LAFCO MEETING AGENDA
Wednesday, October 12, 2005
1:15 p.m.
Chambers of the Board of Supervisors
70 West Hedding Street, First Floor, East Wing
San Jose, CA 95110

CHAIRPERSON: John Howe
COMMISSIONERS: Donald F. Gage, Linda J. LeZotte, Blanca Alvarado, Susan Vicklund-Wilson
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 AUGUST 10, 2005 MEETING
4. **MORGAN HILL USA AMENDMENTS**

   a. **Holiday Lake Estates**
      
      Request by the City of Morgan Hill for expansion of its urban service area boundary to include the unincorporated Holiday Lake Estates area located to the east of the City and to the west of the Anderson reservoir.

   b. **Hill Road**
      
      In order to facilitate the city annexation of the unincorporated island located at Diana Avenue and Hill Road, LAFCO will consider a minor expansion of the City of Morgan Hill’s USA to include the unincorporated portion of Hill Road to the south of Diana Avenue and up to East Dunne Avenue as well as the unincorporated portion of Diana Avenue up to Hill Road.

   **Possible Action:** Consider the request for USA amendments and staff recommendation.

5. **SAN JOSE USA AMENDMENT 2005 AND REORGANIZATION OF STORY # 56**

   Request by City of San Jose for expansion of its urban service area boundary to include a portion of two parcels (APNs 612-29-002 & 003) of land located on 1230 & 1238 Fleming Road as well as for reorganization of the two parcels to include annexation to City of San Jose and detachment from Santa Clara County Library Services Area and Santa Clara County Central Fire Protection District. The reorganization is designated STORY # 56.

   **Possible Action:** Consider the request for USA amendment / reorganization and staff recommendation.

**COMMISSION ACTION AND/OR DISCUSSION ITEMS**

6. **UPDATE ON ISLAND ANNEXATION EFFORTS**

   **Possible Action:** Accept Report.

7. **EXTENSION OF WATER SERVICE BY PRIVATE WATER COMPANIES TO UNINCORPORATED AREAS OUTSIDE CITY URBAN SERVICE AREAS**

   **Possible Action** Continue to next LAFCO meeting to allow staff more time to gather background information.

8. **REPORT ON 2005 CALAFCO ANNUAL CONFERENCE**

   **Possible Action:** Accept Report.
9. **LAFCO STRATEGIC PLANNING WORKSHOP**

Consider holding a strategic planning workshop to discuss items such as development of a LAFCO mission statement, key issues for LAFCO and potential projects/studies in the next 2-3 years and development of a LAFCO work plan.

Possible Action: Authorize staff to set a date and plan the workshop.

10. **PROPOSED TOUR OF GILROY**

Possible Action: Consider City of Gilroy’s offer to LAFCO of a workshop/tour of Gilroy area and authorize staff to schedule and plan the workshop/tour with Gilroy staff.

11. **LEGISLATIVE REPORT**

Possible Action: Accept Report.

12. **PENDING APPLICATIONS**

Information Only.

A. **Formation of Redwood Estates Community Service District**

13. **WRITTEN CORRESPONDENCE**

14. **NEWSPAPER ARTICLES**

15. **ADJOURN**

Adjourn to the next regular meeting on Wednesday, December 14, 2005.

**NOTE TO COMMISSIONERS:**

Upon receipt of this agenda, please contact Dunia Noel, LAFCO Analyst, at (408) 299-5148 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 \nSANTA CLARA COUNTY \nMINUTES \nWEDNESDAY, August 10, 2005

1. ROLL CALL

   The Local Agency Formation Commission (LAFCO) of Santa Clara County convenes the 10th day of August 2005 at 1:20 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 John Howe, Commissioners Blanca Alvarado and Donald F. Gage. Commissioner Susan Vicklund-Wilson arrives at 1:24 p.m., and Commissioner Linda J. LeZotte arrives at 1:38 p.m.

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

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

2. PUBLIC PRESENTATIONS

   There are no public presentations.

3. APPROVE MINUTES OF JUNE 8, 2005 MEETING

   Ms Kretchmer recommends that Item No. 6 be corrected to reflect that a resolution was adopted making service review determinations.

   On motion of Commissioner Alvarado, seconded by Commissioner Gage, it is unanimously ordered that the June 8, 2005 minutes be approved, as amended.

4. LAFCO ANNUAL REPORT (Fiscal Year 2004-2005)

   Ms Palacherla indicates that written information regarding LAFCO's application processing activities was included as Attachment A to Item No. 4. She reports that LAFCO staff has processed several City conducted annexations; one Urban Service Area review; one Out of Agency Contract for Services; two Special District Annexations; and one LAFCO-heard Change of Organization in the previous Fiscal Year (FY).
Ms Palacherla reports that there are no changes in the Commission membership, and that the position of LAFCO Clerk is being developed by the County Employment Services Agency. She indicates that in the meantime, services are being provided by the Office of the Clerk of the Board on an as needed basis, and that LAFCO staff is also using extra help 10 hours per week.

Further, Ms Palacherla reports that LAFCO completed and adopted the Countywide Water Service Review. She additionally indicates that LAFCO is processing the South and Central County Sub-Original Service Review, and that consultants are in the process of collecting information and preparing a report. She advises that LAFCO started the Island Annexation Program last year, adopted policies, and facilitated annexation for the cities.

In addition, Ms Palacherla reports that LAFCO staff and Commissioners participated in California Association of Local Agency Formation Commissions (CALAFCO) activities, and that Commissioner Wilson serves as a member of the executive board and legislative committee of CALAFCO.

Ms Palacherla indicates that LAFCO staff has been participating in the Coyote Valley Specific Plan Community Workshops and in the Technical Advisory Committee, and that LAFCO staff has been providing written comments to the City of San Jose at various stages. In conclusion, she reports that LAFCO staff adopted digital maps in the Geographic Information System for four special districts, and that LAFCO staff conducted a workshop for cities on City-Conducted Annexation processes for the previous fiscal year.

(Commissioner Susan Vicklund Wilson arrives at 1:24 p.m.)

Chairperson Howe inquires whether there are public comments regarding the report, and there are none.

On motion of Commissioner Gage, seconded by Commissioner Alvarado, it is unanimously ordered that the LAFCO Annual Report for FY 2004-2005 be approved.

Commissioner Alvarado expresses appreciation to the LAFCO staff for their accomplishments in FY 2004-2005.
5. UPDATE ON ISLAND ANNEXATION EFFORTS

Ms Noel provides information regarding approval by the County of Santa Clara Board of Supervisors to facilitate island annexations, and the memorandum issued by the County Executive to each City and Town Manager explaining the County’s commitment. She indicates that the memorandum included information regarding the official mapping request form that was prepared by LAFCO staff, and she states that a copy of the mapping request form was included as Attachment A to Item No. 5.

Ms Noel states that LAFCO staff is currently working with staff from the Cities of Campbell, Cupertino, Los Altos, Los Gatos, Monte Sereno, Morgan Hill, and San Jose regarding island annexations. She indicates that the City of Campbell is considering annexing all three of the remaining unincorporated islands. However, she states that the City of Campbell expressed concerns regarding the impact island annexations will have on the City’s fire service contract with Central Fire.

Ms Noel advises that Cupertino is considering annexing several small islands, and that the Town of Los Altos is considering annexing Blue Oak Lane and the Woodland Acres area. She further reports that Los Gatos is considering annexing all of their eligible islands. However, she conveys that Los Gatos staff expressed the opinion that residents in unincorporated areas islands do not want to be annexed into the Town because of the difference in development standards between the County and the Town, and that the Town staff requested that the County address the differences in County and Town development standards.

Ms Noel reports that Monte Sereno is also considering annexing all three of its remaining islands, and that the City Council has directed City staff to begin the pre-zoning process. In addition, she reports that Morgan Hill City Council has directed City staff to initiate annexation of several of its remaining islands, and that the City of San Jose staff has identified a few potential islands for annexation, which include the Buena Vista neighborhood and portions of the Sunol neighborhood.

Ms Noel indicates that each of the cities approach the subject of island annexations differently due to the unique issues found in certain unincorporated
islands. She states that in general, city councils are directing staff to research the issue, provide a report outlining the positive and negative aspects of annexing unincorporated islands, and then present the report to the city council for directions.

In conclusion, Ms Noel advises that LAFCO staff is providing a variety of assistance to these cities including providing information, such as the island annexation process, benefits of annexing the islands, potential changes in service providers, tax and special assessment implications, public outreach strategies, and project timelines. She indicates that LAFCO staff will continue to update the Commission on cities' island annexation efforts.

Chairperson Howe inquires whether there are public comments regarding the report, and there are none.

On motion of Commissioner Gage, seconded by Commissioner Alvarado, it is unanimously ordered that the report be accepted.

6. **UPDATE ON LAFCO’s SOUTH CENTRAL SUB-REGIONAL SERVICE REVIEW**

Ms Noel reports that LAFCO staff conducted a meeting with members of the South Central County Technical Advisory Committee (TAC) and representatives of the LSA Associates, consultant, in June 2005. She indicates that LAFCO staff and consultants also held a kick-off meeting for the project, and that staff from all of the affected agencies that will be part of the County’s South Central Sub-Regional Service Review participated in the kick-off meeting.

Further, Ms Noel states that the consultant is collecting information necessary to prepare a draft profile of each participating agency, which will be completed in the next few weeks. She indicates that the draft profiles will be reviewed by LAFCO staff and the respective agency, and that the consultant will use these profiles to conduct the service review and to develop Sphere of Influence recommendations for each participating agency.
In conclusion, Ms Noel indicates that the next South Central County TAC meeting will occur in September, and that LAFCO staff will continue to provide the Commission with status reports as the project progresses.

Chairperson Howe inquires whether there are public comments regarding the report, and there are none.

On motion of Commissioner Gage, seconded by Commissioner Alvarado, it is unanimously ordered that the report be accepted.

7. UPDATE ON SEPTIC SYSTEM FAILURES AND ANNEXATION ISSUES IN THE HOLIDAY LAKE ESTATE AREA

Ms Noel advises that LAFCO indicated in February 2005 that Out-of-Agency requests relating to the Holiday Lake Estates (HLE) area would not be considered further until the City of Morgan Hill provides a resolution to LAFCO indicating that the City will include the HLE area within its Urban Service Area in anticipation of the future annexation of the area into the City. She states that as a result, LAFCO staff, the City of Morgan Hill, the Santa Clara Valley Water District (SCVWD), the County, and representatives from the HLE Maintenance Association have explored options to address the failing septic systems and future annexation of the area. Further, she indicates that LAFCO staff and the County Planning staff have drafted a newsletter and a community meeting announcement that will be reviewed by the working group. She states that once the newsletter is finalized the group expects to hold a community meeting in September to discuss the issues relating to the unincorporated HLE community. She advises that the working group will seek the community’s support for addressing failing septic systems in the area and for annexing the area into the City of Morgan Hill.

Ms Noel comments that annexing the area into the City and providing City sewer service into the area is the most appropriate way to address the failing septic systems in the area; however, most of HLE lacks sewer infrastructure and therefore connecting to City sewer is not immediately feasible. She explains that City sewer infrastructure would have to be extended to the area and the extension of sewer
infrastructure would have to be funded by property owners through an assessment district. She notes that should there be a strong desire within the community to form and fund an assessment district, the first step in exploring this option would be to complete a “sewer engineering and assessment district formation study.”

Ms Noel reports that the Morgan Hill City Council approved a resolution allowing for inclusion of the unincorporated portion of the HLE into the City’s Urban Service Area on July 27, 2005, and she advises that LAFCO will likely consider the City’s request in October. In addition, she states that the City also made a commitment to provide $15,000 in matching funds in order to assist HLE property owners with the costs associated with the preparation of a preliminary engineering assessment district formation study. She notes that the County and the SCVWD have also indicated their willingness to contribute matching funds for such a study, and she advises that LAFCO staff will continue to update the Commission on the matter as it progresses.

Chairperson Howe inquires whether there are public comments regarding the report, and there are none.

On motion of Commissioner Alvarado, seconded by Commissioner Gage, it is unanimously ordered that the report be accepted.

8. EXECUTIVE OFFICER’S REPORT

A. Update on LAFCO clerk position

Ms Palacherla reports that LAFCO staff and ESA are developing the job description for the LAFCO clerk position in preparation for recruitment.

Chairperson Howe inquires whether there are public comments regarding the report, and there are none.

On motion of Commissioner, seconded by Commissioner, it is unanimously ordered that the report be accepted.

B. Commissioner Nomination to CALAFCO Executive Board

Ms Palacherla requests that the Commission ratify the nomination of Commissioner Wilson to serve on the CALAFCO executive board for another term.
On motion of Commissioner, seconded by Commissioner, it is ordered on a vote of three to zero, with Commissioner Wilson abstaining, that the nomination of Commissioner Wilson to the CALAFCO executive board be ratified.

Chairperson Howe expresses appreciation to Commissioner Wilson for her efforts on the CALAFCO board.

9. PENDING APPLICATIONS

A. San Jose 2005 Urban Service Area Amendment

Ms Palacherla indicates that the Commission is waiting for completion of application material relating to the San Jose Urban Service Area Amendment.

10. WRITTEN CORRESPONDENCE

A. Discussion of PUC Resolution Approving Great Oaks Water Company’s Proposed Service Extension to Coyote Valley Area and Consideration of Appropriate Actions

Ms Palacherla provides information regarding the California Public Utility Commission (PUC) draft resolution authorizing the expansion of Great Oaks Water Company into the Coyote Valley Area. She indicates that LAFCO staff informed the PUC in writing that the matter is outside of the San Jose service area and outside San Jose’s city limit and that LAFCO county and city policies do not allow provision of such urban services outside these areas. In addition, she states that the letter noted that the growth-inducing impacts could require a more thorough analysis and environmental assessment of the issue before the approval is given. Ms Palacherla advises that the City of San Jose and the County Planning Office also provided comments to PUC in writing.

Ms Palacherla states that the PUC responded that the PUC does not consider growth-inducing impacts in approving service extensions as long as the agency wanting to extend services has the capacity and there is a demand for service. She suggests that the Commission explore options, such as to recommend legislation amendments, to address the loophole within the policy of the PUC.

(Commissioner LeZotte arrives at 1:38 p.m.)
Commissioner Wilson states that she is abstaining from discussion due to a conflict of interest.

Commissioner Alvarado inquires regarding the recommendation from staff, and Commissioner LeZotte suggests that the matter be included on the agenda for discussion and appropriate action by the Commission at the next meeting. Ms Kretchmer advises that the Commission may recommend pursuing discussion at the CALAFCO level to obtain information regarding impact to other counties. Commissioner Alvarado requests that additional background information be provided to the Commissioners for clarification.

On order by the Chairperson, there being no objection, it is ordered that the matter be included on the agenda for the next meeting for discussion and potential action by the Commission.

Keith Whitman, Deputy Officer, SCVWD, expresses concerns that the PUC does not appear to consider good land use and water supply planning in approving expansion of services. In addition, he notes that the SCVWD has concerns that some aspects of Senate Bill (SB) 610 and SB 221, which require certain connections between land use planning and water supply planning, are not taken into consideration. He informs the Commission that the SCVWD Board is planning to discuss the matter at its August 16, 2005 meeting.

Chairperson Howe requests that Mr. Whitman provide information to LAFCO staff regarding matters discussed at the upcoming SCVWD Board meeting relating to the PUC.

Commissioner LeZotte requests LAFCO staff to provide information to the Commissioners regarding SB 610 and SB 221 for the next meeting.

B. CALAFCO Business Meeting Agenda and Designation of Voting Delegate for CALAFCO business meeting

On motion of Commissioner Gage, seconded by Commissioner Wilson, it is unanimously ordered that Commissioner Alvarado be designated as the Commission
delegate to the CALAFCO Annual Business Meeting that will be held on September 8, 2005 in Monterey, California.

11. NEWSPAPER ARTICLES

There is no discussion.

12. ADJOURN

On order by the Chairperson, there being no objection, the meeting is adjourned at 1:48 p.m.

The next regular LAFCO meeting is scheduled to be held on Wednesday, October 12, 2005 at 1:15 p.m. in the Chambers of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California.

__________________________
John Howe, Chairperson
Local Agency Formation Commission

ATTEST:

__________________________
Beverly Sumcad, Deputy Clerk
Date Prepared: October 5, 2005  
LAFCO Meeting: October 12, 2005

TO: LAFCO  
FROM: Neelima Palacherla, Executive Officer

SUBJECT: Morgan Hill Urban Service Area (USA) Amendment (2005)  
a. Holiday Lake Estates  
b. Hill Road and Diana Avenue  
Agenda Item # 4

STAFF RECOMMENDATION

CEQA Actions

a. As a Responsible Agency under CEQA, LAFCO must approve the Categorical Exemption. The project is categorically exempt from CEQA under Class 1, Section 15301 (d).

b. As a lead agency under CEQA, LAFCO must approve the Categorical Exemption. The project is categorically exempt from the requirements of CEQA under Class 1, Section 15301(c) and Class 19, Section 15319(a).

Project Actions

a. Approve Morgan Hill’s request for expansion of its urban service area to include all of the unincorporated portions of Holiday Lake Estates area.

b. Approve minor expansion of Morgan Hill’s USA to include the unincorporated portion of Hill Road to the south of Diana Avenue up to East Dunne Avenue and also the unincorporated portion of Diana Avenue up to Hill Road, in order to facilitate the city annexation of the unincorporated island located at Diana Avenue and Hill Avenue.

PROJECT DESCRIPTION AND BACKGROUND

Holiday Lake Estates

The City of Morgan Hill proposes to expand its Urban Service Area (USA) boundary to include all of the unincorporated portions of the Holiday Lake Estates area within its USA. This request from Morgan Hill is in response to LAFCO’s action in February 2005,
that required Morgan Hill to include the Holiday Lake Estates Area within the City’s USA and annex the area in order to address the sewage disposal issues. This would allow the City to provide sewer service as a way to address the potential health and safety issues raised by the failing septic systems in the area. For this reason, the proposed USA expansion for the Holiday Lake Estates area is unlike most other requests from cities for USA expansions.

Holiday Lake Estates is an unincorporated subdivision of single-family lots with about 200 homes, surrounded by the City of Morgan Hill and the Anderson Reservoir. Although it is outside the City’s USA boundary, City sewer and water lines run through this unincorporated area. All the properties here receive City water and about 80 properties are connected to the City sewer system. The remaining homes are on septic systems that are over 30 years old, and the typical lifespan of a septic system is 30 to 40 years. Some of these septic systems have been failing since 1989. The failing septic systems create a threat to the public health and safety of the area residents and are a serious cause for concern to the Santa Clara Valley Water District (SCVWD) with regard to the water quality of Anderson Reservoir which is designated a drinking water source.

Over the years, LAFCO has received requests for extension of City sewer services to properties with failing or failed septic systems in this area. Three sewer extensions to private properties have been approved by LAFCO as a result of these requests. Given the age of the homes, the small size of the lots, the hilly terrain, soil type and vegetation in this area, combined with the area’s proximity to the Anderson Reservoir and the current stricter standards for septic systems, it is very unlikely that new or replacement systems will be feasible and there will continue to be more requests for sewer connections from individual property owners.

Recognizing that this problem needs to be addressed comprehensively, in February 2005, LAFCO indicated that it would not consider further Out-of-Agency requests in the Holiday Lake Estates area until the City of Morgan Hill sent a resolution to LAFCO requesting to include the Holiday Lake Estates area within its urban service area (USA), in anticipation of the future annexation of the area into the City.

On July 27, 2005, the Morgan Hill City Council approved a resolution allowing for the inclusion of the unincorporated portion of Holiday Lake Estates within the City’s Urban Service Area (USA). An interagency group comprising of staff from Morgan Hill Planning and Public Works Department, the County Planning Office, the County Environmental Health Department, the SCVWD, LAFCO and Supervisor Don Gage’s Office is working with property owners in the Holiday Lake Estates area on sewer provision and annexation. The City, County and the SCVWD have committed funds of $15,000 each towards preparation of a preliminary engineering and feasibility study for formation of sewer assessment district.

**Hill Road and Diana Avenue**
The City identified the unincorporated island at the intersection of Diana Avenue and Hill Road as one of the islands that they would like to annex using the streamlined island
annexation process. The City has requested that the County provide mapping for the island. During the map preparation and review process, it was determined that in conformance with LAFCO's road annexation policies, full widths of the two roads that bound the island must be annexed as well. However, it was found that portions of these roads are not included in the City's USA. In order to facilitate the annexation to Morgan Hill of the unincorporated island located at Diana Avenue and Hill Road, staff is proposing a minor expansion of Morgan Hill's USA to include the unincorporated portion of Hill Road to the south of Diana Avenue and up to East Dunne Avenue and also the unincorporated portion of Diana Avenue up to Hill Road.

ENVIRONMENTAL ANALYSIS

Holiday Lake Estates
The project is exempt under CEQA Class 1, Section 15301(d) that states:

Section 15301 (d): Restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety, unless it is determined that the damage was substantial and resulted from an environmental hazard such as earthquake, landslide, or flood.

The Holiday Lake Estates area is an "urban island" located in the unincorporated area, between Lake Anderson and the portion of Holiday Lake Estates that is already part of the City of Morgan Hill. The Urban Service Area amendment will allow for future annexation of this developed area into the City of Morgan Hill, and may allow future extension of sewer infrastructure to the area. If sewer services are extended in the future, such service will involve negligible expansion of the area, since the area is already built out. The new sewer infrastructure would allow for rehabilitation of wastewater service in the area, through the replacement of septic systems that are failing and threatening to fail, with sewer connections. Any future sewer infrastructure project will be subject to CEQA and standard measures to ensure that future construction does not involve significant environmental impacts.

Hill Road and Diana Avenue
The project is exempt under CEQA Class 1, Section 15301(c), "Existing Facilities," and CEQA Class 19, Section 15319(a), "Annexation of Existing Facilities and Lots for Exempt Facilities," that states:

Section 15301(c): Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails and similar facilities (this includes road grading for the purpose of public safety).

Section 15319(a): Annexation to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or pre-zoning of either the gaining or losing environmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities.
CONSISTENCY WITH MORGAN HILL GENERAL PLAN

The proposal area is within the City’s urban growth boundary, which was adopted by the City in 1996.

Morgan Hill has voter approved growth control measures that limit annual residential growth, set a population cap for the city, and specify when the city may seek expansion of its USA. Up until recently, the City’s Growth Control Measure (Measure P) prevented the City from expanding its USA unless there is a less than 5-year supply of vacant land or the area met the City’s desirable infill policies. Last year, Morgan Hill voters passed Measure C that revised Measure P. Measure C allows the City to annex existing county sub-divisions including the Holiday Lake Estates area without the population in these areas counting against the City’s population cap of 48,000 for the year 2020. Also, Measure C recognizes that the future annexation of these existing county subdivisions may be necessary to allow these areas to receive additional city services and permits these areas to be included in the city’s USA and become annexed into the city without meeting the desirable infill standards.

CONSISTENCY WITH LAFCO POLICIES

The area is almost fully developed with single-family homes. Inclusion of the area in the City’s USA will not result in conversion of agricultural or open space lands.

The proposed expansion is surrounded by the City and its current USA boundary on two / three sides and on the fourth side by the Anderson Reservoir. It is a logical extension of the City’s boundaries.

Inclusion in the USA would allow the City to annex the properties and provide urban services to the property. Once annexed, the City could extend sewer services to the approximately 120 parcels that are currently on a septic system or are vacant. It is unlikely any of the parcels could be subdivided further. However, there may be a slight increase in the development potential of lots in the area as the septic systems are replaced with City sewer connections.

As mentioned earlier, city water is already being provided to all the homes in the area. The City is prepared to extend sewer service to the area after the area is annexed and the property owners agree to fund the extension of sewer infrastructure to the area. As mentioned earlier, a feasibility study for the formation of a sewer assessment district is currently being conducted.

The streets within the Holiday Lakes Estates area are private streets and the Holiday Lake Estates Home Owners association (HEMA) is currently responsible for maintenance and repair of streets. It is expected that HEMA would continue with that responsibility after annexation of the area to the city. The City has also stated that it is willing and able to provide police, fire, recreation, development review services as well as other existing city services to the area upon annexation.
Including this area within the City's USA will not impact the school district as the area is already fully developed.

CONCLUSION

Staff recommends that the Holiday Lake Estates area be included in the City of Morgan Hill's USA. Inclusion of the area in the City's USA would allow the City to prepare a plan for financing and constructing new sewer infrastructure, where needed, in the Holiday Lake Estates area, pursue annexation of the area under the streamlined island annexation provisions in State law for islands and extend sewer service to the area in order to address public health and dwelling unit habitability issues. Inclusion of this area into the USA would not significantly change the development potential in the area.

Staff also recommends that the Commission make the minor amendment to Morgan Hill's USA to include the necessary portions of Diana Avenue and Hill Road to facilitate annexation of the island to the City.

ATTACHMENTS

Attachment A: Map of the Proposed USA Expansion for Holiday Lake Estates Area

Attachment B: Map of the Proposed USA Expansion to include Hill Road and Diana Avenue.
Date Prepared: October 5, 2005
LAFCO Meeting: October 12, 2005

TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: SAN JOSE URBAN SERVICE AREA AMENDMENT (2005) & STORY # 56 REORGANIZATION

Agenda Item # 5

STAFF RECOMMENDATION

CEQA Action and Required Findings:
As a Responsible Agency under CEQA, LAFCO must take the following actions regarding the Mitigated Negative Declaration for any project approved by the Commission:

1. Find that the Initial Study and Mitigated Negative Declaration approved by the City of San Jose was completed in compliance with CEQA and is an adequate discussion of the environmental impacts of the project.

2. Find that prior to making a decision on this project, LAFCO reviewed and considered environmental effects of the project as outlined in the Initial Study and Mitigated Negative Declaration.

3. Find that a monitoring program was approved by the City of San Jose as Lead Agency and that the monitoring program ensures compliance with the mitigation measures identified in the Mitigated Negative Declaration that would mitigate or avoid significant impacts associated with the Urban Service Area Expansion and Reorganization, over which LAFCO has responsibility.

Project Action

1. Approve San Jose’s request for expansion of the urban service area boundary to include a portion of two parcels (APNs 612-29-002 &003) of land located on 1230 & 1238 Fleming Road. (See Attachment A for map depicting the proposed USA boundary)
2. Approve the proposed annexation (Story #56 Reorganization) of the two parcels (APNs 612-29-002 & 003) of land located on 1230 & 1238 Fleming Road to the City of San Jose and concurrent detachment from the Santa Clara County Fire Protection District and the County Library Service Area (See Attachment B for map and legal description of the reorganization) and further waive protest proceedings pursuant to Government Code Section 56663.

PROJECT DESCRIPTION and BACKGROUND

The City of San Jose, proposes to expand its Urban Service Area (USA) boundary and annex the two parcels (APNs 612-29-002 & 003) of land located on 1230 & 1238 Fleming Road to allow the property owner to connect to the city sewer system as the current septic system for the existing homes is failing. Since a portion (approximately one acre) of the proposed reorganization area is located above the 15% slope line and will remain outside the USA, the City is required to seek annexation approval from LAFCO.

The proposal area consists of two parcels with the westerly parcel developed with two residences and several accessory structures and the easterly parcel developed with one residence and an accessory structure. Only two of the residences, one on each parcel, are currently occupied. The applicant is proposing to connect the two occupied residences to the City’s sanitary sewer system. The two parcels are bordered by single-family homes and vacant land to the north and west and single-family residences to the east and south. The two parcels proposed for USA inclusion and annexation are completely surrounded by the City of San Jose. However, those areas are not within the City’s USA.

CONSISTENCY WITH SAN JOSE GENERAL PLAN

The City of San Jose adopted its UGB or Greenline in 1996. The UGB establishes the maximum extension of urban development and urban services both intended and anticipated in the City’s General Plan. The City’s policies for its UGB state that no urban development should be allowed outside the UGB and that the UGB should contain lands suitable and appropriate for urban purposes including all USA lands and certain lands located below the 15% slope line and deemed potentially suitable for future development. To ensure integrity of the boundary, significant modifications to the boundary and its policies are strongly discouraged. Significant modifications may be considered only during a comprehensive review of the General Plan and only if the City Council makes findings related to among others, service capacities and impacts, fiscal impacts and public benefit considerations. However, minor modifications to the UGB may be considered during the Annual Review of the General Plan if certain criteria are met such as the slope of the property, size of area affected and location of property relative to existing and planned urban uses and services among others. In August 2004, a minor expansion of the City’s urban growth boundary was approved to include the proposal area.

The City’s landuse designation for the proposal area is Non-Urban Hillsides. This designation allows residential development with minimum lot sizes ranging from 20 to
160 acres based on slope density. The City’s General Plan also specifies that developed properties of two acres or less may be found in conformance with the General Plan based on their existing uses which in this case is residential.

**CONSISTENCY WITH LAFCO POLICIES**

**Conversion of Prime Agricultural Lands and Open Space**

The two parcels are currently developed with residences and accessory structures. Inclusion of the area in the City’s USA and annexation to the City along with providing sewer connections will not result in the loss of agricultural lands.

**Logical and Orderly Boundaries**

The proposed area is completely surrounded by city lands. However these surrounding lands are not in the City’s USA or its UGB as portions of the properties are beyond the 15% slope line. While the proposal for USA includes only a portion of the parcels, annexation will include the entire parcels. This would allow the City to apply the appropriate landuse and zoning designations to the portion of the parcels outside the USA in order to ensure its open space status.

LAFCO policies strongly discourage annexations of land outside a city’s urban service area except in instances where such annexations will help promote preservation of agriculture, open space and/ or greenbelts. In this case, the portion outside the USA is above the 15% slope line, lands which the City designates as non-developable. The City is also proposing annexation of the entire parcel to enable the City to regulate landuse on the entire parcel by applying appropriate pre-zoning designations for those areas above 15% slope.

The annexation proposal would allow for development and urban services only on the portion of the parcel below the 15% slope line while a permanent open space buffer would be established on the remainder of the parcel. Historically, LAFCO has allowed USAs in the east foothills to split lines of assessment to follow the 15% slope line where it is appropriate and where open space is protected.

The annexation proposal boundaries are definite and certain. The proposal is contiguous to the current city boundary and does not create islands or areas difficult to provide services. The proposal also meets LAFCO street annexation policies.

**Growth Inducing Impact**

Inclusion of the area with the city’s USA and annexation would allow the City to provide sewer connections to the site. However, it will not allow any further subdivision of the lots or significant new development on the lots.
Pre-zoning Designations

The City has applied a pre-zoning designation of A(PD) Planned Development to the site. This designation does not allow additional sub-division or residential units and includes restrictions regarding use of the portion of property located outside the USA consistent with the goals of Non-Urban Hillside designation. That is, outside the USA, no new structures are allowed and only uses consistent with the Open Space Zoning District are allowed. Within the USA, permitted uses include those allowed in the Residential District as specified by the City.

Five-Year supply of Vacant Land

As per the City of San Jose's vacant land inventory submitted for this application, the City has 1,254 acres of vacant residential land within its urban service area. At its average absorption rate of 330 acres per year, this translates to about 3.8 years supply of vacant residential lands within its USA boundary. LAFCO policies allow up to 5 years supply of vacant land within a city’s USA prior to expansion.

Ability of City to Provide Urban Services

Water and Sanitary Sewer Services

The City of San Jose will provide sanitary sewer to the proposal area after annexation. A sewer line exists in the middle of Fleming Road, about 50 feet from the property.

Water is currently provided to the property by the San Jose Water Company which will continue to provide water service after annexation.

Fire and Police Protection Services

San Jose Fire Department would provide service to the area upon annexation. The nearest fire station is located approximately 1 mile from the site. The City of San Jose Police Department will provide police services to the annexed area. No new facilities or personnel will be required by the police or the fire departments to adequately serve the two annexed parcels.

Currently the Santa Clara County Central Fire Protection District provides fire service to the area. Since San Jose has its own Fire Department, the area will be detached from the Fire District concurrent with the annexation to the City.

Library Service

Similarly, the City has its own library service system which provides service to the City’s residents. The area will be detached from the County Library Service Area, concurrent with annexation to the City.
Waiver of Protest Proceedings from Affected Special Districts

Both the County Fire Protection District and the Library Service Area have provided written consent to waive protest proceedings for this reorganization. LAFCO will not be required to conduct any further protest proceedings for this proposal.

Ability of School District to Provide School Facilities

The parcels are already developed with residences and no new development will result with annexation. There will be no impact to the school district.

Fiscal Impacts Analysis

Annexation of the area to the City of San Jose would have a negligible fiscal impact on the City. The proposed annexation consists of two parcels of land on 2 acres containing 2 single-family homes and additional accessory structures. The landuse designation would not allow further subdivision of the property.

CONCLUSION

Staff recommends approval of the proposed USA inclusion and annexation to the City of San Jose.

The proposed annexation would address a public health and safety issue by allowing for City sewer connections for 2 existing occupied homes with failing septic systems. The proposal does not impact open space or agricultural lands and is a logical boundary extension in that it is completely surrounded by the City of San Jose. The City is capable of providing services to these two homes. The City has established an appropriate pre-zoning designation to prohibit development in the portion of the properties outside of the USAs. Also, the City has indicated that it has a 3.8 supply of vacant residential land which is less than the 5 years supply that LAFCO policies allow within a city’s USA.

ATTACHMENTS

Attachment A: Map of the Proposed USA Expansion

Attachment B: Map and Legal Description of the Proposed Reorganization “Story #56 Reorganization”

Attachment C: Mitigated Negative Declaration, Mitigation Monitoring Program, and Initial Study

5 10/06/05
S:\lafc0\LAFCO\Agendas 2005\SJUSA2005&story56.doc
INCLUSION OF DIANA AVENUE FROM HILL ROAD SOUTHWESTERLY TO THE EXISTING USA ON DIANA AVENUE

INCLUSION OF HILL ROAD FROM DIANA AVENUE SOUTHEASTERLY TO EAST DUNNE AVENUE

CITY OF MORGAN HILL URBAN SERVICE AREA AMENDMENT
DRAFT
MITIGATED NEGATIVE DECLARATION

The Director of Planning, Building and Code Enforcement has reviewed the proposed project described below to determine whether it could have a significant effect on the environment as a result of project completion. "Significant effect on the environment" means a substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the project including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance.

PROJECT FILE NUMBER: GP03-05-04 and UGB03-01

PROJECT DESCRIPTION: General Plan Amendment to change to allow for the expansion of the Urban Service Area and a minor expansion of the Urban Growth Boundary for property located at the north side of Fleming Avenue (1230 and 1238 Fleming Avenue) between Impresario Way and Warner Drive (see attached location map) on a two-acre site.

PROJECT LOCATION & ASSESSORS PARCEL #: the north side of Fleming Avenue (1230 and 1238 Fleming Avenue) between Impresario Way and Warner Drive. Assessor's Parcel # 612-29-002, -003.

COUNCIL DISTRICT: 5

NAME OF APPLICANT: Mark Thomas & Company

MAILING ADDRESS AND PHONE # OF APPLICANT CONTACT PERSON:

Attn: Sid Nash
90 Archer Street
San Jose, CA 95112
408-453-5373
FAX 408-453-5390

FINDING

The Director of Planning, Building & Code Enforcement finds the project described above will not have a significant effect on the environment in that the attached initial study identifies one or more potentially significant effects on the environment for which the project applicant, before public release of this draft Mitigated Negative Declaration, agrees to program level mitigation measures that clearly mitigate the effects to a less than significant level.
MITIGATION MEASURES INCLUDED IN THE PROJECT TO REDUCE POTENTIALLY SIGNIFICANT EFFECTS TO A LESS THAN SIGNIFICANT LEVEL

1. **Agricultural Lands and Prime Soils Policy #3**: Appropriate agricultural uses should be encouraged in hillside areas.

2. **Agricultural Lands and Prime Soils Policy #4**: Preservation of agricultural lands and prime soils in non-urban areas should be fostered in order to retain the aquifer recharge capacity of these lands.

3. **Air Quality Policy #3**: The City should urge effective regulation of those sources of air pollution, both inside and outside of San Jose, which affect air quality. In particular, the City should support Federal and State regulations to improve automobile emission controls.

4. **Air Quality Policy #6**: The City should continue to actively enforce its ozone-depleting compound ordinance and supporting policy to ban the use of chlorofluorocarbon compounds (CFCs) in packaging and in building construction and remodeling to help reduce damage to the global atmospheric ozone layer. The City may consider adopting other policies or ordinances to reinforce this effort.

5. **Woodlands, Grasslands, Chaparral and Scrub Policy #4**: Grading should be designed to minimize the removal of significant vegetation.

6. **Woodlands, Grasslands, Chaparral and Scrub Policy #5**: The City should preserve and protect Oak woodlands, and individual oak trees, to the greatest extent feasible.

7. **Woodlands, Grasslands, Chaparral and Scrub Policy #6**: The City should encourage appropriate reforestation and planting projects in hillside areas.

8. **Species of Concern Policy #1**: Habitat areas that support Species of Concern should be retained to the greatest extent feasible.

9. **Species of Concern Policy #4**: New development on undeveloped properties throughout the City contributes to the regional loss of Burrowing Owl Habitat. To offset this loss of habitat, the City should require either habitat preservation on or off site or other appropriate measures for habitat acquisition, habitat enhancement and maintenance of local habitat bank.

10. **Urban Forest Policy #2**: Development projects should include the preservation of ordinance-sized and other significant trees. Any adverse affect on the health and longevity of native oaks, ordinance sized or other significant trees should be avoided through appropriate design measures and construction practices. When tree preservation is not feasible, the project should include appropriate tree replacement.

11. **Urban Forest Policy #3**: The City encourages the maintenance of mature trees on public and private property as an integral part of the urban forest. Prior to allowing the removal of any mature tree, all reasonable measures that can effectively preserve the tree should be pursued.
12. **Urban Forest Policy #8:** Where urban development occurs adjacent to natural plant communities (e.g. oak woodland, riparian forest), landscape plantings should incorporate tree species native to the area to the greatest extent feasible.

13. **Historic, Archeological, and Cultural Resources Policy #1:** Because historically or archeologically significant sites, structures, and districts are irreplaceable resources, their preservation should be a key consideration in the development review process.

14. **Historic, Archeological, and Cultural Resources Policy #9:** Recognizing that Native American burials may be encountered at unexpected locations, the City should impose a requirement on all development permits and tentative subdivision maps that upon discovery of such burials during construction, development activity will cease until professional archeological examination and reburial in an appropriate manner is accomplished.

15. **Hillside Policy #2** Clustering of residential development in hillside areas should be encouraged to minimize the exposure of development to environmental hazards and maximize the preservation of natural resources in the hillsides.

16. **Hillside Policy #3** Hillside residential development at urban densities (one dwelling unit per acre or greater) should be located only where adequate services and facilities can be feasibly provided and damage to such services and facilities, due to landslides, fire or other environmental hazards, can be reasonably avoided.

17. **Hazards Policy #1** Development should only be permitted in hillside areas if potential danger to the health, safety, and welfare of the residents, due to landslides, fire, or other environmental hazards, can be mitigated to an acceptable level.

18. **Hillside Policy #15** Hillside development within areas of potential geological hazards should be designed to avoid being endangered by, or contributing to, the hazardous conditions on the site or on adjoining properties.

19. **Soils and Geologic Conditions Policy #1** The City should require soils and geologic review of development proposals to assess such hazards as potential seismic hazards, surface ruptures, liquefaction, landsliding, mudsliding, erosion and sedimentation in order to determine if these hazards can be adequately mitigated.

20. **Soils and Geologic Conditions Policy #6** Development in areas subject to soils and geologic hazards should incorporate adequate mitigation measures.

21. **Earthquakes Policy #1:** The City should require that all new buildings be designed and constructed to resist stresses produced by earthquakes.

22. **Water Resource Policy #12:** For all new discretionary development permits for projects incorporating large paved areas or other hard surfaces (e.g. building roofs), or major expansion of a building or use, the City should require specific construction and post-construction measures to control the quantity and improve the water quality of urban runoff.

23. **Noise Policy #1:** The City's acceptable noise level objectives are 55 DNL as the long-range exterior noise quality level, 60 DNL as the short-range exterior noise quality level, 45 DNL as the interior noise quality level, and 76 DNL as the maximum exterior noise level necessary to avoid significant adverse health effects. These objectives are established for the City, recognizing that
the attainment of exterior noise quality levels in the environs of the San José International Airport the Downtown Core Area, and along major roadways may not be achieved in the time frame of this Plan. To achieve the noise objectives, the City should require appropriate site and building design, building construction and noise attenuation techniques in new residential development.

24. **Noise Policy #9**: Construction operations should use available noise suppression devices and techniques.

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**PUBLIC REVIEW PERIOD**

Before 5:00 p.m. on July 26, 2004, any person may:

1. Review the Draft Mitigated Negative Declaration (MND) as an informational document only;

2. Submit written comments regarding the information, analysis, and mitigation measures in the Draft MND. Before the MND is adopted, Planning staff will prepare written responses to any comments, and revise the Draft MND, if necessary, to reflect any concerns raised during the public review period. All written comments will be included as part of the Final MND; or

3. File a formal written protest of the determination that the project would not have a significant effect on the environment. This formal protest must be filed in the Department of Planning, Building and Code Enforcement, 801 North First Street, San Jose, Room 400 and include a $100 filing fee. The written protest should make a "fair argument" based on substantial evidence that the project will have one or more significant effects on the environment. If a valid written protest is filed with the Director of Planning, Building & Code Enforcement within the noticed public review period, the Director may (1) adopt the Mitigated Negative Declaration and set a noticed public hearing on the protest before the Planning Commission, (2) require the project applicant to prepare an environmental impact report and refund the filing fee to the protestant, or (3) require the Draft MND to be revised and undergo additional noticed public review, and refund the filing fee to the protestant.

Stephen M. Haase, AICP
Director, Planning, Building and Code Enforcement

Circulated on: **July 7, 2004**  
Deputy

Adopted on: **July 26, 2004**  
Deputy
GUNNELS BOUNDARY SERVICE APPLICATION

Initial Study/
Negative Declaration

Lead Agency:
City of San Jose
801 North First Street, Room 400
City of San Jose, CA 95110
Contact: Elena Lee
408/277-4576

Environmental Consultant:
Mark Thomas & Company
7300 Folsom Boulevard, Suite 203
Sacramento, CA 95826
Contact: Debra Percy
916/381-9100 X 329

April 2004
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INITIAL STUDY

This Initial Study has been prepared pursuant to Title 14, Section 15070 of the California Code of Regulations. This document has been prepared by the City of San Jose (City) Department of Planning, Building & Code Enforcement acting as lead agency under the California Environmental Quality Act (CEQA) (Public Resources Code Section 21069 and Guidelines Sections 15096 and 15381).

ORGANIZATION OF THE INITIAL STUDY

This Initial Study is organized into the following chapters:

CHAPTER 1 – PROJECT OVERVIEW AND BACKGROUND: Provides summary background information about the project name, location, sponsor, and when the Initial Study was completed.

CHAPTER 2 – PROJECT DESCRIPTION: Includes a detailed description of the proposed project.

CHAPTER 3 – ENVIRONMENTAL CHECKLIST AND DISCUSSION: Contains the Environmental Checklist form together with a discussion of the checklist questions. The Environmental Checklist form is used to determine the following for the proposed project:

- "No Impact," identifying areas in which the project would have no impact.
- "Less Than Significant Impact," which identifies impacts that are considered less than significant and do not require the implementation of mitigation measures.
- "Less Than Significant Impact with Mitigation," which identifies impacts that could be mitigated with incorporation of mitigation measures which the applicant has agreed to implement as part of the proposed project.
- "Potentially Significant Impact," which identifies impacts that need additional study and require analysis in an environmental impact report (EIR).

CHAPTER 4 – POTENTIALLY SIGNIFICANT IMPACTS: Identifies which environmental factors were determined to have a "Potentially Significant Impact" as indicated in the Environmental Checklist form thus requiring additional analysis in an EIR.

CHAPTER 5 – DETERMINATION: Identifies the determination of whether impacts associated with the proposed project are significant, and what, if any, additional environmental documentation may be required.

CHAPTER 6 – REFERENCES CITED: Identifies the information sources used in preparing this environmental document.

CHAPTER 7 – LIST OF PREPARERS: Identifies the individuals who contributed to the environmental document.

Technical appendices are found at the end of the report.
BACKGROUND

Project Name: Gunnels Boundary Service Application

Project Location: Santa Clara County, north side of Fleming Avenue between Impresario Way and Warner Drive

Project Sponsors and Contact Persons:

Sid Nash, Project Engineer
Mark Thomas & Company
90 Archer Street
San Jose, CA 95112
(408) 453-5373

Gunnels Trust
c/o Helen Gunnels
1238 Fleming Avenue
San Jose, CA 95127.
(408) 453-5390

Elena Lee, Project Manager
City of San Jose, Department of Planning, Building, & Code Enforcement
801 North First Street, Room 400
San Jose, CA 95110
(408) 277-4576
INTRODUCTION

The Gunnels Trust is requesting to connect two existing single family residential structures (Assessor Parcel Numbers 612-29-002 and -003) to the City of San Jose wastewater collection and treatment facility. The City of San Jose has stated that in order to obtain sewer service, the Gunnels must:

- apply for a General Plan Amendment to the City of San Jose General Plan,
- apply for the required zoning,
- request an Urban Services Area Boundary change,
- request an Urban Growth Boundary change,
- request annexation to the City of San Jose, and/or obtain a Local Agency Formation Commission out of agency service agreement.

The subject property consists of two parcels totaling 2 acres in size located on the northeast side of Fleming Avenue, between Impresario Way and Warner Drive in Santa Clara County. These two parcels contain two occupied and one unoccupied single-story residential dwellings. The occupied residences were constructed in 1940 and 1956 and are on failed or failing septic systems. The only purpose of the project is to obtain sewer service. There are no plans to demolish the existing structures, subdivide the property, or request any additional development.

PURPOSE OF THIS DOCUMENT

This Initial Study is a public document that assesses the environmental effects of the proposed project, as required by CEQA and in compliance with the State CEQA Guidelines (14 California Administrative Code 1400 et seq.). It serves as an informational document to be used in the local planning and decision-making process, and does not recommend approval or denial of the project.

An initial study is an analysis prepared by the lead agency (the City of San Jose) in consultation with other relevant agencies to determine whether a negative declaration is needed or an environmental impact report (EIR) should be prepared. If an initial study concludes that the impacts of the project are either less than significant or can be reduced to a less-than-significant level with mitigation that is either incorporated into the project or agreed to by the project applicant (The Gunnels Trust), the lead agency can prepare a negative declaration. If, after preparing and issuing the initial study for public review, the lead agency determines that there is substantial evidence that any aspect of the project, either individually or cumulatively, may cause a significant effect on the environment, it must prepare an EIR. This initial study describes the proposed project, the existing environmental setting before implementation of the project, and the potential environmental impacts of the proposed project. Mitigation measures are identified to avoid, reduce, and minimize the environmental impacts of the project. As noted above, all the mitigation measures in this document must be implemented as part of the project in order to minimize significant environmental effects.

The City is soliciting views of interested persons and agencies on the content of the information presented in this environmental document. Due to the time limits mandated by state law, your response must be sent at the earliest possible date, but no later than the 30-day review period identified on the negative declaration.

Please mail written comments to:

Elena Lee, Project Manager
City of San Jose, Department of Planning, Building, & Code Enforcement
801 North First Street, Room 400
San Jose, CA 95110
(408) 277-4576
CHAPTER 2  PROJECT DESCRIPTION

PROJECT LOCATION

The project site is located in an unincorporated area of northeastern Santa Clara County, immediately adjacent to the urban boundary of the City of San Jose. (Figures 2-1 and 2-2; all figures are located at the end of this chapter). The project site consists of two parcels totaling 2 acres in size located along Fleming Avenue between Impresario Way and Warner Drive (Figure 2-3).

PROJECT PURPOSE AND NEED

Project Purpose

The purpose of the proposed project is to connect two existing single-family residential dwellings to the City of San Jose wastewater collection and treatment system.

Project Need

The project is needed because the existing septic systems are failing.

PROJECT DESCRIPTION

Project Background

The two occupied residences on the Gunnels property were constructed in 1940 and 1956. Sewage disposal from these residences is currently accomplished through a cesspool located in the front yard of the property. The City of San Jose sewer is located 50 feet from the property in Fleming Avenue. The property owner, Mrs. Helen Gunnels, is a recently widowed senior citizen and the current condition of her septic system is exhausting her capacity to endure the limiting circumstances.

An Environmental Clearance Application for the requested connection of the two residences to the City of San Jose sewer system was submitted to the City in May 2003. In September 2003, the Santa Clara County Department of Environmental Health conducted a site evaluation of the Gunnels property and determined that the cesspool located in the front yard is in early stages of failure, necessitating frequent pumping and severely curtailing water use (Appendix C). The Department of Environmental Health identified several reasons why the use of a leach field on this property was undesirable, including soil and topographic constraints. The Department of Environmental Health strongly recommended that the property owner explore all possible avenues of securing a sanitary sewer connection, given the proximity of the property to existing sewer and the fact that the vast majority of neighbors in the area have sanitary sewer connection.

A General Plan Amendment application requesting inclusion of the Gunnels property within the City of San Jose Urban Growth Boundary and the Urban Services Boundary Area was submitted in May 2003. In response to this application, the City of San Jose issued a letter stating that review of the requested General Plan amendment requires a revised application indicating that only those lands below the 15% slope would be included within the Urban Service Area and Urban Growth Boundary (Appendix C) and that an Initial Study is required for the proposed project. The 15% topographic slope line bisects the Gunnels property (Figure 2-4).
CONSTRUCTION INFORMATION

The proposed project would require the installation of two lateral 4-inch lines to connect to the 8-inch sewer line located within Fleming Avenue (Figure 2-5). The Fleming Avenue connection point is situated approximately 50 feet from the Gunnels property. The proposed project would require the total installation of approximately 100 feet of lateral connection line to service the two residences. No grading is proposed for this project. Installation of the sewer connections would require trenching between the existing structures and the sewer line located in Fleming Avenue. Construction would employ a ditchwitch or similar small trencher. Project construction would be completed in approximately 2 weeks from commencement of work. The existing septic system would be abandoned in accordance with Santa Clara County Department of Environmental Health standards.

MITIGATION MONITORING PROGRAM

CEQA allows a lead agency to adopt a mitigated negative declaration when all the impacts identified in the initial study are reduced to a less-than-significant level with mitigation measures. The project proponent must agree, before release of the initial study, to implement all the mitigation measures identified in the initial study to qualify for the mitigated negative declaration.

When approving a mitigated negative declaration, the lead agency must also adopt a mitigation monitoring program for mitigation measures included in the initial study that would avoid or mitigate significant environmental effects.
REQUIRED PROJECT APPROVALS

The City has identified the following required project approvals prior to construction.

- Adoption of the mitigated negative declaration by the City (Environmental Clearance application).
- Amendment of the City of San Jose General Plan (General Plan Amendment application).
- Approval of requested rezoning (prezoning application).
- Approval of a requested Urban Service Boundary change.
- Approval of a requested Urban Growth Boundary change.
- Annexation of the property to the City of San Jose (annexation petition).
AESTHETICS

AESTHETICS - Would the project:

<table>
<thead>
<tr>
<th>Potential impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Have a substantial adverse effect on a scenic vista?</td>
<td></td>
<td></td>
<td>X</td>
<td>1</td>
</tr>
<tr>
<td>b) Substantially damage scenic resources, including but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?</td>
<td></td>
<td>X</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>c) Substantially degrade the existing visual character or the quality of the site and its surroundings?</td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?</td>
<td></td>
<td></td>
<td>X</td>
<td>2</td>
</tr>
</tbody>
</table>

Environmental Setting

The current view of the site from Fleming Avenue consists of residential development in the foreground with undeveloped hillside dominating the background of this view. The project site is not located adjacent to a scenic route. The project is not proposing the demolition of the two existing homes nor the construction of any new structures. The project only proposes connection to city services. Because the project does not propose any construction at or above grade, the project will not impact the visual character of the area.

Answers to Checklist Questions

Question A

The project may facilitate sewer connections. The project does not propose development above ground. Therefore, there would be no impact.

Question B

The project site is not located adjacent to a state scenic highway. Construction of the project may require the removal of a limited amount of residential landscaping. Upon completion of construction, any disturbed landscaping would be replaced, consistent with the visual character of the area. The temporary removal of landscape vegetation is a temporary impact and is considered a less than significant impact.

Question C

Construction of the project may require the removal of a limited amount of residential landscaping. Upon completion of construction, any disturbed landscaping would be replaced, consistent with the visual character of the area. The temporary removal of landscape vegetation is a temporary impact and is considered a less than significant impact.
Question D

No lighting is proposed as part of the project. No nighttime construction activities are proposed. There would be no impact.

AGRICULTURAL RESOURCES

<table>
<thead>
<tr>
<th>AGRICULTURAL RESOURCES</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural uses?</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>b) Conflict with any existing zoning for agricultural use, or a Williamson Act contract?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>

Environmental Setting

The project site is located in a residential area of Santa Clara County. The site is classified as farmland on the Important Farmland Map for Santa Clara County and is considered as important grazing land. The project site is not under a Williamson Act Contract. The project does not propose the conversion of farmland to non-agricultural uses. The project would not conflict with existing zoning for agriculture or lands under a Williamson Act contract. The project does not propose any changes in use. There would be no impact.

Answers to Checklist Questions

Questions A, B, and C

- Agricultural Lands and Prime Soils Policy # 3: Appropriate agricultural uses should be encouraged in hillside areas.

- Agricultural Lands and Prime Soils Policy # 4: Preservation of agricultural lands and prime soils in non-urban areas should be fostered in order to retain the aquifer recharge capacity of these lands.
## AIR QUALITY

**AIR QUALITY** - Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. *Would the project:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Potentially Significant Impact</th>
<th>Less than Significant Impact with Mitigation</th>
<th>Less than Significant Impact</th>
<th>No Impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Conflict with or obstruct implementation of the applicable air quality plan?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>4</td>
</tr>
<tr>
<td>b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>4</td>
</tr>
<tr>
<td>c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2</td>
</tr>
<tr>
<td>d) Expose sensitive receptors to substantial pollutant concentrations?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2</td>
</tr>
<tr>
<td>e) Create objectionable odors affecting a substantial number of people?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2</td>
</tr>
</tbody>
</table>

### Environmental Setting

The proposed project is located within the Bay Area Air Quality Management District (BAAQMD). Air quality emission and control standards are established by the BAAQMD and the California Air Resources Board and by the Environmental Protection Agency (EPA) at the federal level. In June 1998, the EPA reclassified the Bay Area from “maintenance area” to non-attainment for ozone based on violations of the federal standards at various locations within the air basin. Under the California Clean Air Act, Santa Clara County is a non-attainment area for ozone and particulate matter (PM$_{10}$).

### Regional Climate and Meteorology

The area’s climate is Mediterranean, characterized by mild rainy winters, and warm, dry summers. Summer temperature inversions may trap ground level pollutants, while in the winter, thin evening inversions sometimes concentrate carbon monoxide emissions at ground level.

### Air Quality Standards

Air quality is determined primarily by the type and amount of contaminants emitted into the atmosphere, the size and topography of the basin, and its meteorological conditions.

Air quality is measured by comparing contaminant levels in ambient air samples to national and state standards. These standards are set by the EPA and the California Air Resources Board at levels determined to be protective of public health and welfare with an adequate margin of safety. National ambient air quality standards were first authorized by the federal Clean Air Act of 1970. California ambient air quality standards were authorized by the State legislature in 1967. The California Ambient Air Quality Standards (CAAQS) describe adverse conditions; that is, pollution levels must be below these standards before an air basin can attain the standard. National Ambient Air Quality Standards (NAAQS) describe acceptable conditions. Air quality is considered in “attainment” if pollutant levels are below or
equal to the standards continuously and exceed them no more than once each year. California standards are generally more stringent than the national standards.

Air quality standards specify the upper limits of concentrations and duration in the ambient air consistent with the management goal of preventing specific harmful effects. There are national and state standards for ozone ($O_3$), carbon monoxide (CO), nitrogen dioxide ($NO_2$), airborne particulate matter with an aerodynamic diameter of less than 10 microns ($PM_{10}$), sulfur dioxide ($SO_2$) and lead (Pb). These are “criteria pollutants.”

**Existing Air Quality Conditions**

The State of California has designated the project region as being a non-attainment area for ozone and a non-attainment area for particulate matter smaller than or equal to 10 microns in diameter ($PM_{10}$). The county is either an attainment area or unclassified for the other pollutants. In June 1998, the EPA reclassified the Bay Area from “maintenance area” to non-attainment for ozone based on violations of the federal standards at various locations in the air basin. Reclassification required an update to the region’s federal air quality plan.

Air quality in the project area is subject to the same issues faced by most of the Bay Area. Vehicle-emissions from area traffic is often not mixed and diluted, but trapped near ground level by temperature inversions. Prevailing circulation patterns generally sweep air inland from the Bay toward the south, acquiring and concentrating pollutants along the way. Natural barriers, including the Diablo Range to the east and the Santa Cruz Range to the southwest, serve as natural barriers, that concentrate pollutants in the area.

**Sensitive Receptors**

Sensitive receptors include land uses such as residences, hospitals, and convalescent homes. Sensitive air quality receptors in the immediate vicinity of the proposed project include residences located south, east and west of the project site.

**Answers to Checklist Questions**

**Question A**

Any future development of the proposed amendment site will be required to conform to the region’s Clean Air Plan and other State and local requirements.

- **Air Quality Policy # 3:** The City should urge effective regulation of those sources of air pollution, both inside and outside of San Jose, which affect air quality. In particular, the City should support Federal and State regulations to improve automobile emission controls.

- **Air Quality Policy # 6:** The City should continue to actively enforce its ozone-depleting compound ordinance and supporting policy to ban the use of chlorofluorocarbon compounds (CFCs) in packaging and in building construction and remodeling to help reduce damage to the global atmospheric ozone layer. The City may consider adopting other policies or ordinances to reinforce this effort.
Question B

Construction Impacts

Construction emissions for the proposed project would be minor owing to the limited extent of trenching required to install the lateral connection lines. Proposed project construction would not violate any air quality standard or contribute substantially to an existing or projected air quality violation. While the project is under construction, the developer shall implement effective dust control measures to prevent dust and other airborne matter from leaving the site, as referenced in the response to Question A. This is considered a less than significant impact.

- Air Quality Policy # 3: The City should urge effective regulation of those sources of air pollution, both inside and outside of San Jose, which affect air quality. In particular, the City should support Federal and State regulations to improve automobile emission controls.

- Air Quality Policy # 6: The City should continue to actively enforce its ozone-depleting compound ordinance and supporting policy to ban the use of chlorofluorocarbon compounds (CFCs) in packaging and in building construction and remodeling to help reduce damage to the global atmospheric ozone layer. The City may consider adopting other policies or ordinances to reinforce this effort.

Operational Impacts

No operational emissions are associated with the proposed project.

Question C

As described above under “Question B and C,” the proposed project would not create a significant construction air quality impact and has no operational impact air quality. While the project is under construction, the developer shall implement effective dust control measures to prevent dust and other airborne matter from leaving the site, as referenced in the response to Question A. Therefore, a cumulatively considerable net increase of any criteria pollutant would not occur. Therefore, this is considered a less than significant impact.

Question D

Certain residents, such as the very young, the elderly, and those suffering from certain illnesses or disabilities, are particularly sensitive to air pollution and are considered “sensitive receptors.” Examples of land uses where significant numbers of sensitive receptors are often found are schools, day care centers, parks, recreational areas, medical facilities, and rest homes and convalescent care facilities. Land use conflicts can arise when sensitive receptors are located next to major sources of air pollutant emissions. As indicated above under “Question B,” the proposed project would not generate substantial pollutant concentrations. Consequently, this is considered a less than significant impact.

Question E

The proposed project is not anticipated to generate any objectionable odors affecting a substantial number of people. There would be no impact.
**BIOLOGICAL RESOURCES**

<table>
<thead>
<tr>
<th>BIOLOGICAL RESOURCES – Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) 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 Game or U.S. Fish and Wildlife Service?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including but not limited to marsh, vernal pool, etc.) through direct removal, filling, hydrological interruption, or other means?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>d) 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 native wildlife nursery sites?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>f) Conflict with the provisions of an adopted Habitat Conservation Plan or other approved local, regional, or state habitat conservation plan?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>

**Environmental Setting**

The project area is generally developed and landscaped consistent with residential neighborhoods. Both paved and unpaved roads provide circulation for the subject site. The proposed project site includes the landscaped front yards of two residences on the Gunnels property and a portion of paved Fleming Avenue. Burrowing owls have been observed on the adjacent property. The project may include the removal of trees and those trees may provide nesting habitat.

**Answers to Checklist Questions**

**Question A-F**

The proposed project would occur within developed or landscaped areas. There is no potential for the project to cause substantial adverse impacts on special-status species. The proposed project would be constructed within landscaped and paved areas. The project would not conflict with the provisions of adopted habitat Conservation Plans.
- **Woodlands, Grasslands, Chaparral and Scrub Policy # 4**: Grading should be designed to minimize the removal of significant vegetation.

- **Woodlands, Grasslands, Chaparral and Scrub Policy # 5**: The City should preserve and protect Oak woodlands, and individual oak trees, to the greatest extent feasible.

- **Woodlands, Grasslands, Chaparral and Scrub Policy # 6**: The City should encourage appropriate reforestation and planting projects in hillside areas.

- **Species of Concern Policy # 1**: Habitat areas that support Species of Concern should be retained to the greatest extent feasible.

- **Species of Concern Policy # 4**: New development on undeveloped properties throughout the City contributes to the regional loss of Burrowing Owl Habitat. To offset this loss of habitat, the City should require either habitat preservation on or off site or other appropriate measures for habitat acquisition, habitat enhancement and maintenance of local habitat bank.

- **Urban Forest Policy #2**: Development projects should include the preservation of ordinance-sized and other significant trees. Any adverse affect on the health and longevity of native oaks, ordinance sized or other significant trees should be avoided through appropriate design measures and construction practices. When tree preservation is not feasible, the project should include appropriate tree replacement.

- **Urban Forest Policy #3**: The City encourages the maintenance of mature trees on public and private property as an integral part of the urban forest. Prior to allowing the removal of any mature tree, all reasonable measures that can effectively preserve the tree should be pursued.

- **Urban Forest Policy #8**: Where urban development occurs adjacent to natural plant communities (e.g. oak woodland, riparian forest), landscape plantings should incorporate tree species native to the area to the greatest extent feasible.

## CULTURAL RESOURCES

<table>
<thead>
<tr>
<th>CULTURAL RESOURCES - Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>1,2,6</td>
</tr>
<tr>
<td>b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>1,2,6</td>
</tr>
<tr>
<td>c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>1,2,6</td>
</tr>
<tr>
<td>d) Disturb any human remains, including those interred outside of formal cemeteries?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>1,2,6</td>
</tr>
</tbody>
</table>
Environmental Setting

The project site is adjacent to a potential archaeological resource zone as outlined on the maps on file at the City of San Jose Department of Planning, Building, and Code Enforcement. A records search of at the California Historical Resources Information System (CHRIS) located at Sonoma State University and a field reconnaissance conducted for the project area as part of the adjacent Fleming Avenue Rezoning project (Holman & Associates 2000) revealed no evidence of archaeological material.

Three structures are located on the Gunnels property. The two residences proposed for sewer connection were constructed in 1940 and 1956. None of the residences are proposed to be removed.

Answers to Checklist Questions

Question A

Although the residences on the Gunnels property exceed or are approaching 50 years since construction, no modification of these structures is proposed as part of this project. The proposed project would not cause a change in the historical significance of the existing residences. This impact is less than significant.

Questions B, C, and D

Construction of the 4-inch laterals to the two existing dwellings would occur in an area that has been previously disturbed by construction of the houses and installation of landscaping. Implementing the following General Plan policies would mitigate the impact described above:

- **Historic, Archeological, and Cultural Resources Policy #1:** Because historically or archeologically significant sites, structures, and districts are irreplaceable resources, their preservation should be a key consideration in the development review process.

- **Historic, Archeological, and Cultural Resources Policy #9:** Recognizing that Native American burials may be encountered at unexpected locations, the City should impose a requirement on all development permits and tentative subdivision maps that upon discovery of such burials during construction, development activity will cease until professional archaeological examination and reburial in an appropriate manner is accomplished.
GEOLOGY AND SOILS

<table>
<thead>
<tr>
<th>GEOLOGY AND SOILS - Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2,6</td>
</tr>
<tr>
<td>• Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map as issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Strong seismic ground shaking?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2,6</td>
</tr>
<tr>
<td>• Seismic-related ground failure, including liquefaction?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2,6</td>
</tr>
<tr>
<td>• Landslides?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2,6</td>
</tr>
<tr>
<td>b) Result in substantial soil erosion or the loss of topsoil?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2,6</td>
</tr>
<tr>
<td>c) 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?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2,6</td>
</tr>
<tr>
<td>d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2,6</td>
</tr>
<tr>
<td>e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>2,6</td>
</tr>
</tbody>
</table>

Environmental Setting

The project site has a southerly slope that ranges from approximately 10% from the frontage on Fleming Avenue to in excess of 15% along the northern property boundary. Elevation on the site ranges from 305 feet in the front yards of the residences to over 330 feet at the rear yards of these homes.

The project site is underlain by Tertiary and Mesozoic sedimentary bedrock units, which consist of moderately to highly consolidated and hardened chert, shale, sandstone, and conglomerate.

The project site is located in a geologic hazard zone as mapped by the City of San Jose in accordance with the Geologic Hazard Ordinance. Review of the proposed project by the City of San Jose Department of Public Works noted that the project is located in Geologic Hazard Zone and a State Landslide Zone (Appendix C).
The project site is underlain by the upland soils of the Altamont-Azule association, 30-50% slopes as classified by the U.S. Soil Conservation Service. Soils in this association typically have slight to moderate erosion potential and generally a high shrink/swell capacity.

The project site is mapped within the City of San Jose Special Studies Zone established around the potentially active Quimby Fault. The City of San Jose has mapped faults with known locations, but whose activity levels are unknown as Special Study Zones. The site is located 230 feet northeasterly of the County designated Quimby Road Fault.

A geologic investigation of the area conducted as part of the Fleming Avenue Rezoning Project (Earth Systems Consultants 2001), found no evidence to indicate the presence of active or potentially active faulting or the existence of active or ancient landslides in the vicinity of the project site. Additionally, the investigation concluded that the geologic factors affecting the area include the presence of the potentially active Quimby Fault, the possibility of seismic ground shaking associated with an earthquake on one of the Bay Area faults, and the presence of expansive soils.

**Answers to Checklist Questions**

**Question A-E**

- **Hillside Policy #2** Clustering of residential development in hillside areas should be encouraged to minimize the exposure of development to environmental hazards and maximize the preservation of natural resources in the hillsides.

- **Hillside Policy #3** Hillside residential development at urban densities (one dwelling unit per acre or greater) should be located only where adequate services and facilities can be feasibly provided and damage to such services and facilities, due to landslides, fire or other environmental hazards, can be reasonably avoided.

- **Hazards Policy #1** Development should only be permitted in hillside areas if potential danger to the health, safety, and welfare of the residents, due to landslides, fire, or other environmental hazards, can be mitigated to an acceptable level.

- **Hillside Policy #15** Hillside development within areas of potential geological hazards should be designed to avoid being endangered by, or contributing to, the hazardous conditions on the site or on adjoining properties.

- **Soils and Geologic Conditions Policy #1** The City should require soils and geologic review of development proposals to assess such hazards as potential seismic hazards, surface ruptures, liquefaction, landsliding, mudsliding, erosion and sedimentation in order to determine if these hazards can be adequately mitigated.

- **Soils and Geologic Conditions Policy #6** Development in areas subject to soils and geologic hazards should incorporate adequate mitigation measures.

- **Earthquakes Policy #1**: The City should require that all new buildings be designed and constructed to resist stresses produced by earthquakes.


**Question A**

Although the project site is located within a geologic hazard zone as mapped by the City of San Jose, the proposed project would include only a very minor amount of construction and would not substantially increase the exposure of or increase the risk of people or structures to loss, injury, or death associated with a rupture of a known earthquake fault, strong seismic ground shaking, seismic-related ground failure, or landslides. This is considered a *less than significant impact.*

**Question B**

The proposed project would result in a very minor and temporary potential for soil erosion. Trenching would occur within paved or landscaped areas, on relatively level terrain exposing a minor amount of soil to erosive forces during project construction. This is considered a *less than significant impact.*

**Question C**

The proposed project is not located on soil that would become unstable as a result of project construction. The proposed minor trenching is not likely to result in offsite landslides, lateral spreading, liquefaction, or collapse. This is considered a *less than significant impact.*

**Question D**

Although surface soils on the project site have a high shrink/swell potential, the minor amount of trenching required for the proposed project would not create substantial risks to life or property resulting from expansive soils. This is considered a *less than significant impact.*

**Question E**

The proposed project also would include the connection of two residential dwellings to existing sanitary sewer line. The project would allow the residents to abandon the existing septic systems in accordance with County requirements.
HAZARDS AND HAZARDOUS MATERIALS

<table>
<thead>
<tr>
<th>HAZARDS AND HAZARDOUS MATERIALS</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Would the project:</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2,7</td>
</tr>
<tr>
<td>a) Cause a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2,7</td>
</tr>
<tr>
<td>b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2,7</td>
</tr>
<tr>
<td>c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2,7</td>
</tr>
<tr>
<td>d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2,7</td>
</tr>
<tr>
<td>e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2,7</td>
</tr>
<tr>
<td>f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2,7</td>
</tr>
<tr>
<td>g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2,8</td>
</tr>
<tr>
<td>h) Expose people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2,8</td>
</tr>
</tbody>
</table>

Environmental Setting

The project area consists of primarily residential land uses. A Phase I Environmental Site Assessment prepared for the Fleming Avenue Rezoning project (Earth Systems Consultants 2001) indicates that historical land use in the vicinity of the Gunnels property has been agricultural and residential uses dating back to 1953. A site reconnaissance of the Fleming Avenue Rezoning project included assessment of adjacent and adjoining properties. No hazardous substances, storage tanks or drums were observed in the surveyed area. Additionally, no stained soils or stressed vegetation were observed. No wells were identified on the surveyed parcels.

A search of 21 governmental agency databases was conducted as part of the Phase I Environmental Site Assessment for the Fleming Avenue Rezoning project. The database search focused on the use and storage of hazardous materials and hazardous materials violations within a 1.25 mile radius of the rezone parcel, which includes the adjacent Gunnels property. The results of the search identified two hazardous materials release sites that have received regulatory agency closure and are not considered to pose a risk (Earth Systems Consultants 2001).
Answers to Checklist Questions

Questions A, B, and C

The proposed project would not result in any increase in the routine transport, use, or disposal of hazardous materials. There is no impact.

Question D

Only two hazardous material release sites are known in vicinity of the project site. These release sites have been closed and pose no risk to the public or the environment. There is no impact.

Questions E and F

The proposed project is not located in an airport land use plan area. The closest airport (San Jose International Airport) is located approximately 7 miles east of the project site. There is no impact.

Question G

Construction traffic is anticipated to be minimal, with no lane closures anticipated and traffic delays unlikely. There is no impact.

Question H

The project site includes landscaped residential area and paved street, with non-urban hillside comprising the rear yards of the residential property. The minor extent of construction required for the proposed project would be located solely within landscaped and paved areas. The location and extent of the proposed construction activities would result in no increase in exposing people or structures to wildland fires. There is no impact.
### HYDROLOGY AND WATER QUALITY

<table>
<thead>
<tr>
<th>HYDROLOGY AND WATER QUALITY - Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Violate any water quality standards or waste discharge requirements?</td>
<td>X</td>
<td>2,9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?</td>
<td>X</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?</td>
<td>X</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?</td>
<td>X</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?</td>
<td>X</td>
<td>2,9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?</td>
<td>X</td>
<td>2,9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?</td>
<td>X</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) Expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of the failure of a levee or dam?</td>
<td>X</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Inundation by seiche, tsunami, or mudflow?</td>
<td>X</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Environmental Setting

There are no waterways on the project site or within 1,800 feet of the project site. The project site does not lie within a 100-year floodplain. The project site drains southwesterly to Babb Creek.

### Answers to Checklist Questions

**Question A**

The proposed project consists of minor trenching to connect two residential units to an existing sanitary sewer line in Fleming Avenue. Construction of the project would not result in any violation of water quality standards or waste discharge requirements. Adherence to all applicable stormwater controls would be required at the development stage. Future development of the site will be required to conform with the...
requirements of the National Pollutant Discharge Elimination System (NPDES) to reduce impacts on storm water quality from the proposed land use, construction activities, and post construction activities. A Storm Water Pollution Prevention Plan (SWPPP) may be required at the time of future development, in compliance with the State regulations, to control the discharge of storm water pollutants.

- **Water Resource Policy #12:** For all new discretionary development permits for projects incorporating large paved areas or other hard surfaces (e.g. building roofs), or major expansion of a building or use, the City should require specific construction and post-construction measures to control the quantity and improve the water quality of urban runoff.

**Question B**

The project would not result in the depletion of any groundwater supplies, nor would it interfere with groundwater recharge. There is no impact.

**Questions C and D**

The project would not substantially alter the existing drainage pattern of the area in a manner that would result in substantial erosion or siltation on- or off-site. There is no impact.

**Question E**

The proposed project would not create or contribute runoff water that exceeds the capacity of the existing storm water drainage system. Adherence to all applicable stormwater controls would be required at the development stage. Future development of the site will be required to conform with the requirements of the National Pollutant Discharge Elimination System (NPDES) to reduce impacts on storm water quality from the proposed land use, construction activities, and post construction activities. A Storm Water Pollution Prevention Plan (SWPPP) may be required at the time of future development, in compliance with the State regulations, to control the discharge of storm water pollutants.

- **Water Resource Policy #12:** For all new discretionary development permits for projects incorporating large paved areas or other hard surfaces (e.g. building roofs), or major expansion of a building or use, the City should require specific construction and post-construction measures to control the quantity and improve the water quality of urban runoff.

**Question F**

The proposed project does not place housing within a 100-year flood hazard area. There is no impact.

**Question G**

The proposed project does not include any structures within a 100-year flood hazard area which would impede or redirect flood flows. There is no impact.

**Question H**

The proposed project does not include modification of any levee or dam and would not expose people or structures to any risk of loss, injury or death involving flooding. There is no impact.
The project would not result in inundation by seiche, tsunami, or mudflow. There is no impact.

**LAND USE AND PLANNING**

<table>
<thead>
<tr>
<th>LAND USE AND PLANNING - Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Physically divide an established community?</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

**Environmental Setting**

The project site is located in an unincorporated area of Santa Clara County. Existing land uses on the two parcels are three single family residences; two residences are occupied and are requesting connection to the City of San Jose sewer system. The project site is designated as non-urban hillside on the City of San Jose’s Land Use/Transportation Map. The 15% topographic non-urban hillside boundary bisects the northern portion of the property (Figure 2-4). The project site is situated outside of the City’s Urban Growth Boundary (UGB) and Urban Services Area (USA). General Plan policies typical limit development to those areas of the hillside that are located below the 15% slope line. Areas located above the 15% slope line are subject to potential seismic, landslide, fire and other environmental hazards, which require extraordinary public services cost to mitigate. The project proposes to connect the two existing homes to existing connections to city services located on Fleming Avenue.

**Answers to Checklist Questions**

**Question A**

The proposed project is the connection of two existing residential dwellings to the City of San Jose’s sanitary sewer system. Because the project site is located outside of the City’s UGB and the USA, an amendment to the City’s General Plan is required to provide for the boundary changes and rezoning administratively necessary to accommodate the requested service.

**Question B**

The project would not physically divide the community. There is no impact.
MINERAL RESOURCES

<table>
<thead>
<tr>
<th>MINERAL RESOURCES - Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2</td>
</tr>
<tr>
<td>b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>2</td>
</tr>
</tbody>
</table>

Environmental Setting

The project site does not contain any known mineral resources.

Answers to Checklist Questions

Questions A and B

The proposed project would not result in the loss of any known mineral resources. There is no impact.
## NOISE

**Noise Standards**

### Santa Clara County General Plan Policies

Noise standards that apply to the project are included in the Santa Clara County General Plan, which establishes maximum noise levels for intermittent interior residential noise at 45dBA for rural unincorporated areas of the county.

### City of San Jose General Plan Noise Policies

Noise standards in the City’s General Plan identify 45 DNL as the interior noise quality level to avoid adverse health effects. With respect to construction-generated noise, the City’s General Plan requires construction operators to use available noise suppression devices and techniques to minimize the encroachment of construction noise on adjacent land uses.

**Environmental Setting**

Existing noise levels in the project area are primarily due to traffic along Fleming Avenue and noise associated with landscaping activities and typical neighborhood activities (i.e., children playing in the yards).

## NOISE - Would the project:

<table>
<thead>
<tr>
<th>NOISE - Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Expose persons to or generate noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Construction noise?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>- Traffic noise?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>b) Expose persons to or generate excessive groundborne vibration or groundborne noise levels?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>c) Result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>1,2,10</td>
</tr>
<tr>
<td>d) Result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>1,2,10</td>
</tr>
<tr>
<td>e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>1,2</td>
</tr>
<tr>
<td>f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>1,2</td>
</tr>
</tbody>
</table>
The City of San Jose has also adopted noise policies to prohibit all disturbing and unreasonably loud noises from disrupting the peace, quiet and comfort of its neighborhoods. No noise level standards are identified in this ordinance, but it does include a framework for responding to noise disturbances and cost recovery associated with responding to noise disturbances.

Sensitive Receptors

Sensitive receptors are land uses such as residences, schools, libraries, hospitals, and other similar uses that are considered to be sensitive to noise. The nearest noise sensitive land uses include residential uses.

Answers to Checklist Questions

Question A

Construction Noise. Noise impacts associated with project construction would result in temporary or periodic increases in ambient noise levels. It is unlikely that construction activities would elevate interior rural residential noise levels above the maximum levels established by the City of San Jose or Santa Clara County. Construction activities would be required to comply with the City of San Jose noise ordinance. This is considered a less than significant impact.

Traffic Noise. No additional traffic noise would result from operation of the proposed project.

- **Noise Policy #1**: The City's acceptable noise level objectives are 55 DNL as the long-range exterior noise quality level, 60 DNL as the short-range exterior noise quality level, 45 DNL as the interior noise quality level, and 76 DNL as the maximum exterior noise level necessary to avoid significant adverse health effects. These objectives are established for the City, recognizing that the attainment of exterior noise quality levels in the environs of the San José International Airport the Downtown Core Area, and along major roadways may not be achieved in the time frame of this Plan. To achieve the noise objectives, the City should require appropriate site and building design, building construction and noise attenuation techniques in new residential development.

Question B

Construction activities associated with the proposed project would not result in long-term ground vibration. This is considered a less than significant impact.

- **Noise Policy #2**: Construction operations should use available noise suppression devices and techniques.

Question C

- **Noise Policy #1**: The City's acceptable noise level objectives are 55 DNL as the long-range exterior noise quality level, 60 DNL as the short-range exterior noise quality level, 45 DNL as the interior noise quality level, and 76 DNL as the maximum exterior noise level necessary to avoid significant adverse health effects. These objectives are established for the City, recognizing that the attainment of exterior noise quality levels in the environs of the San José International Airport the Downtown Core Area, and along major roadways may not be achieved in the time frame of this Plan. To achieve the noise objectives, the City should
require appropriate site and building design, building construction and noise attenuation techniques in new residential development.

The proposed project would not result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project; therefore, this is considered a less than significant impact.

**Question D**

Noise impacts associated with project construction may result in temporary increases in ambient noise levels during construction. This is considered a less than significant impact.

**Question E**

The proposed project is not located within a 2-mile radius of an airport; therefore, no noise impacts related to air traffic are expected. There is no impact.

**Question F**

The proposed project is not located within the vicinity of a private airstrip. There is no impact.

### POPULATION AND HOUSING

<table>
<thead>
<tr>
<th>POPULATION AND HOUSING - Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?</td>
<td></td>
<td></td>
<td>X</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>b) Displace a substantial number of existing housing units, necessitating the construction of replacement housing elsewhere?</td>
<td></td>
<td></td>
<td>X</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>c) Displace a substantial number of people, necessitating the construction of replacement housing elsewhere?</td>
<td></td>
<td></td>
<td>X</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

**Environmental Setting**

The project site located within a residential area. The project would not displace any existing housing units.

**Answers to Checklist Questions**

**Question A**

The proposed project would not induce any growth in the project area. There is no impact.
Questions B and C

The proposed project would not displace existing housing or cause the displacement of people. There is no impact.

PUBLIC SERVICES

<table>
<thead>
<tr>
<th>PUBLIC SERVICES – Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the public services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Fire protection?</td>
<td>X</td>
<td>2, 8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Law enforcement?</td>
<td>X</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Schools?</td>
<td>X</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Parks?</td>
<td>X</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Environmental Setting

Fire protection in rural areas of unincorporated Santa Clara County where the project site is located, is distributed among five service providers including Saratoga Fire District, Central Fire District, Los Altos Fire District, and the California Department of Forestry and Fire Protection. The proposed project was reviewed by the City of San Jose Fire Department, who had no comments on the project (Appendix C).

Law enforcement in the project area is provided by the Santa Clara County Sheriff’s Department.

The project site is in the Mt. Pleasant School District and the East Side Union High School District.

Mount Pleasant Park, located approximately ¼ miles from the project site, is a 5-acre neighborhood park that serves this residential community.

Answers to Checklist Questions

The proposed project would not require the provision of new or physically altered governmental facilities because the project is not proposing any new development. The proposed project would not alter the response times, service ratios, or other performance objectives of fire protection and law enforcement services, nor schools or local parks. There is no impact.
RECREATION

<table>
<thead>
<tr>
<th>RECREATION</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?</td>
<td>X</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?</td>
<td>X</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Environmental Setting

Mount Pleasant Park is located approximately ¾ of a mile from the project site. This 5-acre neighborhood park includes picnic tables, bar-b-que pits, tennis courts and a tot lot

Answers to Checklist Questions

Questions A and B

The proposed project would not create any new residential, commercial, or industrial land uses and therefore would not create any increased demand for parks or other recreational facilities. The proposed project does not include or require the construction or expansion of recreational facilities.
<table>
<thead>
<tr>
<th>TRANSPORTATION/TRAFFIC: Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>11</td>
</tr>
<tr>
<td>b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>11</td>
</tr>
<tr>
<td>c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>11</td>
</tr>
<tr>
<td>d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>11</td>
</tr>
<tr>
<td>e) Result in inadequate emergency access?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>11</td>
</tr>
<tr>
<td>f) Result in inadequate parking capacity?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>11</td>
</tr>
<tr>
<td>g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>11</td>
</tr>
</tbody>
</table>

**Environmental Setting**

Access to the project site is provided by Fleming Avenue, which a two lane street that provides access to Story Road and to Alum Rock Avenue. Alum Rock Avenue provides access to Capitol Expressway, which in turn provides access to Interstate 680. The proposed project will not generate any additional traffic. Santa Clara Valley Transportation Authority has reviewed the proposed project and identified no traffic concerns resulting from the project (Appendix C).

**Answers to Checklist Questions**

**Question A**

The proposed project would not result in any increase in traffic in the project vicinity. There is **no impact**.

**Question B**

The proposed project would not cause, either individually or cumulatively, exceedance of an established level of service standard. There is **no impact**.

**Question C**

The proposed project is not located in an airport land use plan area and would not result in a change in air traffic patterns.
**Question D**

The proposed project would not increase hazards or incompatible uses.

**Question E**

Project construction is minor and would not result in inadequate emergency access.

**Question F**

The proposed project would not create a need for any additional parking.

**Question G**

There are no conflicts with adopted policies, plans, or programs supporting alternative transportation.

---

### UTILITIES AND SERVICE SYSTEMS

<table>
<thead>
<tr>
<th>UTILITIES AND SERVICE SYSTEMS: Would the project:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?</td>
<td></td>
<td>X</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?</td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?</td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?</td>
<td></td>
<td>X</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project’s projected demand in addition to the provider’s existing commitments?</td>
<td></td>
<td>X</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>f) Be served by a landfill with sufficient permitted capacity to accommodate the project’s solid waste disposal needs?</td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>g) Comply with federal, state, and local statutes and regulations related to solid waste?</td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

**Environmental Setting**

Review of the proposed project by City of San Jose Department of Public Works indicated no concerns regarding the adequacy of sanitary capacity, storm capacity, or major access constraints (Appendix C).
Answers to Checklist Questions

Questions A, D, and E

The proposed project would provide for the connection of two existing residential dwellings to existing connections to the City’s sanitary sewer system. The City of San Jose Department of Public Works’ review of the proposed project indicates that there is adequate sanitary capacity to accommodate the project. The project would not exceed capacity of the regional water pollution control plant. There is no impact.

Questions B and C

The proposed project does not require or result in the construction of new water or wastewater facilities, nor does the project require or result in the construction of new storm water drainage facilities. There is no impact.

Question F and G

During construction, the proposed project could generate less than significant amounts of solid waste which would not substantially affect landfill capacity or require compliance with solid waste regulations.

MANDATORY FINDINGS OF SIGNIFICANCE

<table>
<thead>
<tr>
<th>MANDATORY FINDINGS OF SIGNIFICANCE:</th>
<th>Potentially significant impact</th>
<th>Less than significant impact with mitigation</th>
<th>Less than significant impact</th>
<th>No impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>b) Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>c) Does the project have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Answers to Checklist Questions

Question A

The proposed project would not substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining
levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory.

Question B

There are no cumulatively considerable impacts associated with the proposed project.

Question C

The project would not have environmental effects that would cause substantial adverse effects on human beings, either directly or indirectly.
The analysis contained in this Initial Study indicates that the environmental factors checked below would potentially be affected by this project and require additional analysis in an EIR.

- Aesthetics
- Agricultural Resources
- Air Quality
- Biological Resources
- Cultural Resources
- Geology and Soils
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning
- Mineral Resources
- Noise
- Population and Housing
- Public Services
- Recreation
- Transportation/Traffic
- Utilities and Service Systems
- Mandatory Findings of Significance
On the basis of this initial evaluation:

X I find that the proposed project COULD NOT have a significant adverse effect on the environment, and a NEGATIVE DECLARATION will be prepared.

I find that although the proposed project could have a significant adverse effect on the environment, there will not be a significant adverse effect because the project proponent has agreed to implement all the mitigation measures identified in this initial study. A MITIGATED NEGATIVE DECLARATION will be prepared.

I find that the proposed project MAY have a significant adverse effect on the environment, and an ENVIRONMENTAL IMPACT REPORT (EIR) is required.

I find that the proposed project MAY have an adverse impact on the environment that is "potentially significant" or "potentially significant unless mitigated" but at least one effect (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards and (2) has been addressed by mitigation measures based on the earlier analysis, as described on the attached sheets. An ENVIRONMENTAL IMPACT REPORT (EIR) is required, but it must analyze only the effects that remain to be addressed.

I find that although the proposed project could have a significant adverse effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the project, nothing further is required.

[Signature]
[Date 7/6/04]

Elena Lee, Project Manager
Printed Name and Title
CHAPTER 6 REFERENCES CITED

1. City of San Jose Department of Planning, Building, and Code Enforcement
   Adopted 1994, as amended. San Jose 2020 General Plan, San Jose, CA.


3. California Department of Conservation and the U.S. Department of Agriculture, Soil


5. Archaeological Re-Inspection of the Fleming Avenue GPA, San Jose, Santa Clara County,
   California. Prepared for Mindigo & Associates, San Jose, California. Prepared by Holman and

   Development Fleming Avenue (APN-612-30-006, -011 and -012). Prepared for Mr. Rolando

7. Phase I Environmental Site Assessment proposed Residential Development, Fleming Avenue,


10. Santa Clara County Planning Department, Adopted 1994, as amended. Santa Clara County
    General Plan 1995-2010. Santa Clara County, CA.


CHAPTER 7  LIST OF PREPARERS

The following individuals contributed to preparation of this environmental document.

CITY OF SAN JOSE

Elena Lee. Project Manager. San Jose Department of Planning, Building, and Code Enforcement.

MARK THOMAS & COMPANY, INC.


Sid Nash. Project Engineer.
Figure 2-1
Regional Location
Base Map: San Jose East Quadrangle 1961

Figure 2-2 Project Site Location/USGS Map
TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: Morgan Hill Urban Service Area (USA) Amendment (2005)

a. Holiday Lake Estates
b. Hill Road and Diana Avenue

Agenda Item # 4

STAFF RECOMMENDATION

CEQA Actions

a. As a Responsible Agency under CEQA, LAFCO must approve the Categorical Exemption. The project is categorically exempt from CEQA under Class 1, Section 15301 (d).

b. As a lead agency under CEQA, LAFCO must approve the Categorical Exemption. The project is categorically exempt from the requirements of CEQA under Class 1, Section 15301(c) and Class 19, Section 15319(a).

Project Actions

a. Approve Morgan Hill’s request for expansion of its urban service area to include all of the unincorporated portions of Holiday Lake Estates area.

b. Approve minor expansion of Morgan Hill’s USA to include the unincorporated portion of Hill Road to the south of Diana Avenue up to East Dunne Avenue and also the unincorporated portion of Diana Avenue up to Hill Road, in order to facilitate the city annexation of the unincorporated island located at Diana Avenue and Hill Avenue.

PROJECT DESCRIPTION AND BACKGROUND

Holiday Lake Estates

The City of Morgan Hill proposes to expand its Urban Service Area (USA) boundary to include all of the unincorporated portions of the Holiday Lake Estates area within its USA. This request from Morgan Hill is in response to LAFCO’s action in February 2005,
that required Morgan Hill to include the Holiday Lake Estates Area within the City’s USA and annex the area in order to address the sewage disposal issues. This would allow the City to provide sewer service as a way to address the potential health and safety issues raised by the failing septic systems in the area. For this reason, the proposed USA expansion for the Holiday Lake Estates area is unlike most other requests from cities for USA expansions.

Holiday Lake Estates is an unincorporated subdivision of single-family lots with about 200 homes, surrounded by the City of Morgan Hill and the Anderson Reservoir. Although it is outside the City’s USA boundary, City sewer and water lines run through this unincorporated area. All the properties here receive City water and about 80 properties are connected to the City sewer system. The remaining homes are on septic systems that are over 30 years old, and the typical lifespan of a septic system is 30 to 40 years. Some of these septic systems have been failing since 1989. The failing septic systems create a threat to the public health and safety of the area residents and are a serious cause for concern to the Santa Clara Valley Water District (SCVWD) with regard to the water quality of Anderson Reservoir which is designated a drinking water source.

Over the years, LAFCO has received requests for extension of City sewer services to properties with failing or failed septic systems in this area. Three sewer extensions to private properties have been approved by LAFCO as a result of these requests. Given the age of the homes, the small size of the lots, the hilly terrain, soil type and vegetation in this area, combined with the area’s proximity to the Anderson Reservoir and the current stricter standards for septic systems, it is very unlikely that new or replacement systems will be feasible and there will continue to be more requests for sewer connections from individual property owners.

Recognizing that this problem needs to be addressed comprehensively, in February 2005, LAFCO indicated that it would not consider further Out-of-Agency requests in the Holiday Lake Estates area until the City of Morgan Hill sent a resolution to LAFCO requesting to include the Holiday Lake Estates area within its urban service area (USA), in anticipation of the future annexation of the area into the City.

On July 27, 2005, the Morgan Hill City Council approved a resolution allowing for the inclusion of the unincorporated portion of Holiday Lake Estates within the City’s Urban Service Area (USA). An interagency group comprising of staff from Morgan Hill Planning and Public Works Department, the County Planning Office, the County Environmental Health Department, the SCVWD, LAFCO and Supervisor Don Gage’s Office is working with property owners in the Holiday Lake Estates area on sewer provision and annexation. The City, County and the SCVWD have committed funds of $15,000 each towards preparation of a preliminary engineering and feasibility study for formation of sewer assessment district.

**Hill Road and Diana Avenue**

The City identified the unincorporated island at the intersection of Diana Avenue and Hill Road as one of the islands that they would like to annex using the streamlined island
annexation process. The City has requested that the County provide mapping for the island. During the map preparation and review process, it was determined that in conformance with LAFCO’s road annexation policies, full widths of the two roads that bound the island must be annexed as well. However, it was found that portions of these roads are not included in the City’s USA. In order to facilitate the annexation to Morgan Hill of the unincorporated island located at Diana Avenue and Hill Road, staff is proposing a minor expansion of Morgan Hill’s USA to include the unincorporated portion of Hill Road to the south of Diana Avenue and up to East Dunne Avenue and also the unincorporated portion of Diana Avenue up to Hill Road.

ENVIRONMENTAL ANALYSIS

Holiday Lake Estates
The project is exempt under CEQA Class 1, Section 15301(d) that states:

Section 15301 (d): Restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety, unless it is determined that the damage was substantial and resulted from an environmental hazard such as earthquake, landslide, or flood.

The Holiday Lake Estates area is an “urban island” located in the unincorporated area, between Lake Anderson and the portion of Holiday Lake Estates that is already part of the City of Morgan Hill. The Urban Service Area amendment will allow for future annexation of this developed area into the City of Morgan Hill, and may allow future extension of sewer infrastructure to the area. If sewer services are extended in the future, such service will involve negligible expansion of the area, since the area is already built out. The new sewer infrastructure would allow for rehabilitation of wastewater service in the area, through the replacement of septic systems that are failing and threatening to fail, with sewer connections. Any future sewer infrastructure project will be subject to CEQA and standard measures to ensure that future construction does not involve significant environmental impacts.

Hill Road and Diana Avenue
The project is exempt under CEQA Class 1, Section 15301(c), "Existing Facilities," and CEQA Class 19, Section 15319(a), "Annexation of Existing Facilities and Lots for Exempt Facilities," that states:

Section 15301(c): Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails and similar facilities (this includes road grading for the purpose of public safety).

Section 15319(a): Annexation to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or pre-zoning of either the gaining or losing environmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities.
CONSISTENCY WITH MORGAN HILL GENERAL PLAN

The proposal area is within the City’s urban growth boundary, which was adopted by the City in 1996.

Morgan Hill has voter approved growth control measures that limit annual residential growth, set a population cap for the city, and specify when the city may seek expansion of its USA. Up until recently, the City’s Growth Control Measure (Measure P) prevented the City from expanding its USA unless there is a less than 5-year supply of vacant land or the area met the City’s desirable infill policies. Last year, Morgan Hill voters passed Measure C that revised Measure P. Measure C allows the City to annex existing county sub-divisions including the Holiday Lake Estates area without the population in these areas counting against the City’s population cap of 48,000 for the year 2020. Also, Measure C recognizes that the future annexation of these existing county subdivisions may be necessary to allow these areas to receive additional city services and permits these areas to be included in the city’s USA and become annexed into the city without meeting the desirable infill standards.

CONSISTENCY WITH LAFCO POLICIES

The area is almost fully developed with single-family homes. Inclusion of the area in the City’s USA will not result in conversion of agricultural or open space lands.

The proposed expansion is surrounded by the City and its current USA boundary on two / three sides and on the fourth side by the Anderson Reservoir. It is a logical extension of the City’s boundaries.

Inclusion in the USA would allow the City to annex the properties and provide urban services to the property. Once annexed, the City could extend sewer services to the approximately 120 parcels that are currently on a septic system or are vacant. It is unlikely any of the parcels could be sub divided further. However, there may be a slight increase in the development potential of lots in the area as the septic systems are replaced with City sewer connections.

As mentioned earlier, city water is already being provided to all the homes in the area. The City is prepared to extend sewer service to the area after the area is annexed and the property owners agree to fund the extension of sewer infrastructure to the area. As mentioned earlier, a feasibility study for the formation of a sewer assessment district is currently being conducted.

The streets within the Holiday Lakes Estates area are private streets and the Holiday Lake Estates Home Owners association (HEMA) is currently responsible for maintenance and repair of streets. It is expected that HEMA would continue with that responsibility after annexation of the area to the city. The City has also stated that it is willing and able to provide police, fire, recreation, development review services as well as other existing city services to the area upon annexation.
Including this area within the City’s USA will not impact the school district as the area is already fully developed.

CONCLUSION

Staff recommends that the Holiday Lake Estates area be included in the City of Morgan Hill’s USA. Inclusion of the area in the City’s USA would allow the City to prepare a plan for financing and constructing new sewer infrastructure, where needed, in the Holiday Lake Estates area, pursue annexation of the area under the streamlined island annexation provisions in State law for islands and extend sewer service to the area in order to address public health and dwelling unit habitability issues. Inclusion of this area into the USA would not significantly change the development potential in the area.

Staff also recommends that the Commission make the minor amendment to Morgan Hill’s USA to include the necessary portions of Diana Avenue and Hill Road to facilitate annexation of the island to the City.

ATTACHMENTS

Attachment A: Map of the Proposed USA Expansion for Holiday Lake Estates Area

Attachment B: Map of the Proposed USA Expansion to include Hill Road and Diana Avenue.
ITEM NOS. 7, 8 AND 9
ORAL REPORT

Date Prepared: October 5, 2005
LAFCO Meeting: October 12, 2005

TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: Items #7, 8, 9

Items #7, 8, and 9 will be addressed in an oral report on October 12, 2005.
Date Prepared: October 4, 2005
LAFCO Meeting Date: October 12, 2005

TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
       Dunia Noel, Analyst

SUBJECT: Proposed Tour of Gilroy Area
Agenda Item # 10

STAFF RECOMMENDATION

1. Consider the City of Gilroy’s offer to LAFCO of a workshop/ tour of the Gilroy area, and

2. Authorize staff to schedule and plan the workshop/ tour with Gilroy staff.

BACKGROUND

LAFCO Staff Meets with Gilroy Mayor and City Staff

On September 19, 2005, LAFCO staff met with Al Pinheiro, Mayor of the City of Gilroy; Jay Baska, Gilroy City Administrator; Bill Faus, Gilroy Planning Director; and Cydney Casper, Gilroy Associate Planner. City staff contacted LAFCO staff in late August to request a lunch meeting with LAFCO staff in order to open up a dialogue with LAFCO concerning the City’s growth and preservation plans.

The meeting was informal and provided an opportunity for Gilroy’s Mayor and Gilroy City staff to meet and become more familiar with LAFCO staff. At the conclusion of the meeting, Mayor Pinheiro and City staff offered to host a workshop/tour of the Gilroy area in order to provide LAFCO with first hand knowledge of the Gilroy area and the City’s growth and preservation plans.

Mayor Pinheiro indicated that the City could arrange for such a workshop/tour to occur in late October or early November. The City requested that LAFCO staff relay this offer to LAFCO for their consideration and response.
Date Prepared: October 5, 2005
LAFCO Meeting: October 12, 2005

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst

SUBJECT: Legislative Report
Agenda Item #11

For Information Only

The Legislature adjourned September 9. The last date for the Governor to sign or veto bills is October 9. The three active bills with the greatest relevance to Santa Clara are AB 1602, AB 1746, and SB 135.

**AB1602 (Laird)** was amended on August 23. The bill, as introduced would correct a problem created in last year’s budget bill that froze newly incorporated cities out of receiving the portion of the property taxes cities now receive in lieu of vehicle license fees. The August 23rd amendments address similar revenue transfer issues for inhabited annexations.

The statutory adjustments following Proposition 1A, last year’s budget measure, had the effect of preventing newly incorporated cities and cities with populated annexations from receiving future property taxes which were intended to cover the city’s loss of vehicle license fees. These adjustments made incorporations and annexations of populated areas less financially viable. The bill would restore the formula so that vehicle license offsets flow to future incorporations.

This bill did not pass the Legislature and will be reconsidered next year. This bill would greatly assist the Community of San Martin’s in their current incorporation effort.

**AB 1746 (Local Government Committee)** is the omnibus Local Government Reorganization Act bill that is sponsored by CALAFCO. The bill includes language that extends the deadline for completing the sphere of influence updates from January 1, 2006 to January 1, 2008. The bill was signed by the governor on September 22nd and will be effective January 1, 2006. This time extension will help LAFCO’s to control costs, to avoid litigation, and to focus on the highest priority projects.
The bill also made changes to LAFCO law concerning: public member vacancy noticing, use of newspaper display ad in lieu of mailing 1000 or more notices, LAFCO repayment of County loans, waiving the protest hearing when there is 100% property owner support for an uninhabited boundary change, a non-contiguous municipal forest annexation in Arcata, and omitting the protest hearing when state law requires an election on a high-profile boundary changes such as city incorporations.

SB135 (Kehoe) rewrites the Community Services District Law. CALAFCO participated in the drafting of the law. There are currently two Community Services Districts in Santa Clara County. In Fall of 2004, LAFCO received an application from Redwood Mutual Water Company requesting to form a new community services district (RMWC). However, the application has remained incomplete and RMWC recently requested that their application be put on hold until various issues are resolved. The rewrite of the Community Services District Law could impact RMWC’s request to form a community services district.
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 (RECSD).

Current Status of Application

Redwood Mutual Water Company Proposing to Transfer Their Water System to San Jose Water Company

On September 29, 2005, LAFCO staff received a letter (Attachment A) from the Silicon Valley Law Group, a legal firm that represents the Redwood Mutual Water Company (RMWC). The letter stated that the San Jose Water Company (SJWC) has expressed an interest in acquiring all of the water distribution facilities owned an/or operated by RMWC, including the Montevina pipeline and related pumps, telemetry controls, and other facilities. According to the letter, the Redwood Board of Directors feel that pursuing this opportunity will offer the best solution to many of the challenges that RMWC has faced regarding the water system, and that these challenges were the primary reason Redwood sought to form a Community Services District in the first place.

The legal firm hopes to have the Agreement between RMWC and SJWC finalized in the next week or two. After the Agreement is finalized, it will need to be approved by the Boards of both companies, by the members of RMWC, by the California Public Utilities Commission, and by a number of other regulatory agencies. The legal firm anticipates that they will obtain all approvals and complete the transaction no sooner than the first quarter of 2006.
According to the legal firm, once the transaction has closed, they would like to meet with LAFCO staff in order to determine whether RMWC should pursue a revised application for a Community Services District for some or all of RMWC’s remaining functions, including roads, drainage, street lighting, parks and recreational services.

LAFCO staff will continue to provide the Commission with updates on this matter.

**Background**

**October 13, 2004 - RMWC Submits Application to Form a 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 (RECSD). According to the application, RMWC would like to form the RECSD 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.

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.

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. In November 2004, LAFCO staff received a joint letter from the six mutual water companies in Santa Cruz County, stating their interest in participating in the formation of RECSD. The six mutual water companies currently receive wholesale water from RMWC that they then retail to the residents of several Santa Cruz mountain communities.

**December 8, 2004 - RMWC’s Application Remains Incomplete and Cannot Be Processed**

LAFCO staff reported at the December 8, 2004 LAFCO meeting that Redwood Mutual Water Company’s (RMWC’s) application to form the Redwood Estates Community Services District (RECSD) was incomplete. LAFCO staff also reported that LAFCO staff had been working closely with RMWC staff and had requested that RMWC provide additional information to continue the application process.
Furthermore, LAFCO staff reported that the LAFCO staff of both counties would continue to work collaboratively with the RMWC to try to identify various district formation options that could potentially address the needs of all parties involved, identify the pros and cons for each option as well as the issues that require further information and/or analysis.

**December 2004- LAFCO Staff Recommends that RMWC Seek a Qualified Consultant to Identify and Analyze Options and Recommend Best Solution**

LAFCO staff believes that a great deal of analysis must be completed before all the parties can select a preferred option. However, LAFCO staff believes that this type of analysis requires professional expertise that neither LAFCO staff nor the parties involved possess and 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.

**RMWC Requests that Their Application Be Put on Hold**

In early September, RMWC contacted LAFCO staff and requested that their application be put “on hold” until a number of issues could be resolved.

**Attachments**

Attachment A: September 19, 2005 Letter from the Silicon Valley Law Group