND FILE WITH THE EXECUTIVE OFFICER OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CLARA COUNTY ON OR BEFORE OCTOBER 19, 2004 A CERTIFIED COPY OF THIS RESOLUTION

WHEREAS, on August 31, 2004, the Planning Division of the Department of Planning, Building and Code Enforcement of City received a certain Notice of Filing of Application with the Local Agency Formation Commission of Santa Clara County ("LAFCO") for the proposed detachment from City of certain real property located at 15221 Skyview Drive, in the City of San Jose, County of Santa Clara, State of California (APN 595-06-002), which real property is more fully described on Exhibit "A" attached hereto and incorporated herein by this reference and shown upon that certain map attached hereto as Exhibit "B" and incorporated herein by this reference (the "Property"); and

WHEREAS, the Property was annexed to the City of San Jose in 1960 as a part of Penitencia No. 14, is located within the Sphere of Influence of the City, has been designated by City as Non-Urban Hillside on the City's General Plan Land Use/Transportation Diagram, and has been zoned by City as R-1-1 Single Family Residence District which zoning district generally allows single family residence uses on the Property; and

WHEREAS, City's Department of Public Works has determined that the Property is located within a geological hazard and landslide zone; and

RD:RNG
10/12/2004

WHEREAS, the Property is located outside of City's Urban Service Area and outside of City's Urban Growth Boundary such that the Property is therefore ineligible to receive municipal services such as sanitary sewer services; and

WHEREAS, the Property is substantially surrounded by City territory on three (3) sides, to the south, east and north of the Property; and

WHEREAS, California Government Code Section 56751 (a portion of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) provides that if a city from which a detachment of territory is proposed timely adopts and transmits to LAFCO a resolution requesting termination of detachment proceedings, then LAFCO shall terminate such proceedings upon receipt of such resolution; and

WHEREAS, the City desires to transmit to LAFCO a request to terminate detachments proceedings for the Property for the reasons set forth hereinbelow and believes it is in the best interests of City to do so.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

SECTION 1. The City Council hereby opposes the proposed detachment of the Property from the City and requests that LAFCO terminate proceedings to detach the Property from the City for the following reasons:

- A. The Property is substantially surrounded by City territory to the south, east and north of the Property, such that the area would qualify for re-annexation to the City in the future with any intervening development having occurred under County governance and standards.
- B. Detachment of the Property would expand an existing island of unincorporated territory to the west of the Property and would create a corridor or strip of

RD:RNG
10/12/2004

unincorporated land between two (2) adjacent parcels located within the City, contrary to the general goals of LAFCO to discourage the creation or expansion of such islands.

- C. The Property is located in a geological hazard and landslide zone, and the City is concerned that any development of the Property occur in accordance with City's General Plan, Zoning ordinance and Public Works standards for development in geologically sensitive or hazardous areas.

SECTION 2. The City Council hereby directs the City Clerk to transmit and file a certified copy of this Resolution to and with the Executive Officer of LAFCO on or before October 19, 2004.

ADOPTED this 12th day of October, 2004, by the following vote:

AYES: CAMPOS, CHAVEZ, CHIRCO, CORTESE, DANDO,
GREGORY, LeZOTTE, REED, YEAGER, GONZALES

NOES: NONE


ABSENT: WILLIAMS

DISQUALIFIED: NONE



RON GONZALES
Mayor

ATTEST:



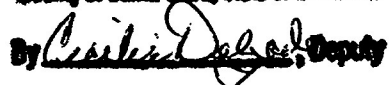
LEE PRICE, CMC
City Clerk

**The foregoing instrument is
a correct copy of the original
on file in this office.**

Attest:

**LEE PRICE
City Clerk**

**City Clerk of the City of San Jose
County of Santa Clara, State of California**

By  Deputy

RESOLUTION NO. _____

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SANTA CLARA TERMINATING PROCEEDINGS
FOR THE DETACHMENT OF PROPERTY LOCATED AT
15221 SKYVIEW DRIVE FROM THE CITY OF SAN JOSE**

RESOLVED by the Local Agency Formation Commission of the County of Santa Clara, State of California, that

WHEREAS, the Commission received an application by petition of property owners for detachment from the City of San Jose of property located at 15221 Skyview Drive, San Jose (APN 595-06-002), which property is more fully described in Attachment A hereto; and

WHEREAS, pursuant to Government Code Section 56751 the proposal was placed on the agenda of the October meeting for informational purposes and the proposal was forwarded to the City of San Jose for comment; and

WHEREAS, pursuant to Government Code Section 56751, if a city from which a detachment of territory is proposed timely adopts and transmits to the Commission a resolution requesting termination of the detachment proceedings, then the Commission must terminate the proceedings; and

WHEREAS, the City of San Jose send the resolution requesting the termination of the detachment proceedings to the Commission on a timely basis, which resolution is Attachment B hereto;

NOW THEREFORE, the Local Agency Formation Commission of the County of Santa Clara does hereby resolve, determine, and order as follows:

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SECTION 1:

The proceedings for the detachment of property located at 15221 Skyview Drive (APN 595-06-002) from the City of San Jose are hereby terminated.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Clara, State of California, on December 8, 2004 by the following vote:

AYES: Commissioners

NOES: Commissioners

ABSENT: Commissioners

CHAIRPERSON
Local Agency Formation Commission

ATTEST:

LENA VASQUEZ
LAFCO Clerk

APPROVED AS TO FORM AND LEGALITY:



KATHY KRETCHMER
LAFCO Counsel

LAFCO Meeting: December 8, 2004

TO: Local Agency Formation Commission for Santa Clara County

FROM: Neelima Palacherla, Executive Officer *up*
Dunia Noel, LAFCO Analyst

**SUBJECT: Changes to Service Review Boundaries and Priorities
Agenda # 5**

RECOMMENDATION

1. Service Reviews Boundaries

Authorize staff to combine the four established sub regional service reviews into two sub-regional service reviews (See Attachment B for map):

1. South County and Central County sub-region
2. North County and West Valley sub-region. (The City of Campbell will be included in this region)

A comprehensive review of all services (excluding fire protection and water services) within these two regions will be conducted.

2. Service Reviews Priorities

Following the Countywide water service review that is currently in progress, establish sub-regional service review priorities as follows:

Priority #1 – South County and Central County Service Review

Priority #2 – North County and West Valley Service Review

BACKGROUND

In August 2002, the Commission established boundaries and priorities for how service reviews should be conducted in Santa Clara County. The Commission authorized staff to conduct four sub-regional service reviews (one each for the south county, west valley, north county and central county) upon completion of the two countywide service reviews for fire protection and water services. At that time, LAFCO staff and the Commission recognized that as the reviews proceed, it might become necessary to take into consideration current circumstances and revisit how future service reviews should be organized and prioritized.

So far, LAFCO has completed a countywide service review for fire protection services and LAFCO's consultant is half way through completing a countywide

service review for water services. LAFCO's next priority is to begin conducting sub-regional service reviews (North County, South County, West Valley, and Central County).

Based on the experience of conducting these first two service reviews and the current events, staff is proposing that the priorities for and the organization of the remaining service reviews be modified. Staff is recommending that the remaining four sub regional service reviews be combined so that only two sub regional service reviews will be needed. That is, staff is recommending that the South and Central County service reviews be combined into one sub region and be conducted as the first sub regional service review and the West and North county service review be combined and be conducted as the second. As we have seen, the service review process can be complex and time consuming, since it involves several phases including selecting appropriate consultants, establishing an advisory group of stakeholders, formulating questionnaires, collecting information, and seeking input from affected agencies, preparing the reports and holding public hearings. Staff believes that the remaining service reviews will be more efficient and timely if the number of service reviews were reduced from four to two.

Staff is expecting to receive some major applications from the South County and Central County region in the near future. Major applications such as an application for incorporation of the San Martin community or the upcoming USA expansion request from San Jose to accommodate development of Coyote Valley would require service reviews to be conducted. In addition, there are landuse or boundary and service issues in the region that should be addressed, such as the Holiday Lake Estates area in Morgan Hill and Milpitas's urban service area retraction to be consistent with its urban growth boundary. Recently, issues and concerns have been raised about the ability of small special districts to continue to function under increased state requirements and shrinking boundaries. For these reasons, staff is recommending that the South and Central County Service review be given first priority.

Lastly, in August 2002, LAFCO received a letter (Attachment C) from Sharon Fierro, City of Campbell Community Development Director, requesting that the City of Campbell be included in the West Valley Sub-Region rather than the Central County Sub-Region as they were more affiliated with the West Valley region. The request was received after LAFCO had adopted boundaries for Service Reviews. LAFCO staff contacted City staff and stated that LAFCO would consider their request prior to beginning the West Valley Sub-Regional Service Review. Therefore we now recommend that the City of Campbell be included in the North County and West Valley Sub-Regional Service Review as requested.

LAFCO staff estimates that the first sub regional service review will begin in early 2005.

INFORMATION ON PROPOSED SERVICE REVIEW SUB-REGIONS

Central and South County Sub-Region

This region consists of the Cities of Milpitas, San Jose, Santa Clara, Morgan Hill, Gilroy, the unincorporated rural community of San Martin, and other unincorporated lands (both rural lands and "County Pockets").

The City of Santa Clara is fully developed and landlocked. The Cities of San Jose, Morgan Hill and Milpitas have an urban growth boundary that ~~limits~~ their ability to further expand their boundaries. This is the region in Santa Clara County that is likely to experience the most long-term growth. The Coyote Valley, located at the southern end of San Jose's Sphere of Influence, is likely to see significant land use changes. The City of San Jose is in the process of developing a specific plan for the area to include a new community consisting of 80,000 persons with 50,000 jobs and 25,000 housing units.

The cities in the sub-region provide sewer services to lands under their jurisdiction. In addition, small sanitary districts such as the Burbank Sanitary District, Sunol Sanitary District and the County Sanitation District 2-3 provide service to unincorporated areas within San Jose. Sewer service is generally not provided to unincorporated lands in South County. The South County Regional Waste Authority operates a sewage treatment plant that serves the cities of Morgan Hill and Gilroy.

For a complete list of cities/areas and special districts located within this region see *Table 1*.

North County and West Valley Sub-Region

This region consists of the Cities of Los Altos, Mountain View, Palo Alto, Sunnyvale, Campbell, Cupertino, Saratoga, Monte Sereno and the Towns of Los Altos Hills and Los Gatos, and unincorporated lands that are under the jurisdiction of the County of Santa Clara. Stanford University, which is primarily located in the unincorporated area, is also a large landowner in this sub-region. The sub-region is mostly fully developed, with the cities of Mountain View and Sunnyvale landlocked. The unincorporated communities of Redwood Estates, Aldercroft Heights and Lake Canyon are located in this sub-region.

The three sewer service providers in the sub-region are the Cupertino Sanitary District, West Valley Sanitation District and the West Bay Sanitary District. These

districts provide services to cities in the sub-region as well as parts of the unincorporated county.

Land-use planning efforts in the sub-region include the recently completed general plan/use permit update for Stanford University's land. The Plan and Use Permit are now being implemented. A major planning effort is also underway for the Moffett Field Area that is located in both Mountain View and Sunnyvale. The Federal Government, who has jurisdiction over the area, is directing this planning effort.

For a complete list of cities/areas and special districts located within this Sub-Region see *Table 2*.

” ”

ATTACHMENTS

- Attachment A: Local Jurisdictions Within Each Sub-Region
- Attachment B: Map of Service Reviews Sub-Regions
- Attachment C: Letter from Sharon Fierro, City of Campbell Community Development Director, dated August 28, 2002.

TABLE 1: Local Jurisdictions in the Central and South County Region

CITIES AND OTHER AREAS	SPECIAL DISTRICTS
Gilroy	Burbank Sanitary District
Milpitas	Central Fire Protection District
Morgan Hill	County Sanitation District No. 2-3
San Jose	County Library Service Area
Santa Clara	Guadalupe Coyote Resource Conservation District
Unincorporated	Lion's Gate Community Services District
Coyote Valley	Loma Prieta Resource Conservation District
San Martin	Midpeninsula Regional Open Space District
	Pacheco Pass Water District
	San Martin County Water District
	Santa Clara County Open Space Authority
	Santa Clara County Vector Control District
	Santa Clara County Lighting Service Area
	Santa Clara Valley Transportation Authority
	Santa Clara Valley Water District
	Sunol Sanitary District
	South Santa Clara County Fire Protection District
	South Santa Clara Valley Memorial District
	West Valley Sanitation District

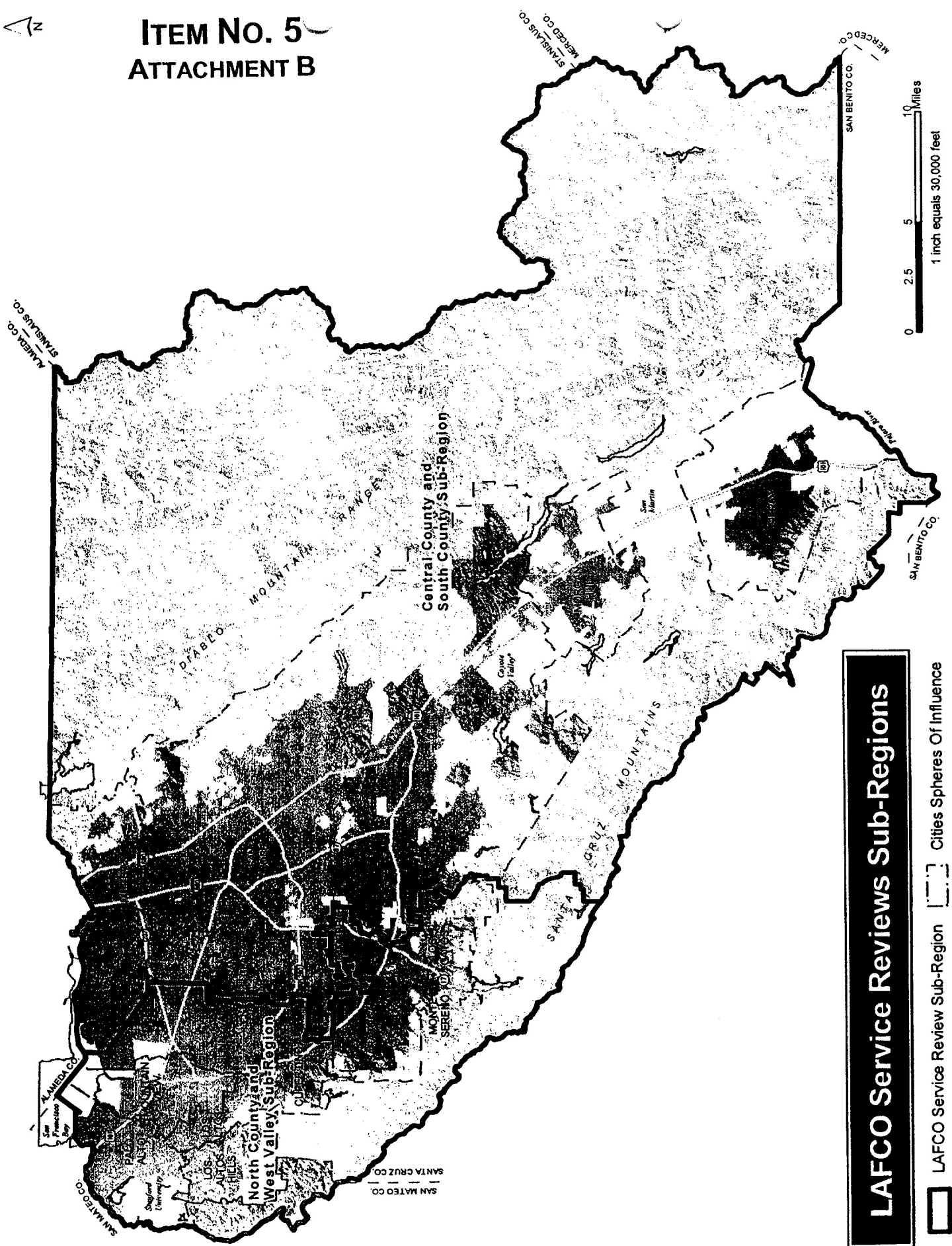
¹ Please note that some special district boundaries cover both service review sub-regions and therefore review and analysis of the services that the special district provides may be covered in more than one service review. Water and fire protection services have been covered in the countywide service reviews. That information, as necessary, will be included in the sub regional service reviews.

TABLE 2: Local Jurisdictions in the North County and West Valley Region

CITIES AND UNINCORPORATED AREAS	SPECIAL DISTRICTS
Campbell	Aldercroft Heights County Water District
Cupertino	Central Fire Protection District
Los Altos	County Library Service Area
Los Altos Hills	Cupertino Sanitary District
Los Gatos	El Camino Hospital District
Monte Sereno	Guadalupe Coyote Resource Conservation District
Mountain View	Lake Canyon Community Services District
Palo Alto	Los Altos Hills County Fire District
Saratoga	Midpeninsula Regional Open Space District
Sunnyvale	Purissima Hills County Water
Unincorporated	Rancho Rinconada Recreation and Park District
Moffett Field	Santa Clara County Vector Control District
Stanford	Santa Clara County Lighting Service Area
	Santa Clara Valley Transportation Authority
	Santa Clara Valley Water District
	Saratoga Cemetery District
	Saratoga Fire Protection District
	West Bay Sanitary District

¹ Please note that some special district boundaries cover both service review sub-regions and therefore review and analysis of the services that the special district provides may be covered in more than one service review. Water and fire protection services have been covered in the countywide service reviews. That information, as necessary, will be included in the sub regional service reviews.

ITEM No. 5
ATTACHMENT B



LAFCO Service Reviews Sub-Regions

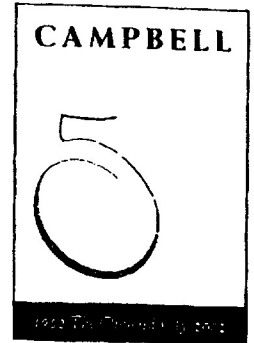
LAFCO Service Review Sub-Region
 Cities Spheres Of Influence

Aug 30 02 12:33P

**ITEM No. 5
ATTACHMENT C**



CITY OF CAMPBELL
Community Development Department



August 28, 2002

Ms. Dunia Noel, AICP
LAFCO Analyst
Local Agency Formation Commission
70 West Hedding Street, 11th Floor, East Wing
San Jose, CA 95110

Dear Ms Noel,

Thank you for considering Campbell's request to be placed in the West Valley Cities Service Boundary Area. Below please find a list of affiliations that Campbell participates in that reflect common interests with our smaller neighbors in the West Valley vicinity, which include Los Gatos, Saratoga, Monte Sereno, Cupertino and Campbell.

1. The West Valley Sanitation District.
2. West Valley Clean Water Program (stormwater)
3. Congestion Management Agency - represented by the West Valley delegate
4. West Valley Solid Waste Management Authority (solid waste Joint Powers Association)
5. Valley Transportation Agency (Their Board of Directors includes representatives from groups of Cities with common transportation interests. Campbell is a key member of the west valley grouping.)
6. West Valley Community College
7. West Valley Mayor and Managers Association - This organization meets monthly to discuss common issues.
8. Silicon Valley Animal Control Authority - consists primarily of West Valley Cities of Campbell, Los Gatos, Saratoga, Cupertino, Monte Sereno (with the addition of Santa Clara and Sunnyvale who may opt out to join San Jose's animal control program.)
9. League of Women Voters of Southwest Santa Clara Valley - This group covers Los Gatos, Saratoga, Monte Sereno and Campbell.
10. Santa Clara County Water District - West Valley Lower Peninsula Watershed
11. Fire Protection Services in Campbell are provided by Santa Clara County Fire Department, who also serves the West Valley Cities of Saratoga, Los Gatos, Cupertino and portions of Saratoga.

Please let me know if I can provide additional information.

Sincerely,

Sharon Fierro
Community Development Director

LAFCO Meeting: December 8, 2004
TO: Local Agency Formation Commission for Santa Clara County
FROM: Neelima Palacherla, Executive Officer *NP*
SUBJECT: **Development of LAFCO Island Annexation Policies**
Agenda # 6

RECOMMENDATION

Authorize LAFCO staff to develop local policies for island annexations.

BACKGROUND

Recent change in legislation provides a two-year window of opportunity for cities to annex urban unincorporated islands through a streamlined process that does not require protest proceedings or elections, provided the area meets specific criteria and is 150 acres or less. A letter was sent out to the cities with information about the limited time available to take advantage of this provision. (See Attachment A, for letter)

In order to facilitate island annexations, LAFCO staff is proposing that LAFCO develop policies for island annexations in Santa Clara County. LAFCO staff will develop draft policies and circulate a copy to the cities for their review and comment prior to the February LAFCO meeting, in order for the Commission to consider and adopt the policies at a public hearing in February 2005.

Several cities have recently expressed some interest in annexing unincorporated islands within their boundaries. Past annexation efforts have established the importance for collaboration among LAFCO, the cities and the County for successful island annexations.

The County Planning Office has produced a set of maps depicting unincorporated islands in each of the cities. These maps differentiate between the islands larger than 150 acres and those less than or equal to 150 acres. LAFCO staff will send a set of maps to each city for its review and use. Based on the maps, the table below lists the number of pockets in each category by city. It should be noted that not all of the pockets listed in the table or depicted on the maps may be urban or developed and therefore may not be eligible for annexation under the streamlined annexation process for islands under 150 acres. In some instances, the areas may

have been historically included within a city's urban service area for a specific purpose of perhaps allowing the city to have influence over future land use in the area. Some areas identified as pockets on the maps may be County parks and/or lands in public ownership. In other cases, local growth control measures and development ordinances may govern the timing and procedures for annexation of areas within a city's urban service area. Other areas such as Stanford University lands are precluded from annexation through joint agreements between Palo Alto, the University and the County. Each city should take a close look at the maps to determine which areas qualify for the streamlined annexation process.

Number of Unincorporated Islands in Santa Clara County

CITIES	150 ACRES OR LESS	GREATER THAN 150 ACRES
Campbell	3	0
Cupertino	10	2
Gilroy	9	0
Los Altos	2	1
Los Altos Hills	5	1
Los Gatos	17	3
Milpitas	6	2
Monte Sereno	3	0
Morgan Hill	19	1
Mountain View	7	0
Palo Alto	0	1 (Stanford University)
San Jose	68	8
Santa Clara	6	0
Saratoga	4	2
Sunnyvale	2	0
TOTAL	161	21

ATTACHMENTS

Attachment A: Letter from LAFCO staff to the cities, dated November 9, 2004

November 9, 2004

TO: City Council Members
Santa Clara County Board of Supervisors
City Managers and County Executive
City and County Planning Directors

FROM: Neelima Palacherla, LAFCO Executive Officer *up*

SUBJECT: **City Annexations of Unincorporated Islands
Streamlined Process in State Law**

I am writing on behalf of the Local Agency Formation Commission of Santa Clara County (LAFCO), to inform you about the changes in state law regarding city annexations of urban unincorporated islands.

New Law Increases Eligible Island Size from 75 acres to 150 acres

Currently, state law allows cities to annex urban unincorporated islands that are 75 acres or less and that meet certain criteria without requiring protest proceedings or elections. Recent legislation (SB 1266) signed by the Governor, will change the 75-acre requirement to 150 acres. This change will become effective on January 1, 2005 making it possible for more islands to qualify for this streamlined annexation process.

Background

Generally, the annexation law allows residents and/or landowners within the annexation area to protest the annexation. If there is less than 25% protest, the annexation passes. A protest level of 50% or more terminates the annexation. If the protest level is between 25 and 50%, an election must be held. A majority vote is then required for the annexation to be successful.

In 2000, the state legislature, recognizing the inherent inefficiencies of urban unincorporated islands, and in an effort to encourage their annexation, allowed for a simplified annexation process for the islands. AB 1555 allowed annexations of urban unincorporated islands that are 75 acres or less and that meet certain

criteria to be approved without protest or election. The 75-acre requirement will be changed to 150 acres on January 1, 2005, when SB 1266 becomes effective.

Criteria for Streamlined Island Annexation Process

As per Government Code Section 56375.3, island annexations may be approved without protest or elections if all of the following criteria are met:

- Annexation is proposed by resolution of the annexing city.
- The island is 150 acres or less.
- The island is surrounded or substantially surrounded by the annexing city or by the annexing city and adjacent cities.
- The island is not a gated community where services are currently provided by a community services district.
- The island is substantially developed or developing based on the availability of public utility services, presence of public improvements or the presence of physical improvements on the parcels within the area.
- The island is not prime agricultural land as defined in §56064.
- The island is receiving benefits from the annexing city or will benefit from the city.
- The island was not created after January 1, 2000.

Limited Time Period for Using Streamlined Annexation Process

This streamlined process without protest and election requirements is available only for a limited time period -- between January 1, 2000 and January 1, 2007. However, after January 1, 2007, not all provisions under this section expire. After January 1, 2007, protest proceedings will be required for these annexations but elections will not be needed. That is, if a majority protest is not received to defeat the annexation proposal, the annexation is approved without an election.
(§57080(b))

For More Information

If you have any further questions regarding this process or if you would like to discuss potential island annexations within your city, please do not hesitate to contact me at (408) 299-5127 or Dunia Noel, LAFCO Analyst at (408) 299-5148.

December 1, 2004

To: Local Agency Formation Commission of Santa Clara County

From: Neelima Palacherla, Executive Officer

Subject: **Maps for the Water and Resource Conservation Districts in Santa Clara County**

Agenda Item # 7

The staff report and maps for this item will be presented at the December 8, 2004 LAFCO Meeting.

**2005 SCHEDULE OF LAFCO MEETINGS
AND APPLICATION FILING DEADLINES**

FILING DEADLINE	LAFCO MEETING*
Wednesday, December 15, 2004	Wednesday, February 9, 2005
Wednesday, February 16, 2005	Wednesday, April 13, 2005
Wednesday, April 20, 2005	Wednesday, June 8, 2005
Wednesday, June 15, 2005	Wednesday, August 10, 2005
Wednesday, August 17, 2005	Wednesday, October 12, 2005
Wednesday, October 19, 2005	Wednesday, December 14, 2005

TIME OF MEETINGS:

1:15 PM

LOCATION OF MEETINGS:

Board of Supervisors' Chambers
County Government Center
70 West Hedding Street, 1st Floor
San Jose, CA 95110

FILING LOCATION:

LAFCO Office
70 West Hedding Street, 11th Floor
San Jose, CA 95110
(408) 299-6415

**Generally every second Wednesday of even months.*

December 1, 2004

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *NP*

SUBJECT: Appointment of 2005 Chairperson and Vice Chairperson
Agenda Item # 9

RECOMMENDATION

Appoint Commissioner John Howe as Chair and Commissioner Don Gage as Vice Chair.

DISCUSSION

Appointment of Chair and Vice Chair is made on a calendar year basis. LAFCO's rotation schedule is as follows:

City representative
County representative
San Jose representative
County representative
Public representative

The Chair for the previous year was Commissioner Susan Vicklund Wilson, public representative and the vice chair was Commissioner Howe, city representative. In accordance with the rotation schedule, staff recommends that LAFCO appoint Commissioner Howe as 2005 Chairperson and Commissioner Gage as Vice Chairperson.

December 1, 2004

TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: Executive Officer's Report
Agenda Item #10

10.1 Update on Countywide Water Service Review

LAFCO Staff and Consultants Update Stakeholder Groups on Countywide Water Service Review

LAFCO staff and Consultants updated the following stakeholder groups on the status of LAFCO's Countywide Water Service Review:

- Santa Clara County Water Retailers Group (October 20, 2004)
- Santa Clara County/Cities Public Works Officials Association (November 4, 2004, but may be postponed to December)
- Santa Clara County/Cities Managers Association (November 10, 2004)

The presentation included a brief review of the purpose of LAFCO's Service Reviews, legal requirements for service reviews, scope of service reviews, and the expected outcome of service reviews. The consultants then briefed each group about how water service agencies have been involved in the Water Service Review process, particularly through the use of the Water Service Review Technical Advisory Committee, consultant's interviews with water service agency staff, and agency's upcoming opportunity to review and comment on working drafts before the public review process begins. The consultants briefed the groups on the preliminary issues that they have identified including the following:

- Planning and growth impacts on groundwater supply and groundwater quality in South County,
- Groundwater contamination and methods for treatment and cost recovery,
- Mutual Water Companies and options for reorganization,
- Growth, development, and provision of water service in the Coyote Valley and San Martin areas,

- San Francisco Public Utility Commission – rates, supply, status of CIP Program,
- Out-of-area service and currently proposed annexations, and
- Role of recycled water in future development.

Next Steps

In mid-December Dudek & Associates will release a draft of LAFCO's Countywide Water Service Review to water service agencies for their review and comment. The report will be placed on Dudek's website (www.dudek.com) and agencies can download the document and submit their comments to LAFCO staff and the project's consultants.

LAFCO staff and consultants will carefully consider all comments received on the Draft Report and revise the Report as necessary. The Revised Draft Water Service Review Report will be released in mid January for public review and comment and LAFCO will hold a public hearing on the Revised Draft Report on February 9, 2005 to solicit additional comments. LAFCO staff will revise the Report as necessary. LAFCO will hold a public hearing in April 2005 in order to adopt the Final Water Service Review Report.

December 1, 2004

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: Application for Formation of Redwood Estates Community Service District (RECS D)

Agenda Item # 11.1

For Information Only

The purpose of this report is to provide the Commission with an update on the application received from Redwood Mutual Water Company for the formation of the Redwood Estates Community Services District (RECS D).

Current Status of Application

Application for Formation of Redwood Estates Community Services District

LAFCO staff reported at the October 13, 2004 LAFCO meeting that LAFCO has received an application from the Redwood Mutual Water Company (RMWC) for the formation of the Redwood Estates Community Services District (RECS D). Upon receiving that application, LAFCO staff sent a notice to all affected agencies including Santa Cruz LAFCO and private and public water service agencies, notifying them of the proposal.

Redwood Mutual Water Company provides retail water to the Redwood Estates Community and wholesale water to several other mutual water companies in Santa Cruz and Santa Clara counties. It proposes to continue to provide wholesale water to these mutual water companies upon forming the Redwood Estates Community Services District. In addition to wholesale and retail water service, RMWC is proposing that the newly formed CSD provide additional services such as, road maintenance, collection and disposal of storm water, and community recreation to the Redwood Estates Community. See Attachment A for map of the proposed boundaries of the RECS D and Attachment B for a listing of the various mutual water companies that receive service from the RMWC.

RMWC would like to form the RECSO in order to ensure that the agency is eligible for Federal Emergency Management Agency funding and Office of Emergency Services grants and loans following a natural disaster. The applicant indicates that as a public agency, it would become eligible for obtaining disaster relief funding. Both RMWC and neighboring mutual water companies suffered severe damage to their respective water systems as a result of the 1989 Loma Prieta earthquake.

Application is Incomplete at this Time

At the October 2004 LAFCO meeting, staff stated that they anticipated that the project would be agendaized for December 8, 2004 LAFCO meeting. However, the application is incomplete at this time and will not be heard at the December 8, 2004 LAFCO meeting. LAFCO staff has been working closely with RMWC staff and has requested that Redwood Mutual Water Company provide LAFCO staff with the following information in order to continue the application process:

- Revised description of services with a listing of the services to be provided by the CSD and a plan for providing the services,
- Feasibility study and the development of first two or three projected annual budgets for the proposed CSD,
- Finalized draft agreement between the Mutual Water Company and the proposed CSD to augment the statements in the budget that the RMWC's assets and reserves etc. will be transferred to the new CSD, and
- Information on the different boundary / service options for the CSD.

Six Mutual Water Companies in Santa Cruz County Have Expressed Interest in Joining Current Application or a Modified Application

Additionally, in mid November LAFCO staff received a joint letter (Attachment C) from the six mutual water companies in Santa Cruz County, stating their interest in participating in the formation of the Redwood Estates Community Services District. These six mutual water companies currently receive wholesale water from Redwood Mutual Water Company that they then retail to the residents of several Santa Cruz mountain communities. These six mutual water companies would like to be included in the boundaries of district encompassing all of the current and obligated users of the Montevina Pipeline, because the district would give equal representation and shared responsibility for all users of this essential resource (Montevina Pipeline). The Montevina Pipeline is currently managed and maintained by RMWC.

Next Steps

LAFCO staff from both counties will work collaboratively with the applicant and the neighboring mutual water companies in trying to address the needs of all involved. The next step is to identify various district formation options that could potentially address the needs of all parties involved. LAFCO staff in collaboration with Santa Cruz LAFCO staff will identify pros and cons for each option as well as issues that require further

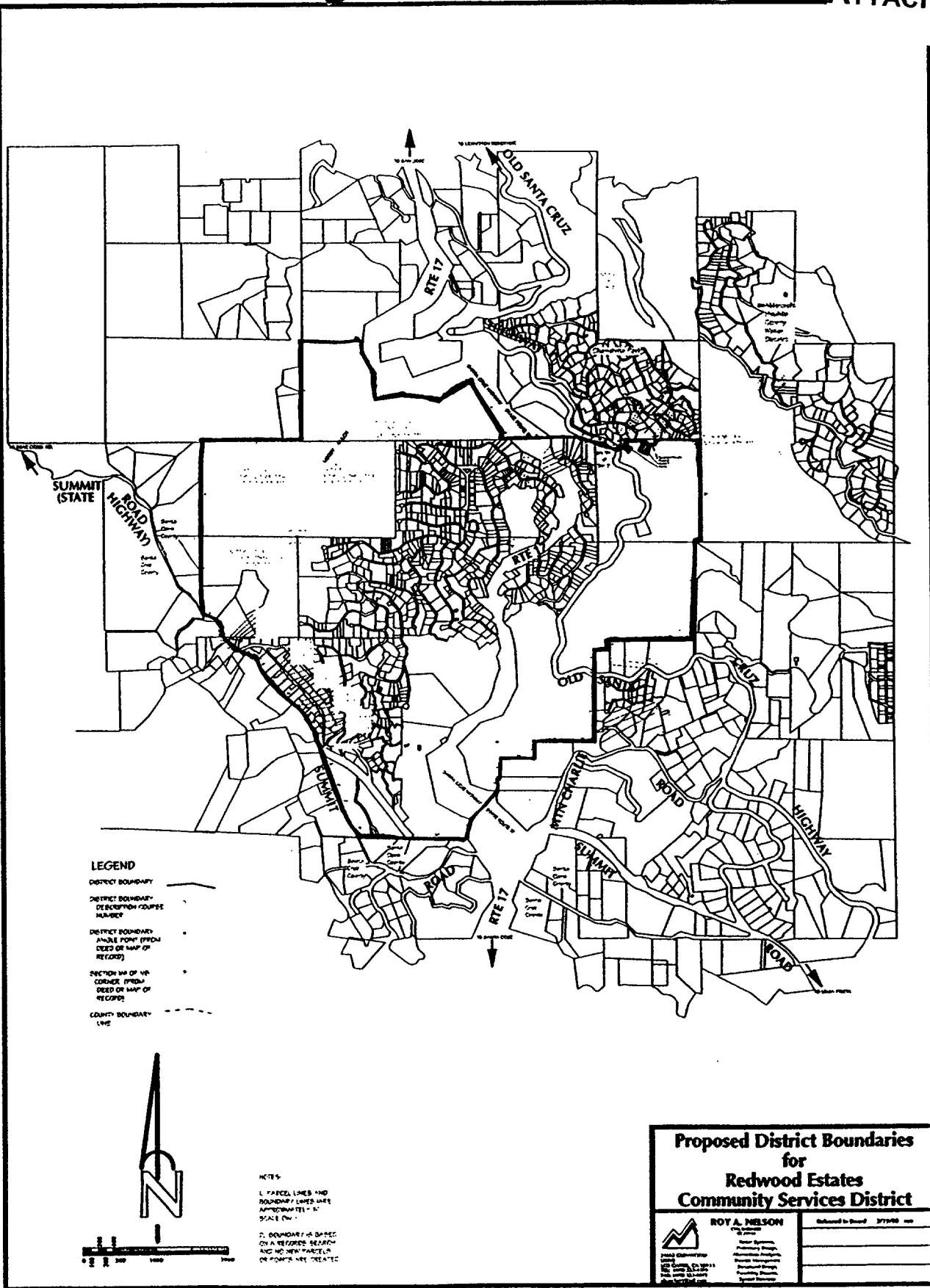
information and/or analysis. A joint meeting will soon be held to discuss these options with the parties.

Professional Expertise Required

LAFCO staff believes that a great deal of analysis must be completed before the parties can select a preferred option. LAFCO staff believes that this type of analysis requires professional expertise that neither LAFCO's staff nor the parties involved possess. We recommend that if the parties involved decide to pursue an option that involves the formation of a new district, they seek the assistance of a consulting firm that has recent experience forming community service districts, community service districts with service zones, water districts, and two-county water districts.

Attachments

- Attachment A: Map of the proposed district boundary
- Attachment B: Table of Connections and Infrastructure
- Attachment C: Mutual Water Companies in Santa Cruz County dated November 9, 2004



CONNECTIONS AND INFRASTRUCTURE

Name	NA	374	383	well, spring, creek	DHS, Shareholders	Montevina Treatment Plant	Montevina Treatment Plant	San Jose Water Company
Redwood Estates Mutual Water Company	NA	374	383		DHS, Shareholders	Montevina Treatment Plant	Montevina Treatment Plant	San Jose Water Company
San Jose Water Company								
Oakmont Mutual Water Company	2002	26	28	spring, creek	DHS, Shareholders	near Pump Station #2	near Pump Station #2	Redwood
Gillette Mutual Water Company	2002	5	5	well	County DEH, shareholders	Call of the Wild	Call of the Wild	Redwood
Idylwild Private Water Company	not connected	...	52	creek	DHS, PUC	...	...	Redwood
Presentation Mutual Water Company	not connected	...	42	San Jose Water	DHS, Shareholders	...	...	Redwood
Los Gatos Unified School District	not connected	...	1	San Jose Water	State Architect	...	...	Redwood
Brush and Old Well Mutual Water Company	1997	21	31	well	County DEH, shareholders	At Reservoir #5	At Morey Trust	Redwood
Totals		426	542					
San Jose Water Company								
Villa Del Monte Mutual Water Company	2002	113	136	creek	County DEH, shareholders	Call of the Wild	Summit & Old Santa Cruz Hwy	Redwood
Big Redwood Park Mutual Water Company	2002	65	70	well, creek	County DEH, shareholders	Call of the Wild	Pump Station #8	Redwood & Villa Del Monte
Mountain Summit Mutual Water Company	not connected	...	40	well	County DEH, shareholders	...	Deer Creek Tavern	Redwood, Villa & Big Redwood
Stagecoach Mutual Water Company	no agreement	10	11	well	County DEH, shareholders	Tank Farm	Summit and Stagecoach Rd	Redwood
Ridge Mutual Water Company	no agreement	72	76	well	County DEH, shareholders	Summit Road and Hutchinson	Old Ranch Rd & 76,000 gal. Tank	Redwood & Stagecoach
Summit West Mutual Water Company	1996	139	164	spring, creek	County DEH, shareholders	Hutchinson and Old Ranch Road	Hutchinson and Old Ranch Road	Redwood, Ridge & Stagecoach
Loma Prieta School District	not connected	...	2	well	State Architect	...	...	Redwood & Villa
Totals		399	499					

Bold = System supplements their source with water from Redwood

Note: This matrix prepared based on knowledge base of Redwood personnel and has not yet been verified by the other water companies.

November 9, 2004

Santa Clara County LAFCO
County Government Center, 11th Floor, East Wing
70 West Hedding Street
San Jose, CA 95110

Dear Ms. Palacherla:

Following the October 2004 Scott's Valley meeting with Santa Clara and Santa Cruz LAFCO, representatives of the Santa Cruz County Water companies served by the Montevina Pipeline met to discuss the various scenarios and options presented.

We are happy to report that all of the companies are in full support of the formation of a district encompassing all of the current and obligated users of the Montevina Pipeline. This district would give equal representation and shared responsibility for all users of this essential resource.

The type of district and its organization would be determined in consultation with the LAFCO staff. The companies are amenable to a single district with a special zone within the district for the Redwood Estates retail water, roads, pool and other facilities; or two districts could be formed, one for wholesale water sale and the other for Redwood Mutual's facilities.

The bi-county district would manage, operate, and maintain the Montevina Pipeline. The district will be the wholesale water provider to all water companies (and school districts) within its boundaries. This larger district will increase visibility for FEMA and OES disaster grants and loans considering the size and population base of such a district.

Financially, the companies have already accumulated funds to pay for the expanded costs of formation. The collective customer base of the Montevina Pipeline already provides the required monthly revenues. And RMWC maintains separate accounting for its internal operations and its Montevina Pipeline water wholesale operations.

This type of regional plan has been discussed and documented for fifteen years. The companies agree that following this direction would best fulfill these regional aspirations. We look forward to meeting soon with all concerned to discuss these opportunities.

Big Redwood Park Mutual Water Company
Mountain Summit Mutual Water Company
Ridge Mutual Water Company
Stagecoach Mutual Water Company
Summit West Mutual Water Company
Villa del Monte Mutual Water Company

CC: Santa Cruz County LAFCO