



LAFCO MEETING AGENDA

Board Meeting Chambers, 70 West Hedding Street, First Floor

San Jose, CA 95110

October 7, 2015

1:00 PM

CHAIRPERSON: Linda J. LeZotte • VICE-CHAIRPERSON: Cat Tucker

COMMISSIONERS: Cindy Chavez, Sequoia Hall, Johnny Khamis, Mike Wasserman, Susan Vicklund Wilson

ALTERNATES: Ash Kalra, Yoriko Kishimoto, Tara Martin-Milius, Terry Trumbull, Ken Yeager

NOTICE TO THE PUBLIC

1. Pursuant to Government Code §84308, no LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party, or his/her agent; or any participant or his /or her agent, while a LAFCO proceeding is pending, and for three months following the date a final decision is rendered by LAFCO. Prior to rendering a decision on a LAFCO proceeding, any LAFCO commissioner who received a contribution of more than \$250 within the preceding 12 months from a party or participant shall disclose that fact on the record of the proceeding. If a commissioner receives a contribution which would otherwise require disqualification returns the contribution within 30 days of knowing about the contribution and the proceeding, the commissioner shall be permitted to participate in the proceeding. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 within the preceding 12 months by the party, or his or her agent, to a LAFCO commissioner. For forms, visit the LAFCO website at www.santaclaralafco.org. No party, or his or her agent and no participant, or his or her agent, shall make a contribution of more than \$250 to any LAFCO commissioner during the proceeding or for 3 months following the date a final decision is rendered by LAFCO.
2. Pursuant to Government Code Sections 56100.1, 56300, 56700.1, 57009 and 81000 et seq., any person or combination of persons who directly or indirectly contribute(s) a total of \$1,000 or more or expend(s) a total of \$1,000 or more in support of or in opposition to specified LAFCO proposals or proceedings, which generally include proposed reorganizations or changes of organization, may be required to comply with the disclosure requirements of the Political Reform Act (See also, Section 84250 et seq.). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. More information on the scope of the required disclosures is available at the web site of the FPPC: www.fppc.ca.gov. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).
3. Pursuant to Government Code §56300(c), LAFCO adopted lobbying disclosure requirements which require that any person or entity lobbying the Commission or Executive Officer in regard to an application before LAFCO must file a declaration prior to the hearing on the LAFCO application or at the time of the hearing if that is the initial contact. In addition to submitting a declaration, any lobbyist speaking at the LAFCO hearing must so identify themselves as lobbyists and identify on the record the name of the person or entity making payment to them. Additionally every applicant shall file a declaration under penalty of perjury listing all lobbyists that they have hired to influence the action taken by LAFCO on their application. For forms, visit the LAFCO website at www.santaclaralafco.org.
4. Any disclosable public records related to an open session item on the agenda and distributed to all or a majority of the Commissioners less than 72 hours prior to that meeting are available for public inspection at the LAFCO Office, 70 W. Hedding Street, 11th Floor, San Jose, California, during normal business hours. (Government Code §54957.5.)
5. In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the LAFCO Clerk 24 hours prior to the meeting at (408)299-6415.

70 West Hedding Street • 8th Floor, East Wing • San Jose, CA 95110 • (408) 299-5127 • www.santaclaralafco.org

COMMISSIONERS: Cindy Chavez, Sequoia Hall, Johnny Khamis, Linda J. LeZotte, Cat Tucker, Mike Wasserman, Susan Vicklund Wilson

ALTERNATE COMMISSIONERS: Ash Kalra, Yoriko Kishimoto, Tara Martin-Milius, Terry Trumbull, Ken Yeager

EXECUTIVE OFFICER: Neelima Palacherla

1. ROLL CALL

2. PUBLIC COMMENTS

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 JUNE 3, 2015 LAFCO MEETING

CONSENT ITEM

4. WEST VALLEY SANITATION DISTRICT 2015-01

Recommended Action:

CEQA Action

1. As Lead Agency under CEQA, determine that the proposal is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines 15319 (a) and (b) and Section 15303(d).

Project Action

2. Approve the annexation of approximately 2.68 acres (Assessor Parcel Numbers 510-38-024 and 510-38-025), located at 18660 and 18650 Overlook Road in the unincorporated area within the Town of Los Gatos' Urban Service Area, to the West Valley Sanitation District, as described and depicted in Attachment B (Exhibits "A" and "B").
3. Waive protest proceedings pursuant to Government Code §56662(a).

PUBLIC HEARING

5. CITIES SERVICE REVIEW DRAFT REPORT

Recommended Action:

1. Consider the Draft Report for the Cities Service Review.
2. Accept public comments.
3. Direct staff to revise the Report as necessary to address comments received through October 7th and set December 2, 2015 as the date for the public hearing to consider adoption of the Final Report.

ITEMS FOR ACTION / INFORMATION

6. ANNUAL REPORT

Recommended Action: Accept the 2014-2015 Annual Report (July 1, 2014 to June 30, 2015)

7. EXECUTIVE OFFICER'S REPORT

7.1 RELOCATION OF LAFCO OFFICE TO 8th FLOOR OF COUNTY GOVERNMENT CENTER

Recommended Action: Provide further direction to staff, as necessary.

7.2 COUNTY'S MEETING ON URBAN AGRICULTURE INCENTIVE ZONES ACT

For information only.

7.3 UPDATE ON PACHECO PASS WATER DISTRICT

For information only.

7.4 DISCUSSIONS WITH CITY OF SUNNYVALE CONCERNING PROPOSED ANNEXATION OF BUTCHER'S CORNER

For information only.

7.5 MEETINGS WITH COUNTY CONTROLLER'S OFFICE REGARDING LAFCO FEES METHODOLOGY

For information only.

7.6 MEETING WITH SAN JOSE PLANNING DEPARTMENT STAFF CONCERNING SEWER SERVICE EXTENSION AND BOUNDARY CHANGE INQUIRIES

For information only.

7.7 MEETINGS WITH PROPERTY OWNERS AND CITIES CONCERNING DETACHMENT FROM MOUNTAIN VIEW AND ANNEXATION TO LOS ALTOS

For information only.

7.8 MEETING WITH REPRESENTATIVES OF CASTRO VALLEY RANCH CONCERNING LAFCO'S POLICIES

For information only.

7.9 MEETINGS WITH COUNTY STAFF ON SEWER AND WATER SERVICE EXTENSIONS TO UNINCORPORATED LANDS

For information only.

7.10 MEETING WITH CITY OF GILROY ON PROPOSED NORTH GILROY URBAN SERVICE AREA AMENDMENT APPLICATION

For information only.

7.11 PUBLIC INQUIRIES ABOUT SERVICE EXTENSIONS TO UNINCORPORATED LANDS

For information only.

7.12 LAFCO ORIENTATION SESSION FOR COMMISSIONER KHAMIS' STAFF MEMBER

For information only.

7.13 SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS (SCCAPO) MEETINGS

For information only.

7.14 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING

For information only.

7.15 INTER-JURISDICTIONAL GIS WORKING GROUP MEETINGS

For information only.

8. CALAFCO RELATED ACTIVITIES

8.1 REPORT ON THE 2015 CALAFCO ANNUAL CONFERENCE

For information only.

8.2 REPORT ON CALAFCO CHANGES

For information only.

8.3 CALAFCO PUBLICATIONS

For information only.

- The Sphere, September 2015, CALAFCO Journal
- CALAFCO Quarterly News Report

9. LETTERS FROM THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY REGARDING PRESIDENT'S SPECIAL ACKNOWLEDGEMENT AWARD

For information only.

10. PENDING APPLICATIONS / UPCOMING PROJECTS

11. COMMISSIONER REPORTS

12. NEWSPAPER ARTICLES / NEWSLETTERS

13. WRITTEN CORRESPONDENCE

- Email from Charmel Perrier dated August 4, 2015 regarding Morgan Hill Southeast Quadrant Annexation & Agricultural Mitigation Preservation Plan

14. ADJOURN

Adjourn to the regular LAFCO meeting on Wednesday, December 2, 2015, at 1:00 PM in the Board Meeting Chambers, 70 West Hedding Street, San Jose.

**LAFCO MEETING MINUTES
WEDNESDAY, JUNE 3, 2015**

CALL TO ORDER

The meeting was called to order at 1:00 p.m.

1. ROLL CALL

The following commissioners were present:

- **Chairperson Linda J. LeZotte**
- **Vice-Chairperson Cat Tucker**
- **Commissioner Cindy Chavez** (arrived at 1:04 p.m.)
- **Commissioner Sequoia Hall**
- **Commissioner Johnny Khamis** (left at 1:37 p.m.)
- **Commissioner Mike Wasserman**
- **Commissioner Susan Vicklund Wilson**
- **Alternate Commissioner Tara Martin-Milius**
- **Alternate Commissioner Terry Trumbull**

The following staff members were present:

- **LAFCO Executive Officer Neelima Palacherla**
- **LAFCO Assistant Executive Officer Dunia Noel**
- **LAFCO Counsel Malathy Subramanian**

2. PUBLIC COMMENTS

There were no public comments.

3. MINUTES OF APRIL 1, 2015 LAFCO MEETING

The Commission approved the minutes of April 1, 2015 LAFCO meeting.

Motion: Hall

Second: Wasserman

AYES: Hall, Khamis, LeZotte, Tucker, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: Chavez

MOTION PASSED

4. **CONSENT ITEM: CUPERTINO SANITARY DISTRICT 2015-01 (LANDS OF RUPILIUS)**

The Commission adopted **LAFCO Resolution No. 2015-01**, approving the annexation of one parcel with a total area of about 0.55 acre located on Mt. Eden Road in the City of Saratoga to the Cupertino Sanitary District.

Motion: Khamis

Second: Tucker

AYES: Chavez, Khamis, LeZotte, Tucker, Wasserman, Wilson

NOES: None

ABSTAIN: Hall

ABSENT: None

MOTION PASSED

8.2 **TAKEN OUT-OF-ORDER: NOTICE FROM THE COUNTY TO RELOCATE LAFCO OFFICE TO CHARCOT ROAD**

On Commission consensus, Item 8.2 was taken out-of-order as the LAFCO office relocation may have implications for the Fiscal Year 2016 budget.

Ms. Palacherla provided an update to the written report and informed that the County has indicated that it may be able to find space for LAFCO in the County Government Center. In response to an inquiry by **Chairperson LeZotte**, she explained staff's concerns with the relocation of the LAFCO office to Charcot Road.

In response to an inquiry by **Commissioner Wilson**, Ms. Palacherla indicated that there is the option of using the \$150,000 in reserves to cover unexpected costs. **Chairperson LeZotte**, on Commission consensus, directed staff to send a letter expressing support for the County's effort in finding office space within the building. **Chairperson LeZotte** expressed her appreciation to Commissioners Chavez and Wasserman for communicating and working with the County.

5. **FINAL LAFCO BUDGET FOR FISCAL YEAR 2016**

This being the time and place for the public hearing, **Chairperson LeZotte** declared the public hearing open, determined that there are no members of the public who wished to speak on the item, and declared the public hearing closed.

Ms. Palacherla reported that \$4,000 has been added to the budget to reflect the revised County charges for overhead and IT.

The Commission:

1. Adopted the Final LAFCO Budget for Fiscal Year 2015-2016.
2. Found that the Final LAFCO Budget for Fiscal Year 2016 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorized staff to transmit the Final LAFCO Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association and the Special Districts Association.
4. Directed the County Auditor-Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

Motion: Tucker

Second: Wasserman

AYES: Chavez, Hall, Khamis, LeZotte, Tucker, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED

6. CURRENT PRACTICE FOR RESPONDING TO PUBLIC COMMENTS AND INQUIRIES

Commissioner Wasserman requested that the full Commission be copied on responses to inquiries listed in Category #5 of the Table in Attachment A. Ms. Palacherla stated that staff would copy the full commission. In response to an inquiry by **Commissioner Khamis**, Ms. Palacherla advised that staff immediately acknowledges receipt of an inquiry or comment and noted that the follow-up response time varies depending on the complexity of the inquiry. **Commissioner Khamis** noted that tracking the volume of public inquiries may help support a future request for additional staffing. On Item #4 of Attachment A, **Commissioner Chavez** proposed that all commissioners be copied with staff's written responses to public comments received at LAFCO meetings. In response to an inquiry by **Commissioner Wilson**, Ms. Palacherla informed that due to limited staffing, all public inquiries are not formally logged. **Commissioner Hall** stated that the public expects the commissioners to be aware of their inquiries. Recognizing the limited LAFCO staff, he stated that tracking calls is important. Ms. Palacherla informed that the FY 2016 Work Plan includes the preparation of a public communications plan and this issue of how to improve tracking of public inquiries can be addressed through that plan, which will also be an opportunity to address the need for any additional resources needed to implement the changes. Chairperson LeZotte and Commissioner Wilson expressed agreement.

The Commission accepted the report.

Motion: Khamis

Second: Hall

AYES: Chavez, Hall, Khamis, LeZotte, Tucker, Wasserman, Wilson

NOES: None

ABSTAIN: Wilson

ABSENT: None

MOTION PASSED

7. UPDATE ON LAFCO's CITIES SERVICE REVIEW

The Commission accepted the report.

Motion: Wasserman

Second: Tucker

AYES: Chavez, Hall, Khamis, LeZotte, Tucker, Wasserman, Wilson

NOES: None

ABSTAIN: Wilson

ABSENT: None

MOTION PASSED

16. ADJOURN

The Commission adjourned to the next regular meeting on August 5, 2015 at **1:00 p.m.**, in the Board Meeting Chambers, County Government Center, 70 West Hedding Street, San Jose, California.

Approved:

Linda J. LeZotte, Chairperson
Local Agency Formation Commission of Santa Clara County

By: _____
Emmanuel Abello, LAFCO Clerk

LAFCO MEETING: October 7, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: WEST VALLEY SANITATION DISTRICT 2015-01 (Overlook Road)

STAFF RECOMMENDATION

CEQA ACTION

1. As Lead Agency under CEQA, determine that the proposal is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines 15319 (a) and (b) and Section 15303(d).

PROJECT ACTION

2. Approve the annexation of approximately 2.68 acres (Assessor Parcel Numbers 510-38-024 and 510-38-025), located at 18660 and 18650 Overlook Road in the unincorporated area within the Town of Los Gatos' Urban Service Area, to the West Valley Sanitation District, as described and depicted in **Attachment B (Exhibits "A" and "B")**.
3. Waive protest proceedings pursuant to Government Code §56662(a).

PROJECT DESCRIPTION AND BACKGROUND

LAFCO of Santa Clara County received an application, by landowner petition, to annex Assessor Parcel Numbers 510-38-024 and 510-38-025 into the West Valley Sanitation District (WVSD) in order to allow the District to provide sanitary sewer services to the parcels.

Assessor Parcel Number 510-38-024 consists of approximately 1.6 acres, located at 18660 Overlook Road in the unincorporated area within the Town of Los Gatos' Urban Service Area. The parcel is developed with a single-family residence. The owners of APN 510-38-024 have plans to remodel and expand their home and these plans include abandoning their onsite septic system and receiving sewer service from WVSD before they complete their remodel. In order to receive sewer service from WVSD, this parcel must first be within the District's boundaries.

Assessor Parcel Number 510-38-025 consists of approximately 0.88 acres, located at 18650 Overlook Road in the unincorporated area within the City of Los Gatos' Urban Service Area. The parcel is developed with a single-family residence that is served by an onsite septic system. The owners of APN 510-38-025 do not have immediate plans to abandon their onsite septic system and receive sewer service from WVSD. The owners of APN 510-38-025 have agreed to provide the owners of APN 510-38-024 with an easement and access through their parcel for a sewer lateral in order facilitate their connection to WVSD's sewer system. The owners of APN 510-38-025 have requested the future ability to connect to WVSD's sewer system if they so desire. In order to receive sewer service from WVSD, APN 510-38-025 must first be annexed to the District.

On August 12, 2015, WVSD adopted Resolution No. 15.08.17 indicating that the District supports the requested annexation and has the ability to provide sewer service to the two subject parcels.

Attachment B (Exhibits "A" and "B") describes and depicts the boundaries of the proposed annexation.

ENVIRONMENTAL ASSESSMENT

Categorical Exemption

LAFCO of Santa Clara County is the Lead Agency under the California Environmental Quality Act (CEQA) for the proposed annexation.

The proposed project is exempt under State CEQA Guidelines Section 15319(a) & (b) and Section 15303(d).

Section 15319: Class 19 consists of only the following annexations:

- (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 governmental 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.
- (b) Annexation of individual small parcels of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures.

Section 15303: Class 3 consists of construction and location of limited numbers of new, small facilities or structures, installation of small new equipment and facilities in small structures...The number of structures described in this section are the maximum allowable on any legal parcel. Examples of this exemption include but are not limited to:

- (d) Water main, sewage, electrical, gas, and other utility extensions, including street improvements, of reasonable length to serve such construction.

CONSISTENCY WITH LAFCO FACTORS AND POLICIES

Impacts to Prime Agricultural Lands and Open Space

The subject parcels are not under a Williamson Act Contract and do not contain open space or prime agricultural lands as defined in the Cortese Knox Hertzberg Act. Therefore the proposed annexation will not impact agricultural or open space lands.

Logical & Orderly Boundaries

The subject parcels are within the WVSD's Sphere of Influence and are contiguous to the District's boundary. The subject parcels are located in an unincorporated area and within the City of Los Gatos' Urban Service Area (USA). **Please see Attachment A for Overview Map.**

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

Public Health and Safety Issues

The County's Department of Environmental Health (DEH) issues septic system permits and oversees system installations and repairs for properties in Santa Clara County. DEH staff indicated that they are not aware of any existing public health and safety issues associated with APNs 510-38-024 and 510-38-025.

Growth Inducing Impacts

APN 510-38-024 is approximately 1.6 acres in size and located in the unincorporated area within the Town of Los Gatos' Urban Service Area. The parcel is developed with a single-family residence that the owners plan to remodel and expand. APN 510-38-025 is approximately 0.88 acres in size and is also located in the unincorporated area within the Town of Los Gatos' Urban Service Area. The parcel is developed with a single-family residence and no further development is proposed.

The two subject parcels have a County of Santa Clara land use designation of Urban Service Area (USA) and are zoned combining district Urban Hillside Residential Santa Clara Valley Viewshed (RHS-d1) which requires a minimum land area of 1 acre for each dwelling unit in any subdivision as determined by the County's slope density formula, availability of public water and sewer, and by the severity of geologic and natural hazards. Therefore, the two subject parcels would not be eligible for further subdivision.

Properties in the vicinity that are outside the WVSD's boundary, but within the District's Sphere of Influence are primarily developed and served by onsite septic systems, and are unlikely to be eligible for further subdivision, even if they were to seek a sewer connection. Annexation of additional lands to the District would require LAFCO's approval and LAFCO would conduct the required environmental analysis, including the consideration of the growth inducing impacts of such a proposal.

Ability of District to Provide Services

WVSD has indicated that it has adequate sewer capacity to provide sanitary sewer services to the two subject parcels without detracting from the existing service levels within the District.

According to WVSD staff, sanitary sewer service for the two subject parcels is available from the District's existing 8-inch sewer main located along Overlook Road. The property owners propose to extend the sewer main approximately 70 feet west and to each install a sewer lateral that will connect to the District's extended sewer main. The two laterals will be located in a 10 ft. wide private easement that runs through the eastern side of APN 510-38-025. The owners of APN 510-38-024 will connect to the District's sewer main prior to completing their remodel, while the owners of APN 510-38-025 will defer, but will have the ability to connect in the future.

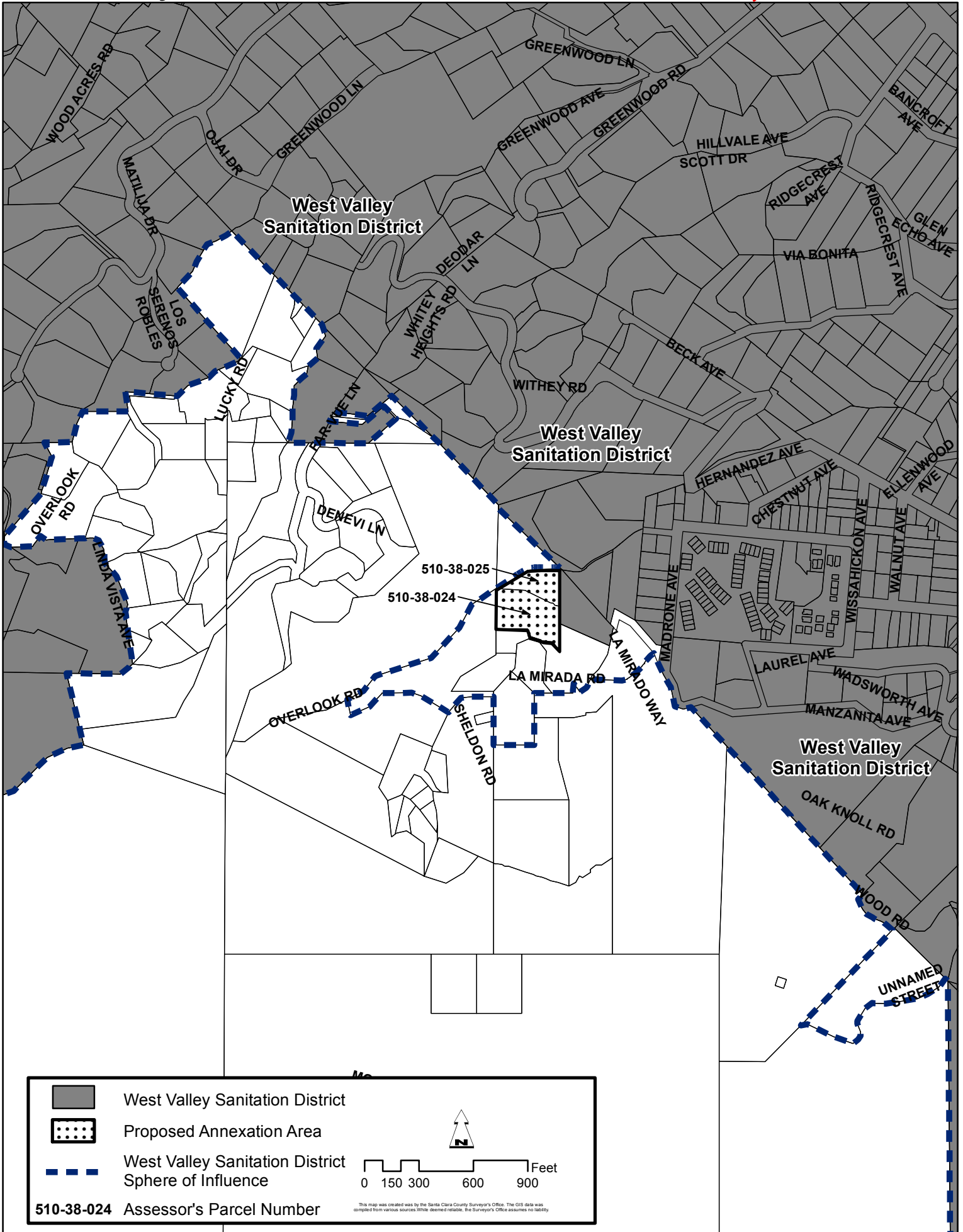
District staff indicated that the laterals must be 4-inches in diameter, include a property line clean-out and be installed to WVSD's standards by a District registered contractor. The laterals will be reviewed by the County. The owners of the subject parcels will each be responsible for maintenance of the portion of their lateral that is located within the easement. The District will maintain the extended sewer main and the portion of the laterals between the property-line clean-out and sewer main.

WAIVER OF PROTEST PROCEEDINGS

The annexation territory is uninhabited, i.e., fewer than 12 registered voters reside within the territory. The annexation proposal has consent from all landowners of the properties proposed for annexation. LAFCO has not received a request from the WVSD, the affected agency, for notice, hearing or protest proceeding on the proposal. Therefore, pursuant to GC §56662(a), LAFCO is considering this proposal without notice or hearing and may waive protest proceedings.

ATTACHMENTS

- Attachment A: Overview Map of West Valley Sanitation District's Existing Boundaries and the subject parcels proposed for annexation
- Attachment B: Legal Description (Exhibit "A") and Map (Exhibit "B") of Proposed Annexation to the West Valley Sanitation District



WEST VALLEY SANITATION DISTRICT 2015-01
ANNEXATION TO WEST VALLEY SANITATION DISTRICT

GEOGRAPHIC DESCRIPTION **ITEM # 4, Attachment B**
Exhibit A

All that real property situate in Section 20, Township 8 South, Range 1 West, Mount Diablo Baseline and Meridian, in the County of Santa Clara, State of California, more particularly described as follows:

BEGINNING at the northwesterly corner of the existing West Valley Sanitation District Boundary shown on Annexation 1982-1;

Thence, (1) South 00°25'00" West, 273.16 feet along the existing boundary;

Thence, leaving said existing district boundary, (2) South 00°25'00" West, 126.07 feet;

Thence, (3) North 51°57'00" West, 69.96 feet;

Thence, (4) North 78°02'00" West, 68.31 feet;

Thence, (5) South 86°26'00" West, 51.88 feet;

Thence, (6) North 01°59'00" West, 37.95 feet;

Thence, (7) North 89°38'00" West, 175.76 feet;

Thence, (8) North 00°15'00" East, 217.90 feet to the northerly right-of-way line of Overlook Road;

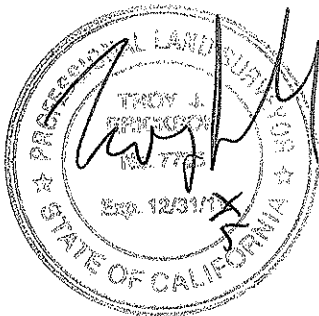
Thence, along said right-of-way line (9) North 54°01'00" East, 188.66 feet;

Thence, continuing along said right-of-way line (10) South 89°15'00" East, 197.66 feet to the existing West Valley Sanitation District boundary;

Thence, leaving said right-of-way line and along said West Valley Sanitation District boundary (11) South 42°24'32" East, 27.42 feet;

Thence, along said West Valley Sanitation District boundary (12) North 89°15'00" West, 14.02 feet to the POINT OF BEGINNING and containing 2.68 acres of land, more or less.

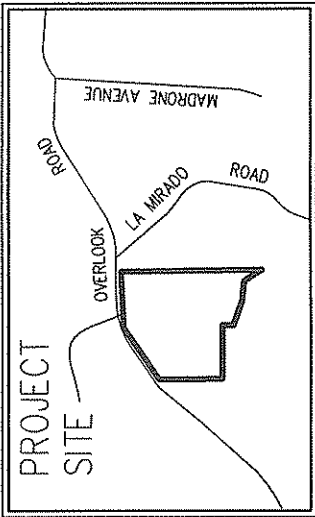
Disclaimer: For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as a basis for an offer for sale of the land describe



Revisions: 09-10-15
Date

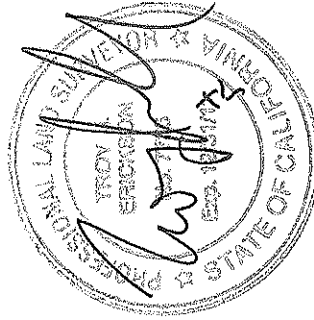
By: _____

**ITEM # 4, Attachment B
Exhibit B**



LOCATION MAP
NOT TO SCALE

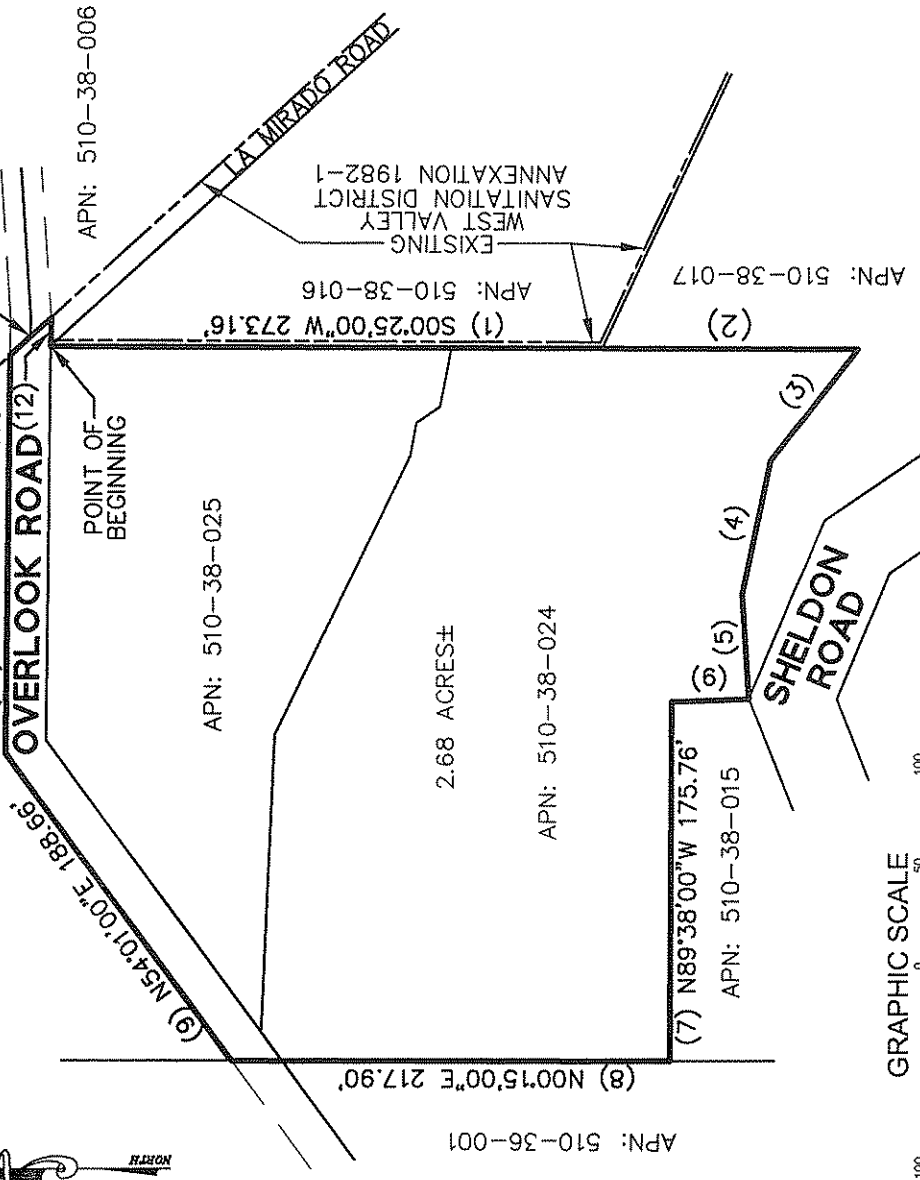
LINE	BEARING	DISTANCE
(2)	S00°25'00"W	126.07'
(3)	N51°57'00"W	69.96'
(4)	N78°02'00"W	68.31'
(5)	S86°26'00"W	51.88'
(6)	N01°59'00"W	37.95'
(11)	S42°24'32"E	27.42'
(12)	N89°15'00"W	14.02'



LEGEND:

- EXISTING PROPERTY LINE
- EXISTING WEST VALLEY SANITATION DISTRICT BOUNDARY
- EXISTING PRIVATE RIGHT-OF-WAY DISTRICT BOUNDARY
- PROPOSED WEST VALLEY SANITATION DISTRICT BOUNDARY

PARCEL 1
421 M 10



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

ASSESSOR'S PARCEL NUMBERS:
510-38-024, 025

ACREAGE:
2.68

TS CIVIL ENGINEERING, INC.
1776 TECHNOLOGY DRIVE
SAN JOSE, CA. 95110



TS CIVIL ENGINEERING

PH: 408.452.9300 TOLL FREE: 888.327.7070 FAX: 408.837.7550

WEST VALLEY SANITATION DISTRICT 2015-01
BEING A PORTION OF SECTION 20,
TOWNSHIP 8 SOUTH, RANGE 1 WEST, M.D.B.M.

DATE: 09-10-15
SCALE: 1" = 100'
DRAWN BY: TJE/TJE
DESIGNED BY: TJS
CHECKED BY: TJS
PROJ. ENGR.: TJS
JOB NUMBER: 15-201

LAFCO MEETING: October 7, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: CITIES SERVICE REVIEW DRAFT REPORT

STAFF RECOMMENDATION

1. Consider the Draft Report for the Cities Service Review.
2. Accept public comments.
3. Direct staff to revise the Report as necessary to address comments received through October 7th and set December 2, 2015 as the date for the public hearing to consider adoption of the Final Report.

PURPOSE

The purpose of this public hearing is to consider and accept public comments on the “Cities Service Review Draft Report.” No final action on the Draft Report will be taken at this hearing. Interested parties and the public may continue to provide comments on the Draft Report. All comments received by Wednesday, October 7th will be considered in the preparation of a Revised Draft Report which will be made available on the LAFCO website in late October.

BACKGROUND

Fifteen Cities and Certain Unincorporated Areas Included in the Cities Service Review

The Cities Service Review Draft Report reviews the 15 cities within Santa Clara County, as well as certain unincorporated areas (i.e. Moffett Field, San Martin, and Stanford University). The Report reviews current practices and potential opportunities for collaboration amongst cities and other local agencies or organization to achieve common goals and efficient delivery of services. Special areas of focus include shared services, sprawl prevention/infill development, and agricultural land preservation. The Report also includes service review determinations and sphere of influence recommendations and determinations for the 15 cities.

Technical Advisory Committee (TAC)

A Technical Advisory Committee (TAC) consisting of LAFCO Commissioners LeZotte and Kishimoto, appointed by LAFCO; Los Altos Hills Town Manager Carl Cahill, appointed by the Santa Clara County/Cities Managers' Association; Morgan Hill Community Development Director Andrew Crabtree and Los Altos Planning Services Manager David Kornfield, both appointed by the Santa Clara County Association of Planning Officials; and Assistant City Manager Kent Steffens, appointed by the Santa Clara County Municipal Public Works Officials Association; provided input and guidance during the service review process. To date, three TAC meetings have been held.

On January 21st, the TAC met and discussed the role of the TAC, purpose and process for conducting the cities service review, agencies and municipal services that will be included in the review, issues that will be addressed in the review, data collection and verification process, and schedule for completing the major tasks.

On February 25th, the TAC met and received an update on the consultant's data collection efforts, including the upcoming interviews with key city staff; and discussed the service review evaluation criteria/factors that will be used to develop specific service determinations for the cities, and the performance benchmarks that will be used for analyzing various types of municipal services. LAFCO staff also discussed the results of its preliminary analysis of disadvantaged unincorporated communities (DUCs) in Santa Clara County.

On May 27th, the TAC met and received an update on the consultant's data collection efforts, discussed the process for preparing the cities service review administrative draft report, and discussed preliminary observations from the data collection efforts and next steps.

Preparation of the Draft Report

In December 2014, LAFCO retained Management Partners to conduct the Cities Service Review. The firm was selected through a RFP and interview process, with members of the TAC participating in the consultant selection process.

In late January 2015, LAFCO staff prepared and distributed a newsletter outlining the project scope, process and schedule to all affected agencies, interested parties, and LAFCO Commissioners. Management Partners collected publicly available information.

In March, April, and May of 2015, Management Partners, with LAFCO staff in attendance, interviewed key staff of the affected agencies (city managers, public works directors, community development/planning directors, and community services/parks and recreation directors) in order to collect additional information. Following this, data was compiled and draft profiles were developed and provided to each agency and organization for internal review and comment in order to ensure factual accuracy. The data was analyzed and an administrative draft of the Cities Service Review Report,

which included determinations and sphere of influence recommendations, was prepared for LAFCO staff's review and comment. A Draft Report was then prepared.

The County Planning Department prepared GIS maps of cities, unincorporated islands, and disadvantaged unincorporated communities for the Draft Report.

Release of the Draft Report for Public Review and Comment

The "Cities Service Review Draft Report" was made available on the LAFCO website (www.santaclaralafco.org) on September 1, 2015 and a Notice of Availability (Attachment A) was sent to all affected agencies and organizations, LAFCO commissioners, and other interested parties announcing the release of the Draft Report (Attachment B) for public review and comment.

Public Review Process and Comments Received To Date

As of the date of this staff report, LAFCO has received data corrections from the Cities of Palo Alto, San Jose, and Sunnyvale. LAFCO also received a comment letter from Doug Muirhead (resident of Morgan Hill). Please see Attachment "C" for a table summarizing all of these comments and consultant responses.

NEXT STEPS

Based on the comments received by October 7th, the Draft Report will be revised as necessary. The Revised Draft Report with tracked changes will be available on the LAFCO Website in mid-October for additional public review and comment. A Notice of Availability will be sent to all affected agencies and organizations, LAFCO commissioners, and other interested parties in order to announce the availability of the Revised Draft Report. LAFCO will hold a second Public Hearing to consider adoption of the Report and its recommendations on December 2, 2015.

The Report identifies potential opportunities for collaboration amongst cities and other local agencies to achieve common goals and efficient delivery of services. Following the adoption of the Report, LAFCO staff will contact affected agencies and organizations in order to highlight these potential opportunities and to encourage joint discussion and study of these opportunities.

ATTACHMENTS

Attachment A: Notice of Availability of the Cities Service Review Draft Report

Attachment B: Cities Service Review Draft Report dated September 1, 2015 is available on the LAFCO website (www.santaclaralafco.org)

Attachment C: Comments Received on Draft Report and Consultant Responses and letter from Doug Muirhead (dated September 21, 2015)



VIA E-MAIL

ITEM # 5
Attachment A

DATE: September 1, 2015

TO: City Managers and County Executive
City Community Development/Planning Directors and County Planning Director
City Public Works Directors
City Council Members and County Board of Supervisors
NASA's Ames Research Center/Moffett Field
Stanford University
LAFCO Members
Interested Parties

FROM: Neelima Palacherla, Executive Officer

SUBJECT: CITIES SERVICE REVIEW DRAFT REPORT
Notice of Availability & Public Hearing

The [Cities Service Review Draft Report](#) is now available for public review and comment on the LAFCO website at www.santaclaralafco.org. The Draft Report reviews the 15 incorporated cities within Santa Clara County, as well as certain unincorporated areas (i.e. Moffett Field, San Martin, and Stanford University). The Report includes a service review and sphere of influence update for each of the cities and a review of current practices and potential opportunities for collaboration amongst cities and other local agencies or organizations to achieve common goals and efficient delivery of services. Special areas of focus include shared services, sprawl prevention/infill development, and agricultural land preservation.

LAFCO will hold a public hearing in order to consider and accept comments on the Draft Report. No final action on the Draft Report will be taken at this public hearing.

LAFCO Public Hearing: October 7, 2015
Time: 1:00 P.M. or soon thereafter
Location: Board Meeting Chambers
70 W. Hedding Street, San Jose, CA 95110

You may provide written comments on the Draft Report by mail to: LAFCO of Santa Clara County, 70 West Hedding Street, 8th Floor, East Wing, San Jose, CA 95110 OR you may email your comments to: dunia.noel@ceo.sccgov.org. Written comments received by September 22nd will be included in the staff report with a response from the consultant.

Written comments received by Wednesday, October 7th will be considered and addressed in a Revised Draft Report that will be available in late October for public review and comment on the LAFCO website. A second LAFCO public hearing to consider adopting the Report is scheduled for December 2, 2015.

Please contact me at (408) 299-5127 or Dunia Noel, LAFCO Analyst, at (408) 299-5148 if you have any questions. Thank you.

ITEM # 5
Attachment B

The Cities Service Review Draft Report dated September 1, 2015
is available on the LAFCO website at:
<http://www.santaclaralafco.org/cities-service-review>

Santa Clara County LAFCO
2015 Cities Service Review

Comments Received on Public Draft Report on or prior to September 22, 2015

Page	Section/Table	Comment	Response
3	Section 1.3/Table 1	Commenter: Doug Muirhead (resident of Morgan Hill) Comment: For cities, such as Morgan Hill, that have population caps or targets, display their number alongside the ABAG number. Our GPAC and RDCS working groups are looking at a cap of 64000 in 2035 and our historical growth rate has been above 2%.	This report standardizes on the ABAG population projections, which most cities in the Bay Area use that as their basis for planning. Instances in which cities' projections differed were identified in their respective sections. For Morgan Hill, their population projections and growth caps are discussed in section 11.2.1.
4	Section 1.4	What are current census numbers of homeless and what is the trend?	Homeless population was not included within the scope of this cities services review.
8	Section 1.5	During the Great Recession, cities reduced staffing levels and service levels. ... [C]ities in Santa Clara County have made it through the Great Recession with sufficient reserves to provide the necessary services to their respective communities. Comment: Contrast the positive view above with funding deficits for Infrastructure. For example, Morgan Hill "Infrastructure Report November 2014" shows Infrastructure Maintenance Annual Funding Gap of \$5,812,000.	The executive summary identifies major trends throughout the County. Specific issues relative to cities are identified within their respective sections. Morgan Hill was updating its capital improvement plan at the time of preparation of the report. To the extent that an updated CIP plan is provided by the City in time for publication of the final report, information regarding its capital improvement funding will be included.
13	Section 1.6	The cities of Morgan Hill and Gilroy are each preparing new general plans that ... project faster growth than expected in Plan Bay Area and call for development of contiguous land areas outside their current USA boundaries. Much of the land on which these cities would expand is or was recently defined as Important Farmland. Comment: An improvement in discussions between the City and other agencies and our residents is a clear understanding of what constitutes infill available for development. Morgan Hill, in a letter to LAFCO a day before the October hearing on an application,	Comment noted.

Page	Section/Table	Comment	Response
14	Section 1.7, Animal control and shelter services	<p>stated that the number they had been using was too large and presented a smaller number. The methodology for that new number was based on "experienced opinion" as to who would sell or develop and when.</p> <p>Comment: The County is looking for funding to replace the San Martin shelter. Morgan Hill and Gilroy should be actively assisting this effort. Both County Sheriff and Morgan Hill Police immediately rejected using funds to house their K9 units at the South County shelter.</p>	Comment noted.
15	Section 1.7, Recreation services and facilities	<p>Morgan Hill has a public-private partnership with a nonprofit organization to provide services such as senior and recreation services. Comment: At the start of the year, the City recognized that it was not delivering needed services to seniors and needed to take a less hands-off approach.</p>	Comment noted.
15	Section 1.7, Stormwater management	<p>All agencies except Morgan Hill and Gilroy (which have geographic constraints) participate in the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) permitting.</p> <p>Comment: This is one of several cases where you use the obtuse phrase "geographic constraints". The State Water Resources Control Board is the permitting authority. What you should mention is that the County is divided between two Regional Control Boards. SCVURPPP applies to agencies in the San Francisco Bay Regional Control Board. Morgan Hill and Gilroy are governed by the Central Coast Regional Control Board, which has different requirements.</p>	<p>Comment will be incorporated by revising the phrase in Section 1.7 under the Stormwater Management bullet (page 15) as follows: "The new permitting standards issued by the State Water Resources Control Board in 2013 are placing significant pressures on cities in the County to meet those standards. Agencies in the County north of Morgan Hill are included in Region 2 (San Francisco Regional Water Quality Control Board) while Morgan Hill and Gilroy are included in Region 3 (Central Coast Regional Water Quality Control Board) of the State Water Resources Control Board. The Santa Clara agencies in Region 2 participate in the Santa Clara Valley Urban Runoff Pollution Prevention Program for permitting in compliance with NPDES requirements. The cities participating in SCVURPPP felt that sharing management oversight of the discharge systems could provide efficiencies and the development of a coordinated effort to address the new standards."</p>
15	Section 1.7, Wastewater	<p>Expansion of recycled water ... expanded capacity to treat wastewater ... distributing recycled water ... in a cost-effective manner.</p>	<p>Comment will be incorporated by adding a sentence to the Wastewater treatment/recycled water bullet point in Section 1.7 (page 15) as follows: "In addition,</p>

Page	Section/Table	Comment	Response
	treatment/recycled water	Comment: The Santa Clara Valley Water District is moving toward using recycled water to replenish groundwater in North County as a more cost-effective approach over new distribution pipelines. Some infill will be supported.	agencies such as the Santa Clara Valley Water District are investigating long-term strategies using highly purified recycled water for replenishment of groundwater basins."
22	Section 2.3.2	I think a discussion of the impact of AB109 and how jurisdictions have responded would have been useful. One important definition would be how recidivism is defined (arrest, charge, convict).	Comment noted. The realignment of public safety services between state and local jail systems was raised in discussions with various agencies but did not rise to the level of significant concern amongst agencies in the provision of services, with the exception of Milpitas.
165	Section 11.1.1	I would like to have seen the numbers for the years since the last review in 2008.	Reporting 2008 FTEs was not within the scope identified by LAFCO for this report.
165	Section 11.1.4	You gave Gilroy credit for operational awards for the Wastewater plant. Since the plant is owned and operated by the South County Regional Wastewater Authority, whose members are Gilroy and Morgan Hill, we should also get credit.	Comment noted. Each City was asked to identify awards and recognitions, which was reported in this section.
168	Section 11.2.4	The flood control project is projected to be completed by the year 2020 pending full funding for construction. Comment: You need some serious footnotes to "projected completion by 2020". The City and District have some local funding to do some reaches of the project. But "full funding" involves Federal contributions, which have a low probability and have not been forthcoming for many years in the past.	Comment noted.
169	Section 11.2.5	The City has recently revised its service delivery model for providing senior services based on recommendations from a committee composed of community members, senior organizations, and service professionals. The City plans to use this new delivery model to increase services provided at the City's Senior Center and in the community. Comment: Other than publishing the report and moving the Director position from the YMCA to the City, there has been no report to the public or public input requested on current status and progress.	Comment noted.

Page	Section/Table	Comment	Response
169	Section 11.3.2	<p>... residences in Holiday Lake Estates are on septic systems, and annexation would require residents to assume the costs to obtain wastewater service provision. At the time of the Cities Service Review, the City has no plans to annex MH01.</p> <p>Comment: This begs the question of how the City and/or County will prevent a public health emergency when more of these systems fail. I would like to see a footnote that refers back to the 2006 City Service Review.</p>	Comment noted.
172	Section 11.4/Table 118	Parks and Recreation: Add Outdoor Sports Center as partner.	The Outdoor Sports Center is operated by the Morgan Hill Youth Sports Alliance, a non-profit organization. They will be added to the list of non-profit agencies providing parks and recreation services in Table 118.
172	Section 11.4/Table 118	Utilities: Telephone, High-speed Internet: Note that Charter also provides cable TV, which is how Government Access TV is made available; not available by satellite. "land-based video/cable services" is identified in 11.4.9 Utilities.	Comment noted. Section 11.4.9 already indicates Charter as one of several telecommunications providers as a provider of land-based video/cable services.
173	Section 11.4.5	<p>The City reports 11.8 park acres per 1,000 population.</p> <p>Comment: Is the City counting pay-for-play facilities such as the Outdoor Sports Center?</p>	Morgan Hill's reported park acreage of 470 acres includes city parks and open space land that is publicly accessible. It does not include private facilities.
Commenter: City of Palo Alto			
202	Section 13.1.1/Table 139, Fire row	Please revise to 116 FTE's for FY 2014 for Fire Dept.	Revision as provided will appear in next draft.
202	Section 13.1.4	<p>Please include the following Awards and Recognitions for the City of Palo Alto in Table 141:</p> <p>Mitchell Park Library & Community Center certified LEED Platinum, 2015</p> <p>Mitchell Park was selected as a finalist for Best Public/Civic Project category for the Silicon Valley Business Journal Structure of the Year, 2015</p>	Revisions as provided will appear in next draft.

Page	Section/Table	Comment	Response
		Mitchell Park Library & Community Center named a Library Journal Landmark Library, 2015	
		Rinconada Library won a 2015 California Preservation Design Award	
204	Section 13.2.1/Table 142, Total Households Row	Please revise: either 31,266 Total HOUSING UNITS or 29,703 Total HOUSEHOLDS	Revision using total households of 29,703 will appear in next draft.
206	Section 13.2.4	Please revise code reference to "...chapter 18.34..."	Revision as provided will appear in next draft.
209	Section 13.4/Table 145	Fire, EMS Services seems to have been omitted. Please include Fire and EMS services as one of the City's Major Service Function.	Fire services were covered in a previous municipal service review and are outside the scope of this review of city services. No change.
212	Section 13.5	Please revise total citywide expenditures [\$179.0 million] to \$390 million	Revision as provided will appear in next draft.
212	Section 13.5	Please revise General Fund Expenditure percentage [75%] to 40%	Revision as provided will appear in next draft.
212	Section 13.5	Please revise total General Fund Expenditures [134.5 million] to 156 Million.	Revision as provided will appear in next draft.
Committer: City of San Jose			
222	Section 14.1.1	Revise FTE number to 5,654.75	Tables for all cities were compiled using data published in the city's CAFR. No change.
222	Section 14.1.1/Table 153	City revised table numbers based on adopted operating budget.	Tables for all cities were compiled using data published in the city's CAFR. No change.
222	Section 14.1.4/Table 155	Show that the California Preservation Foundation Award's issuer is California Preservation Foundation.	Revision as provided will appear in next draft.
222	Section 14.1.4/Table 155	Show that the Animal Care and Services Division, Maddie's Fund Lifesaving Award issuer is Maddie's Fund	
222	Section 14.1.4/Table 155	City added awards from ICMA, CSMFO and GFOA.	Revision as provided will appear in next draft.
223	Section 14.2.1/Table 156	Change the caption below the table to remove reference to Attachment B. Replace with "Projections of Jobs, Population and Households for the City of San Jose."	Revision as provided will appear in next draft.
223	Section 14.2.1	In the fourth paragraph, second sentence, change "considering" to "currently."	Revision as provided will appear in next draft.

Page	Section/Table	Comment	Response
229	Section 14.4	Change second sentence of third paragraph to read, "For example, during the Great Recession, the City reduced library operations to four days a week (increase to six days a week with adoption of 2015-2016 Budget), staffing in the Police Department reached historically low levels, and the infrastructure and deferred maintenance backlog grew."	Revision as provided will appear in next draft.
229	Section 14.4	Change final sentence of fourth paragraph to read, "Nevertheless, San Jose faces significant challenges in reversing cuts implemented during the Great Recession. Issues associated with funding pension costs, restoring Police Department staffing, and future economic cycles will impact the level of services the City can provide."	Revision as provided will appear in next draft.
229	Section 14.4/Table 159	Under solid waste, indicate that the franchise agreement is for commercial customers. Indicate that residential customers are served under service contracts, as follows: Garbage: Garden City Sanitation & GreenTeam of San Jose (Waste Connections Inc.) Recycling: California Waste Solutions & GreenTeam of San Jose (Waste Connections Inc.) Yard Trimmings: GreenWaste Recovery	Revision as provided will appear in next draft.
230	Section 14.4.1	Change the expenditure figure to read \$7,354,084	Revision as provided will appear in next draft.
230	Section 14.4.2	Change the number of FTEs to 1,109 and calls for service to 550,991.	Revision as provided will appear in next draft.
230	Section 14.4.2	Change third paragraph to read, "In FY 2014, total Police Department expenditures in the Operating Budget were \$305,296,726. Approximately 31% of the City's General Fund (Police Department General Fund Expenditures were \$302,670,138 and total General Fund expenditures were \$972,202,561) is dedicated to the Police Department."	Revision as provided will appear in next draft.
230	Section 14.4.5	Change first paragraph to read, "The City is the primary service provider for parks and recreation. In FY 2014, total Parks, Recreation and Neighborhood Services (PRNS) Department expenditures in the Operating Budget were \$57.0 million. The City has 194 parks and a total of 3,458 park and open space acres accessible to the public."	Revision as provided will appear in next draft.
231	Section 14.4.6	Change this section to read, "The City of San Jose has an agreement with Republic Services (formerly Allied Waste) for commercial	Revision as provided will appear in next draft.

Page	Section/Table	Comment	Response
231	Section 14.4.6	<p>collection of solid waste and agreements with Garden City Sanitation, GreenTeam of San Jose (Waste Connections Inc.), California Waste Solutions and GreenWaste Recovery for the residential collection of solid waste within the City of San Jose. In FY 2014, City expenditures for public solid waste services were \$112 million.</p> <p>In CY 2013, San Jose disposed of 560,681 tons of solid waste. San Jose offers residents unlimited commingled recycling, unlimited loose-in-the-street yard trimmings, and processes garbage from apartments and approximately 40 percent of single-family homes. Commercial customers are provided a wet/dry system, in which businesses separate their waste into these two categories. The CY 2013 solid waste diversion rate was 73%. Three active solid waste disposal facilities are located within San Jose."</p> <p>Change final sentence of first paragraph to read, "In FY 2014, City expenditures for solid waste contracts totaled \$98,799,714."</p>	<p>Conflicting comments were provided by the City. The comment above was provided by the department that oversees solid waste and is more comprehensive. Accordingly, this comment will not be implemented.</p>
231	Section 14.4.7	<p>City noted that sidewalks are maintained by the adjacent property owner, and there is no inventory of the miles of sidewalks fronting city owned property and maintained by the City.</p>	<p>Comment noted. The next draft will be revised to reflect that no inventory is available.</p>
231	Section 14.4.7	<p>Revise third sentence to read, "Street sweeping of residential streets is provided by contract and street sweeping of arterial and collector streets is performed by City staff."</p>	<p>Revision as provided will appear in next draft.</p>
231	Section 14.4.8	<p>Change this section to read, "The compliance of San Jose's stormwater program is overseen by the City's Environmental Services Department; operations and maintenance is managed by the City's Department of Transportation; and capital improvements are implemented by the City's Public Works Department. San Jose is subject to the new regulations coming into effect from changes to state and federal regulations. San Jose participates in the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPP) along with several other south bay cities, the County, and the Santa Clara Valley Water District to address water pollution on a regional basis. SCVURPP members, along with the larger membership of</p>	<p>Revision as provided will appear in next draft.</p>

Page	Section/Table	Comment	Response
231	Section 14.4.8	<p>the Bay Area Stormwater Management Agencies Association (BASMAA), share a common National Pollutant Discharge Elimination System (NPDES) permit, allowing member agencies to discharge stormwater into their respective jurisdictional waterways and the San Francisco Bay.”</p> <p>Replace the first sentence to read, “The Department of Public Works designs and builds storm sewer infrastructure. The Department of Transportation performs day-to-day operations and maintenance of the storm drain collection system. The Environmental Services Department is responsible for the stormwater management program.”</p>	Duplicate comments were provided by the City. The change reflected above is more comprehensive. This change will not be implemented.
232	Section 14.4.10	<p>Revise the first paragraph to read as follows: “The City of San Jose’s Environmental Services Department manages and maintains the wastewater treatment facility. The Department of Public Works designs and builds sanitary sewer infrastructure. The Department of Transportation performs day-to-day operation and maintenance of the sewer system. In FY 2014 total expenditures for this function were \$169,622,000.”</p>	Revision as provided will appear in next draft.
232	Section 14.4.10	<p>Finish the first paragraph with “as stated in the FY 14 CAFR.”</p>	Revision as provided will appear in next draft.
232	Section 14.4.10	<p>It is not certain that the expenditures figure includes plant and collection system services.</p>	Comment noted.
232	Section 14.4.10	<p>Add a final paragraph: “The Departments of Transportation and Public Work collectively work to maintain, operate, improve and construct the City’s sanitary sewer collection system. The sewer system currently consists of 2.294 miles of sewer lines, approximately 50,000 manhole structures and 16 pump stations.”</p>	Revision as provided will appear in next draft.
234	Section 14.5.4	<p>Change first paragraph after the figure to read, “As reported in the City’s recent 2016-2020 Five-Year Forecast Report, issued in February 2015, the City’s General Fund revenues and expenditures are in close alignment, with a small surplus projected. In the 2015-2016 Adopted Operating Budget, a small General Fund surplus of \$9.4 million was allocated. The forecast for FY 17 through FY 20 projected a small surplus totaling \$9.9 million (2016-2020 Five-Year Forecast Report). The forecast does not include costs associated with fully funding the Annual Required Contributions for</p>	Revision as provided will appear in next draft.

Page	Section/Table	Comment	Response
		retiree healthcare, restoration of key services, or unmet/deferred infrastructure and maintenance needs.”	
234	Section 14.5.4	Change \$34.2 million to \$34.6 million	Revision as provided will appear in next draft.
365	Table 229	Change the residential waste diversion rate to show 60%	Revision as provided will appear in next draft.
365	Table 229	Change the total solid waste diversion rate to show 73%	Revision as provided will appear in next draft.
365	Table 229	Change pounds of solid waste per person per day to 2.8	Revision as provided will appear in next draft.
365	Table 229	Change the number of bike lane miles to show 285	Revision as provided will appear in next draft.
366	Table 229	Change the response to “Compliant with NPDES standards” to “Yes”	Revision as provided will appear in next draft.
366	Table 229	Change the response to “Percent of storm drainage inlets equipped with trash capture” to 3.24% and include the following footnote: “Of the over 34,000 total storm drain inlets, less than 11,000 are located in areas impacted by trash at a level that may be deemed necessary for full trash capture treatment. Approximately 1,000 inlets in those subject trash-impacted areas are currently “equipped with trash capture”, resulting in approximately 9% coverage.”	Revision as provided will appear in next draft.
366	Table 229	Change the response to “Capacity of stormwater drain, if available” to indicate “Majority of the existing storm drain system provides the capacity for a 3-year storm event.”	Revision as provided will appear in next draft and will be included as a footnote in the table.
366	Table 229	Change the response to “Gallons of annual sewer overflow per 100 miles of pipe” to 3,365. Note that this figure is for the 2014 calendar year.	Revision as provided will appear in next draft.
Commenter: City of Sunnyvale			
278	Section 17.2.4	The Lawrence Station Transit Village is not in the planning stages; a draft station area Plan Line has been issued for this PDA.	Revision will appear in next draft indicating that “City staff noted that a draft station area Plan Line has been issued for this PDA.”
278	Section 17.2.5	Seniors were engaged participants in the process and some voiced their preference for higher density and walkable neighborhoods to reduce the need to drive.	Revision will appear in next draft to add the word “some” to the sentence.
279	Section 17.3.2	Annexation of SV03 is scheduled for Council in October 2015	Revision will appear in next draft by revising the last sentence of the section to read “The City Council is scheduled to consider the annexation of SV03 in October 2015.”

Page	Section/Table	Comment	Response
280	Section 17.4/Table 198	These are franchises with the State of CA, not with the City of SV.	Comment noted. In some instances, the video/cable services providers still have local franchises that remain in effect, while others have opted for a State franchise. These will be reflected for each city section.
280	Section 17.4	<p>ADD MISSING SECTION – The City provides Fire Services. Even though LAFCO completed separate service reviews for Fire Services, this should be included in the Sunnyvale Services Review.</p> <p>The City of Sunnyvale’s Department of Public Safety provides integrated police, fire and emergency medical services under one department. The City’s sworn public safety officers are cross-trained in all three areas. The department operates six fire stations within the City and provides comprehensive Fire / Rescue / Hazardous Materials response as well as basic life support emergency medical services. The Division of Fire Operations operates a Type II Hazardous Materials Response Team and participates on a Federal Urban Search and Rescue Task Force. The Department maintains automatic and mutual aid agreements with surrounding jurisdictions to assist in times of emergencies. Additionally partnerships are in place for joint training of personnel.</p> <p>The City of Sunnyvale is a Certified Unified Program Agency (CUPA). As a CUPA, the Hazardous Materials Compliance Unit is responsible for the implementation of the following environmental program elements:</p> <ul style="list-style-type: none"> Hazardous Materials Business Plan Program Hazardous Waste Generator Program Hazardous Waste Tiered Permitting Program Aboveground Storage Tank Program Underground Storage Tank Program California Accidental Release Prevention Program <p>The Department of Public Safety employs a total of 204 sworn public safety officers, and there are a total of 84 related to the</p>	<p>Fire services were covered in a previous municipal service review and are outside the scope of this review of city services. No change.</p>

Page	Section/Table	Comment	Response
280	Section 17.4	<p>Bureau of Fire Services Division of Fire Operations. Within the Bureau of Fire Services Division of Fire Prevention and Hazardous Materials there are 10 civilian employees. During FY 2014, there were 7,437 calls for service of which 5,647 were for emergency medical services. The City reports that the response time of personnel in this bureau to all emergency events averaged 4 minutes and 18 seconds. In FY 2014, total City expenditures on this function were \$28,796,249.</p> <p>ADD MISSING SECTION – The City provides Water Services. Even though LAFCO completed separate service reviews for Fire Services, this should be included in the Sunnyvale Services Review.</p> <p>Water</p> <p>The City’s water service area includes all water service customers (29,257) within the City Limits. There are also a number of service area pockets within Sunnyvale that receive potable water from the California Water Service Company (Cal Water), a private water company.</p> <p>The City of Sunnyvale has three different sources of potable water, and one recycled water source. Potable water is derived from seven municipal wells; from imported water from the State Water Project and the federal Central Valley Project through the Santa Clara Valley Water District; and from the San Francisco Public Utilities Commission Regional Water System. In fiscal year 2014 the City supplied 17, 580 acre feet or 15.7 million gallons per day. Recycled (non-potable) water for irrigation purposes is produced at the Sunnyvale Water Pollution Control Plant</p> <p>The water distribution system is composed of approximately 10 miles of 16-inch to 30-inch diameter transmission lines and over 329 miles of 6-inch to 14-inch diameter distribution mains. The distribution system also consists of three booster pump plants , five active 5.0 million gallon (MG) storage tanks with a combined capacity of 25.0 MG. Approximately 80 percent of the water main pipelines were constructed in the 1960’s, and the remainder in the</p>	<p>Water services were covered in a previous municipal service review and are outside the scope of this review of city services. No change.</p>

Page	Section/Table	Comment	Response
281	Section 17.4.2	<p>1980's. The 1960's vintage pipes are approaching their estimated useful service life and are in need of replacement.</p> <p>Total is 204 sworn public safety officers</p> <p>Sunnyvale does not have a combined or regional SWAT team. We do provide assistance to other cities in Santa Clara County. We do have a Bearcat Armored Vehicle and a Mobile Emergency Operation Center, which are county resources and able to be deployed per request.</p>	<p>Revision as provided will appear in next draft.</p> <p>Revisions will appear in the next draft to change the last sentence of the section to read "Sunnyvale provides assistance to regional SWAT teams in Santa Clara County, and provides its armored vehicle and mobile emergency operations centers as a resource for other agencies to use within the County upon request."</p> <p>Revisions as provided will appear in next draft.</p>
281	Section 17.4.5	<p>The City report 5.29 park acres per 1,000 population. This is based on a current population number of 148,028 and 782.87 park land acres.</p>	<p>Revisions as provided will appear in next draft.</p>
281	Section 17.4.6	<p>Sunnyvale has a franchise agreement for solid waste collection and recycling services with Bay Counties Waste Services, Inc. (dba Specialty Solid Waste and Recycling).</p> <p>In FY 2014, City expenditures for providing solid waste collection, recycling, transfer, and landfill disposal services to Sunnyvale were \$42,685,786.</p> <p>Sunnyvale offers separate collection and composting of yard trimmings and recycling of mixed paper, cardboard, bottles, cans and other recyclable materials from residences and businesses. The City recently began offering separate collection and composting of food waste to commercial and institutional customers and is conducting a pilot program testing residential food waste collection methods.</p> <p>The one solid waste disposal facility located in Sunnyvale, the Sunnyvale Materials Recovery and Transfer Station (SMaRT Station®), serves the cities of Mountain View, Palo Alto, and Sunnyvale.</p>	<p>Revision as provided will appear in next draft to be added to the first paragraph of this section.</p> <p>Revision as provided will appear in next draft.</p> <p>Revision as provided will appear in next draft, replacing the second and third sentences of the second paragraph under this section.</p> <p>Revisions as provided will appear in next draft as a new second paragraph in this section.</p>

Page	Section/Table	Comment	Response
282	Section 17.4.7	<p>The SMaRT Station is owned by the City of Sunnyvale and operated by a private company under a contract with the City.</p> <p>FY 2014 expenditures for operating the SMaRT Station and disposing of its residues at the Kirby Canyon Landfill were \$28,481,922, which were fully reimbursed by the three cities served by the facility.</p> <p>During FY 2014, the facility diverted from landfill disposal 36,407 tons (19.2%) of the mixed solid waste received from the three cities.</p> <p>Including source separated materials received there, the SMaRT Station shipped 89,345 tons to compost and recycling markets (36.8% of all materials received) and returned \$2,715,000 in revenues to the cities.</p> <p>260 miles of roadways (City Budget) 637 lane miles (MTC) PCI 76 (StreetSaver, MTC)</p>	Revisions as provided will appear in next draft.
282	Section 17.4.8	<p>The five pump stations mentioned are on the sanitary sewer system, and their rehabilitation is complete.</p> <p>Sunnyvale has two stormwater pump stations and rehabilitation for both is planned.</p> <p>The installation of the two base sized trash capture devices is complete.</p> <p>The WPCP serves a portion of Cupertino.</p>	<p>Revisions will appear in next draft by replacing the third sentence in the second paragraph to read "The City recently installed two base sized trash capture devices, plans to install an additional 100 catch basins within the system, and plans to rehabilitate two stormwater pump stations in the near future."</p>
283	Section 17.4.10	<p>Recycled water is available in Sunnyvale. The City Water utility provides non-potable recycled water to about 100 customers.</p>	<p>Revision as provided will appear in the next draft by replacing third and fourth sentences of the second paragraph in this section to read "The plant is, however, currently serving a portion of Cupertino."</p> <p>Revisions will appear in next draft by replacing the third sentence of the third paragraph to read "Recycled water is currently being provided to approximately 100 customers within the City."</p>

Page	Section/Table	Comment	Response
314-315	Section 21.1.3.2/ Table 212	Solid Waste Mountain View and Palo Alto use the Sunnyvale SMaRT Station for the processing of solid waste and recyclables as well as a transfer station for disposal. This is missing throughout the report.	Revision will appear in the next draft to add the Sunnyvale SMaRT Station as a shared service from Sunnyvale, as well as reference this in the sections of the table for Mountain View and Palo Alto.
315	Section 21.1.3.2/ Table 212	Law Enforcement - SWAT Sunnyvale does not have a combined or regional SWAT team. We do provide assistance to other cities in Santa Clara County. We do have a Bearcat Armored Vehicle and a Mobile Emergency Operation Center, which are county resources and able to be deployed per request.	Revision will appear in the next draft to remove the reference.
315	Section 21.1.3.2/ Table 212	Utilities—Community Choice Aggregation Sunnyvale (lead), Cupertino, Mountain View, and the County (unincorporated area) are beyond “earnest discussions” and have approved the agreement to move forward on CCA. The four agencies are sharing the funding of the current phase.	Revisions will appear in next draft to add the Community Choice Aggregation project as a shared service amongst Sunnyvale, Cupertino, Mountain View and the County.
315	Section 21.1.3.2/ Table 212	Recycled Water Sunnyvale provides recycled water to the northern part of the city including Moffett Field.	Revision will appear in next draft to indicate that Sunnyvale is providing recycled water to Moffett Field.
329-337	Section 22	All our comments to this section have already been noted in the previous sections.	Comment noted. Appropriate revisions will be included in this section.
371-372	Appendix A/Table 232	Recalculate % as appropriate based on other changes (eg total sworn FTEs)	Revisions as provided will appear in next draft.
371-372	Appendix A/Table 232	Animal Control Dog licenses issued per 1,00 – 2,771 total licenses (all animals – cats & dogs) annually Animals handled at shelter per year - 1,588 (Humane Society Silicon Valley or Wildlife Center Silicon Valley)	Revisions as provided will appear in next draft.
371-372	Appendix A/Table 232	Solid Waste Residential waste diversion rate - CalRecycle now reports not diversion %, but disposal (3.5 lbs. disposed per resident per day, 2013)	Revisions as provided will appear in next draft.
371-372	Appendix A/Table 232	•Wastewater Gallons of annual sewer overflow per 100 miles of pipe – 1,103	Revisions as provided will appear in next draft.

Noel, Dunia

From: D. Muirhead <doug.muirhead@stanfordalumni.org>
Sent: Monday, September 21, 2015 12:00 PM
To: Noel, Dunia
Subject: Comments on Cities Service Review Draft September 1, 2015

Dear LAFCO Analyst Noel,

Comments on Cities Service Review - Draft Report September 1, 2015 submitted by Doug Muirhead, a resident of Morgan Hill.

1.3 Growth and Population Trends

Table 1. City Population and Growth Estimates from 2015 to 2040

City	2015	2040	25-Year Growth	Average Annual Growth
Morgan Hill	41,779	50,800	21.6%	0.86%

Comment: For cities, such as Morgan Hill, that have population caps or targets, display their number alongside the ABAG number. Our GPAC and RDCS working groups are looking at a cap of 64000 in 2035 and our historical growth rate has been above 2%.

1.4 Jobs, Employed Residents and Housing

Comment: What are current census numbers of homeless and what is the trend?

1.5 Financial Health of Cities in Santa Clara County

During the Great Recession, cities reduced staffing levels and service levels. ... [C]ities in Santa Clara County have made it through the Great Recession with sufficient reserves to provide the necessary services to their respective communities.

Comment: Contrast the positive view above with funding deficits for Infrastructure. For example, Morgan Hill "Infrastructure Report November 2014" shows Infrastructure Maintenance Annual Funding Gap of \$5,812,000.

1.6 Sprawl Prevention/Infill/Agricultural Preservation

The cities of Morgan Hill and Gilroy are each preparing new general plans that ... project faster growth than expected in Plan Bay Area and call for development of contiguous land areas outside their current USA boundaries. Much of the land on which these cities would expand is or was recently defined as Important Farmland.

Comment: An improvement in discussions between the City and other agencies and our residents is a clear understanding of what constitutes infill available for development. Morgan Hill, in a letter to LAFCO a day before the October hearing on an application, stated that the number they had been using was too large and presented a smaller number. The methodology for that new number was based on "experienced opinion" as to who would sell or develop and when.

1.7 Shared Services

Animal control and shelter services

Comment: The County is looking for funding to replace the San Martin shelter.

Morgan Hill and Gilroy should be actively assisting this effort. Both County Sheriff and Morgan Hill Police immediately rejected using funds to house their K9 units at the South County shelter.

Stormwater management

All agencies except Morgan Hill and Gilroy (which have geographic constraints) participate in the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) permitting

Comment: This is one of several cases where you use the obtuse phrase "geographic constraints". The State Water Resources Control Board is the permitting authority. What you should mention is that the County is divided between two Regional Control Boards. SCVURPPP applies to agencies in the San Francisco Bay Regional Control Board. Morgan Hill and Gilroy are governed by the Central Coast Regional Control Board, which has different requirements.

Recreation services and facilities

Morgan Hill has a public-private partnership with a nonprofit organization to provide services such as senior and recreation services.

Comment: At the start of the year, the City recognized that it was not delivering needed services to seniors and needed to take a less hands-off approach.

Wastewater treatment/recycled water

Expansion of recycled water ... expanded capacity to treat wastewater ... distributing recycled water ... in a cost-effective manner.

Comment: The Santa Clara Valley Water District is moving toward using recycled water to replenish groundwater in North County as a more cost-effective approach over new distribution pipelines. Some infill will be supported.

2.3.2 Services Reviewed

Law enforcement

Comment: I think a discussion of the impact of AB109 and how jurisdictions have responded would have been useful. One important definition would be how recidivism is defined (arrest, charge, convict).

11 City of Morgan Hill

11.1.1 City Staffing

Comment: I would like to have seen the numbers for the years since the last review in 2008.

11.1.4 Awards and Recognition

Comment: You gave Gilroy credit for operational awards for the Wastewater plant. Since the plant is owned and operated by the South County Regional Wastewater Authority, whose members are Gilroy and Morgan Hill, we should also get credit.

11.2.4 Priority Development Areas

The flood control project is projected to be completed by the year 2020 pending full funding for construction.

Comment: You need some serious footnotes to "projected completion by 2020".

The City and District have some local funding to do some reaches of the project. But "full funding" involves Federal contributions, which have a low probability and have not been forthcoming for many years in the past.

11.2.5 Planning for an Aging Population

The City has recently revised its service delivery model for providing senior services based on recommendations from a committee composed of community members, senior organizations, and service professionals.

The City plans to use this new delivery model to increase services provided at the City's Senior Center and in the community.

Comment: Other than publishing the report and moving the Director position from the YMCA to the City, there has been no report to the public or public input requested on current status and progress.

11.3.2 Unincorporated Islands

... residences in Holiday Lake Estates are on septic systems, and annexation would require residents to assume the costs to obtain wastewater service provision. At the time of the Cities Service Review, the City has no plans to annex MH01.

Comment: This begs the question of how the City and/or County will prevent a public health emergency when more of these systems fail. I would like to see a footnote that refers back to the 2006 City Service Review

5.3 WASTEWATER SERVICES

5.11.4 SOI DETERMINATIONS FOR THE CITY OF MORGAN HILL

identified that approximately 100 properties are on septic systems.

The average age of the septic systems was over 30 years old, and the typical lifespan of a septic system is 30-40 years.

11.4 City Services

Table 118. City of Morgan Hill Service Delivery Model by Major Service Function

Comment:

Parks and Recreation: Add Outdoor Sports Center as partner.

Utilities: Telephone, High-speed Internet: Note that Charter also provides cable TV, which is how Government Access TV is made available; not available by satellite. "land-based video/cable services" is identified in 11.4.9 Utilities.

11.4.5 Parks and Recreation

The City reports 11.8 park acres per 1,000 population.

Comment: Is the City counting pay-for-play facilities such as the Outdoor Sports Center?



AGENDA ITEM # 5
Supplemental Information # 1
Memorandum

Date: September 25, 2015
To: Dunia Noel, LAFCO Analyst
From: Hilary Holeman, Administrative Analyst
Subject: LAFCO Cities Service Review

On Wednesday, September 2, 2015 the City of Morgan Hill was e-mailed the Notice of Availability and Public Hearing for the Cities Service Review Draft Report initiating review and comments of the draft report.

Below is a list of changes the City of Morgan Hill would like to see made:

❖ Page 169, Section 11.3.2 Unincorporated Islands

Because the residents concluded that it would be cost prohibitive, At the time of the Cities Service Review, the City has no plans to annex MH01.

❖ Page 172, Section 11.4 City Services

Table 118, Parks and Recreation:

City and Non-profit partners

Add to list of providers: Morgan Hill Youth Sports Alliance

Replace paragraph under Table 118 with:

"In the past five years the City has not stopped providing any municipal services. In January 2013, the City re-established a municipal Fire Department in partnership with Cal Fire. Prior to this, the City had contracted with Central Fire Protection District. Under the current service delivery model, the City owns two fire stations and accompanying fire-suppression and emergency response apparatus. CAL FIRE provides contract staffing and operate under a full boundary drop with South Santa Clara County Fire Protection District. Fire is not a service area covered by this report. Given the expected population growth for the City of Morgan Hill, City staff does not anticipate any difficulty providing municipal services to its community."

❖ Page 174, Section 11.4.7 Streets

The City's pavement conditions index (PCI) is 70.75, which exceeds its PCI goal of 70.

ITEM # 5
PowerPoint Presentation

**PowerPoint Presentation
for the Cities Service Review Draft Report**

www.santaclaralafco.org/file/ServiceReviews/CitiesSR2015/AdminDraft/CitiesSR_PP.pdf

2014-2015 ANNUAL REPORT



LAFCO of Santa Clara County

Promoting Sustainable Growth and Good Governance

Commissioners

Linda J. LeZotte, Chairperson
Cat Tucker, Vice-Chairperson
Cindy Chavez
Sequoia Hall
Johnny Khamis
Mike Wasserman
Susan Vicklund Wilson

Alternate Commissioners

Ash Kalra
Yoriko Kishimoto
Tara Martin-Milius
Terry Trumbull
Ken Yeager

Staff

Neelima Palacherla
Dunia Noel
Emmanuel Abello

Mission

The Local Agency Formation Commission (LAFCO) is a state mandated local agency established to oversee the boundaries of cities and special districts.

The mission of LAFCO is to promote sustainable growth and good governance in Santa Clara County by:

- preserving agricultural lands and open space,
- curbing urban sprawl,
- encouraging efficient delivery of services,
- exploring and facilitating regional opportunities for fiscal sustainability, and
- promoting accountability and transparency of local agencies.

LAFCO will be proactive in raising awareness and building partnerships to accomplish this through its special studies, programs and actions.

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Message from the Executive Officer

The 2014-2015 LAFCO Annual Report presents the work and accomplishments of LAFCO during the past year. Thanks to the Commission's leadership, we have made substantial progress in advancing the Commission's priorities and goals of preventing sprawl, preserving open space and agricultural lands and promoting efficient delivery of services. In recognition of this work, Santa Clara LAFCO received the 2014 Most Effective Commission award from CALAFCO.

In the past year, we organized (in partnership with other organizations) a successful summit to raise awareness about the importance of preserving farmland in the county which resulted in local agencies' successful pursuit of farmland planning grants. Our service review work prompted special districts to become more transparent and accountable in their governance and operations; and generated interest amongst local agencies to consider or engage in partnerships for more efficient service delivery. We worked to raise public awareness of LAFCO and its mission in communities facing major growth decisions in the near future. While we received relatively fewer applications than in past years, we spent a substantial amount of time providing advice and guidance to applicants, property owners and developers on complex inquiries related to boundaries and / or service provision.

As the jobs growth and the high demand for housing in Santa Clara County continues, LAFCO's role in the next few years will be to encourage and direct this growth into existing communities and away from open space and farmlands – a role which is crucial to maintaining and enhancing the livability of our communities.

Neelima Palacherla
Executive Officer

Protecting Agricultural Lands

Agricultural Summit Builds Support for Preservation of Local Farmland

LAFCO, in partnership with the American Farmland Trust and the Committee for Green Foothills, hosted a summit on “The Importance of Local Farmland to Santa Clara Valley’s Future Health and Well-being,” which generated a lot of interest in preserving the remaining agricultural land in this county. Attendees included elected officials and staff from state and local agencies, agricultural and open space preservation organizations, and local farmers/ranchers. They noted the lack of a shared vision for preserving agricultural land and identified the development of a comprehensive plan as a logical next step.



Protecting Agricultural Lands

Grant Provides Unique Opportunity to Develop a Plan for Protecting Farmland

The County of Santa Clara, in partnership with the Santa Clara County Open Space Authority (OSA), was recently awarded a \$100,000 Sustainable Agricultural Land Strategy Grant to prepare the Southern Santa Clara County Sustainable Agricultural Lands Policy Framework, an integrated mapping, modeling and policy framework that will support strategic investment in agricultural land protection and agricultural viability to implement climate adaptation and greenhouse gas emission goals. LAFCO provided a letter in support of the grant proposal.

Curbing Urban Sprawl

Cities Service Review Underway

In December 2014, LAFCO retained Management Partners to conduct the Cities Service Review which is scheduled to be completed by years end. The service review covers the 15 cities within Santa Clara County, as well as certain unincorporated areas (i.e. Moffett Field, San Martin, and Stanford University) and analyzes a range of services provided by the cities, excluding fire and water services which were covered in previous service reviews. The resulting report (currently available for public review and comment) includes a review of current practices and potential opportunities for collaboration amongst cities and other local agencies or organizations to achieve common goals and efficient delivery of services. Special areas of focus include shared services, sprawl prevention/infill development, and agricultural land preservation.

LAFCO's Service Review and Special Study Help Spur Change

LAFCO's recent service review for special districts and a special study of the Saratoga Fire Protection District identified transparency and public accountability issues involving several special districts. Over the last year, LAFCO staff has been working closely with these Districts in order to address these issues.

We are pleased to report the following:

- El Camino Healthcare District continues to make revisions to its budget format in order to provide greater detail, consistency and clarity
- Lake Canyon Community Services District completed filing of FPPC Form 700: Economic Interest Statements
- Lion's Gate Community Services District adopted a Conflict of Interest Code and filed FPPC Form 700: Economic Interest Statements
- Saratoga Fire Protection District developed a job description for the position held by its part-time employee, established Early Warning Alarm System (EWAS) rates by resolution, and began working with the City of Saratoga to jointly review the EWAS program and establish an agreement with the City for the District's provision of EWAS services.



LAFCO's Service Reviews Spur Discussions and Collaborations

LAFCO's recent service review for special districts, and its countywide service review for water and fire protection identified service delivery issues and opportunities for collaboration between service providers and consolidation of services or changes in governance to reduce costs and/or increase service levels. Over the last year, LAFCO staff has been working closely with the affected special districts and cities in order to address these issues and to promote efficient delivery of services. We are pleased to report the following:

- Burbank Sanitary District met with the City of San Jose to discuss service and governance structure alternatives and discussed the potential for the City to annex a portion of the District that consists of an unincorporated island that is 150 acres or less in size.
- Rancho Rinconada Recreation and Park District and City of Cupertino discussed alternative governance structure options for the District and agreed to pursue a partnership in regards to aquatic offering in the upcoming fiscal year.
- Santa Clara Valley Water District (SCVWD) contacted Guadalupe-Coyote Resource Conservation District (GCRCD) and expressed interest in developing a pilot Partnership Agreement with GCRCD to coordinate as well as augment volunteer participation in creek cleanups within the right-of-way of SCVWD. The two Districts continue to meet and discuss this potential opportunity to collaborate.
- SCVWD, San Benito County Water District, San Benito LAFCO and Santa Clara LAFCO met multiple times to discuss the potential dissolution of the Pacheco Pass Water District (PPWD), given its finance, operations, management, and governance issues. SCVWD and San Benito County Water District are jointly preparing a report analyzing the feasibility of one or both of the Districts acquiring PPWD's physical assets and taking over its service responsibilities. The report will help inform the districts' joint decision on appropriate next steps.
- South Santa Clara County Fire Protection District annexed 38,648 acres (60 square miles) of unincorporated lands located in the Santa Cruz Mountains which allowed the District to enter into written automatic aid agreements with Santa Cruz County Fire for providing and better coordinating fire protection service in the area.

Public Information and Customer Service

Clarifying Process for Responding to Public Comments and Inquiries

In June, staff provided a report to the Commission on its current practice for responding to public comments and inquiries. Per the Commission's direction, staff made minor revisions to its practices in order to ensure that the Commission is informed of staff's response to such inquiries.

Providing Guidance to Potential Applicants on Projects Small and Big

Over the past year, staff has responded to numerous general inquiries and provided guidance to potential applicants on applicable LAFCO policies and procedures. While guidance / responses on some inquiries can be sufficiently provided via a single phone call or e-mail, others such as the following, required additional research and/or meetings between LAFCO staff and local agencies/ applicants.

City of San Jose, County, and developer regarding potential annexation of Communications Hill

City of Sunnyvale regarding potential annexation of property known as "Butcher's Corner"

San Antonio Hills Homeowners Association regarding potential sphere of influence amendment for the "Country Club" area

City of Gilroy and Santa Clara County Open Space Authority (OSA) regarding process for City to join OSA

City of Gilroy regarding revision of city's agricultural mitigation program

City of Morgan Hill, landowners and developers regarding Southeast Quadrant Project and Chiala Family's lands

Collaborative Effort to Develop Alternative Plan for Southeast Quadrant Ends without Resolution of Key Issues

In June 2014, LAFCO staff began working with staff from the County of Santa Clara, the Santa Clara County Open Space Authority (OSA), and the City of Morgan Hill on an alternative plan / program for the Southeast Quadrant (SEQ). The group discussed various alternatives and agreed that a more detailed analysis was required and accepted OSA's offer to retain a consultant to assist in the preparation of a scope of work for developing an alternative plan for the SEQ.

The group met several times and discussed various alternative approaches, and reviewed case studies and a draft scope of work prepared by the consultant. While these collaboration efforts were underway, the City began to move forward on various SEQ actions in August 2014. Expressing concern, the group requested that the City hold off on decision making and allow the group to complete its dialogue to identify an alternative approach. At a meeting in late September 2014, the City informed the group of its intention to complete City Council actions on the SEQ by December 2014, following which, the group's / consultant's work to develop an alternative plan was discontinued.

LAFCO, the County and OSA then submitted a joint letter to the Morgan Hill City Council requesting that the City not approve the proposed SEQ project and the Final EIR. The letter encouraged the City to instead, step back from its current plan to develop agricultural lands and in partnership with the three agencies, develop a SEQ proposal that better aligns with local and regional policies/goals. Subsequently, the City approved the Final EIR and SEQ project with intent of seeking LAFCO's approval by year's end. The issues identified by LAFCO, the County, and OSA are yet to be resolved and continue to remain a concern.

Outreach and Education on LAFCO Matters

New Website Receives Positive Reviews

It has been a year since LAFCO launched its redesigned website. Staff has received positive feedback from visitors to the website about its appearance, usability, and added content and new features.

The new website contains detailed information about the 28 special districts in Santa Clara County including profiles and maps of the individual districts. The new “Maps” feature allows the public to map various district and city boundaries. The Application Materials provided on the website have been revised to be more user-friendly. More detailed information on island annexations and the city-conducted annexation process is also included, as a resource for cities.

We invite you to visit www.santaclaralafco.org



Answering the Age Old Question: “What is LAFCO?”

As part of LAFCO’s ongoing efforts to provide greater outreach to the public and local agencies, Executive Officer Palacherla wrote an Op-Ed for the Gilroy Dispatch newspaper, which was printed on March 13, 2015. The article explained the reason for LAFCO’s creation, the purpose of LAFCO and the role of LAFCO in managing growth and preserving open space and agricultural lands within the county. The article was also published in the Morgan Hill Times.

Orientation for New LAFCO Commissioners

Staff conducted an orientation session for new Commissioners which was attended by Commissioner Tucker, and Alternate Commissioners Kalra and Martin-Milius.

Partnerships and Associations

California Association of LAFCOs (CALAFCO)

Executive Officer Palacherla serves on CALAFCO's Legislative Committee which meets regularly during the legislative session to propose new legislation to help clarify LAFCO procedure or to address LAFCO issues, and to discuss and take position on proposed legislation affecting LAFCOs.

Staff and Commissioners Kishimoto and Wilson attended the Annual CALAFCO Conference which provides an opportunity for LAFCOs across the state to share some of their best practices and learn new techniques and approaches from other LAFCOs. Commissioner Wilson moderated a breakout session entitled "Water Supply & Analysis: Policies & Practices."

Staff attended the Annual CALAFCO Staff Workshop which provides an opportunity for LAFCO staff across the state to share best practices and learn new techniques and approaches to address the various issues facing local agencies across the state. Executive Officer Palacherla was a panelist on a session entitled "Performance Measures Part II – Accountability and Transparency." Analyst Noel was a panelist on a session entitled "How LAFCOs Utilize Outside Consultants."

Countywide Associations & Working Groups

Executive Officer Palacherla attended the quarterly meetings of the Santa Clara County Special Districts Association and provided updates to the Association on LAFCO activities that are of interest to special districts.

Staff periodically attended the meetings of the Santa Clara County Association of Planning Officials and provided updates to the Association on activities that are of interest to cities.

Analyst Noel participated in the monthly meetings of the Inter-Jurisdictional GIS Workgroup which includes staff from County Planning, County ISD, County Surveyor, County Assessor, County Communications and Dispatching, County Registrar of Voters, and County Road and Airports. The Group reviewed and resolved various, city, special district, and tax rate area discrepancies that affect various county departments, LAFCO, and those that rely on the accuracy of the County's GIS data.

Awards & Recognition

Santa Clara LAFCO Receives CALAFCO 2014 Most Effective Commission Award

Santa Clara LAFCO received the 2014 “Most Effective Commission” Achievement Award at the Annual CALAFCO Conference. The award recognized LAFCO’s proactive multi-year Service Review efforts to provide greater oversight of special districts in order to improve their accountability and transparency; and its efforts to increase awareness of LAFCO’s mandate and oversight efforts through its new content-rich website.

The achievement also highlights the significant progress that LAFCO has made towards reaching the priority goals identified by the Commission at its August 2012 Strategic Planning Session. Thanks to the Commission’s leadership, Santa Clara LAFCO continues to be respected for its influential and impactful work.



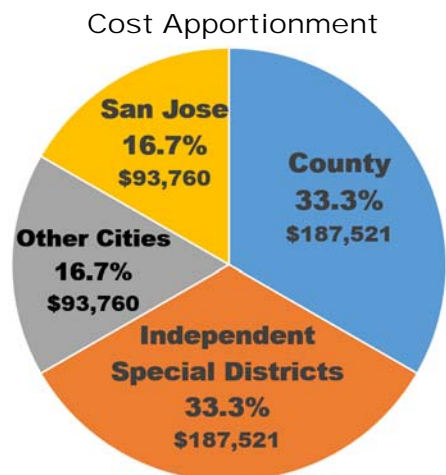
LAFCO Applications 2014-2015

TYPE OF ACTION	NUMBER OF PROPOSALS	ACREAGE APPROVED
City Conducted Annexations		
Los Gatos	5	3.42
San Jose	2	300.77
Total	7	304.19
Annexations to Special Districts		
Cupertino Sanitary District	1	0.55
South Santa Clara County Fire Protection District	1	38,648
West Bay Sanitary District	2	20.49
West Valley Sanitation District	1	3.94
Total	5	38,672.98
Sphere of Influence Amendments		
South Santa Clara County Fire Protection District	1	12,995.00
West Bay Sanitary District	1	9.43
Total	2	13,004.43

A detailed 2014-2015 LAFCO Application Processing Record is attached.

2014-2015 Financials (Actuals)

Expenditures	
Salary & Benefits	\$ 466,755
Services & Supplies	\$ 165,894
Total	\$ 632,649
Revenues	
Application Fees	\$ 27,386
Interest	\$ 2,844
Total	\$ 30,230
Savings from FY 2014	\$ 226,111
Reserves	\$ 150,000



LAFCO APPLICATION PROCESSING RECORD

JULY 1, 2014 TO JUNE 30, 2015

CITY CONDUCTED ANNEXATIONS

CITY	PROPOSAL NAME	DATE RECORDED	DOCUMENT #	ACREAGE APPROVED
Los Gatos	Aztec Ridge Drive No. 1	03/30/15	22900291	1.42
	Blossom Hill Road No. 24	06/12/15	22985402	1.11
	Hilow Road No. 5	10/06/14	22734507	0.26
	Kennedy Road No. 17	12/30/14	22817063	0.51
	Loma Street No. 4	03/19/15	22888607	0.12
			<i>City Total</i>	3.42
San Jose	Communications Hill No. 1	01/08/15	22823620	299.2
	Evergreen No. 203	07/07/14	22638916	1.57
			<i>City Total</i>	300.77

Total City Conducted Annexations Acreage **304.19**

ANNEXATIONS TO SPECIAL DISTRICTS

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED	ACREAGE APPROVED
Cupertino Sanitary District	Cupertino Sanitary District Annexation 2015-01 (Lands of Rupilius)	Approved 06/03/15	23000175 06/26/15	0.55
South Santa Clara County Fire Protection District	So. Santa Clara County SOI Amendment and Annexation 2014	Approved 10/01/14	22798011 12/11/14	38,648
West Bay Sanitary District	West Bay Sanitary District SOI Amendment and Annexation (830 Los Trancos Road)	Approved 04/02/14	22682867 08/19/14	9.43
	West Bay Sanitary District 2014-01 (Arastradero Road)	Approved 08/06/14	22830080 01/16/15	11.06
West Valley Sanitation District	West Valley Sanitation District 2014-01 (Cypress Way)	Approved 08/06/14	22689571 08/27/14	3.94

SPHERE OF INFLUENCE AMENDMENTS

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED	ACREAGE APPROVED
South Santa Clara County Fire Protection District	So. Santa Clara County SOI Amendment and Annexation 2014	Approved 10/01/14	22798011 12/11/14	12,995
West Bay Sanitary District	West Bay Sanitary District SOI Amendment and Annexation (830 Los Trancos Road)	Approved 04/02/14	22682867 08/19/14	9.43

LAFCO MEETING: October 7, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: EXECUTIVE OFFICER'S REPORT

7.1 RELOCATION OF LAFCO OFFICE TO 8th FLOOR OF COUNTY GOVERNMENT CENTER

Recommendation

Provide further direction to staff, as necessary.

Background

LAFCO Offices were moved from the 11th Floor to the 8th Floor of the County Government Center in mid-August. At the time of the move, we were informed that the move was necessary to accommodate new-hires on the 11th floor and was temporary until the 11th floor office space was reconfigured to accommodate all new hires and current staff. Efforts to plan and redesign the 11th Floor were underway. However, we have recently been informed that the 11th floor remodel will not proceed due to a lack of necessary funds. Meanwhile, the space arrangement on the 8th floor for the LAFCO offices is temporary with some of our file cabinets still located on the 11th floor. At this time, it is unclear how this issue will be resolved in the long term. The County has committed to retaining the LAFCO offices at the County Government Center given LAFCO's business needs.

7.2 COUNTY'S MEETING ON URBAN AGRICULTURE INCENTIVE ZONES ACT

For Information Only.

On June 1st, Executive Officer Palacherla attended a stakeholders meeting hosted by County Supervisor Yeager's Office concerning the County's proposed implementation of the Urban Agriculture Incentive Zones Act (AB 551). The Act promotes small-scale agricultural use of vacant, unimproved or blighted lands in urban areas. The Act offers preferential property tax assessment to owners of eligible lots who agree to enter into a five-year contract restricting the use of the land to agricultural activities.

7.3 UPDATE ON PACHECO PASS WATER DISTRICT

For Information Only.

At its July 23rd meeting, San Benito LAFCO, at the request of the Santa Clara Valley Water District (SCVWD) and the San Benito County Water District (SBCWD), continued its public hearing on the dissolution of the Pacheco Pass Water District (PPWD) to March 2016.

Because of the lack of a functioning Board / staff for the PPWD, in October 2014, San Benito LAFCO initiated the dissolution of the PPWD and has since continued its hearings to allow the SBCWD and SCVWD to study PPWD's services, assets, liabilities and revenues and evaluate whether it is feasible for either one or both of the districts to become successor agencies to the PPWD. San Benito LAFCO is the principal LAFCO for the PPWD.

Santa Clara LAFCO's 2011 Countywide Water Service Review identified several governance options for the PPWD, as a way to address various concerns regarding the district's finances, operation and management. Since July 2014, LAFCO staff has been in discussions with staff from the SCVWD, SBCWD and San Benito LAFCO on the potential dissolution or consolidation of the PPWD and how best to manage the PPWD's physical assets and services.

7.4 DISCUSSIONS WITH CITY OF SUNNYVALE CONCERNING PROPOSED ANNEXATION OF BUTCHER'S CORNER

For Information Only.

In June and July 2015, LAFCO staff and Sunnyvale's City Attorney and Planning staff discussed the city's various options and legal requirements for annexing the unincorporated island identified as "Butcher's Corner," which is located on El Camino Real. The City has a development application that would include annexation of this island. According to City staff, the proposed annexation and development of the island is controversial due to residents' and neighboring property owners' opposition to the type and scale of the proposed development. Over the past few months, the City has been considering whether to annex the island independent of and prior to continuing to process the development application or to annex the island as part of the development review process. On August 31st, City staff reported that the Sunnyvale City Council has directed that the annexation move forward separate from and prior to further review of the development proposal. According to City staff, the Sunnyvale City Council is scheduled to take final action on the proposed annexation on October 13th.

7.5 MEETINGS WITH COUNTY CONTROLLER'S OFFICE REGARDING LAFCO FEES METHODOLOGY

For Information Only.

On July 9th, LAFCO staff met with staff from the County Controller's Office to discuss the methodology for establishing hourly rates for calculating fees. The County Controller's Office staff offered to assist LAFCO staff in developing more current hourly rates. At a second meeting on September 15th, County Controller's Office staff provided a model for the calculations which LAFCO staff will use to review staff hourly rates and application processing fees. LAFCO staff will provide a recommendation to the Commission concerning any necessary revisions to LAFCO fees or staff hourly rates.

7.6 MEETING WITH SAN JOSE PLANNING DEPARTMENT STAFF CONCERNING SEWER SERVICE EXTENSION AND BOUNDARY CHANGE INQUIRIES

For Information Only.

On July 9th, LAFCO staff met with Steve McHarris (Planning Official, City of San Jose) and Michael Brilliot (Division Manager for Long Range Planning, City of San Jose) to discuss a recent request for an out of agency contract for sewer service and several boundary change inquiries. LAFCO staff provided an overview of LAFCO's policies concerning out of agency contracts for service requests and City staff discussed their general approach to considering such requests.

LAFCO staff and City staff also discussed several boundary change inquiries affecting lands located just beyond the eastern edge of the city. City staff indicated that the City's General Plan does not anticipate any significant changes to its Urban Service Area or its voter approved Urban Growth Boundary (i.e. Greenline).

7.7 MEETINGS WITH PROPERTY OWNERS AND CITIES CONCERNING DETACHMENT FROM MOUNTAIN VIEW AND ANNEXATION TO LOS ALTOS

For Information Only.

On July 17th, LAFCO staff met with a group of homeowners interested in detaching from Mountain View and annexing to Los Altos. The homeowners reside on the south side of Jardin Drive in Mountain View and their homes are the only properties on that side that are located in Mountain View – all others are located in Los Altos. The group indicated that over the years there has been service confusion and permitting issues in their area and that they contacted both cities on this matter and were directed to meet with LAFCO staff concerning the boundary change process.

LAFCO staff explained the process involved in such a proposal to the group; informed both cities; and connected the group with the appropriate cities staff.

On September 15, LAFCO staff met with Dan Rich (City Manager, City of Mountain View), Marcia Somers (City Manager, City of Los Altos), Randal Tsuda (Community

Development Director, City of Mountain View), and David Kornfield (Planning Services Manager, City of Los Altos) in order to discuss this issue in further detail. LAFCO staff provided an overview of the required steps for completing the various boundary changes, including information on LAFCO application requirements and applicable fees. The boundary change process is complex, ultimately involving actions and coordination by both cities, LAFCO, and affected special districts. Each of the cities stated that they would prepare an estimate of the required fees for completing such a process.

Additionally, cities staff indicated that they would conduct further research in order to confirm how city services are currently being provided to the properties and review how service issues could be addressed if the requested detachment and annexation were to be completed. The cities also agreed to explore potential ways in which the group's issues might be addressed should the boundary changes not occur.

7.8 MEETING WITH REPRESENTATIVES OF CASTRO VALLEY RANCH CONCERNING LAFCO'S POLICIES

For Information Only.

On August 25th, LAFCO staff met with Michael Johnson (Ranch Manager, Castro Valley Ranch) and another representative of the Ranch concerning LAFCO's policies, particularly those relating to agricultural mitigation. Mr. Johnson indicated that the Ranch is exploring the potential of farming certain fallow parcels that are located in the vicinity of Highway 101. Mr. Johnson inquired as to if and how LAFCO's policies relating to the conversion of agricultural land would be applied to these farmed parcels should the landowner and the City of Gilroy eventually want to bring these parcels into Gilroy's Urban Services Area and annex them.

7.9 MEETINGS WITH COUNTY STAFF ON SEWER AND WATER SERVICE EXTENSIONS TO UNINCORPORATED LANDS

For Information Only.

On September 17th, LAFCO staff met with County Planning Office staff and County Department of Environmental Health (DEH) staff concerning the provision of sewer and water services to Stanford University lands located outside the city limits of Palo Alto. LAFCO staff clarified State law and LAFCO policies and procedures relating to requests for out of agency contract for services and the group discussed how to increase staff awareness and improve County, cities, and LAFCO coordination on such issues.

As a follow-up, on September 24th, LAFCO staff met again with DEH staff to further discuss the issue, identify any gaps in review and develop a coordinated response to a variety of situations where this issue has been raised (e.g. addressing an existing public health and safety issues, failing/failed septic systems, new development, remodel of existing development).

7.10 MEETING WITH CITY OF GILROY ON PROPOSED NORTH GILROY URBAN SERVICE AREA AMENDMENT APPLICATION

For Information Only.

On September 21st, LAFCO staff had a conference call with Rebecca Tolentino (Senior Planner, City of Gilroy) and EMC Planning Group (environmental consultants) in order to clarify LAFCO's application filing requirements for the City's proposed North Gilroy Neighborhood District's Urban Service Area Amendment and City's potential Gilroy Sports Park urban service area amendment.

7.11 PUBLIC INQUIRIES ABOUT SERVICE EXTENSIONS TO UNINCORPORATED LANDS

For Information Only.

Over the last few months, staff has received a large volume of calls from unincorporated landowners, realtors, and prospective buyers of unincorporated land, seeking information on how to obtain a sewer and/or water connection in order to facilitate new development or the remodel existing development, or to address failing on-site systems such as a septic tank or well. The inquiries are about various parts of the county including San Jose's east foothills, Milpitas' east foothills, Holiday Lake Estates area (Morgan Hill), Stanford University (Palo Alto), and Los Altos Hills.

Many of these issues are complex and require coordination between LAFCO, cities or special districts, County Planning Office and DEH. Staff has discovered that in some instances local agency staff are unaware that LAFCO approval is required prior to authorizing such extensions and/or about the policy implications of such extensions. In order to ensure better inter agency coordination and more uniform response to public inquiries, staff is planning to conduct a workshop on the topic for local agencies' staff in the next few weeks.

7.12 LAFCO ORIENTATION SESSION FOR COMMISSIONER KHAMIS' STAFF MEMBER

For Information Only.

On September 17th, LAFCO staff conducted an orientation session for Denelle Fedor, Council Assistant to San Jose City Councilmember/LAFCO Commissioner Johnny Khamis.

7.13 SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS (SCCAPO) MEETINGS

For Information Only.

LAFCO staff attended the July 8th meeting of the SCCAPO which was hosted by the City of San Jose. Executive Officer Palacherla provided an update on LAFCO's Cities Service Review. The July 8th SCCAPO meeting featured a presentation from San Jose's Planning staff on the City's plans and efforts to create urban villages and to limit the conversion of lands designated for industrial uses. San Jose Planning staff also discussed how the land

area of the city has remained generally the same since the 1990s, but the population of the city has increased significantly over that same period of time. San Jose Planning staff reported that the City's General Plan calls for the city to accommodate projected population growth within its current boundaries through 2040.

On August 5th, Analyst Noel attended the SCCAPO meeting which was hosted by the City of Campbell and held at the Pruneyard Shopping Center. Analyst Noel provided an update on LAFCO's Cities Service Review and indicated that staff anticipates releasing the Cities Service Review Draft Report for public review and comment in early September. The meeting featured a presentation from the City of Campbell and Ellis Partners, a private development firm, who discussed their plans for remodeling and redeveloping the Pruneyard Shopping Center. Attendees also discussed how they are currently addressing unpermitted/unmanned donation bins in their communities and the potential of jointly developing a model ordinance to better regulate this use countywide.

7.14 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING

For Information Only.

On September 14, Executive Officer Palacherla attended the quarterly meeting of the Santa Clara County Special Districts Association and provided attendees with an update on the Cities Service Review.

7.15 INTER-JURISDICTIONAL GIS WORKING GROUP MEETINGS

For Information Only.

Analyst Noel attended the June 9th, August 5th, and September 9th meetings of the Inter-Jurisdictional GIS Working Group that includes staff from various county departments that use and maintain GIS data, particularly LAFCO related data. At the meeting, participants shared updates on current GIS and boundary change activities within their department or agency.

LAFCO MEETING: October 7, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: CALAFCO RELATED ACTIVITIES

8.1 REPORT ON THE 2015 CALAFCO ANNUAL CONFERENCE

For Information Only

LAFCO staff and Commissioners Martin-Milius and Tucker attended this year's CALAFCO Annual Conference which was held in Sacramento from September 2nd through September 4th. The annual conference's theme was *Confluence: LAFCO – Merging Ideas with Solutions*, and provided an opportunity for LAFCOs across the state to share some of their best practices and learn new techniques and approaches from other LAFCOs.

Executive Officer Palacherla was a panelist on a session entitled "Urban Growth Boundaries and LAFCOs" and provided an overview of the unique urban growth management framework and policies that exist in Santa Clara County; how city urban service area boundaries are used in the county; and how implementation of the framework, policies, and boundaries have helped curb urban sprawl and allowed for the protection of agricultural and open space resources in the county.

Commissioner Martin-Milius attended the "LAFCO 101: Understanding & Applying the Basics", for new commissioners and staff. The program for the first day of the conference included general sessions entitled "At the Confluence of Agriculture, Planning, and Resources" and "GSAs, GSPs, and SGMA: Coming to a Basin Near You!"

Thursday's program included regional caucus meetings and elections, commissioner and staff roundtable discussions organized by region, and breakout sessions on "Broadband: Which Side of the Digital Divide is Your LAFCO On?"; "CKH and the Bell Curve: LAFCO and California's Changing Culture"; "Financing Municipal Services: Find the Right Financial Fit for Your Project"; "Fiscal Analysis Tools for New Development"; "LAFCOs Role in Planning for Climate Change"; and "Urban Growth Boundaries and LAFCOs." Friday's program included general sessions on "Leadership

in a World of VUCA – Volatility, Uncertainty, Complexity, and Ambiguity”; and
“CALAFCO Legislative Update – The Good, The Bad, and Everything In-between.”

The 2016 CALAFCO Annual Conference is scheduled for October 26-28, 2016 at the Fess Parker Double Tree in Santa Barbara.

8.2 CALAFCO CHANGES

For Information Only.

At its July meeting, the California Association of Local Agency Formation Commissions (CALAFCO) Board of Directors discussed and acted on various changes to enable it to better serve the evolving needs of its membership. Key changes include increasing the hours of the CALAFCO Executive Director from 24 hours per week to 32 hours per week to address growing legislative and organizational responsibilities; hiring a part-time Sponsorship Coordinator to raise funds to support CALAFCO conferences; and establishing CALAFCO as the host of all Annual Conferences and holding the Annual Conference in three primary locations: Sacramento, San Diego, and Monterey with a fourth location to be chosen from a rotating list of locations.

To support these changes, CALAFCO adopted increases to membership dues and conference registration fees. Santa Clara LAFCO’s membership fees will increase by \$530 or 7% in year one (fiscal year 2016-2017) and by another 7% in year two. Conference registration fees will increase by \$95 over the next three years.

Attachment A includes correspondence from CALAFCO explaining the changes.

8.3 CALAFCO PUBLICATIONS

For Information Only.

We received the following publications from CALAFCO:

- The Sphere, September 2015, CALAFCO Journal
- CALAFCO Quarterly News Report

ATTACHMENTS

Attachment A: CALAFCO Correspondence dated August 12, 2015

Attachment B: The Sphere, September 2015, CALAFCO Journal

Attachment C: CALAFCO Quarterly News Report

August 12, 2015

AGENDA ITEM # 8.2

TO: Member LAFCO Executive Officers

Dear Executive Officer:

In January of this year the Board held its biennial retreat to review our Strategic Plan and enhance it to address the organizations future needs. As the economy has picked up, there has been renewed interest in the Legislature for ways to work with and work around the LAFCo process. As we looked at our Strategic Plan we saw a need to both improve services to our members and address some long-standing issues with the infrastructure of the organization itself.

Over its 44-year existence, CALAFCO has matured from a volunteer organization to a professional educational organization that has helped the state better understand CKH and the LAFCo process. At different periods in the lifetime of the organization, the Board has looked for ways to continually evolve CALAFCO to address current circumstances and conditions.

One of the areas that the Board has been working on is how to improve the Annual Conference. An important feature of CALAFCO, the conference also presents a great deal of responsibility for host communities. In working to keep the conference in accessible locations, the conference sometimes impacts the same LAFCos time and again. In addition, as the conference has grown, managing all aspects of it has become challenging for a part time staff. The Board formed a subcommittee in January to delve into the issue of evolving the conference, and that subcommittee worked diligently over the past six months exploring the issues and generating a series of options and solutions for the Board to consider. Working over six months, the Board considered a number of changes that will enhance the conference and reduce the dependence upon member LAFCos to act as host. At our July meeting, the Board unanimously approved a number of changes in the evolution of the current annual conference model.

Those changes include the hiring of a part-time Sponsorship Coordinator who will help raise funds from organizations within the CALAFCO universe to support the conference, which will in turn help bring notable speakers and programming requested by LAFCos around the state. Further, they will help us to better brand and market ourselves as an organization. In addition to augmenting the CALAFCO staff for conferences, it is the intent of the organization to provide discounted registrations to LAFCos whose staff members can assist with registration, conference planning and support during the conference.

CALAFCO will transition away from the LAFCo volunteer "host" model currently used to a CALAFCO-hosted model beginning in 2017. With these changes we also intend to hold the conferences in three primary locations: Sacramento, Monterey and San Diego, with a rotating list of locations every fourth year. We anticipate this will allow for greater long term planning and help manage the costs of the conference. Additionally, it will relieve the burden of work for those LAFCos who volunteer to host the annual conference. In order for this all to be accomplished and after careful review of what our sister organizations charge for their annual conference, the Board unanimously approved a modest raise in the registration fee for the conference by \$95 over the next three years.

With increasing requests from the Legislature to provide input on bills and calls for consultation with the administration, CALAFCO has witnessed the strain of leading a statewide organization with a very part-time staff. We currently only pay for 24 hrs/wk for our Executive Director, but we still need representation the better part of the week to manage the growing professional demands of the organization. Juggling the aforementioned responsibilities with maintaining our relationships with our sister organizations and meeting the needs of all 58 LAFCos is no longer tenable and we tasked our Executive Committee with the difficult job of developing sustainable solutions for CALAFCO.

After months of work, the Executive Committee (John Leopold, Coastal region; Gay Jones, Central region; Josh Susman, Northern region; and Jim Curatalo, Southern region) brought recommendations to the full Board for consideration at the July 31 meeting. After much deliberation, the Board unanimously approved a series of changes to the organizational structure.

First, the Board approved an increase in the hours of our Executive Director effective January 1, 2016 to 32 hrs/wk to better represent the organization. Desiring to also increase resources for our members, the Board is also committing to adding to our White Papers series to support our LAFCoS. By increasing our staffing and providing new resources to our members, the Board is committing to evolving the organization to meet the needs of the 21st century and ensuring continued high levels of service to our members.

Current service levels are not sustainable without additional funding and the Board recognizes that the services provided by CALAFCO are valuable tools for all LAFCoS and help all of us fulfill our missions. This comes with a cost and after very lengthy discussion at the July 31 Board meeting, the Board unanimously approved an increase in dues that will be as little as \$55/yr for small LAFCoS and \$530/yr for our larger LAFCoS. This dues increase will be spread over a two-year period, beginning in FY 2016-17. The increase reflects a seven (7) percent in year one, and a seven (7) percent increase in year two. The total increase over the two-year period equates to a range of \$114 to \$1,098. The Board also declared its intention to not raise the dues by the CPI during these two years.

Raising fees and dues at any time is a difficult proposition. Our work at CALAFCO does not differentiate between small and large LAFCoS when meeting the needs of our members. During the worst years of the recession, CALAFCO held the lines on dues. With effective fiscal management and new efforts to raise sponsorship funds, the organization is in a strong fiscal position and we are not contemplating these changes out of crisis. We are committed to continually enhancing the services of CALAFCO and fulfilling our mandate "to assist member LAFCoS with educational and technical resources that otherwise would not be available." I hope you will agree when we discuss this at our annual membership meeting at this year's conference.

Next Steps - Your Help is Needed!

This is an important element in the growth of our Association, the profession, and the role of LAFCo. We recognize that for some LAFCoS these changes represent a financial increase. However, we also realize that the current service levels are not sustainable without additional funding, and that evolving and expanding our service levels are not possible without additional resources. We trust that you see this as an investment in the Association and your Commission, and that we have demonstrated through our actions the value of your membership. Your positive support and assistance in securing the support of your Commission is greatly appreciated. We are providing you with a one-page summary of the organizational changes and the reasons for them, along with a copy of the DRAFT minutes of the July 31, 2015 Board meeting, at which all of these actions were taken.

I and the rest of the Board are available to answer any questions you may have. You are encouraged to seek out the feedback of your regional Board members.

On behalf of the CALAFCO Board of Directors,



John Leopold
Chair of the Board

Cc: CALAFCO Board of Directors
enclosures

Dues Increase Summary

WHAT'S THE ISSUE?

- ❖ Desired membership needs and expectations requires additional funding to allow CALAFCO to effectively deliver services and expanded efforts to meet expectations.
- ❖ CALAFCO's current part-time contracted staff hours are insufficient to meet the current and evolving needs and expectations.
- ❖ Dues do not fully cover the operational and staff costs of the organization (and have not for some years).
- ❖ Heavy reliance on carry-over fund balances and annual conference profit each year to balance the budget.

HOW DID WE GET HERE?

1. Availability of volunteer staff to provide services has diminished; workload shifting to CALAFCO staff.
 - Natural evolution in a volunteer-based organization that faces ever increasing responsibilities
 - Current annual conference "host model" not as effective as it once was (not as many LAFCoS able to or wanting to act as host)
 - Legislative monitoring and participation have grown substantially and created additional workload
 - CALAFCO assuming "host" responsibilities for annual conference starting in 2017
 - Member LAFCo volunteer staff (CALAFCO Executive Officer and Deputy Executive Officers) roles have expanded and stipends have not kept pace (not increased since 2001/2002)
2. No increase in dues since 2008/2009 (except CPI increases beginning in 2012/2013)
3. Increased demand for services from member LAFCoS and stakeholders
 - Increase in requests for CALAFCO to serve on state policy workgroups (e.g. water and land use)
 - Expanding legislative agenda and efforts
 - Research (e.g. implementation of 2014 groundwater and 2015 water system consolidation legislation)
 - Website upgrades (upgrading of existing CALAFCO website, increase in online resources and addition of technical support)
 - Increasing revenue opportunities for CALAFCO through increased conference sponsorships (hiring specialized firm to assist with branding message and solicitations)

WHAT WILL THE DUES INCREASE PROVIDE?

1. Add and expand services in the current year and beyond
 - Expand Executive Director hours from 24/wk to 32/wk (to meet expectations beyond contracted scope of work and better align compensation with hours worked)
 - Improved website and ongoing technical support for web services to ensure reliable accessibility and functionality
 - Increase external education and outreach about LAFCo
 - Add professional assistance in conference branding, marketing and increase sponsorship outreach
 - Reasonable compensation for LAFCoS who provide volunteer staff (EO and DEOs)
 - Maintaining the increased legislative effort
 - Enhanced partnerships with sister organizations to increase CALAFCO credibility and effectiveness
2. Reduce dependence upon member LAFCoS to act as conference host
 - Transfer to CALAFCO all current local LAFCo host responsibilities (effective 2017 conference)
 - Provide incentives for CALAFCO volunteers (partial conference registration compensation for LAFCoS who provide volunteer staff at conferences)

SUMMARY

1. CALAFCO members should commit to funding professional staff at appropriate funding to ensure continued high levels of service.
2. CALAFCO members should recognize that the current service levels are not sustainable without additional funding.
3. CALAFCO members should consider that excellent service is a valuable tool for all LAFCoS and helps us fulfill our missions.

HOW WAS THE RECOMMENDED DUES INCREASE DEVELOPED?

Board worked on various approaches over the course of the past six months

- Began discussions at biennial strategic planning retreat on January 29, 2015
- Formed two subcommittees, conducted extensive research, reported to the full Board on May 8, subcommittees did further work and considered a number of options for implementation
- Final recommendations made to full Board on July 31, receiving unanimous Board of Directors support

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Association of Local Agency Formation Commissions

Board of Directors

Meeting for Friday, 31 July 2015

(San Diego)

DRAFT MINUTES

Call to Order and Establish Quorum

Chair Leopold called the meeting to order at 9:05 a.m. and a quorum was declared.

Board Members Present:

John Leopold, Chair , County (Santa Cruz)	Gay Jones, Secretary , District (Sacramento)
Josh Susman, Treasurer , Public (Nevada) * joined 10:46 a.m.	
Julie Allen, Public (Tulare)	Cheryl Brothers, City (Orange)
James Curatalo, District (San Bernardino)	Larry R. Duncan, District (Butte)
Shiva Frentzen, County (El Dorado)	Mary Jane Griego, County (Yuba)
Juliana Inman, City, (Napa) *	Michael Kelley, County (Imperial)
William Kirby, City (Placer)	Gerard McCallum, Public (Los Angeles)
Michael McGill, District (Contra Costa) *	Ricky Samayoa, City (Yuba) arrived 9:13 a.m.

Board Members Absent:

Roger Welt, Public (Santa Barbara)

Staff Present:

Clark Alsop, Legal Counsel, BB&K	Marjorie Blom, CALAFCO Executive Officer (EO)
Kris Berry, CALAFCO Deputy EO (DEO)	Paula de Sousa, Legal Counsel, BB&K
Stephen Lucas, CALAFCO Deputy EO (DEO)	Pamela Miller, Executive Director
Paul Novak, CALAFCO Deputy EO (DEO)	

Guests:

José Henríquez, EO, El Dorado *	Kathy Rollings-McDonald, EO, San Bernardino
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****Participated By Phone***

CONSENT

1. Minutes, 8 May 2015 Board Meeting

Director Duncan noted he participated at the 8 May 2015 Board meeting in person and not by telephone phone as indicated on the draft minutes.

On motion of Director Duncan, seconded by Director Jones, and carried unanimously, the 8 May 2015 Board Meeting minutes were approved as amended.

ACTION ITEMS

2. FY 2014-15 Year-End Financial Report

EO Blom provided a summary of the year-end financial report. She noted in general revenues came in over budget by \$24,921 (in particular higher than expected conference and workshop revenues of \$25,099 and \$1,185, respectively), offsetting items which came in under budget including associate member dues revenue (by \$2,500) and CALAFCO U revenue (by \$1,071). She stated cost savings were realized in office expenses, annual conference expenses (due to lower attendance and lower hotel costs), and staff workshop expenses (due to lower facility costs and not having legal counsel in attendance). She reviewed items that were appreciably higher than budgeted, including legal expenses (due to a mid-year switch in legal counsel), legislative matters due to high volume and brochure expenses due to the publication of the newly revised "What is LAFCo" brochure.

Director Leopold stated CALAFCO is in a very strong financial position at the end of Fiscal Year 2014-2015.

On motion of Director Griego, seconded by Director Allen, and carried unanimously, the Board received and filed the Fiscal Year 2014-15 Year-End Financial Report.

Director Leopold stated this is the last meeting for Directors Griego, Inman and Welt, all of whom are not running for re-election to the CALAFCO Board of Directors and thanked them for their dedication and service to CALAFCO.

3. Investment and Bank Account Report

EO Blom provided a summary of the CALAFCO investment and bank account report, noting the Association received \$175 in interest generated during the third quarter which was reflected during the fourth quarter.

On motion of Director Curatalo, seconded by Director Duncan, and carried unanimously, the Board received and filed the report.

4. Appointment of CALAFCO Executive Officer and Deputy Executive Officer

Executive Director Miller stated Marjorie Blom is retiring from Stanislaus LAFCo effective August 3 so Marjorie is resigning as CALAFCO EO. Executive Director Miller recommended the Board appoint Stephen Lucas, who has served as DEO since 2012, as the CALAFCO EO. She noted Kris Berry will fill the DEO vacancy representing the Central region. Executive Director Miller indicated both appointees have the full support of their respective LAFCos.

On motion of Director Duncan, seconded by Director Frentzen, the Board appointed Stephen Lucas as the CALAFCO EO and received and filed the appointment of Kris Berry as CALAFCO DEO.

Executive Director Miller thanked Marjorie Blom for her "unwavering commitment to CALAFCO," adding "her contributions to CALAFCO are immeasurable." She announced Marjorie is re-joining CALAFCO as an Associate Member. Chair Leopold thanked Marjorie for her service to CALAFCO, stating she has "made a really big difference in the organization."

5. Website Services Contract

Executive Director Miller addressed issues with CALAFCO's existing website, noting the organization needs a more reliable website and improved technical support. Earlier this year CALAFCO issued a Request for Proposals (RFP) for a complete re-design of the website as well as new hosting services and on-going maintenance and technical support. Six (6) proposals were received of which three (3) were selected for interviews. Along with Director Frentzen, CALAFCO staff interviewed all three firms and selected the firm of Matson & Isom Technology Consulting as the service provider. CALAFCO Legal counsel assisted staff in the preparation of a contract. The preliminary work is scheduled to begin in August and is targeted for completion in December 2015 or January 2016. The total cost of the project is not to exceed \$15,000 (excluding tech support) and will be paid using FY 2015-2016 contingency funds. In future years, annual service and maintenance costs would be funded in the "website expenses" budget line.

Executive Director Miller recommended the Board approve the proposed contract with Matson & Isom Technology Consulting.

On motion of Director Frentzen, seconded by Director Allen, and carried unanimously, the Board voted to approve the contract with Matson & Isom Technology Consulting for website revision, web and e-mail hosting, and annual technical service support.

6. Discussion Concerning Annual Conference Model

Executive Director Miller noted the completion of two previous actions from the May 8 Board meeting, which are the hiring of additional help for the 2015 Annual Conference from Contingency funds (Marjorie Blom has been contracted for this work, with a budget not to exceed \$4,000) and the change in CALAFCO letterhead to remove all Board member names to accommodate FPPC regulations concerning solicitations in excess of \$5,000. She noted that the subcommittee (Directors Leopold, Curatalo, Susman and Brothers, as well as Pamela Miller and Stephen Lucas) met via conference call and conferred by e-mail several times since the last Board meeting, has considered multiple issues surrounding the Annual Conference, and recommends the following to the Board:

1. Shift to a CALAFCO-hosted model for the conference, beginning in 2017;
2. Adopt a four-year conference location rotation with three anchor sites (Sacramento, San Diego, and Monterey) and a fourth site randomly rotated in every four years;
3. Hire a part-time sponsorship coordinator for the 2016 Annual Conference through a one-year contract;
4. Increase conference registration rates by \$95 over a three-year period, beginning in 2016; and
5. Communicate these changes to the membership at the Annual membership meeting at the Annual Conference (September 3, 2015).

Given all of these proposed changes, the subcommittee recommended postponing consideration of adding exhibitors to the conference.

A lengthy discussion followed the staff report presentation, during which every Board member and staff present asked questions and commented. Chair Leopold stated CALAFCO is not an all-volunteer organization any longer and felt the recommended changes would build a stronger financial position for the organization. Director Curatalo voiced his support for hiring an outside sponsorship coordinator, as he has worked with such vendors in other organizations and finds their contribution to be helpful. He also expressed support for the rotation plan noting it will make it easier to promote the Conference. Director Brothers recommended a longer-term contract for the

outside sponsorship coordinator saying it will take several years to determine the effectiveness. Director Susman suggested establishing “step-up” incentives for the outside sponsorship coordinator, rewarding the coordinator for securing larger sponsorships and for retaining sponsors year-to-year.

EO Lucas noted concerns about volunteer burnout amongst LAFCo staff, in addition to the fact that many more LAFCos are using contract staff, who generally do not volunteer as much for CALAFCO. Director Allen voiced support for the rotation schedule but identified a concern that the increased sponsorship revenues were not proposed to be utilized to offset registration costs. Chair Leopold said that the increased sponsorship revenues are extremely conservative and that the risks of retaining a sponsorship coordinator are relatively low while the potential benefits are very high. Director Griego suggested that annual conference sponsors be given free admission to the Wednesday morning LAFCO 101 session. Director Frentzen asked what the sponsorship revenues had been at previous annual conferences, to which Executive Director Miller replied that the traditional average has been \$9,000 - \$12,000 in revenue from approximately six to ten sponsors, and that the 2014 Annual Conference in Ontario was an outlier, with sponsorship revenue of approximately \$40,000. Director Frentzen suggested interviewing several potential vendors to serve as sponsorship coordinator and incentivizing the sponsorship coordinator based on the number and amount of sponsorships obtained.

Director Kirby stated the contract with the sponsorship coordinator should include provisions for returning multi-year sponsors and also said he preferred increasing sponsorships to raising annual CALAFCO dues on individual LAFCos. Director Kelley voiced support for the recommendations from the subcommittee and felt the sponsorship revenue estimates are too low. Director McCallum voiced his support for the subcommittee recommendations and suggested a longer term (three years) for the contract with the sponsorship coordinator as there can be a long lead time in securing sponsors. Director Duncan stated he supports the subcommittee’s recommendations. Director Samayoa indicated he supports the recommendations noting the organization must move away from volunteers and have a consistent message to potential sponsors. Director Jones said she supports the subcommittee recommendations and she likes the idea of compensating the sponsorship coordinator for retaining sponsors year-to-year. Director McGill stated support for the subcommittee recommendations.

Marjorie Blom noted other trade associations have full-time staff working on their annual conferences and many “host” LAFCos are unable to raise sponsorship revenues. Kathy Rollings-McDonald stated the subcommittee’s recommendations are a good idea. DEO Novak noted the hiring of a professional sponsorship coordinator would still accommodate volunteer fundraising but would make it easier for volunteers to “hand off” the contact/relationship to the sponsorship coordinator and that the sponsorship coordinator would raise revenues without significant impacts on individual LAFCos.

Director Allen suggested that staff track the intangible and qualitative benefits associated with the increased sponsorship effort, in order to facilitate explaining the value of the effort to individual LAFCos. Director Jones reiterated Chair Leopold’s comment that the sponsorship coordinator effort involves low risks but high potential. Director Kirby asked that staff track the in-kind contributions of sponsors and volunteers for future conferences.

On motion of Director Frentzen, seconded by Director Allen, and carried unanimously, the Board approved the following actions:

- 1. Approve shifting to a CALAFCO-hosted model for the conference beginning in 2017;*
- 2. Approve a four-year conference rotation with three anchor sites (Sacramento, San Diego and Monterey) and a fourth random site rotated in every four years;*
- 3. Postpone the idea of adding exhibitors to the conference; and*

4. *Approve communicating these changes to the membership at the 2015 annual membership meeting on September 3, 2015.*

The Board took a break at 11:19 a.m. and reconvened at 11:33 a.m.

The Board resumed discussion on the annual conference, taking up the matter of raising the conference registration rate pursuant to the subcommittee's recommendation.

Chair Leopold stated conference registration rates needed to be increased in order to cover the rising costs of holding the event. He noted the comparison in conference registration rates of various associations in the staff report and the fact that CALAFCO remains the lowest priced.

Director Kirby made a motion to increase registration rates by \$25 in 2016, with no additional registration raises beyond 2016, and Director Duncan seconded the motion. After further discussion, Director Kirby withdrew the motion.

Director Griego voiced her support for the increased registration rates as a preferred option to increasing CALAFCO dues for all LAFcos.

After further discussion, the Board took the following action:

On motion of Director Jones, seconded by Director Kelley, and carried unanimously, the Board voted to approve an increase in conference registration rates by \$95 over a three-year period beginning with the 2016 Annual Conference.

Going back to the discussion of a sponsorship coordinator, Chair Leopold suggested the Board authorize the subcommittee and Executive Director Miller to work out key details of a contract, including establishing metrics to measure success and consideration of incentives, and requested the subcommittee move quickly so that the coordinator could start shortly after this year's conference. It was also suggested the contract be brought back to the full Board to be ratified.

Director Griego suggested staff invite potential vendors for the sponsorship coordinator to the 2015 annual conference in Sacramento.

On motion of Director Frentzen, seconded by Director Duncan, and carried unanimously, the Board voted to approve the hiring of a part-time sponsorship coordinator for the 2016 Annual Conference, and to authorize the subcommittee to work out the details of the selection and the contract.

7. CALAFCO Staffing

Executive Director Miller presented the lengthy staff reporting, noting there are a number of matters contained within the Executive Committee's recommendation. Those include: (1) Whether or not to increase the contracted scope of work hours for the Executive Director; (2) Whether or not to increase the stipends paid to the LAFcos whose staff volunteer as CALAFCO EO or DEO; and (3) Whether or not to make these decisions today or wait until November after receiving member feedback. Executive Director Miller stated compensation for the CALAFCO volunteers (one EO and three DEOs) had not changed since Fiscal Year 2001-2002, and volunteers have more responsibility and expend considerably more hours on CALAFCO activities than they did more than a decade ago. In terms of revenue options, she noted the last "non-CPI" increase in the dues was in 2008-2009, and, since that time, the Board has, twice, decided not to adopt annual CPI increases. Executive Director Miller reported the Executive Director has averaged substantially more hours than the contract specifies over a number of years (including the former Executive Director), and

the Board is faced with a decision to either reduce the strategic plan deliverables to what can be done within the current contracted scope of work or increase the contracted scope of work to be more aligned with fulfilling the strategic plan objectives.

Chair Leopold stated Board members, LAFCo commissioners, Associate Members and LAFCo staff all have an expectation that they can communicate their needs to the Executive Director, whom they expect to be responsive to their concerns. He noted there are limitations on the Executive Director's ability to be responsive given a contract that entails working an average of twenty-four (24) hours per week. He noted this is not a new issue for the organization, but rather one that has existed for a number of years. He also commented the Executive Committee worked extensively the past several months in looking at the problem and creating viable solutions for the Board's consideration. Chair Leopold voiced his support for Option 2 in the staff report as a way of addressing this issue by means that are within the Board's control, adding this option is unanimously supported by the full Executive Committee.

Director Samayoa asked if the issue of Executive Director compensation needed to be addressed in closed session and Legal Counsel Alsop indicated it could be discussed in open session as it involves compensation and hours for the position itself and is not considered to be an employee evaluation of the current Executive Director.

Director Curatalo voiced his support for Option 2. Director Jones indicated her support for Option 2, noting the issue is about professional staff support versus volunteerism. Director Griego stated this is not a new issue for the organization, noting the former Executive Director also worked hours well beyond the contracted scope of work and voiced her support for Option 2.

Director Frentzen stated individual LAFCos in the same dues category (urban, suburban, and rural) should pay the same dues and questioned whether the Board needs to consider if the Executive Director position should be a full-time position. Legal Counsel Alsop noted existing dues are based on a formula that includes the following components: (1) They are population based; (2) A maximum dues amount was set for FYs 2006-07, 2007-08 and 2008-09 respectively (pursuant to Bylaws); and (3) Minimum dues have two components including the use of CSAC population classifications of urban-suburban-rural, and that no LAFCo shall pay less than the amount of dues they were paying at the time the current dues structure was established.

Director Kelley stated something needed to be done to address the issue of compensation versus hours worked. Director Kirby stated his concern about discussing the matter outside of closed session, given the outcome involves a potential raise for the current Executive Director. Director McCallum stated his support for Option 2. Director Duncan said there really aren't other options available and he is supportive of Option 2. Director Allen stated CALAFCO either has to significantly reduce responsibilities, to match the twenty-four hour/week scope of work or increase the hours and she is supporting Option 2 and the volunteer compensation increase.

Director Samayoa stated a full-time staff position option should be considered, including an evaluation of how to pay the increased costs. Legal Counsel Alsop noted CALAFCO has never had an employer-employee relationship with staff and this was due, in part, to the preferences of the individuals who have been contracted as the Executive Director, stating further that CALAFCO did have a lobbyist in the 1970's, but the organization has worked with a part-time legislative representative through the Executive Director since then.

Director McGill indicated his support for the increased compensation for volunteers and for Option 2. Director Inman stated she supports Option 2, noting that while the percentage increases may seem high, the actual dollar amounts involved are relatively nominal, amounting to \$114 for the lowest-paying member LAFCos and \$1,098 for the highest-paying member LAFCos.

EO Lucas stated CALAFCO is providing greater value to LAFCoS today than ever before and the disparity of hours worked to compensation paid needs to be addressed. Kathy Rollings-McDonald said CALAFCO greatly benefits all LAFCoS because regions now have a voice under the current structure and added there is great value received from the Executive Director but that this work needs to be reflected in the compensation. DEO Novak stated a concern about volunteer burnout given the many CALAFCO events (annual conference, staff workshop, CALAFCO U).

The Board took a break at 1:40 p.m. to discuss the issue of the Executive Director increase in hours and commensurate compensation in Executive Session. The Board reconvened at 1:55 p.m.

At this point, the Board broke out into regional and staff subgroups to discuss the matter further. Each group was asked to discuss the preferred options presented and select the one those preferred to move forward with, discuss the pros and cons of that option, the message to be conveyed to the membership and what they needed from CALAFCO in order to convey the message.

Upon reconvening, each regional group and the staff group reported on their discussions and recommendations, with all five groups unanimously indicating support for Option 2 and for the increased compensation for volunteers.

A discussion ensued about the timing of the decision, with a consensus reached that all actions should occur presently at the Board meeting and be announced at the Annual Business meeting.

On motion of Director Griego, seconded by Director Curatalo, and carried unanimously, the Board voted to approve the recommended stipend increase paid to the LAFCo of the volunteer EO and DEOs, effective July 1, 2015, with a clarification that the compensation is to the LAFCo of volunteer staff and not to the individual volunteers.

On motion of Director Allen, seconded by Director Kelley, and carried unanimously, the Board voted to approve Option 2 relative to increasing the Executive Director's contracted scope of work hours from an average of 24/week to 32/week and adjust the compensation accordingly by \$30,000/year, effective January 1, 2016.

On motion of Director Samayoa, seconded by Director McGill, and carried unanimously, the Board voted to increase member dues by seven percent (7%) in Fiscal Year 2016-2017 and seven percent (7%) in Fiscal Year 2017-2018, with a clarification that the Board's intent is to not increase dues in those years by the CPI.

Director Kelley asked staff to prepare a one-page memorandum to be used as talking points, as well as the draft minutes, as both documents would be helpful in explaining the Board's actions to the membership.

Commissioner Inman and Commissioner McGill both announced they would be leaving the call now that the Board had taken action on Agenda Items 6 and 7.

8. CALAFCO Legislative Committee Report

Executive Director Miller indicated the Legislative Committee (Committee) met twice since the last Board meeting. She reported the Governor signed the annual Omnibus Bill (AB 1532) on July 15, 2015 and only one item was removed (due to opposition from the Turlock Irrigation District). AB 851 (Mayes), the CALAFCO-sponsored bill on disincorporations, has passed the Assembly; the bill has been amended five (5) times, with a final set of amendments pending before the full Senate vote.

Executive Director Miller addressed changes to AB 3 (Williams) concerning the Isla Vista Community Services District, noting CALAFCO's position remains Oppose Unless Amended, as well as recent changes to AB 402 (Dodd) concerning a five year pilot project involving Napa and San Bernardino LAFCOs, noting CALAFCO's position is No Position. She described changes to SB 239 (Hertzberg) relative to contracts between two public agencies, noting that although the most concerning parts of the bill had been removed, the Committee still had a number of concerns. She went on to report the Committee discussed the matter at length and what arose was an obvious lack of consensus on the basic policy matter of whether or not LAFCOs should be reviewing agreements between two public agencies. Ultimately, the Committee decided to be consistent with the position taken on AB 402 (a position taken due to lack of consensus on the basic policy matter of the bill), which resulted in CALAFCO changing its position from Oppose to No Position. Executive Director Miller stated she continues to work with Senator Hertzberg on potential amendments, given lingering concerns by members of the Committee. She described the efforts involved with SB 552 (Wolk) to clean-up certain provisions of SB 88, the water system consolidation bill previously passed as a budget trailer bill.

Executive Director Miller stated the Board, at its May 8 meeting, added a legislative position of "No Position" to the Committee's guidelines. Because the Committee amended the language slightly at its June 19 meeting, she recommended the Board ratify the amended guidelines.

On motion of Director Frentzen, seconded by Director Jones, and carried unanimously, the Board voted to ratify the amendment by the Committee to the description of "No Position" and to receive and file the report on current legislation.

9. 2015 Staff Workshop Final Report

Executive Director Miller provided a brief report on the Staff Workshop, held April 15-17 in Grass Valley. There were 90 participants representing 38 LAFCOs as well as five Associate Members, and the overall ratings in the evaluations was 5.3 on a 6.0 scale. The Mobile Workshop as well as the sessions on consolidation options and website management were particularly well-received. The Thursday evening dinner at Miner's Foundry received a 6.0 rating, the highest ratings of any dinner in recent workshops. The Workshop was a financial success, with revenues exceeding expenses by \$8,886.

10. 2015 Annual Conference Update

Executive Director Miller stated the 2015 Annual Conference in Sacramento is coming together with all presentations finalized and all speakers confirmed. Speakers will include three of the Governor's cabinet members (Director Ken Alex of the Office of Planning & Research, Secretary John Laird of Natural Resources, and Secretary Karen Ross of Food & Agriculture). Director and Conference Chair Jones noted she has secured a local fire department's drum and bagpipes corps and color guard to start the opening session on Wednesday afternoon.

11. Nominations Committee Report

Executive Director Miller stated she has received nominations for Board Member positions and the deadline to submit nominations is Monday, August 3.

12. Awards Committee

Marjorie Blom stated the Awards Committee had received twenty-seven (27) nominations for awards and reported she is passing off the coordination of the work of the Awards Committee to select award recipients to Executive Director Miller.

13. 2015 CALAFCO U Update

Marjorie Blom reported the “LAFCO and Litigation” course was held on Monday, June 29 at the John Wayne/Orange County Airport. She noted the four speakers (Carolyn Emery of Orange LAFCo, Pat McCormick of Santa Cruz LAFCo, and attorneys Michael Colantuono and Scott Smith) were well received.

Executive Director Miller indicated staff plans to organize one CALAFCO session in Sacramento in the fall, likely focused on water district consolidations pursuant to the recent adoption of SB 88.

14. Board Member Reports and Announcements

Director Griego noted that a local team from Yuba County is advancing to the Little League World Series.

Director Duncan noted Butte LAFCo recently completed annexations to the City of Chico and the City of Oroville.

15. Executive Director’s Report

Executive Director Miller noted she had nothing to add to what was included in her written Director’s Report which was provided to the Board.

ADJOURNMENT

Chair Leopold adjourned the meeting at 4:28 p.m. to the 4 September, 2015 Board of Directors Meeting in Sacramento.

The Sphere

September 2015

CALAFCO Annual Report to the Membership

Dear CALAFCO Members:

We are proud to report the progress of our Association during the past year. CALAFCO continues as a strong, vibrant educational resource to members and as an advocate for LAFCo and LAFCo principles to statewide decision makers. We are pleased that awareness of and interest in CALAFCO, in Sacramento and throughout the state, is growing. In 2014-2015 the Association maintained a high level of educational services as well as a vigorous agenda of legislative issues. We remain proud of both the program quality and participation in the Staff Workshop and the CALAFCO U courses. Sacramento LAFCo and the Annual Conference planning committee have done an outstanding job with the 2015 Conference. Finally, the Association remains on solid financial ground. The 2015-2016 adopted budget not only maintains member service levels, but in some instances also increases them, retains a healthy reserve, and allows us the opportunity to reinvest in the membership.

Our achievements continue to be the result of the dedicated efforts of the many volunteer LAFCo staff who contribute their time and

expertise. The Board is grateful to the Commissions that support their staff as they serve in the CALAFCO educational and legislative roles on behalf of all LAFCos. We are also grateful to the Associate Members and event sponsors that help underwrite the educational mission of the Association and allow us to keep registration fees as low as possible.

Early in 2015, your Board of Directors held our biennial strategic planning retreat. This year we took a long look into the future of the Association and the possibilities and opportunities that lie ahead in three to five years. With that vision in mind, we looked at the structural components of the organization, considered the evolution of the Association over our 44-year history, and gave careful consideration to the growing and evolving needs of our membership. We realized that the supporting structure of the organization must also evolve to meet those needs. We adopted a very aggressive and robust

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**ANNUAL
CONFERENCE
EDITION**

2015 Report to the
Membership

Associate Members'
Corner

LAFCo News

Legal Perspectives

Message from the Chair:
CALAFCO
Living Into the Future



The Sphere

CALAFCO Journal

September 2015

The Sphere is a publication of the California Association of Local Agency Formation Commissions.

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To submit articles, event announcements, comments or other materials noteworthy to LAFCo commissioners and staff, please contact the Editor at 916-442-6536 or info@calafco.org.

The contents of this newsletter do not necessarily represent the views of CALAFCO, its members, or their professional or official affiliations.

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A MESSAGE FROM THE CHAIR OF CALAFCO



John Leopold
Chair of the Board
CALAFCO

The past year has been an exciting one for CALAFCO, and I am honored to serve as your Chair during this interesting time. With the very successful Annual Conference held in Ontario last year, the new CALAFCO Board has been working to continue to strengthen the organization to grow and provide excellent resources for our members and valuable education to the Legislature, Governor, and local communities throughout the state.

In February the Board held its biennial retreat to review our Strategic Plan, and enhance it to address our future needs. As the economy has picked up, there has been renewed interest in the Legislature for ways to work with and work around the LAFCo process. As we looked at our Strategic Plan we saw a need to both improve services to our members and address some long-standing issues with the infrastructure of the organization itself.

Over its 44-year existence, CALAFCO has matured from a volunteer organization to a professional educational organization that has helped the state better understand CKH and the LAFCo process. At different periods in the lifetime of the organization, the Board has looked for ways to continually evolve CALAFCO to address current circumstances.

One of the areas that the Board has been working on is how to improve the Annual Conference. An important feature of CALAFCO, the Conference also presents a great deal of responsibility for host communities.

Keeping the Conference in accessible locations sometimes impacts the same LAFCos time and again. In addition, as the Conference has grown, managing all aspects of it has become challenging for a part time staff. Working over a series of months, the Board considered a number of changes that will enhance the Conference and not overburden any individual LAFCo. We are proposing to hire a part-time Sponsorship Coordinator who will help raise funds from organizations within the CALAFCO universe to support the conference, which will in turn help bring notable speakers and programming requested by LAFCos around the state. In addition to augmenting the CALAFCO staff for Conferences, the organization may provide discounted registrations to LAFCo staff members who can assist with registration, Conference planning and support during the Conference. With these changes we also intend to hold the Conferences in three primary locations: Sacramento, Monterey, and San Diego, with a rotating list of locations every fourth year. This will allow for greater long-term planning and will help manage the costs of the Conference as well. In order for this all to be accomplished and after careful review of what our sister organizations charge for their annual Conference, CALAFCO will be modestly

raising the registration fee for the Conference by \$95 over the next three years.

With increasing requests from the Legislature to provide input on bills and calls for consultation with the administration, CALAFCO has witnessed the strain of leading a statewide organization with a very part-time staff. We currently pay for only 24 hrs/wk for our Executive Director, but we still need representation the better part of the week to manage the professional demands of the organization. Juggling the aforementioned responsibilities with maintaining our relationships with our sister organizations and meeting the needs of all 58 LAFcos is no longer tenable; we tasked our Executive Committee with the difficult job of developing sustainable solutions for CALAFCO. The Board unanimously agreed that we need to increase the hours of our Executive Director to 32 hrs/wk to better represent the organization. Desiring to also increase resources for our members, the Board is also committing to adding to our White Papers series to support our LAFcos. By increasing our staffing by 30% and providing new resources to our members, the Board is committing to evolving the organization to meet the needs of the 21st century. This comes with a cost, and we are proposing an increase that will be as little as \$110/yr for small LAFcos and \$530/yr for our larger LAFcos. This dues increase will be spread over a two-year period, beginning in FY 2016-17.

Raising fees and dues at any time is a difficult proposition. Our work at CALAFCO does not differentiate between small and large LAFcos when meeting the needs of our members. During the worst years of the recession, CALAFCO held the lines on dues. With effective fiscal management and new efforts to raise sponsorship funds, the organization is in a strong fiscal

position, and we are not contemplating these changes out of crisis. We are committed to continually enhancing the services of CALAFCO and fulfilling our mandate “to assist member LAFcos with educational and technical resources that otherwise would not be available.” I hope you will agree when we discuss this at our annual membership meeting at this year’s Conference.

Over its 44-year existence, CALAFCO has matured from a volunteer organization to a professional educational organization that has helped the state better understand CKH and the LAFCo process.

As I prepare for our Annual Conference, I have the opportunity to look back on our last year. No one can adequately prepare you for leading a statewide organization, and these past months have been very active in the life of CALAFCO. I am thankful that our diverse Board has spent the time in our retreat and through countless committee meetings to accept the challenge of defining our new course. On the legislative front I am hard pressed to remember a more active year. Fortunately our role as an education organization has served us well as we have been at the table with the Governor’s staff, key state agencies

and legislative leaders to provide input on critical pieces of legislation about water, provision of services and key processes such as disincorporation. I suspect that the coming year will also be active, and our organization is well positioned to represent our member LAFcos.

We are fortunate to have many leaders on our 16 member, regional board. The Executive officers on temporary loan from their respective LAFcos do an incredible job and we are fortunate to have an effective Executive Director. I am humbled by the opportunity to serve as the Chair of our CALAFCO Board.

Thank you,

John Leopold



The Adaptive Organization

At its biennial strategic planning retreat this year, the Board of Directors opened the door of possibility for the Association. The Board did this with great intention, compassion, and respect for the 44-year history and culture that is CALAFCO. As is the case in the life cycle of any organization (particularly a non-profit), for the organization to remain relevant, continue to create value, and ultimately be sustainable in the long-term, it must take a long look at itself and the external factors that drive it. And, it must adapt to those changing external environmental factors.

Organizations are living things as are all of its components. Organizational culture is an adaptable thing, and by its very nature, has the capacity to evolve and change. There is a distinct advantage for those willing to not only adapt, but to also seek continuous improvement, both at an individual and organizational level. This advantage is even greater when the continuous improvement is generated in times of success rather than turmoil or crisis. These kinds of adaptive and transformational organizations know that resting on the laurels of successful times will not be enough for sustainability.

Change at the human level is difficult and is an ongoing journey, and organizational change is really no different. Communities today are not what they were five, ten, twenty, or fifty-two years ago, when LAFCOs were first created by the State. The structures created to support and serve those communities have evolved as well. To help lead communities through those shifting conditions, organizations must be adaptive and evolutionary. This is also true for CALAFCO. For those organizations that are not so willing or able to lead adaptive change, their ability to survive and thrive is limited.

Transformational strategic leaders are always open to possibilities, and consequently they are open to generating change not simply as a reaction but as a way for continuous improvement. Organizations with this kind of leadership create a greater opportunity for sustainability, rather than those that react to the

A Message from the CALAFCO Executive Director



Pamela Miller
Executive Director

need for change or simply ignore the need for change.

Any organizational transformation and change in culture must occur over time in order for it to be systemic and sustainable. Over CALAFCO's 44-year history, the organization has successfully experienced numerous transformations and cultural changes. Each one has been thoughtful and well-planned, and the organization has been the better as a result of each. Today's evolution is no different.

Over the past seven months, the Association's leadership has been working hard at strategic reinvention. And they do so during a time of success rather than crisis. This strategic reinvention is being generated so that we can ensure we are not out of balance as we move forward. Now is a successful time for the Association, and the leadership wants to ensure that success continues to grow. There is a strong desire to make sure that the structures and systems to support our members and fulfill the mission of CALAFCO and our strategic plan are in place.

In a conversation I had a few years ago about transformational strategic leadership and adaptive organizations, a very wise and dear friend told me, "Great leaders and great organizations rebirth themselves periodically. They've got to be adaptive. When organizations or leaders fail, it is because they didn't remake themselves. They didn't understand the environment was changing and they did not adapt themselves." [David Whitwam, former Chairman and CEO, Whirlpool Corporation]

I echo Chair Leopold's thoughts that we are fortunate to have many leaders (past and present) on our Board and in our volunteer staff. The Association is also the success it is today because of you, our membership, and I thank you.

Pamela Miller



Annual Membership Report

Continued from cover

strategic plan for 2015-2016 and believe the components of this strategic plan will create even more value for you, our members. In this report we highlight the activities of the last year and look a bit into the future.

EDUCATIONAL SERVICES AND COMMUNICATION

CALAFCO educational and information sharing services are the Board's top priority for member services. The Association focuses its resources in four areas: the Staff Workshop, Annual Conference, CALAFCO University courses, and electronic resources including the web site, quarterly reports and the member list-serves.

Staff Workshop and Annual Conference

We continued the tradition of quality education programming with the Staff Workshop held in Grass Valley in April and the Annual Conference in Sacramento in September. The Workshop, hosted by Nevada LAFCo, brought together 90 LAFCo staff from around the state for a three-day workshop at the Holiday Inn Express and Grass Valley Courtyard Suites. There were 38 LAFCos and 5 associate member organizations represented. An exceptionally diverse program centered on the theme **"After the Gold Rush: Forging the Future and Preserving the Past."** This year's program included a range of both technically-oriented topics and professional development topics. We began with a general session panel on Governor Brown's plans for California's future, followed by a series of concurrent sessions including topics such as options for consolidation, a close look at fire districts, Spheres and CEQA, innovative website management, performance measures, public agency audits, and processing applications. Other topics included dealing with difficult behaviors,

After the Gold Rush



engaging the public, improving presentation skills, and effectively utilizing outside consultants. Honoring the special history and culture of the region, the unique mobile workshop took us to Nevada Irrigation District's Scotts Flat Dam and Powerhouse, followed by a visit to Empire Mine State Park. Attendees enjoyed a special dinner during the Workshop at the historic Miner's Foundry in Nevada City. The Workshop closed with another unique legislative panel consisting of legislative representatives of our sister Associations: League of CA Cities, CSAC, and CSDA. We would like to thank **Paul Novak** (Los Angeles LAFCo) who chaired the Program Committee, our Hosts **SR Jones** and **Deborah Gilcrest** (Nevada LAFCo), and all who worked to make this an outstanding staff Workshop.

Approximately 250 LAFCo commissioners, staff and guests are expected at the 2015 Conference in Sacramento. Hosted by Sacramento LAFCo and held downtown at the Hyatt Regency, just near the confluence of the Sacramento and American rivers, the program centers on the theme

"Confluence...LAFCo – Merging Ideas With Solutions!" and includes a range of content-rich sessions focused on how LAFCos can merge innovative and creative ideas with

solutions as we face California's greatest challenges. Opening General Sessions include a panel of Governor Brown's top cabinet members discussing the confluence of agriculture, planning and resources, followed by a look at the implementation of last year's historic groundwater legislation and how LAFCos could be affected. Other sessions include a unique look at broadband, climate change, urban growth boundaries, financing municipal services, fiscal analysis tools, and LAFCo and California's changing culture. The Conference will open with a special ceremony to include the Sacramento Firefighters Local 552 Honor Guard and Sacramento Firefighters Pipes and Drums, and





close with a unique session on effective leadership in times of uncertainty, followed by our powerful and informative legislative update that includes panelists from both the Assembly Local Government Committee (ALGC) and CALAFCO's Legislative Committee.

The mobile workshop includes a visit to the actual confluence of the Sacramento and American rivers, a tour of the largest and most progressive inland wastewater treatment plant west of the Mississippi, followed by lunch at the historic Sugar Mill.

Again this year we opened up the LAFCo 101 session for attendance to those who are not attending the full conference at a deeply discounted rate. This allows agencies to send staff and elected officials to this very special 2-hour session on understanding and applying the basics of LAFCo.

We acknowledge and thank Sacramento LAFCo for hosting the Conference, its staff for all of their hard work: *Peter Brundage*, *Don Lockhart* and *Diane Thorpe*, the Conference Committee Chair *Gay Jones* (Sacramento), the Program Committee Chair *David Church* (San Luis Obispo), and all who are working on the Program Committee to make this an outstanding Conference.

CALAFCO University

Effective this year, there are now two CALAFCO

U courses scheduled each year. The courses allow staff, commissioners and other interested parties to explore in-depth LAFCo processes, policies and actions. The final session for 2014 was December 8 in Sacramento and featured an impressive panel of LAFCo attorneys who guided us through the *Legal Interpretations of CKH*. This session saw 59 attendees from around the state. In June of this year, 28 people gathered in Orange County to hear an all-star panel of LAFCo Executive Officers and Legal Counsel discuss LAFCo and litigation. The final course for 2015 is set for October 26 in Sacramento and

will focus on the implementation of SB 88, the 2015 legislation that authorizes the State Water Resources Control Board (SWRCB) to mandate consolidation of water systems.

These courses are possible only with the volunteer efforts of LAFCo staff and Associate members. Thank you to all who contributed to the classes. A special thanks to *Paul Novak* (Los Angeles LAFCo), *Marjorie Blom* (Stanislaus LAFCo) and *Kris Berry* (Placer LAFCo) who have been coordinating CALAFCO U this year.

Accreditations

CALAFCO's educational activities continue to be accredited by the American Planning Association to provide AICP credits for certified planners. This benefit is provided at no cost to LAFCo staff and helps them maintain their certifications. In addition, both the Conference and Workshop have sessions for LAFCo counsel that have been accredited for MCLE credits by the California Bar.

Web Site

The CALAFCO web site is a vital resource for both LAFCos and the community with questions about local government in California. The site consistently attracts between 5,500 and 6,500 visits per week. The vast majority of the visits are for the reference and resource materials found on the site and referral information to member LAFCos.

Earlier this year, we approved a complete revision and update of the web site, along with a move to a more stable host and the addition of technical support. After an extensive Request for Proposals process, an all-in-one service provider was selected and work will get underway shortly after the Annual Conference. CALAFCO will seek input and feedback from members to ensure the design is user-friendly and meets the evolving needs of the membership.

List-Serves

The list-serves maintained by the Association continue to be an important communication and information sharing tool among LAFCo staff. In total, we maintain eight list serves to help



members share information, materials, and expertise. The list-serves for executive officers, analysts, clerks and counsel discussions remain the most popular and serve to foster the sharing of information and resources.

Quarterly Updates

After each Board meeting, the Association's executive director creates and distributes through the list-serves a quarterly report on the activities of the Board and Association. These quarterly reports were enhanced this year to contain more information, and a special feature highlighting various Associate Members was added. The quarterly reports were enhanced as The Sphere is now an annual newsletter. These bulletins provide informational updates in a timelier manner and at less cost to the Association.

White Paper

In January of this year, we released an update to the 2008 publication of *The Metamorphosis of Special Districts*. We thank Best Best & Krieger for its work on this white paper.

LEGISLATIVE PROGRAM

This year CALAFCO sponsored two bills, responded to a host of bills that impacted LAFCoS, was asked by two different legislators to act as a technical advisor on their respective bills, and was extensively involved in discussions with the administration on water-related issues (conversations with the SWRCB continue). Due to our efforts to help solve problems and resolve issues constructively, CALAFCO continues to be a sought-after resource to legislative committees, members and staff, and to state agencies.



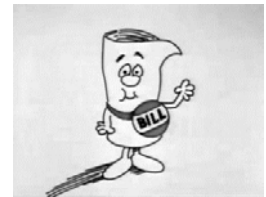
The CALAFCO Legislative Committee (Committee) began work in November and met regularly throughout the year. Based on legislative priorities set by the

Board last year, the focus this year was on shepherding legislation that cleans

up the disincorporations statutes, drafting the next set of changes to the protest provisions, and seeking an author for a bill that strengthens the relationship between LAFCoS and JPAs. In addition, we put a great deal of effort into our annual Omnibus bill.

This year, the Omnibus bill, **AB 1532**, which was signed by the Governor on July 15, contained nine different changes to Cortese-Knox-Hertzberg (CKH) such as clarifying several definitions, making changes to obsolete and incorrect code references, and making minor updates to several outdated sections. Along the way, two additional items were removed from the bill during the extensive stakeholder review process due to concerns by at least one stakeholder. Further, late in the cycle of the bill, another item was removed due to late-breaking opposition. The Committee will consider this item again next year, likely as a stand-alone bill. We are grateful for the efforts of Committee member **Paul Novak** (Los Angeles LAFCo) and ALGC associate consultant **Misa Lennox** for their efforts on shepherding this bill, and to all of you who did the work of submitting proposals for insertion into the Omnibus.

The other CALAFCO sponsored bill is **AB 851** (*Mayer*). This bill cleans up the outdated disincorporations statutes. Beginning as a draft created by a working group (including Kathy Rollings-McDonald, Carolyn Emery, George Spiliotis, Paula de Sousa, Kris Berry, John Leopold and Misa Lennox), the proposed legislation was vetted several times in the Committee before being introduced. The bill required extensive outreach and collaboration with stakeholders and, after a total of six published amendments, CALAFCO obtained the full support of all stakeholders with no current opposition. The bill has passed the Assembly and every committee with unanimous support and is currently on the Senate floor. Additionally, the bill has garnered four co-authors. We wish to thank Kathy Rollings-McDonald for her technical expertise at Capitol hearings and in meetings with stakeholders.





Highlights of the two bills for which CALAFCO was asked to be a technical advisor are:

- **AB 3 (Williams)** This bill would authorize the establishment of the Isla Vista Community Services District by requiring the Board of Supervisors of the County of Santa Barbara to submit a resolution of application to the Santa Barbara LAFCo, and, upon direction by the commission, place the questions of whether the district should be established and whether a utility user tax should be imposed on the ballot at the next countywide election following the completion of the LAFCo review. The bill, as written and amended numerous times, does not give the Santa Barbara LAFCo the authority to make the final determination of the formation of the district, but rather gives that authority to the voters. CALAFCO's position remains *Oppose Unless Amended*, given our policies on preserving LAFCo authority. Despite that position, the author's office sought technical assistance and feedback from CALAFCO over the past several months.
- **AB 402 (Dodd)** This bill creates a five-year pilot opportunity for Napa and San Bernardino LAFCo Commissions to authorize an extension of services outside boundaries and spheres to support existing or planned uses pending the commission's determination that (1) a service deficiency was identified and evaluated in a MSR; and (2) the extension of services will not result in adverse impacts on open space or ag lands or have growth inducing impacts. CALAFCO previously considered (over an extensive period of time) amending GC §56133, and twice (in 2011 and again in 2013) the CALAFCO Board of Directors decided not to pursue those amendments. CALAFCO has maintained a position of *No Position* on this bill, due to the lack of consensus by Committee members on the core policy issue, and the author has not accepted any amendments that would cause CALAFCO to change that position to a less favorable one.

Other bills on which we worked include:

- **SB 239 (Hertzberg)** CALAFCO has worked extensively with the author's office on this very difficult bill, which has changed dramatically since its introduction. Also focusing on amending GC § 56133, the bill concentrates specifically on the extension of fire services and requires LAFCo approval on any contract for the extension of fire services that transfers greater than 25% of the service area or changes the employment status of more than 25% of employees of any affected agencies. Prior versions of the bill required union pre-approval of the agreement, with the current version offering an alternative to that requirement. The bill also contains a host of other provisional requirements including setting a precedent for a state agency to seek LAFCo approval prior to undertaking an action that involves the provision of services outside of a public agency's current service area under contract or agreement. CALAFCO's original position of *Oppose* was changed to one of *No Position* (again due to lack of consensus by the membership on the core policy issue) after substantive changes were made by the author. However, many concerns remain, and CALAFCO continues to work with the author's staff on technical amendments.

Water talks

AB 115 and SB 88

In March, CALAFCO met with OPR, the SWRCB and several members of the Governor's staff to discuss the concept of water



system consolidations. This was in response to the Safe Drinking Water Plan Draft of October 2014 and the CA Water Action Plan Implementation Report of January 2015. Following that, we heard from them again in May to advise us that the administration had put together a budget trailer bill on consolidations as a part of the drought relief package. After several meetings with the administration, held both separately and with other stakeholders over a



very short period of time, CALAFCO issued a 4-page letter of concern to OPR and the SWRCB. That same day the stakeholders gathered and strategized how to collectively oppose and lobby. The next day CALAFCO issued an official *Oppose* letter. In addition, a coalition of stakeholders issued an *Oppose* letter and began meeting with legislators and staffers in the capitol. CALAFCO met again with OPR and the SWRCB as well as the staffers of the Senate Governance & Finance and Assembly Local Government Committees.

Ultimately, both bills grant the SWRCB authority to mandate the consolidation of water systems – public, small state and individual wells, as a response to the drought. The bill was narrowed to have the Board focus only on those located in disadvantaged communities. The SWRCB will identify those systems that have either run out of water or are undrinkable due to water quality issues, then mandate them to consolidate. It is unclear how they will prioritize their targeted entities, or how many they plan to execute. The bill requires the SWRCB to hold a hearing, make findings, and, once the consolidation is ordered, provide financial assistance for infrastructure (although no operations and maintenance funding) and provide compensation in the form of fair market value for the subsumed system.

Throughout the process, CALAFCO offered a host of options for the SWRCB to consider and raised countless questions and concerns, most of which were dismissed based on the language adopted in the bill. Ultimately, **AB 115** was heard in the Senate Budget Committee after being published all of 90 minutes and was pushed through to the Senate floor. Simultaneously, **SB 88** (identical to **AB 115**) was rushing its way through and Assembly floor and back over to the Senate, where it quickly passed and found itself on the Governor's desk and signed on June 24.

Since the passage of **SB 88**, CALAFCO met with the SWRCB to discuss implementation of the legislation. There was some agreement on what "consulting with LAFCo" should look like, and it remains to be seen how the process will actually work. In addition, we are working with

members of the legislature and their staff on policy clean-up legislation. CALAFCO is committed to continuing to work with the SWRCB in creating a workable implementation process, and plans to have the focus of the October CALAFCO U be on the implementation of **SB 88**.

For a complete list of CALAFCO bills, please visit the CALAFCO website. Information is updated daily.

FINANCIAL POLICIES AND REPORTING

The Association continues to stand on a strong financial base. The Board maintains policies and current filings which are in compliance with all federal and state requirements for 501(c)(3) organizations. The CALAFCO Policy Manual, IRS Form 990 and other key Association documents are available on the CALAFCO web site. The Association also maintains its records with the national non-profit reporting organization, GuideStar (www.guidestar.com). In 2015 CALAFCO once again earned the *GuideStar Exchange Gold Seal* in recognition of its transparency and completeness in documentation.

All financial records are reviewed quarterly by an outside CPA with reports to the Treasurer and the Board. The Board also reviews the annual IRS Form 990 tax filing prepared by the CPA and staff.

2015-16 Budget

The Board continues to manage the financial resources of the Association closely. This year LAFCo dues were increased by the CPI as authorized in the Association Bylaws. While only a 2.0% increase, the Board felt it was necessary to keep up with the increasing costs of operating the Association. The dues have not been raised beyond the CPI since FY 2008-2009, and, until FY 2012-2013 when they were raised by the CPI, dues remained stable at the 2008-09 rates.

The adopted budget for 2015-16 provides for several changes from the 2014-15 budget. The



close of the fiscal year showed a slightly greater year-end balance than anticipated in the adopted budget, allowing the Association to once again avoid the use of reserve. The budget adopted in May 2015 is \$418,807, which includes a carry-over net balance and contingency fund of \$69,725. The year-end fiscal report indicates a greater than anticipated net balance of \$76,790. This is due in part to a very profitable Annual Conference and Staff Workshop, as well as diligent fiscal management on the part of staff.

The Board approved several small allowances for the use of Contingency funds during the last fiscal year and we are happy to report the records retention project led to thousands of documents in hundreds of files being scanned and archived electronically. In addition, the CALAFCO office purchased new printers and office equipment, and there was a need for outside legal counsel. In total, \$17,059 of Contingency funds were spent, which is 41% of the total Contingencies.

For the current fiscal year, Contingency funds will be used to fund several additional projects that will create high value for the membership. First, we will be completely revising and updating the CALAFCO website for a more user-friendly look and feel. Along with the new site, we are adding ongoing technical support to assist CALAFCO staff in keeping the site updated and refreshed and to assist when technical issues arise. Next, we have agreed to produce several white papers in the coming 18 months. These papers will include groundwater management and sustainability and a follow up to the "First 25 Years LAFCo Activity Survey" which will address the "Next 25 Years". In addition, CALAFCO has been approached by the American Farmland Trust to collaborate on a White Paper, and by the California Special

Districts Association to partner on creating a guide to forming a special district.

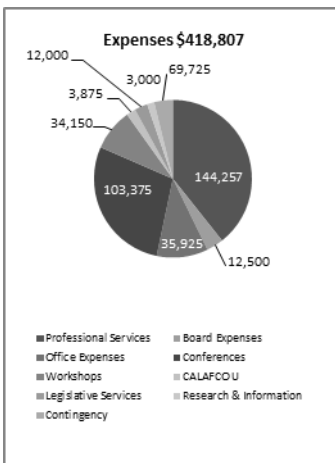
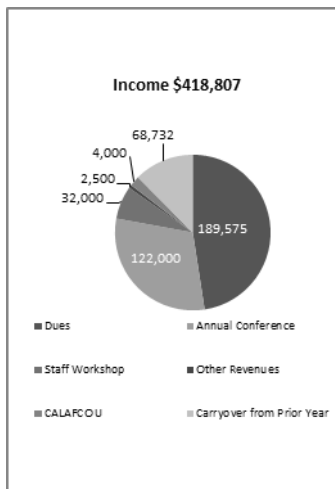
During the July Board meeting, after over six months of information gathering and careful deliberation, we made some decisions about the supporting structure of the organization. We are officially adding additional time the Executive Director will work for the Association, to better meet the evolving needs of the membership and to sustain the current level of activity and Association visibility. This means a slight increase on member LAFCo dues in the next two fiscal years. Furthermore, starting with the 2017 Annual Conference, we will hire a sponsorship

coordinator to assist us in creating a strong branding message and increase our capacities in adding additional revenue streams.

Restricted Fund Reserve

Since 2005 an important goal established by the Board has been to grow and maintain a fund reserve to support member services in uncertain economic times and to avoid the need to tap members for additional funds, as had been done in the past. With an initial goal of 35% of non-conference operating expenses, the reserve balance at the close of the 2014-15 fiscal year was \$150,754, about 72% of the annual operations budget outside of the Conference, Workshop and CALAFCO U. The reserve is not part of the annual budget and requires a vote of the Board to use its funds. The Association has not used the fund reserve since the early 2000s. CALAFCO maintains its funds with the Local Agency Investment Fund (LAIF). While the interest rate has remained low again this year, we have not lost any of the principal in

our savings or investments. Last year the Board amended the organization's policy regarding the reserve fund, changing from having a maximum of 25% held in reserves to having a minimum of 25% held in reserves.



ASSOCIATION MANAGEMENT

New Board Members

Over the course of the past year, two Board members left CALAFCO; we are grateful for the work of **Ted Novelli** (Amador LAFCo) and **Stephen Tomanelli** (Riverside LAFCo). In May, we were honored to welcome two new commissioners to the Board.

The Board appointed El Dorado LAFCo Commissioner **Shiva Frentzen** to fill the County seat in the Central Region. Commissioner Frentzen is a member of the El Dorado County Board of Supervisors, representing District 2, where she has lived for the past 22 years.



The Board also appointed Los Angeles LAFCo Commissioner **Gerard McCallum** to fill the vacant Public Member seat in the Southern region. Commissioner McCallum is a Senior Project Manager with WMS Partners and resides in View Park. He is currently serving his second term on the Commission.



New Associate Members

We are proud to welcome several new Associate members to the Association this past year: **Cucamonga Valley Water District**, **Marjorie Olsson Blom Consulting** and **Ukiah Valley Sanitation District**.

A Final Thank You

Just last month we said goodbye to CALAFCO Executive Officer **Marjorie Blom** who retired as the Stanislaus LAFCo Executive Officer. Marjorie served as the CALAFCO Executive Officer for almost two years and prior to that was the Central region's Deputy Executive Officer for two years. We are happy to report that **Steve Lucas** (Butte LAFCo) has stepped into the role of Executive Officer, and **Kris Berry** (Placer LAFCo) is now the Central region Deputy Executive Officer.

Finally we want to recognize the leadership of our executive director **Pamela Miller** and 2014-2015 executive officer **Marjorie Blom** (Stanislaus LAFCo). Added to that is our appreciation for all

the contributions of executive assistant **Jeni Tickler** in the CALAFCO office, deputy executive officers **Steve Lucas** (Butte LAFCo), **Paul Novak** (Los Angeles LAFCo), and **David Church** (San Luis Obispo LAFCo), Legal Counsel **Clark Alsop** and **Paula de Sousa** (BB&K), and CPA **Jim Gladfelter** (Alta Mesa Group). These people, along with many other volunteers, associate members, and members of the Board have all worked together this year to bring many achievements and a strong Association to you, our Member LAFCos and Associate Members.

Sincerely Yours,

The CALAFCO Board of Directors

What's Ahead?



2015 CALAFCO University

Water Works: The Implementation of SB 88

October 26, 2015

Sacramento, CA

2016 STAFF WORKSHOP

March 30 – April 1, 2016

Hilton Los Angeles at Universal City

Universal City, CA

Hosted by Los Angeles LAFCo

2016 ANNUAL CONFERENCE

October 26 – 28, 2016

Fess Parker DoubleTree by Hilton

Santa Barbara, CA

Hosted by Santa Barbara LAFCo



San Mateo LAFCo July Meeting Covers Broad Set of Deliberations

Written by Martha Poyatos, San Mateo LAFCo Executive Officer

At its meeting on July 15, 2015, San Mateo LAFCo approved a reorganization dissolving a water district and forming a county maintenance district. This will resolve a longstanding dilemma of a water district that sold a water system and continued to collect property tax. At the same meeting, the Commission also completed a municipal service review and sphere update, and reaffirmed the zero sphere of influence of a countywide harbor district that has been under close scrutiny from the Civil Grand Jury and the public and held the first of two hearings on the municipal service review and sphere update of five cities and six special districts in Northern San Mateo County. The range of projects and level of controversy demonstrated both the diverse challenges LAFCos face and the value of collaboration in carrying out LAFCo's mission.

Los Trancos County Water District

The Commission approved the reorganization of the Los Trancos County Water District (LTCWD), dissolving the independent water district and forming a county maintenance district as successor to fund enhanced fire safety, storm drain improvements, and land stewardship. LTCWD was an independent district formed in 1954 to improve a dilapidated water system and provide water service to unincorporated Los Trancos Woods. The heavily wooded area was originally developed with vacation homes and is served predominantly by septic systems. The area lacks storm drain infrastructure and is characterized by steep terrain and narrow, winding roads. In years with heavy rain, significant storms have resulted in erosion and property damage, and the limited access and egress, combined with being heavily wooded, makes the community a high fire danger area. In 2005, the District sold its water system to the California Water Service Company (Cal Water) but continued to receive property tax and funded various initiatives focusing on fire safety, water conservation, and stormwater runoff measures. The District's first use of

property tax after the sale of the system was to provide rebates on water bills, but this program was discontinued based on recommendations in a LAFCo municipal service review in 2006.

The District-initiated application followed several years of study and debate surrounding the District's 2005 sale of its water system to Cal Water; continued receipt of property tax; and spending on community priorities including enhanced fire safety, stormwater runoff, and land stewardship. While these programs might be considered "inactive" services for a water district pursuant to Government Code Section 56824.10, application of 56824.10 was not implicit given that the District no longer operated a water system. Moreover, these activities were already within the authority of three agencies that overlap the District: Midpeninsula Regional Open Space District (MROSD), Woodside Fire Protection District (WFPD), and the County of San Mateo. Since the 2005 sale of the water system, the District has been the subject a LAFCo municipal service review that discouraged use of property tax to provide rebates to Cal Water ratepayers and urged dissolution, since the district no longer provided the service for which it was formed. The District was also the subject of a critical Civil Grand Jury report and was cited by the State Legislative Analyst's office as an argument for shifting property tax from enterprise districts to fund for parole realignment and most recently as an example of the unintended consequence of Proposition 13.

The report Parole Realignment and the 2008-09 Budget¹ contained the following language regarding use of property tax:

Example: Los Trancos County Water District In 1954, residents of a hilly, rural area in San Mateo County created an enterprise special district to provide water service and levied a property tax rate to help pay for this service. In 2005, the water district sold its entire water distribution system to a private company (a change that resulted in lower water service charges to the area's residents). Although the water district no

¹

http://www.lao.ca.gov/analysis_2008/2008_pandi/pi_a_n108007.aspx

longer provides water service, the district did not dissolve or request that its property tax revenues be redistributed or eliminated. The water district continues to receive property taxes pursuant to current law. The district uses about one-half of these revenues to provide tax rebates to its residents and the rest for activities unrelated to water delivery.

The November 29, 2012 Legislative Analyst's Office report Understanding California's Property Tax² contained the following language:

Limited Responsiveness to Modern Needs and Preferences: An effective tax allocation system ensures that local tax revenue is allocated in a way that reflects modern needs and preferences. In many ways, California's property tax allocation system—which remains largely based on allocation preferences from the 1970s—does not meet this criterion. California's population and the governance structure of many local communities have changed significantly since the AB 8 system was enacted. For example, certain areas with relatively sparse populations in the 1970s have experienced substantial growth and many local government responsibilities have changed. One water district in San Mateo County—Los Trancos Water District—illustrates the extent to which the state's property tax allocation system continues to reflect service levels from the 1970s. Specifically, this water district sold its entire water distribution system to a private company in 2005, but continues to receive property tax revenue for a service it no longer provides.

The proposal to dissolve the water district and form a county maintenance district as its successor agency to provide enhanced local services is a complex solution to a complex problem. Why complex? While there was support for keeping the District's property tax local by forming a maintenance district or a fire zone of benefit, some board members and residents rejected the idea of losing local control and worried that the District's lake and three-acre wooded parcel would be sold and developed. In addition, the short-staffed fire district didn't want to be burdened with accounting for a new property tax stream by forming a fire zone as successor, and the water district's lands were not

² <http://www.lao.ca.gov/reports/2012/tax/property-tax-primer-112912.aspx>

consistent with lands that MROSD or the County typically acquired for park or open space uses. Over the course of several years of discussion with the District, WFPD, MROSD, and the County, as well as LAFCo workshops in the community, the solution of a county maintenance district as successor to the dissolved District to manage the three programs of enhanced fire safety, storm drain infrastructure, and land stewardship by agreements with WFPD and MROSD took shape. Before submitting its application, the District board commissioned a professionally-conducted community survey that indicated that there was majority support for a county maintenance district to keep property tax local and fund important community priorities. Support depended upon the ability of the District to request, and LAFCo to enforce, conditions that would satisfy the various concerns of the District board, its constituents, and the agencies that were stepping up to facilitate the reorganization. Conditions were many and included formation of a community advisory council to provide for continued community input, conservation easements over the lake and the three-acre parcel that are to be transferred to the County and WFPD, respectively, and scope of service documents for fire safety and storm drain improvements to guide service levels in these areas.

After several years of numerous, at times contentious, community meetings, the LAFCo hearing was attended by a handful of residents and District board members and LAFCo received no written or oral opposition to the proposal. The reorganization, the product of three agencies sharing the same constituency stepping up to respond to important public safety priorities, will become effective October 1, 2015 and upon satisfaction of all conditions. The reorganization could not have been possible without the combined efforts the Los Trancos community and several agencies: kudos to the LTCWD board and constituents LAFCo, the County of San Mateo, MROSD, and WFPD.

San Mateo County Harbor District

The San Mateo County Harbor District was formed in 1933 with countywide boundaries. It operates the Pillar Point Marina in Princeton-by-the-Sea on Half Moon Bay and, under a joint

powers agreement, the City of South San Francisco's Oyster Point Marina and Park on San Francisco Bay. The District receives a share of the countywide property tax estimated at \$5.5 million this fiscal year. The District's long-standing LAFCo sphere of influence, first adopted in 1977, is that it be dissolved with the County of San Mateo as successor agency. This municipal service review and the previous review performed in 2006 identified the District's reliance on property tax to subsidize a portion of enterprise activities and a lack of nexus between the District's receipt of countywide property tax and the countywide benefit of the facilities that are funded.

The consultant-prepared municipal service review followed a harsh Civil Grand Jury report and was undertaken in the midst of the District's implementing Grand Jury recommendations including addressing conflict and discord in Harbor Commission interaction; recruiting for a permanent general manager after retirement of the longtime general manager; other vacancies; an office move, and imminent labor negotiations. In the course of the municipal service review, several issues were identified in addition to the Civil Grand Jury recommendations that the District began to address before the study was complete. The District outsourced with Regional Government Services for an interim general manager, established a line of command and communication between the District commission and staff, revised budgeting practices to more accurately represent the District's revenue and expenditures, and indicated its intention to implement a cost accounting system to better track expenditures for enterprise versus non-enterprise activities.

While it was clear from the outset that LAFCo's legislative purpose and intent were at odds with the Harbor District's purpose and continued existence, the District board and staff diligently participated in the municipal service review process and took heed of LAFCo observations. The value of the municipal service review process was well demonstrated, in that regardless of the outcome of the sphere designation, the exercise of evaluating accountability, transparency, fiscal ability to provide services, and management efficiencies serves as a roadmap for the District to improve in these areas.

North County Cities and Special Districts

The consultant-prepared north county cities and special districts municipal service review and sphere of influence update, which covers five cities and six special districts, got off to a rocky start with considerable anxiety on the part of unincorporated Broadmoor residents who receive service from two districts with LAFCo sphere designations that they be dissolved: Broadmoor Police Protection District (BPPD) and Colma Fire Protection District (CFPD). Broadmoor, with a population of 4,633, is a community wholly surrounded by the City of Daly City and is in the City's sphere of influence but has a long tradition of supporting BPPD and CFPD. Community support includes repeated voter approval of special taxes to augment both district budgets. These two districts include other non-contiguous areas that are also in the City of Daly City sphere of influence and CFPD also serves the Town of Colma, with a population of 1,492.

LAFCo opened the public hearing on the north county study at the July 15, 2015 meeting and received extensive comment from Broadmoor residents, representatives of the police and fire districts, the City of Daly City, and the Town of Colma. The Commission continued the public hearing to September 16, 2015 to allow time for revisions and corrections to the report. The LAFCo Executive Officer followed up with a letter clarifying the purpose of municipal service reviews and the potential effects of spheres of influence in an effort to allay the residents' concerns that municipal service reviews and sphere of influence updates in themselves impacted the ability of a District to provide services. The letter emphasized that sphere recommendations require action from affected agencies or the community and that, based on comments from all involved, there were no agencies interested in implementing the sphere recommendations. The municipal service review and sphere of influence also included recommendations about improving the BPPD and CFPD websites to include agendas, staff reports, budgets, and audits to keep their constituents informed and the districts indicated that they plan on implementing these suggestions. In spite of conflict in response to the municipal service review and sphere of influence study, BPPD Chief Art Stellini noted that the

agencies under study have a long history of working together. LAFCo will aim toward facilitating that effort as it completes the municipal service review process.

Other notable observations in the north county study include a three-city joint powers agreement for shared fire services among the Cities of Pacifica, Daly City, and Brisbane; a partnership between Pacifica and North Coast County Water District (NCCWD) for recycled water; and NCCWD's achievement of being the first special district in San Mateo County to receive the Special District Leadership Foundation (SDLF) Transparency Certificate of Excellence from the California Special Districts Association (CSDA).

THE LEGAL CORNER



Legislature Updates LAFCo Statute

By Megan Knize

Legislation that took effect January 1, 2015 aims to clarify provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Each year, LAFCo Commissioners or CALAFCO staff suggest changes to be incorporated into an omnibus bill. AB 2762, which took effect in January of this year, sponsored by the Assembly Local Government Committee led by Assembly Member Katcho Achadjian (R- San Luis Obispo) and Chair of the Assembly Local Government Committee, allows a number of technical, non-controversial changes. Most notably, the Act now reflects the following:

Additional Required Factor for Analysis of Proposals. Before AB 2762, the law required a LAFCo to consider a proposal's consistency with both regional transportation plans (RTIPs) and city or county general or specific plans. Government Code section 56668 now requires a LAFCo to review "[t]he proposal's consistency

with city or county general and specific plans." Reference to the RTIP is deleted.

Added Flexibility for Independent Special District Selection Committees. Prior law provided that a special independent district selection committee was made up of the presiding officer of the legislative body of each special district and had to meet in person to do business. This proved unworkable especially in geographically large counties with many special districts. These committees frequently struggled to attain quorums to do business.

The Government Code was amended to allow the legislative body of the special district to appoint one of its members as an alternate to participate in the independent special district selection committee if the presiding officer is unable to participate in a meeting or election of the committee. This change creates flexibility and allows representation if the presiding officer of the special district cannot participate in a committee meeting or election. In addition, the bill allows a majority of independent special district selection committee members to decide to conduct the committee's business by mail, including holding all elections by mailed ballot. If a majority of the independent special district selection committee decides to conduct the committee's business by mail, or if the executive officer decides that a meeting to select special district members or fill vacancies is not feasible, the executive officer shall conduct the committee's business by mail.

Further, special district selection committee elections may be conducted by certified mail or e-mail. For a valid election by mail, a quorum of special districts must submit valid ballots. The candidate receiving the most votes is elected, unless the committee adopts another procedure. If the executive officer does not receive a quorum of ballots by the date specified, the executive director must extend the ballot submission date by 60 days.

Clear Definition of Landowner-Voter District. In the case of a landowner-voter district, existing law was unclear about who was a voter for purposes of confirming the change of organization or reorganization. The bill deleted the word "voter" and replaced it with "landowner." Thus, "if the number of

landowners entitled to vote within a subject agency is less than 300, protests shall be signed by at least 25 percent of the landowners entitled to vote.” (Gov. Code, § 57113, subd. (b).)

Reauthorization of LAFCoS to Review and Comment on Services in Unserved Territory.

The bill added language that allows a LAFCo to review and comment upon: (1) extensions of services into previously unserved territory; and (2) the creation of new service providers to extend urban-type development into previously unserved territory within unincorporated areas. The review is to ensure consistency with policies outlined in the Government Code and with adopted policies “promoting orderly development, discouraging urban sprawl, preserving open space and prime agricultural lands, providing housing for persons and families of all incomes, and the efficient extension of governmental services.” Assembly Bill 2259 originally provided this authority, which sunsetted on January 1, 2013. This section will now remain in effect until January 1, 2019.

Thus, CALAFCO and its members continue their good work in improving the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to make it a better tool for LAFCoS’ important work. That effort, of course, is ongoing, and further updates to the Act are now pending in the Legislature. Thanks to all who contributed that that effort!

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Megan Knize is Senior Counsel and a member of Colantuono, Highsmith & Whatley’s litigation and advisory practice groups. Megan’s practice covers a wide range of matters involving municipal finance and public revenues litigation and advice, as well as general municipal advisory work, including for Yuba and San Diego LAFCos.
<http://chwlw.us/attorneys/megan-s-knize/>



Around the State

Napa LAFCo Appoints New Executive Officer

Brendon Freeman has been named Executive Officer of the Napa LAFCo. Brendon previously served as LAFCo Analyst for over six years and was LAFCo Interim Executive Officer for the two months prior to his appointment on August 4, 2015.



“I was born and raised as a third-generation Napan and I’m grateful for the opportunity to serve the community I grew up in. My new role brings immense responsibility to be accountable, objective, and transparent with respect to the needs of each individual community within Napa County. This is about doing the right thing and bringing local agencies together. Public service is in my blood and I look forward to building consensus on a variety of difficult issues,” Brendon says.

Upcoming Napa LAFCo projects include municipal service reviews and sphere of influence updates for the City of Calistoga, City of St. Helena, and Town of Yountville. Also on the horizon is a sphere of influence amendment and annexation request for Napa Pipe.

“Brendon has served LAFCo for seven years, and we look forward to working with him in his new role. He really understands the municipal services in Napa County and the need to protect agriculture,” said Juliana Inman, LAFCo Chair.

Alameda LAFCo Has Been Busy



Alameda LAFCo
Local Agency Formation Commission

Commissioner Update: Commissioners *Sblendorio, Haggerty and Miley* were each reappointed for another four year term. *David Haubert* was appointed as the alternate city member replacing Commissioner *Jerry Thorne*

who was elevated to regular city member by the Alameda County Mayors' Conference.

Operations: The Commission held its first strategic planning workshop resulting in the adoption of the following strategic priority goals:

1. Curb urban sprawl, and preserve and protect open space and agricultural lands.
2. Strengthen local agency oversight to encourage organizations to recognize their responsibilities to the public that they serve.
3. Be a catalyst and information resource to promote logical, efficient municipal service provision.

Subsequently, the Commission instituted an innovative agenda item as part of each Commission meeting, hosting a number of municipal services presentations including water, wastewater, flood protection, transportation, parks and recreation, and broadband services. The presentations provide a county-wide overview of each type of service as well as opportunities for Commissioners to learn about and ask questions of the service providers. The Commission will continue to host these presentations in the future to achieve its strategic priority goals.

The Commission renewed its memorandum of understanding (MOU) with Alameda County for staffing and other support services for another five-year term through 2019. Additionally, for the fifth year in a row, the Commission was pleased to offer a paid internship to a recently graduated high school senior. We have been very fortunate to have highly motivated, curious young people with us for six weeks each summer. This internship opportunity is a win-win: the young person earns a small stipend and participates in and learns about local government in its many forms (e.g., attending a local special districts association chapter meeting) as well as LAFCo, while the Commission benefits from completion of a variety of short-term projects.

Projects: Alameda LAFCo approved the reorganization of a county service area (CSA) that provided only solid waste and recycling services to a limited unincorporated area. In order to provide the services in a more cost effective way, Alameda County submitted an

application to dissolve the CSA and annex its territory into the **Oro Loma Sanitary District**.

In another case, a similar application was submitted by Alameda County, also for the purpose of continuing solid waste collection services and establishing recycling services in an area known as the Castro Valley Canyonlands. This area is expansive with a relatively low level of population density. After the private solid waste hauler determined it would no longer provide services in the area using individual contracts with property owners, the county proposed annexation into the **Castro Valley Sanitary District**, a neighboring sanitary district which would provide the solid waste services to property owners under a negotiated franchise agreement. After a lengthy public process, the Commission ordered the annexation.

Finally, the Commission received a presentation on the results of the **Tri-Valley Utilities Coordination/Integration Phase I Study** which was initiated in response to LAFCo's municipal service review process. The Tri-Valley Utility Study is an effort coordinated among six local governments - the cities of **Dublin, Pleasanton, Livermore, and San Ramon**, the **Dublin San Ramon Services District** and the **Zone 7 Water Agency** to identify ways to serve constituents more effectively and efficiently.

Marin LAFCo Is On The Move!

It's been a busy time for Marin LAFCo. This past year we said hello to Commissioners **Damon Connolly** (County) and **Lew Kious** (District) and farewell to Commissioners **Susan Adams** (County) and **Dennis Rodoni** (District).



We created Marin LAFCo's very first logo.

Commission Clerk Candice Bozzard celebrated her 13th year with Marin LAFCo!

Finally, we said a hearty "hello" to funding a fulltime analyst position with recruitment currently underway.

**San Diego
LAFCo
Welcomes
New Staff**



Earlier this summer, we hired *Erica Blom* as an Administrative Aide. Erica has been living in San Diego for about 10 years and yes she is related to Marjorie Blom - she's her daughter! Erica has general administrative responsibilities in our office, but also has some important specific responsibilities with the launching of our multi-year records management project.

Our other new hire is *Joe Serrano*, who is well known within the LAFCo community. Joe was formerly with the Orange and San Bernardino LAFCOs. He is a Local Governmental Analyst and his primary responsibilities will be in the areas of proposal analysis, budget development, and fire protection / emergency medical services. Within the next year, we plan on adding one more analyst, as part of a reorganization plan that will place less reliance on the usage of contract help.....so stay tuned.

CALAFCO Associate Member Corner

CALAFCO deeply appreciates our Associate Members and we thank you for your partnership and support.

This past year we welcomed several new Associate Members. All of these members' contact information is in the CALAFCO Directory as well as on the CALAFCO website.



Silver Associate Members

Berkson Associates

Contact: Richard Berkson

Berkson Associates provides clear, concise analysis for preparation of governance studies including district formation, consolidation and dissolutions. Extensive experience completing incorporation studies. Expertise also includes market analysis, public agency budget forecasting and demographic/housing analysis in support of MSRs.

Cucamonga Valley Water District

Contact: Cindy Cisneros

Formed in 1955, the District provides water and wastewater service to 200,000 customers in a 47 square mile area (48,000 water connections, 38,000 sewer connections and 104 recycled water connections). The District has a mission of providing high quality, reliable water and wastewater service while practicing good stewardship of natural and financial resources. CVWD's water supply is comprised of two main sources: groundwater and imported water. Supplemented by surface water (canyon water), recycled water and water conservation, the District's average demand is 48 million gallons per day.

Marjorie Ollson Blom Consulting

Contact: Marjorie Blom

LAFCo and/or planning agency staff support; preparation of Municipal Service Reviews and Sphere of Influence Updates; application processing and grant writing assistance. With over 26 years of planning and/or LAFCo experience, personalized services are tailored to your Agency's needs.

Ukiah Valley Sanitation District

Contact: Frank McMichael

Provides services within the unincorporated area of the Ukiah Valley and within part of the City of Ukiah's jurisdictional boundaries.

These summaries are written by the Associate Members themselves, not CALAFCO, and can be found in the Membership Directory Associate Members section.

Thank You to All of Our Associate Members

CALAFCO GOLD ASSOCIATE MEMBERS



CALAFCO SILVER ASSOCIATE MEMBERS

- Berkson Associates*
- City of Fontana*
- City of Rancho Mirage*
- County Sanitation Districts of L. A. County*
- Cucamonga Valley Water District*
- Dudek*
- E. Mulberg & Associates*
- Fresno County Fire Protection District*
- Goleta West Sanitary District*
- Griffith & Matsuda, a Professional Law Corp.*
- GST Consulting*
- H&L Coren & Cone*
- LACO Associates*
- Lamphier-Gregory*
- Marjorie Olsson Blom Consulting*
- Planwest Partners, Inc.*
- Policy Consulting Associates*
- Quad Knopf*
- Rancho Mission Viejo*
- P. Scott Browne*
- SWALE Inc.*
- Ukiah Valley Sanitation District*

The Sphere

CALAFCO Journal

CALIFORNIA ASSOCIATION OF LOCAL AGENCY
FORMATION COMMISSIONS

1215 K Street, Suite 1650
Sacramento, CA 95814

www.calafco.org



CALAFCO provides educational, information sharing and technical support for its members by serving as a resource for, and collaborating with, the public, the legislative and executive branches of state government, and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

Sharing Information and Resources

The Year In Pictures *Scenes from CALAFCO Activities*

CALAFCO Annual Conference 2014 *Ontario, CA*



CALAFCO Board 2015-16 Strategic Planning Retreat *Irvine, CA*



CALAFCO Annual Staff Workshop 2015 *Grass Valley, CA*



News from the Board of Directors

CALAFCO QUARTERLY

AGENDA
ITEM # 8.3
September 2015



CALAFCO Board and Volunteer Staff Changes

At the September Board meeting during the Annual Conference, the CALAFCO Board said goodbye to several Board members and welcomed new ones. We said farewell and thank you to Julie Allen (Tulare), Mary Jane Griego (Yuba), Juliana Inman (Napa) and Roger Welt (Santa Barbara). We welcomed Bill Connelly (Butte), John Marchand (Alameda), Anita Paque (Calaveras) and Sblend Sblendorio (Alameda). David Church was also reappointed as CALAFCO Deputy Executive Officer (DEO) representing the Coastal region, for another two years.

At the July 31 Board meeting, we said goodbye to Marjorie Blom (Stanislaus), CALAFCO's Executive Officer representing the Central region, as she retires, and welcomed Kris Berry (Placer) as the new DEO representing the Central region. We also congratulated Steve Lucas (Butte) who took over as the new EO for CALAFCO.

CALAFCO wishes to thank Julie, Mary Jane, Juliana and Roger for their service to the CALAFCO Board, and to Marjorie for the outstanding work she has done representing the Central region and for her contributions to CALAFCO.

CONFERENCE AND WORKSHOP WERE A SUCCESS

2015 Staff Workshop

After the Gold Rush



This year's Staff Workshop was held April 15 - 17 in Grass Valley. Our host was Nevada LAFCo and the theme was *After the Gold Rush...Forging the Future and Preserving the Past*. The program was a solid mix of professional/technical course topics and personal/leadership development topics. The overall program rating was 5.3 out of 6.0. Financially, the

Workshop was also a success, netting a 32% net profit (over \$8,800). CALAFCO wishes to thank our Host, Nevada LAFCo, (*SR Jones, Deborah Gilcrest and Kate Duroux*) and the Program Committee under the leadership of Chair *Paul Novak* for all of their hard work. All program presentations are on the CALAFCO website.

2015 Annual Conference

Approximately 280 commissioners, staff, associate members, guests and speakers attended the annual conference held in Sacramento earlier this month. The theme was *Confluence...LAFCo Merging Ideas With Solutions!* There was a good representation of LAFCos present, with 48 of the 58 member LAFCos in attendance. Evaluations are still being tabulated but initial comments indicate an interesting and value-added program was provided. People seemed to really enjoy the Mobile Workshop and the newly formatted LAFCo 101 session again had well over 100 in attendance. The Conference officially kicked off with a presentation by the Sacramento Firefighters Pipes and Drums. CALAFCO wishes to thank our Host, Sacramento LAFCo (*Peter Brundage, Don Lockhart and Diane Thorpe*), the Conference Committee Chair *Gay Jones*, and the Program Committee Chair *David Church* for all of their hard work on this conference. A full report on the attendee experience along with a financial accounting of the Conference will be provided to the Board at the November 6 meeting. All program presentations are on the CALAFCO website.





CALAFCO Congratulates the 2015 Annual Achievement Award Recipients

CALAFCO wishes to congratulate all of this year's nominees, and especially those who received the 2015 Achievement Award.

- ❖ Outstanding Commissioner – **Matthew Beekman** (formerly of Stanislaus LAFCo)
- ❖ Outstanding LAFCo Clerk – **Terri Tuck** (Yolo LAFCo)
- ❖ Outstanding LAFCo Professional – **Sam Martinez** (San Bernardino LAFCo)
- ❖ Distinguished Service – **Mary Jane Griego** (Yuba LAFCo)
- ❖ Project of the Year – **Formation of the Ventura County Waterworks District No. 38** (Ventura LAFCo) and **2015 San Diego County Health Care Services five-year sphere of influence and service review report** (San Diego LAFCo)
- ❖ Government Leadership – **The Cities of Dublin, Pleasanton, Livermore and San Ramon, the Dublin San Ramon Services District and the Zone 7 Water Agency**
- ❖ Most Effective Commission – **Butte LAFCo**
- ❖ Outstanding CALAFCO Associate Member – **Michael Colantuono**, Colantuono, Highsmith & Whatley
- ❖ Outstanding CALAFCO Member – **Marjorie Blom** (formerly of Stanislaus LAFCo)
- ❖ Lifetime Achievement – **Jim Chapman** (Lassen LAFCo) and **Chris Tooker** (formerly of Sacramento LAFCo)
- ❖ Mike Gotch Courage & Innovation in Local Leadership – **Yuba County Water Agency**
- ❖ Legislator of the Year – **Assembly member Chad Mayes**



CALAFCO Board Actions

The Board met in May and took the following administrative actions:

- ◆ Adopted the FY 2015-16 annual budget
- ◆ Appointed two Board members to fill vacancies: **Shiva Frentzen** (El Dorado, County Member) and **Gerard McCallum** (Los Angeles, Public Member)
- ◆ Adopted the 2015-16 Strategic Plan
- ◆ Adopted the 2015 Legislative Policies
- ◆ After receiving lengthy updates, the Board directed the two groups working on the outstanding retreat items of the annual conference model and contract/volunteer staffing matters to come back in July with additional information.

In July, the Board had an all-day meeting and at the Annual Conference on September 4 had a short meeting. During the July meeting, the Board addressed several organizational issues on which they had been working since their retreat in January. After long deliberations, they took the following actions, all of which were reported to the membership during the annual business meeting held September 3, 2015:

- ◆ Approved the contract with Matson & Isom Technologies for the new web and email services.
- ◆ Accepted reports including the final Staff Workshop report and the FY 2014-15 year-end budget report.

- ◆ Appointed **Stephen Lucas** as CALAFCO's Executive Officer (replacing the retiring **Marjorie Blom**) and **Kris Berry** as the new Central Region representative and CALAFCO Deputy Executive Officer.
- ◆ Unanimously approved the recommendation of the Executive Committee (EC) to double the stipends paid to the LAFCo whose staff volunteers for any of the four CALAFCO regional volunteer positions, effective July 1, 2015.
- ◆ Unanimously approved the recommendation of the EC to increase the average hours paid of the Association's Executive Director from 24/week to 32/week, effective January 1, 2016.
- ◆ Unanimously approved the recommendation of the EC to increase the compensation of the Executive Director accordingly, and to increase member LAFCo dues over the next two years by seven percent/year beginning in FY 2016-17.
- ◆ Unanimously approved the recommendation of the Conference working group to transition from a local LAFCo host model to a CALAFCO host model for the annual conference effective 2017, and have CALAFCO assume all of the host responsibilities.
- ◆ Unanimously approved the recommendation of the Conference working group to hire an outside firm to assume the responsibility of generating annual conference sponsorships and to create an effective branding and marketing message for CALAFCO.
- ◆ Unanimously approved the recommendation of the Conference working group to increase annual conference registration rates by \$95 over the next three years.
- ◆ Unanimously approved the recommendation of the Conference working group to start a trial program in which CALAFCO will offer partial complimentary registrations to those LAFCos whose staff volunteer to work onsite during the annual conference, and to implement this in a gradual manner as the budget allows.

At their September 3 meeting, the Board reviewed and approved the corporation's annual 990 tax filings and adopted their 2016 meeting calendar. They also elected new officers as follows:

CHAIR - **John Leopold** (Coastal - Santa Cruz) will remain Chair for another year

VICE CHAIR - **Jim Curatalo** (Southern - San Bernardino) was elected to move into the Vice Chair seat

SECRETARY - **Gay Jones** (Central - Sacramento) will remain Secretary for another year

TREASURER - **Josh Susman** (Northern - Nevada) will remain Treasurer for another year.

This unusual rotation was unanimously agreed to by the Board because of the vacancy left on the Executive Committee earlier this year with the resignation of then Vice Chair Stephen Tomanelli (representing the Southern region).





CALAFCO Legislative Update

The CALAFCO Legislative Committee met in May, June and July and responded to a number of bills that impacted LAFCo. Additionally, much effort was focused on the two CALAFCO Sponsored bills, **AB 1532** and **AB 851**.



CALAFCO was also asked to continue the dialogue with the Administration on the concept of water system consolidations. Unfortunately, those conversations ended up in a last-minute budget trailer bill that gave the State Water Resources Control Board (SWRCB) the authority to mandate consolidations of water systems. CALAFCO joined other statewide stakeholders in opposition to **AB 115** and **SB 88**, the budget trailer bills that granted this unprecedented authority. After many follow up meetings and several letters, **SB 88** was passed by the legislature and signed by the Governor. CALAFCO continues to meet with the SWRCB and OPR to review the planned implementation of this legislation.

Below is a summary of each of the top CALAFCO tracked legislative bills, all of which were discussed in detail during the Legislative Update at the Conference. CALAFCO wishes to thank all of the members of the Legislative Committee who volunteer their time and efforts. Thanks also to Vice Chair **Steve Lucas** (Butte) and Omnibus lead **Paul Novak** (Los Angeles) for their efforts, as well as those who participated on the Disincorporations and Water Consolidation working groups this year.

CALAFCO Top Tracked Bills:

- ◆ **AB 1532 (Omnibus – CALAFCO Sponsor)**
Contains 9 non-controversial items cleaning up CKH. Signed by the Governor July 15, 2015.
- ◆ **AB 851 (Mayes – CALAFCO Sponsor)**
Cleans up outdated statutes relating to the disincorporation process. Went through extensive stakeholder review and collaboration resulting in six published amendments. The bill passed through the legislature unanimously and with no opposition and is awaiting the Governor's signature.
- ◆ **AB 3 (Williams – CALAFCO Oppose Unless Amended)**
Authorizes the formation of the Isla Vista Community Services District giving final formation authority to the voters rather than the local LAFCo. The bill was revised a number of times to include the LAFCo in a part of the process but still divests the authority to make the final determination. Also authorizes the CSD to impose a utility user tax. The bill passed on party lines and is now awaiting action by the Governor.
- ◆ **AB 402 (Dodd – CALAFCO No Position)**
This bill creates a five-year pilot opportunity for Napa and San Bernardino LAFCo Commissions to authorize an extension of services outside boundaries and spheres to support existing or planned uses pending specific determinations by the Commission.
- ◆ **SB 239 (Hertzberg – CALAFCO No Position)**
The bill concentrates specifically on the extension of fire services (within GC §56133) and requires LAFCo approval on any contract for the extension of fire services that transfers greater than 25% of the service area or changes

the employment status of more than 25% of employees of any affected agencies. Prior versions of the bill required union pre-approval of the agreement, with the current version offering an alternative to that requirement. The bill also contains a host of other provisional requirements including setting a precedent for a state agency to seek LAFCo approval prior to undertaking an action that involves the provision of services outside of a public agency's current service area under contract or agreement. CALAFCO's original position of **Oppose** was changed to one of **No Position** (due to lack of consensus on the core policy issue) after substantive changes were made by the author. The bill passed the legislature and is awaiting action by the Governor.

- ◆ **AB 448 (Brown – CALAFCO Support)**
Reinstates the VLF payment (through ERAF) and changes the way that the growth in the VLF adjustment amount (property tax in lieu of VLF) is calculated starting in FY 2015-16 to include the growth of assessed valuation, including in an annexed area, from FY 2004-05 to FY 2015-16. Beginning in FY 2016-17, the VLF adjustment amount would be the jurisdiction's annual change in the assessed valuation. Although last year (as AB 1521) this bill unanimously passed the legislature and was ultimately vetoed by the Governor, this year it languished in committee where it died.
- ◆ **SB 25 (Roth – CALAFCO Support)**
Identical to SB 69 (Roth) from 2014, which passed the legislature unanimously and was vetoed by the Governor, the bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2014/15 year for cities that incorporated between 1-1-2004 and 1-1-2012. The bill is awaiting action by the Governor.



A full detailed legislative tracking report can be found on the CALAFCO website in the Members Only section and in the Annual Report to the membership in the September 2015 edition of *The Sphere*.



CALAFCO U Update

The final CALAFCO U for 2015 is set for Monday, October 26, 2015 in Sacramento. The topic is the implementation of SB 88 (water consolidations). Look for details coming soon!

Sessions for 2016 will be held in Ontario (DoubleTree by Hilton) the first part of the year and in Sacramento (CALAFCO offices) the latter part of the year.



CALAFCO Associate Members' Corner

This section highlights our Associate Members. The information below is provided to CALAFCO by the Associate member upon joining the Association. All Associate member information can be found in the CALAFCO Member Directory.

We want to welcome three new Associate members who recently joined the Association.

Berkson Associates

Contact: Richard Berkson

Berkson Associates provides clear, concise analysis for preparation of governance studies including district formation, consolidation and dissolutions. Extensive experience completing incorporation studies. Expertise also includes market analysis, public agency budget forecasting and demographic/housing analysis in support of MSRs.

Marjorie Ollson Blom Consulting

Contact: Marjorie Blom

LAFCo and/or planning agency staff support; preparation of Municipal Service Reviews and Sphere of Influence Updates; application processing and grant writing assistance. With over 26 years of planning and/or LAFCo experience, personalized services are tailored to your Agency's needs.

Ukiah Valley Sanitation District

Contact: Frank McMichael

Provides services within the unincorporated area of the Ukiah Valley and within part of the City of Ukiah's jurisdictional boundaries.

*Congratulations to the first recipient of the Outstanding CALAFCO Associate Member Award, **Michael Colantuono**, of Colantuono, Highsmith & Whatley!*

CALAFCO wishes to thank all of our Associate members for your support and partnership. We look forward to continuing to highlight our Associate Members in each Quarterly Report.



Mark Your Calendars For These Upcoming CALAFCO Events

- ❖ CALAFCO University course – October 26, 2015 in Sacramento. Topic is scheduled to be the Implementation of SB 88.
- ❖ CALAFCO Board of Directors meeting – November 6, 2015 in Sacramento
- ❖ CALAFCO Legislative Committee organizational meeting – November 13, 2015 via conference call

The full CALAFCO 2015 Calendar of Events can be found on the CALAFCO website. Look for a 2016 calendar of events coming October/November.



Upcoming CALAFCO Conferences and Workshops

2016 STAFF WORKSHOP

March 30 – April 1

Hilton Los Angeles at Universal City
Universal City, CA

Hosted by Los Angeles LAFCo

2016 ANNUAL CONFERENCE

October 26 - 28

Fess Parker DoubleTree by Hilton
Santa Barbara, CA

Hosted by Santa Barbara LAFCo



SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

President's Special Acknowledgement Award

THE PRESIDENT OF THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
HEREBY GIVES SPECIAL RECOGNITION TO

Santa Clara County Local Agency Formation Commission

The President's Special Acknowledgement Award is to recognize members with no "paid" claims during the prior five consecutive program years in the Property/Liability Program. A "paid" claim for the purposes of this recognition represents the first payment on an open claim during that same period and excludes property claims. Congratulations on your excellent claims record!

David Aranda, SDRMA Board President

August 12, 2015

Date

Special District Risk
Management Authority

Maximizing Protection.
Minimizing Risk.

1112 I Street, Suite 300
Sacramento, California 95814-2865
T 916.231.4141
T 800.537.7790
F 916.231.4111
www.sdrma.org



August 12, 2015

Mrs. Linda J Lezotte
Chairperson
Santa Clara County Local Agency Formation Commission
70 West Hedding Street
San Jose, California 95110

Re: President's Special Acknowledgement Award – Property/Liability Program

Dear Mrs. Lezotte:

This letter is to formally acknowledge the dedicated efforts of the Santa Clara County Local Agency Formation Commission's Governing Body, management and staff towards proactive risk management and loss prevention training for earning the President's Special Acknowledgement Award! The Award is to recognize members with no "paid" claims during the prior **five consecutive program years** in either the Property/Liability or Workers' Compensation Programs.

A "paid" claim for the purposes of this recognition represents the first payment on an open claim during the prior program year and excludes property claims. Your agency's efforts have resulted in no "paid" property/liability claims for the prior 5 consecutive program years including 2014-15. This is an outstanding accomplishment that serves as an example for all SDRMA members!

It is through the efforts of members such as Santa Clara County Local Agency Formation Commission that SDRMA has been able to continue providing affordable property/liability coverage to over 491 public agencies throughout California. While 424 members or 86% in the property/liability program had no "paid" claims in program year 2014-15, 287 members or 58% had no paid claims for the prior 5 consecutive years.

In addition to this annual recognition, members with no "paid" claims during 2014-15 earn 2 credit incentive points (CIPs) reducing their annual contribution amount and members with no "paid" claims for the prior 5 consecutive program years will earn 3 additional bonus CIPs. Also, members with no "paid" claims for at least 3 consecutive program years may receive a lower "risk factor" which also helps to reduce the annual contribution amount.

On behalf of the SDRMA Board of Directors and staff, it is my honor to congratulate the Governing Body, management and staff of Santa Clara County Local Agency Formation Commission for their commitment to proactive risk management and loss prevention training.

Sincerely,
Special District Risk Management Authority

A handwritten signature in black ink, appearing to read "David Aranda".

David Aranda, President
Board of Directors



SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

President's Special Acknowledgement Award

THE PRESIDENT OF THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
HEREBY GIVES SPECIAL RECOGNITION TO

Santa Clara County Local Agency Formation Commission

The President's Special Acknowledgement Award is to recognize members with no "paid" claims during the prior five consecutive program years in the Workers' Compensation Program. A "paid" claim for the purposes of this recognition represents the first payment on an open claim during that same period. Congratulations on your excellent claims record!

David Aranda, SDRMA Board President

August 12, 2015

Date

Special District Risk
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Minimizing Risk.

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F 916.231.4111
www.sdrma.org



August 12, 2015

Mrs. Linda J Lezotte
Chairperson
Santa Clara County Local Agency Formation Commission
70 West Hedding Street
San Jose, California 95110

Re: President's Special Acknowledgement Award - Workers' Compensation Program

Dear Mrs. Lezotte:

This letter is to formally acknowledge the dedicated efforts of the Santa Clara County Local Agency Formation Commission's Governing Body, management and staff towards proactive loss prevention and workplace safety for earning the President's Special Acknowledgement Award! The Award is to recognize members with no "paid" claims during the prior **five consecutive program years** in either the Property/Liability or Workers' Compensation Programs.

A "paid" claim for the purposes of this recognition represents the first payment on an open claim during the prior program year. Your agency's efforts have resulted in no "paid" workers' compensation claims for the prior 5 consecutive program years including 2014-15. This is an outstanding accomplishment that serves as an example for all SDRMA members!

It is through the efforts of members such as Santa Clara County Local Agency Formation Commission that SDRMA has been able to continue providing affordable workers' compensation coverage to over 415 public agencies throughout California. While 271 members or 65% in the workers' compensation program had no "paid" claims in program year 2014-15, 123 members or 30% had no paid claims for the prior 5 consecutive years.

In addition to this annual recognition, members with no "paid" claims during 2014-15 earn 2 credit incentive points (CIPs) reducing their annual contribution amount and members with no "paid" claims for the prior 5 consecutive program years will earn 3 additional bonus CIPs. Also, members without claims receive a lower "experience modification factor" (EMOD) which also reduces their annual contribution amount.

On behalf of the SDRMA Board of Directors and staff, it is my privilege to congratulate the Governing Body, management and staff of Santa Clara County Local Agency Formation Commission for their commitment to proactive loss prevention and safety in the workplace.

Sincerely,
Special District Risk Management Authority

David Aranda, President
Board of Directors

Palacherla, Neelima

From: Charmel Perrier <charmels2626@yahoo.com> **AGENDA ITEM # 13**
Sent: Tuesday, August 04, 2015 12:16 PM **Written Correspondence**
To: Palacherla, Neelima
Subject: Morgan Hill Southeast Quadrant Annexation & Agricultural Mitigation Preservation Plan

**Neelima Palacherla, LAFCO Executive Officer
and Board Members:**

LAFCO Board members, the final Southeast Quadrant annexation and agricultural preservation plan was approved by the Morgan Hill City Council on July 15, 2015.

Board members please consider the reasons why Rich Constantine (Morgan Hill City Councilman) voted against the plan. His comments were: " agricultural mitigation program is unlikely to achieve its goals. This program would require developers to pay a per-acre fee that would go toward the permanent preservation of an equal acreage of farmland on which they plan to build. To say that you're going to take acreage in the Southeast Quadrant and mitigate acreage that's already in the Southeast Quadrant, that doesn't make any sense", Constantine added.

LAFCO members, this plan of extending the "urban service area" boundary in the SEQ, requesting annexation of 215 acres into the city limits, pre-zoning a 38-acre parcel "public facilities" where the San Jose Diocese plans to build the South County Catholic High School, and applying the new SRL classification to several private properties in the SEQ, still do not support its stated goals to preserve agriculture and open space.

Please consider not approving this Southeast Quadrant plan, until the City of Morgan Hill designs a new responsible, sustainable development plan, with acreage that is already in the city limits, and owned by the City of Morgan Hill. The SEQ plan has the potential to attract urban sprawl. This plan supports wealthy land owners and rich developers, not the goals of LAFCO in protecting open space and agricultural preservation.

An alarming article in the Morgan Hill Life Newspaper (July22 - August 4, 2015) stated that George Chiala (Morgan Hill farmer) felt that he already had the support from LAFCO members, for the San Jose Diocese plans to build the South County Catholic High School. This being even before the LAFCO members were able to agenzized the city's requests for an upcoming meeting. Suggesting that he knew the out come before hand, was a very inappropriate statement. This local farmer desire to get approval for re-zoning a 38 acre parcel, is a personal project of his own. This plan does not in reality support the goals of LAFCO, or contribute to the preservation of farming and open green space.

Mel & Charlyn Perreir
Morgan Hill, CA (SEQ residents)