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.
1. ROLL CALL

2. CHANGE IN LAFCO MEMBERSHIP

3. 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.

4. APPROVE MINUTES OF DECEMBER 2, 2015 LAFCO MEETING

CONSENT ITEM

5. CUPERTINO SANITARY DISTRICT 2015-02
   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 96.28 acres, consisting of Assessor
      Parcel Numbers 503-11-008, 503-11-09, 503-12-001, and 503-74-004 located in
      the City of Saratoga, to the Cupertino Sanitary District (CSD), as described and
      depicted in Attachment B (Exhibits “A” and “B”) and subject to the terms and
      conditions in Attachment C (Exhibit “C”) and as follows:
      a. Pursuant to Government Code Section 56856.5, upon annexation to CSD,
         no services or facilities related to sewers shall be provided to the four
         subject parcels for land uses or activities not allowed under the Williamson
         Act Contract.

ITEMS FOR ACTION / INFORMATION

6. COUNTY AGRICULTURAL COMMISSIONER’S REPORT ON THE ECONOMIC
   CONTRIBUTIONS OF AGRICULTURE IN SANTA CLARA COUNTY
   For Information Only.

7. UPDATE ON THE SUSTAINABLE AGRICULTURAL LANDS POLICY FRAMEWORK
   FOR SOUTHERN SANTA CLARA COUNTY
   For Information Only.
8. **FINANCE COMMITTEE FOR FISCAL YEAR 2016-2017**

**Recommended Action:** Establish a committee composed of three commissioners to work with staff to develop and recommend the proposed FY 2016-2017 LAFCO budget for consideration by the full commission.

9. **EXECUTIVE OFFICER’S REPORT**

9.1 **SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING**
   For Information Only.

9.2 **DISCUSSIONS WITH LOMA PRIETA RESOURCE CONSERVATION DISTRICT STAFF**
   For Information Only.

9.3 **MEETINGS REGARDING THE MORGAN HILL 2015 URBAN SERVICE AREA AMENDMENT APPLICATION**
   For Information Only.

9.4 **MEETING WITH CITY OF MONTE SERENO STAFF, LANDOWNER, AND LANDOWNER’S ATTORNEY RE: POTENTIAL MONTE SERENO URBAN SERVICE AREA AND SPHERE OF INFLUENCE AMENDMENTS**
   For Information Only.

9.5 **UPDATE ON JARDIN DRIVE PROPERTY OWNERS’ REQUEST FOR DETACHMENT FROM MOUNTAIN VIEW AND ANNEXATION TO LOS ALTOS**
   For Information Only.

9.6 **SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS (SCCAPO) MEETING**
   For Information Only.

9.7 **INTER-JURISDICTIONAL GIS WORKING GROUP MEETING**
   For Information Only.

10. **CALAFCO RELATED ACTIVITIES**

10.1 **2016 CALAFCO STAFF WORKSHOP**
   **Recommended Action:** Authorize staff to attend the 2016 CALAFCO Staff Workshop and authorize travel expenses funded by the LAFCO budget.

10.2 **REPORT ON THE CALAFCO LEGISLATIVE COMMITTEE MEETING**
   For Information Only.

11. **PENDING APPLICATIONS / UPCOMING PROJECTS**

11.1 Morgan Hill Urban Service Area Amendment 2015
12. COMMISSIONER REPORTS

13. NEWSPAPER ARTICLES / NEWSLETTERS

14. WRITTEN CORRESPONDENCE

CLOSED SESSION

15. CONFERENCE WITH LEGAL COUNSEL
Conférence with Legal Counsel - Existing Litigation (Gov. Code sec. 54956.9(d)(1).)
Local Agency Formation Commission of Santa Clara County v. City of Gilroy, et al.
Case No. 16CV290062

16. REPORT FROM THE CLOSED SESSION

17. ADJOURN
Adjourn to the Special LAFCO meeting on Friday, March 11, 2016, at 10:00 AM in
the Board Meeting Chambers, 70 West Hedding Street, San Jose.
In January 2016, the County Board of Supervisors appointed Supervisor Ken Yeager, who was an alternate member on the Commission, as the regular LAFCO member; and Supervisor Cindy Chavez, who was the regular member on the Commission, as the alternate member. Commissioner Yeager’s term expires in May 2018 and Alternate Commissioner Chavez’s term expires in May 2017.
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
   • Commissioner Sequoia Hall (arrived at 1:03 p.m.)
   • Commissioner Johnny Khamis (left at 1:43 p.m.)
   • Commissioner Mike Wasserman
   • Commissioner Susan Vicklund Wilson
   • Alternate Commissioner Yoriko Kishimoto (arrived at 2:02 p.m.)
   • 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 OCTOBER 7, 2015 LAFCO MEETING
The Commission approved the minutes of October 7, 2015 LAFCO meeting.
Motion: Wasserman         Second: Khamis
AYES: Chavez, Khamis, Tucker, Wasserman, Wilson
NOES: None               ABSTAIN: LeZotte              ABSENT: Hall
MOTION PASSED

4. CITIES SERVICE REVIEW REVISED DRAFT REPORT
Commissioner Tucker requested clarification on how the City of Gilroy’s comments regarding its emergency response times for certain priority calls will be reflected in the
Final Report. Staff stated that the Final Report will be revised based on the information provided by the city as indicated in the staff report’s response table.

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

The Commission:

1. Determined that the Cities Service Review Report which includes sphere of influence updates for fifteen cities and the recommendations of this staff report are exempt from the requirements of the California Environmental Quality Act (CEQA) under the State CEQA Guidelines: §15306 Class 6; §15061(b)(3) General Rule; §15378(b)(5); and §15320 Class 20.

2. Accepted comments and considered any further revisions to the Cities Service Review Revised Draft Report.

3. Adopted the Cities Service Review Report (Service Review Report) including revisions presented in Attachment C, and other revisions, as necessary.

4. Adopted service review determinations for each of the fifteen cities as included in the Service Review Report.

5. Adopted sphere of influence (SOI) updates along with sphere of influence determinations for each of the fifteen cities and as included in the Service Review Report:

5a. Reaffirmed the existing SOI for each of the fifteen cities as recommended in the Service Review Report.

6. Directed staff to prepare the Final Report for the Cities Service Review and distribute the Final Report to all affected agencies.

Motion: Wilson    Second: Khamis
AYES: Chavez, Hall, Khamis, LeZotte, Tucker, Wasserman, Wilson
NOES: None           ABSTAIN: None          ABSENT: None

MOTION PASSED

5. SPECIAL PRESENTATION BY DON WEDEN: FOOD AND FARMLANDS IN SANTA CLARA COUNTY

Don Weden, retired Santa Clara County planner, provided a PowerPoint presentation on food and farmlands in Santa Clara County. A discussion ensued amongst the commissioners and Mr. Weden on the various aspects of his presentation and how to best preserve the remaining agricultural lands.

6. 2016 SCHEDULE OF LAFCO MEETINGS

Commissioner Hall informed that he is unable to attend the April 6, 2015 meeting and Alternate Commissioner Kishimoto indicated that she will be available to attend in his place.
The Commission adopted the schedule of LAFCO meetings and application filing deadlines for 2016.

Motion: Wilson    Second: Hall
AYES: Chavez, Hall, LeZotte, Tucker, Wasserman, Wilson
NOES: None           ABSTAIN: None  ABSENT: Khamis
MOTION PASSED

7. APPOINTMENT OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2016

Commissioner Chavez indicated that she will be the Chairperson of the Valley Transportation Authority in 2016 and requested Commissioner Wasserman to serve as LAFCO Vice Chairperson for 2016. Commissioner Wasserman expressed agreement.

The Commission expressed appreciation to Chairperson LeZotte for her service as chairperson in 2015.

The Commission appointed Commissioner Cat Tucker as Chairperson for 2016 and Commissioner Mike Wasserman as Vice-Chairperson.

Motion: Chavez    Second: Wilson
AYES: Chavez, Hall, LeZotte, Tucker, Wasserman, Wilson
NOES: None           ABSTAIN: None  ABSENT: Khamis
MOTION PASSED

8. EXECUTIVE OFFICER’S REPORT
8.1 LAFCO WORKSHOP ON SERVICE EXTENSIONS OUTSIDE OF JURISDICTIONAL BOUNDARIES

The Commission noted the report.

In response to an inquiry by Commissioner Wilson, Ms. Palacherla indicated that at the workshop, San Jose and Milpitas had expressed interest in a similar workshop for each of the cities but have not contacted LAFCO subsequently.

8.2 MEETINGS WITH SANTA CLARA COUNTY STAFF

The Commission noted the report.

8.3 MEETING WITH MORGAN HILL BIBLE CHURCH REPRESENTATIVES ON MORGAN HILL 2015 URBAN SERVICE AREA AMENDMENT APPLICATION

The Commission noted the report.

8.4 MEETING WITH THE COMMITTEE FOR GREEN FOOTHILLS ON MORGAN HILL 2015 URBAN SERVICE AREA AMENDMENT APPLICATION

The Commission noted the report.

8.5 BAY AREA LAFCOs MEETING

The Commission noted the report.
8.6 SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS (SCCAPO) MEETING

The Commission noted the report.

8.7 CALAFCO LEGISLATIVE COMMITTEE MEETING

The Commission noted the report.

8.8 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING

The Commission noted the report.

9. PENDING APPLICATIONS / UPCOMING PROJECTS

Ms. Palacherla presented the staff report and informed that Morgan Hill is expected to submit the remaining information today.

Andrew Crabtree, Community Development Director, Morgan Hill, expressed appreciation to staff and the Commission and informed that the city has been working on the USA expansion project for over 12 years now.

In response to an inquiry by Commissioner Chavez, Ms. Palacherla informed that staff’s goal was to make the staff report available a weekearlier than usual. Commissioner Chavez proposed that the project be considered in two meetings, the first meeting for the Commission to hear from all the parties and the second meeting, if necessary, to make its decision. In response to an inquiry by Commissioner Chavez, Ms. Palacherla informed that the USA proposal has two areas that are completely non-contiguous and, as such, staff will have two separate recommendations. In response to a follow-up inquiry by Commissioner Chavez, Ms. Palacherla indicated that the staff report will present the various available options, and added that the Commission has the ability to modify staff recommendations.

In response to an inquiry by Commissioner Tucker, Ms. Palacherla advised that special meetings were held to consider the San Martin Incorporation proposal. Commissioner Tucker expressed agreement with Commissioner Chavez for the staff report to include all the available options. Commissioner Hall indicated that he is unable to attend the April 6, 2015 meeting and expressed support for the special meeting. Ms. Palacherla indicated that staff will poll members to find a common date for a special meeting in March. Chairperson LeZotte requested that the date of the March special meeting be announced at the February meeting. She also proposed that the agenda be limited to focus on the Morgan Hill project.

Commissioner Hall stated that LAFCO is mandated with long-term preservation of agricultural land and not with individual decisions relating to individual parcels. He encouraged the cities to consider their long-term growth through their general plans.

Commissioner Wilson suggested that the special meeting be held in the early part of March.
10. COMMISSIONER REPORTS

11. NEWSPAPER ARTICLES / NEWSLETTERS
The Commission noted the CALAFCO Quarterly Report.

12. WRITTEN CORRESPONDENCE
12.1 Letter from the El Camino Hospital re. El Camino Hospital Corporation - Notice of Intent to Purchase Real Property (dated November 19, 2015)

The Commission noted the correspondence.

13. ADJOURN
The Commission adjourned at 2:33 p.m., to the next regular meeting on February 3, 2016 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: February 3, 2016
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: CUPERTINO SANITARY DISTRICT 2015-02

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 96.28 acres, consisting of Assessor Parcel Numbers 503-11-008, 503-11-09, 503-12-001, and 503-74-004 located in the City of Saratoga, to the Cupertino Sanitary District (CSD), as described and depicted in Attachment B (Exhibits “A” and “B”) and subject to the terms and conditions in Attachment C (Exhibit “C”) and as follows:

   a. Pursuant to Government Code Section 56856.5, upon annexation to CSD, no services or facilities related to sewers shall be provided to the four subject parcels for land uses or activities not allowed under the Williamson Act Contract.


PROJECT DESCRIPTION AND BACKGROUND

LAFCO of Santa Clara County received an application, by landowner petition, to annex Assessor Parcel Numbers 503-11-008, 503-11-09, 503-12-001, and 503-74-004 into the Cupertino Sanitary District (CSD) in order to allow the District to provide sanitary sewer services to the parcels. The affected territory consists of approximately 96.28 acres located in the City of Saratoga, within City’s Urban Service Area boundary. These lands are owned by Garrod Trust and are part of the Cooper-Garrod Winery and Garrod Farms Commercial Equestrian Center located at 22600 Mt. Eden Road.
The property owner would like to connect wet facilities, including winery waste water, compost leach bed, restrooms, offices, 2 existing beneficiary homes and 4 agricultural workers homes, and an equestrian event facility, to the District’s sewer system and abandon the existing septic systems and leach fields that are serving these facilities. The landowner indicates that by connecting the winery’s waste water and compost leach bed to sanitary sewer, they will be able to conform to Federal and State storm water management regulations. It is anticipated that property owner will connect these facilities to the District’s sewer system in phases, as site improvements occur and infrastructure is rehabilitated or replaced, and as property owner’s financing allows. In order to receive sewer service from CSD, the four subject parcels must first be annexed to the District.

On October 28, 2015, CSD adopted Resolution No. 1274 indicating that the District has the ability to provide sewer service to the four subject parcels and supports the requested annexation, subject to the District’s terms and conditions.

**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 four subject parcels do not contain prime agricultural lands as defined in the Cortese Knox Hertzberg Act. However, the properties are currently under a Williamson Act Contract (Document #21825953, dated 8/28/2012), which is administered by the City of Saratoga. Pursuant to Government Code Section 56856.5, LAFCO “shall not approve or conditionally approve a change of organization or reorganization that would result in the annexation to a city or special district of territory that is subject to a Williamson Act Contract, if that city or special district provides or would provide facilities or services related to sewers, nonagricultural water, or streets and roads to the territory, unless these facilities or services benefit land uses that are allowed under the Williamson Act Contract.”

According to the City, the existing land uses and activities on the four subject parcels are consistent with the City’s Williamson Act Contract. The property owner is seeking to connect these existing land uses to CSD’s sewer system. LAFCO staff requested that the City, as administrator of the Williamson Act Contract, consider and determine whether providing the requested sewer services to the existing land uses on the subject parcels would be consistent with Government Code Section 56856.5. The City found that there were no inconsistencies with the property owner’s request. Similarly, LAFCO staff has determined that providing sewer service to the four subject parcels is consistent with Government Code Section 56856.5, so long as the land uses and activities that would receive sanitary sewer services are compatible with the Williamson Act Contract. Therefore, the proposed annexation will not impact agricultural or open space lands.

Growth Inducing Impacts

The four subject parcels are located within the City of Saratoga and the City’s Urban Service Area. Each parcel is developed with various uses, as described in Table 1.

Table 1: PARCELS PROPOSED FOR ANNEXATION TO CUPERTINO SANITARY DISTRICT

<table>
<thead>
<tr>
<th>ASSESSOR PARCEL NO.</th>
<th>ACRES (approx.)</th>
<th>EXISTING LAND USE</th>
<th>SARATOGA GENERAL PLAN DESIGNATION</th>
<th>SARATOGA ZONING DESIGNATION</th>
<th>WILLIAMSON ACT CONTRACT # AND DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>503-11-008</td>
<td>3.7</td>
<td>Vineyard, residential</td>
<td>OS-H</td>
<td>R-OS, AP/OS overlay</td>
<td>#21825953 8/28/2012</td>
</tr>
<tr>
<td>503-11-009</td>
<td>24.95</td>
<td>Equestrian, shops, tasting room, winery, barns, parking, arenas, employee housing, support uses, vineyards</td>
<td>OS-H</td>
<td>R-OS, AP/OS overlay</td>
<td>#21825953 8/28/2012</td>
</tr>
<tr>
<td>503-12-001</td>
<td>51.53</td>
<td>Residential, equestrian, vineyards, support uses</td>
<td>OS-H</td>
<td>R-OS, AP/OS overlay</td>
<td>#21825953 8/28/2012</td>
</tr>
<tr>
<td>503-74-004</td>
<td>15.94</td>
<td>Vineyards</td>
<td>OS-H</td>
<td>R-OS, AP/OS overlay</td>
<td>#21825953 8/28/2012</td>
</tr>
</tbody>
</table>
The lands proposed for annexation to the CSD have a City of Saratoga land use designation of Hillside Open Space (OS-H) and are zoned Residential Open Space (R-OS) with an Agricultural Preserve/Open Space (AP/OS) overlay district designation. According to the City, this type of overlay zone is applied to all properties governed by a Williamson Act Contract within the City limits. The R-OS zoning district requires a minimum land area of 20 acres for each dwelling unit as determined by the City’s slope density formula and by the severity of geologic hazards. Therefore, only one of the four subject parcels (i.e. APN: 503-12-001) may be eligible for further subdivision. However, neither subdivision of this parcel, nor further development of the subject parcels is proposed. The ability to subdivide and/or further develop the affected territory is regulated by the City of Saratoga.

Properties in the vicinity that are outside the CSD’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.

**Logical & Orderly Boundaries**

The subject parcels are within the CSD’s Sphere of Influence and are contiguous to the District’s boundary. The subject parcels are located in the City of Saratoga and within the City of Saratoga’s 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 the area proposed for annexation.

**Ability of District to Provide Services**

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

According to CSD staff, sanitary sewer service for the four subject parcels is available from the District’s existing 6-inch sewer mains located along Mt. Eden Road and Garrod Road (private road). CSD staff indicated that there are two options for providing the subject parcels with sewer service and that CSD staff and the property owner have not reached a final decision yet. One option is to extend the existing sewer main on Mt. Eden
Road and then install a private sewer lateral system to serve the properties. The other option is to extend the existing sewer main on Garrod Road approximately 800 feet and then install a private sewer lateral system to serve the properties. Under the latter option, the extended sewer main would be dedicated to CSD with an easement to potentially serve other nearby properties. The size of the new laterals will be determined at a future date.

**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 CSD, 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 Cupertino Sanitary 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 Cupertino Sanitary District
- **Attachment C:** Terms and Conditions for Annexation to Cupertino Sanitary District
EXHIBIT “A”
CUPERTINO SANITARY DISTRICT 2015-02
ANNEXATION TO THE CUPERTINO SANITARY DISTRICT

GEOGRAPHIC DESCRIPTION

All that land situated in the County of Santa Clara, State of California, being a portion of
the East ½ of Section 34, Township 7 South, Range 2 West, M.D.B. & M., described as
follows:

Beginning the Northwest corner of Annexation to the Cupertino Sanitary District 2015-
01 (Lands of Rupilius), said point is also on the Easterly limit of Annexation to the
Cupertino Sanitary District Mount Eden Road, Lands of Garrod;
Thence along the limit of said Mount Eden Road, lands of Garrod Annexation the
following courses and distances
(1) North 48 Degrees 15 Minutes 00 Seconds West a length of 67.50 feet;
Thence (2) North 22 Degrees 15 Minutes 00 Seconds West a length of 144.54 feet;
Thence (3) North 33 Degrees 00 Minutes 00 Seconds West a length: 104.28;
Thence (4) North 11 Degrees 30 Minutes 00 Seconds West a length of 168.96 feet;
Thence (5) North 44 Degrees 30 Minutes 00 Seconds West a length of 62.70 feet;
Thence (6) North 76 Degrees 15 Minutes 00 Seconds West a length of 96.36 feet;
Thence (7) North 58 Degrees 00 Minutes 00 Seconds West a length of 163.35 feet;
Thence (8) North 45 Degrees 40 Minutes 00 Seconds West a length of 30.00 feet;
Thence (9) South 64 Degrees 45 Minutes 00 Seconds West a length 408.55 feet to the
centerline of Mount Eden Road (40 feet wide) and to the Easterly limit of Annexation to
the Cupertino Sanitary District Mount Eden Road No.5;
Thence (10) along said centerline and limit North 58 Degrees 45 Minutes 00 Seconds
West a length of 64.20 feet;
Thence (11) North 41 Degrees 46 Minutes 00 Seconds West a length of 165.66;
Thence (12) leaving said centerline South 00 Degrees 21 Minutes 00 Seconds West a
length of 30.01 feet to the Northeasterly limit of Annexation to the Cupertino Sanitary
District, Lands of Develco;
Thence (13) along said limit North 57 Degrees 52 Minutes 00 Seconds West a length of
84.31 feet;
Thence (14) leaving said limit North 15 Degrees 13 Minutes 00 Seconds West a length of
132.52 feet;
Thence (15) North 04 Degrees 00 Minutes 00 Seconds West a length of 969.77 feet;
Thence (16) North 64 Degrees 00 Minutes 00 Seconds East a length 135.96 feet;
Thence (17) North 00 Degrees 57 Minutes 23 Seconds East a length of 34.70 feet;
Thence (18) North 81 Degrees 08 Minutes 59 Seconds East a length of 413.40 feet;
Thence (19) North 81 Degrees 11 Minutes 54 Seconds East a length 69.77 feet;
Thence (20) North 8 Degrees 48 Minutes 06 Seconds West a length of 120.00 feet;
Thence (21) North 81 Degrees 11 Minutes 51 Seconds East a length of 120.00 feet;
Thence (22) South 8 Degrees 48 Minutes 06 Seconds East a length of 120.00 feet;
Thence (23) South 75 Degrees 55 Minutes 35 Seconds East a length of 331.70 feet;
Thence (24) South 52 Degrees 47 Minutes 57 Seconds East a length of 552.21 feet to the
Easterly section line of Section 34;
Thence (25) along said section line North 0 Degrees 21 Minutes 20 Seconds East a length
of 210.00 feet to the quarter section line of Section 35;
Thence (26) leaving said section line and along said quarter section line South 88
Degrees 53 Minutes 01 Seconds East a length of 389.92 feet to the Southerly limit of
Annexation to the Cupertino Sanitary District, Prospect No. 1;
Thence (27) along said Cupertino Sanitary District limit and along said quarter section
line South 88 Degrees 53 Minutes 01 Seconds East a length of 1429.05 feet to the
Westerly limit of Annexation to Cupertino Sanitary District, Saratoga Hills No. 33;
Thence (28) along said limit South 0 Degrees 06 Minutes 33 Seconds East a length of
1482.80 feet to the Northerly limit of Annexation to Cupertino Sanitary District, Saratoga
Hills No. 29;
Thence (29) along said limit North 62 Degrees 10 Minutes 35 Seconds West a length of
811.40 feet to a point in the centerline of 60 foot right of way;
Thence (30) along said centerline North 83 Degrees 51 Minutes 46 Seconds West a length of 139.02 feet to the Easterly limit of Annexation to Cupertino Sanitary District,
Mount Eden Road No. 4;
Thence (31) along said limit North 83 Degrees 51 Minutes 46 Seconds West a length of
125.50 feet to tangent curve to the right;
Thence (32) 68.94 feet along said curve having a radius of 300.00 feet and delta of 13
Degrees 10 Minutes 00 Seconds;
Thence (33) North 70 Degrees 41 Minutes 46 Seconds West a length of 105.16 feet to a
tangent curve to the left;
Thence (34) 314.70 feet along said curve having a radius of 266.60 feet and delta of 67
Degrees 38 Minutes 00 Seconds;
Thence (35) South 41 Degrees 40 Minutes 14 Seconds West a length of 37.56 feet to the
Northwesterly limit of Annexation to Cupertino Sanitary District, Saratoga Hills No. 34;
Thence (36) along said limit South 41 Degrees 40 Minutes 14 Seconds West a length of
79.22 feet to a tangent curve to the left;
Thence (37) 50.65 feet along said curve having a radius of 181.71 feet delta of 15
Degrees 58 Minutes 17 Seconds to a reverse curve to the right;
Thence (38) 50.65 feet along said curve having a radius of 181.71 feet delta of 15
Degrees 58 Minutes 17 Seconds;
Thence (39) South 41 Degrees 40 Minutes 14 Seconds West a length of 2.00 feet;
Thence (40) leaving said limit South 41 Degrees 40 Minutes 14 Seconds West a length of
63.99 feet to a tangent curve to the right;
Thence (41) 60.91 feet along said curve having a radius of 45.04 feet and delta of 77
Degrees 29 Minutes 25 Seconds to a reverse curve to the left;
Thence (42) 65.26 feet along said curve having a radius of 44.86 feet and delta of 83 Degrees 20 Minutes 55 Seconds;
Thence (43) North 55 Degrees 29 Minutes 33 Seconds West a length of 121.18 feet to the section line between Sections 34 and 35;
Thence (44) along said section line South 00 Degrees 21 Minutes 40 Seconds West a length of 22.22 feet;
Thence (45) leaving said section line North 89 Degrees 38 Minutes 20 Seconds West a length of 186.93 feet;
Thence (46) South 26 Degrees 02 Minutes 20 Seconds East a length of 184.31 feet;
Thence (47) South 01 Degrees 45 Minutes 40 Seconds West a length of 167.85 to the Northerly limit of Annexation to the Cupertino Sanitary District 2015-01 (Lands of Rupilius);
Thence (48) along said annexation South 83 Degrees 51 Minutes 12 Seconds West a length of 165.90 feet to the point of beginning.

Containing 96.28 acres 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 the basis for an offer for sale of the land described.”

Revised: December 30, 2015
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.

AREA 96.28 acres more or less

BEING A PORTION OF EAST 1/2 OF SECTION 34, T.7 S., R.2 W., M.D.B. & M.
TERMS AND CONDITIONS FOR ANNEXATION
TO CUPERTINO SANITARY DISTRICT

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

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

2. Upon and after the effective date of said annexation, the Property, all inhabitants within such Property, and all persons entitled to vote by reason of residing or owning land within the Property shall be subject to the jurisdiction of the District, shall have the same rights and duties as if the Property had been a part of the District upon its original formation, shall be liable for the payment of principal, interest and any other amounts which shall become due on account of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of the District and shall be subject to the levying or fixing and collection of any and all taxes, assessments, service charges, rentals or rates as may be necessary to provide for such payment; and shall be subject to all of the rates, rules, regulations and ordinances of the District, as now or hereafter amended.
LAFCO MEETING: February 3, 2016

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer
      Dunia Noel, Analyst

SUBJECT: COUNTY AGRICULTURAL COMMISSIONER’S REPORT ON THE ECONOMIC CONTRIBUTIONS OF AGRICULTURE IN SANTA CLARA COUNTY

BACKGROUND

For Information Only.

The County Agricultural Commissioner has released a report on the economic contributions of agriculture in Santa Clara County. The report was prepared by ERA Economics for the Office of the Agricultural Commissioner. Key points highlighted in the report are as follows:

- The agricultural industries included in the analysis produce a total of $1.6 billion in output value and contribute a total of $830 million annually to the Santa Clara County economy.

- Agricultural industries employ more than 8,100 workers annually (full-time equivalent).

- The resource base of agricultural land declined significantly in the 1980s and 1990s, but has recently stabilized. The value per acre and the value per worker created by Santa Clara County agriculture has continued to increase and has never been higher.

- Agriculture provides diverse, stable employment opportunities for both skilled and unskilled labor.

- Like the other high-tech industries in Santa Clara County, agriculture is growing in productivity per unit worker and per unit land.

- The Santa Clara County Open Space Authority estimated that the total value of Santa Clara County natural capital exceeds $45 billion. Agriculture preserves some of these vital natural processes and enhances the character of the county.

- Agriculture can be viewed as self-financing open space, providing important ecosystem value to county residents.

Santa Clara County
Total Economic Value of Agriculture

Study initiated by the Santa Clara County Division of Agriculture
Joe Deviney, Agricultural Commissioner

ERA Economics

LAFCO Presentation
February 3, 2016
Topics

- Context and historical setting
- Drivers of change in agricultural industries
- Total value of agriculture in Santa Clara County
- Ecosystem service values
- Next steps
After a substantial drop, acreage has stabilized in the last 15 years (since ~1998)

Production value per acre has continued to trend upward
The crop mix has shifted in response to factors including market conditions (prices), land conversion, and county policies.
Farm employment has stabilized and the production value per farm worker has continued to trend upward.
Over the last 15 years harvested acreage has stabilized and, due to shifts into higher value crops, production value has increased.

In 2013, the value of Santa Clara County’s production was $265 million (30th out of 58 counties)
- $11,000 production value per acre (6th)
- Between 1998 and 2013, production value increased by 24 percent
- Between 1998 and 2013, production value per acre increased by 32 percent

Primary production by Santa Clara County agriculture creates 3,400 full time equivalent farm jobs
- Between 1998 and 2013, production value per farm worker has more than doubled
### Santa Clara County Summary

<table>
<thead>
<tr>
<th>County</th>
<th>Production Value per acre*</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orange</td>
<td>$30,500</td>
<td>1</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>$28,500</td>
<td>2</td>
</tr>
<tr>
<td>Ventura</td>
<td>$18,500</td>
<td>3</td>
</tr>
<tr>
<td>Napa</td>
<td>$15,000</td>
<td>4</td>
</tr>
<tr>
<td>San Diego</td>
<td>$13,500</td>
<td>5</td>
</tr>
<tr>
<td><strong>Santa Clara</strong></td>
<td><strong>$11,000</strong></td>
<td>6</td>
</tr>
<tr>
<td>Monterey</td>
<td>$10,900</td>
<td>7</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>$10,500</td>
<td>8</td>
</tr>
<tr>
<td>San Mateo</td>
<td>$9,500</td>
<td>9</td>
</tr>
<tr>
<td>Sonoma</td>
<td>$8,900</td>
<td>10</td>
</tr>
</tbody>
</table>

*Excludes rangeland and non-irrigated acreage; 2014 dollars*
Drivers of Change in the Agricultural Sector

- Shifts in market demands for high value crops
- Land, water, and labor availability
- Agri-tourism
- Growth in associated processing and food manufacturing industries (more on this later)
- Agri-environmental policies
  - Pesticides
  - Air quality
  - Open Space
  - Current considerations: Sustainable Groundwater Management Act (SGMA), severe drought, and the Bay Delta Conservation Plan
1. Survey major industries
   - Contact stakeholders to discuss business operations: costs, returns, employment, and input purchases

2. Analyze the direct value of primary crop production industries
   - Using an economic model of agricultural production in Santa Clara County

3. Combine the data in (1) and analysis in (2) to quantify the direct economic contributions
   - Using the IMPLAN regional input-output model
 Components

- **Direct**: gross sales and output value
  - Example: Crop production

- **Indirect**: value created through purchases of inputs by agricultural businesses
  - Example: fertilizer, trucking, other farm supplies

- **Induced**: value created through expenditures by agriculture industry employees
  - Example: food, housing, entertainment, other living expenses

Direct + Indirect + Induced = Total Economic Contribution of Agriculture
Measures of Economic Value

- **Production Value.** Gross value of agricultural production
  - In processing and manufacturing industries this is the gross sales value

- **Employment.** Annual full-time equivalent (FTE) jobs in an industry, including seasonal jobs

- **Net Production Value.** The net value of agricultural production, or net contribution of an industry to the county economy.
  - Also called “value-added”
  - Analogous to the measure of “GDP”
Total Economic Contribution

- Sectors included: Agricultural production (crops, mushrooms, nurseries, livestock), support industries, processing, manufacturing, wineries and agritourism

- Production value: $1.6 billion

- Net production value: $832 million
  - Employee salaries: $596 million

- Full-Time-Equivalent jobs: 8,150

- Comparison to the 2013 Crop Report
  - 2013 output value (Crop Report) $263m
  - 2013 output value (Economic Contributions Analysis) $410m
    - Net contribution to the economy of $300m
The crop production sector includes:
- Field crops
- Vegetables
- Seed production
- Fruits
- Nuts

<table>
<thead>
<tr>
<th>Measure</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value</td>
<td>$126 million</td>
<td>$14 million</td>
<td>$35 million</td>
<td>$175 million</td>
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<tr>
<td>Net production value</td>
<td>$101 million</td>
<td>$10 million</td>
<td>$23 million</td>
<td>$135 million</td>
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<tr>
<td>FTE employment</td>
<td>1,151 FTE jobs</td>
<td>150 FTE jobs</td>
<td>246 FTE jobs</td>
<td>1,547 FTE jobs</td>
</tr>
</tbody>
</table>
The mushroom production sector includes

- Mushroom production

<table>
<thead>
<tr>
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<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value</td>
<td>$71 million</td>
<td>$11 million</td>
<td>$18 million</td>
<td>$100 million</td>
</tr>
<tr>
<td>Net production value</td>
<td>$49 million</td>
<td>$10 million</td>
<td>$15 million</td>
<td>$74 million</td>
</tr>
<tr>
<td>FTE employment</td>
<td>574 FTE jobs</td>
<td>86 FTE jobs</td>
<td>105 FTE jobs</td>
<td>765 FTE jobs</td>
</tr>
</tbody>
</table>
The livestock sector includes
- Steers, heifers, cows
- Chickens, goats, llamas, pigs, sheep, other misc.

<table>
<thead>
<tr>
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<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value</td>
<td>$14 million</td>
<td>$2 million</td>
<td>$2 million</td>
<td>$18 million</td>
</tr>
<tr>
<td>Net production value</td>
<td>$6.5 million</td>
<td>$1.5 million</td>
<td>$1.4 million</td>
<td>$9.5 million</td>
</tr>
<tr>
<td>FTE employment</td>
<td>54 FTE jobs</td>
<td>17 FTE jobs</td>
<td>15 FTE jobs</td>
<td>86 FTE jobs</td>
</tr>
</tbody>
</table>

Image: Aziz Baameur, UCCE, field tour 3/3/15
The nursery sector includes
- Transplants
- Cut flowers
- Bedding plants
- Turf, trees, indoor decoratives, etc.

<table>
<thead>
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<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value</td>
<td>$83 million</td>
<td>$9 million</td>
<td>$24 million</td>
<td>$116 million</td>
</tr>
<tr>
<td>Net production value</td>
<td>$57.5 million</td>
<td>$6.5 million</td>
<td>$16 million</td>
<td>$80 million</td>
</tr>
<tr>
<td>FTE employment</td>
<td>667 FTE jobs</td>
<td>82 FTE jobs</td>
<td>170 FTE jobs</td>
<td>919 FTE jobs</td>
</tr>
</tbody>
</table>

source: Aziz Baameur, UCCE; Kabir Tumber, ERA, field tour 3/25/15
The support industry sector includes:
- Custom farming operations
- Contract labor
- Management services
- Other contractor services

<table>
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<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value</td>
<td>$56 million</td>
<td>$2.7 million</td>
<td>$17.5 million</td>
<td>$76 million</td>
</tr>
<tr>
<td>Net production value</td>
<td>$52 million</td>
<td>$2 million</td>
<td>$13 million</td>
<td>$67 million</td>
</tr>
<tr>
<td>FTE employment</td>
<td>1,039 FTE jobs</td>
<td>15 FTE jobs</td>
<td>133 FTE jobs</td>
<td>1,187 FTE jobs</td>
</tr>
</tbody>
</table>

source: Aziz Baameur, UCCE, field tour 3/3/15
The primary processing sector includes:

- Processing of raw product
- Dehydrated vegetables
- Spices and purees
- IQF and diced vegetables
- Seed processing

### Measure

<table>
<thead>
<tr>
<th></th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value</td>
<td>$334 million</td>
<td>$74 million</td>
<td>$50 million</td>
<td>$457 million</td>
</tr>
<tr>
<td>Net production value</td>
<td>$133 million</td>
<td>$45.5 million</td>
<td>$33 million</td>
<td>$211 million</td>
</tr>
<tr>
<td>FTE employment</td>
<td>867 FTE jobs</td>
<td>338 FTE jobs</td>
<td>346 FTE jobs</td>
<td>1,551 FTE jobs</td>
</tr>
</tbody>
</table>

*source: Vicki Thompson, Silicon Valley Business Journal*
The food manufacturing sector includes:
- Food manufacturing of raw and finished product
- Cheese manufacturing
- Frozen and canned specialties
- Misc. food manufacturing

source: Laura Schraft, The Morgan Hill Times

<table>
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<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value</td>
<td>$212 million</td>
<td>$40 million</td>
<td>$20 million</td>
<td>$272 million</td>
</tr>
<tr>
<td>Net production value</td>
<td>$38 million</td>
<td>$26 million</td>
<td>$13 million</td>
<td>$77 million</td>
</tr>
<tr>
<td>FTE employment</td>
<td>526 FTE jobs</td>
<td>178 FTE jobs</td>
<td>138 FTE jobs</td>
<td>842 FTE jobs</td>
</tr>
</tbody>
</table>
The wine and agritourism sector includes:

- Commercial wine sales
- Farmers markets
- Weddings
- Events

<table>
<thead>
<tr>
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<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value</td>
<td>$269.5 million</td>
<td>$69 million</td>
<td>$46 million</td>
<td>$385 million</td>
</tr>
<tr>
<td>Net production value</td>
<td>$108 million</td>
<td>$42 million</td>
<td>$30 million</td>
<td>$180 million</td>
</tr>
<tr>
<td>FTE employment</td>
<td>655 FTE jobs</td>
<td>272 FTE jobs</td>
<td>317 FTE jobs</td>
<td>1,244 FTE jobs</td>
</tr>
</tbody>
</table>

(source: Kabir Tumber, ERA, field tour 3/25/15)
Production value: $1.6 billion

- Crop Production: $457,721,000
- Mushrooms: $175,434,000
- Nurseries: $116,405,000
- Livestock: $76,093,000
- Support Industries: $17,896,000
- Primary Processing: $100,056,000
- Food Manufacturing: $272,250,000
- Winery & Agritourism: $384,602,000

(dollars in thousands)
Production value: $1.6 billion
Net production value: $832 million
Net production value: $832 million
Employment Summary

- Employment: 8,150 FTE jobs

### Industries
- Crop Production
- Mushrooms
- Nurseries
- Livestock
- Support Industries
- Primary Processing
- Food Manufacturing
- Winery & Agritourism

#### Number of FTE Jobs
- Direct
- Indirect
- Induced
The 2014 “Nature’s Value in Santa Clara County” Study by the Open Space Authority attributed $1.6 - $3.9 billion in economic benefits to natural capital in Santa Clara County

- Ecosystem services are part of natural capital and some are directly linked with agriculture

- Ecosystem services are not (directly) bought and sold in a market

- Primary methods to estimate the value of ecosystem services include:
  - Avoided cost
  - Contingent valuation
  - Stated preferences
Selected Ecosystem Services

- **Flood control value**  
  - $40 - $85 per acre  
  - Avoided cost of flood control investments

- **Groundwater recharge value**  
  - $55 - $70 per acre  
  - Direct irrigation recharge, excluding natural recharge

- **Water quality value**  
  - $25 - $30 per acre  
  - Avoided cost of water treatment

- **Pollination value**  
  - $20 - $65 per acre  
  - Stated preference and avoided cost of pollination services

- **Biodiversity value**  
  - ~$30 per acre  
  - Stated preference
Santa Clara Valley Basin includes the Santa Clara and Llagas Subbasins and is currently classified as “Medium Priority”
- Approximate safe yield is 130 – 170 thousand acre-feet per year
- Average annual pumping 2002-2010 was 152 thousand acre-feet

SGMA will increase the value of water
- Groundwater recharge ecosystem service values will also increase
Ecosystem Services – Open Space

- We can infer the value of open space by avoided costs (public infrastructure, parks and green space) or contingent valuation
  - The value of open space can be estimated by analyzing the sale price of homes located near open agricultural space

- Open space values in Santa Clara County (meta-analysis):
  - Rangeland: $700 - $1,000 per acre/yr
  - Cropland: up to $450 per acre/yr
The ecosystem service value for a given parcel of agricultural land varies widely
- Location, rotation system, technology, etc.
- A primary study is the only way to accurately estimate the value of specific ecosystem services

Other important ecosystem services not considered in this study
- Erosion Control
  - San Diego County - $400-$600 per acre/yr
- Air quality
  - $\text{SO}_2$, $\text{PM}_{10}$, $\text{O}_3$, $\text{CO}$, $\text{NO}_2$ – up to $1,600$ per acre/yr in San Diego County
- Carbon sequestration
  - CA market is currently around $12$ per tonne of $\text{CO}_2$ equivalent
Questions?

- Thank you
For Information Only.

In July 2015, the County was notified that it was awarded a Sustainable Agricultural Lands Strategy (SALS) Grant in the amount of $100,000 to prepare a Sustainable Agricultural Lands Policy Framework for Southern Santa Clara County. The Framework is intended to create a new regional approach for preserving lands and sustaining a strong farming industry in the area. In December 2015, the County approved the SALS Grant Agreement with the State.

It is anticipated that the developing the Framework will be a two year process (through 2017) that will encompass three major steps: (a) mapping of agricultural lands most at risk to land conversion and an evaluation of the ramifications of conversion, (b) preparation of a Draft Framework that identifies new integrated policies and programs to preserve agricultural lands, and (c) preparation of a Final Framework for adoption by the County and other local agencies. The Framework is intended to create agricultural preservation policies that can be used by the County and other agencies such as the Cities of Morgan Hill, Gilroy, San Jose, LAFCO, and the Santa Clara County Open Space Authority. The Final Framework would be presented to the decision-making bodies of all participating agencies for proposed incorporation into their individual policy frameworks and implementation plans. Completion of the Framework will increase the County’s competitiveness for agricultural conservation easement grant awards from the State Department of Conservation.

Preparation of the Framework will be conducted by the County’s Department of Planning and Development staff and consultants working for the County. The Santa Clara County Open Space Authority will partner with the County during this process and assist in preparation of the Framework.
It is also anticipated that, as part of the stakeholder engagement for developing the Framework, the County will establish a Technical Advisory Committee (TAC) made up of agricultural sector, and municipal sector representatives, including staff from the three affected cities, LAFCO, and the Santa Clara Valley Water District and other interested agencies. County staff would engage the TAC throughout the Framework preparation process for feedback on key policy and program approaches within the Framework.

The County, through a targeted procurement process, recently issued a Request for Proposals in order to solicit potential consulting firms to conduct the project. County staff anticipate holding a project kick-off event in late March or early April. LAFCO will receive a presentation from County staff on this project at its February 3, 2016 meeting. LAFCO staff will continue to provide updates to the Commission on this important project as it proceeds.
Sustainable Agricultural Lands Policy Framework

LAFCO Committee

February 3, 2016
Proposed Program

• Prepare a new regional framework for sustaining agricultural lands and the farming industry in Southern Santa Clara County

• Inter-jurisdictional program
• Sustainability legacy
• Model for other regions
Santa Clara County Agriculture

- $830 million annual contribution to SCC Economy
- 8,100 workers
- Over 1,000 farms
- Ranked 4\textsuperscript{th} nationally in pepper production

- Regional Food Security
- Self financing open space
- Groundwater recharge
Agricultural Preservation Programs

- County Agricultural Zoning
- Williamson Act Program
- Agricultural Mitigation Policies & Programs
  - LAFCO
  - Gilroy
  - Morgan Hill
Ongoing Threats and Conversion

• 1984 – 2000: County Lost 45% of farmland
• 2008 – 2010: Over 1,000 acres of farmland converted to other uses
• 55% of remaining farmland at risk of conversion (Greenbelt Alliance)

• Smaller Lots & Farms, adjacent to Urban Areas
• Urbanization, Rural Ranchette
Proposed Framework

• New Approach at Regional Agricultural Preservation

  – New Tools for Agricultural Preservation
    • Agricultural Conservation Easements
    • Ag Conversion Mitigation Fees
    • Transfer of Development Rights
    • County Regulatory Reform —
      — Rural Ranchette
      — De-regulation of Agricultural Industries

  – Inter-jurisdictional approach
    • County, Gilroy, Morgan Hill, San Jose, OSA, LAFCO
    • Recent Model – Valley Habitat Plan
Funding

• Sustainable Agricultural Lands Conservation Grant
  – Strategic Growth Council / Greenhouse Gas (GHG) Reduction Fund
  – Department of Conservation
  – Reduce GHG - Preserve Agricultural lands
  – 2015 – 1\textsuperscript{st} Round Funding – Competitive Grant
  – County receives Award - $100,000 – Agricultural Strategy Grant
  – 2 year program
  – More funding available for agricultural easements
Program Phases

• **Start Up – (to April 2016)**
  – Consultant Selection
  – Early Public Outreach
  – Kickoff Event

• **Task 1 – (to August 2016)**
  – Farmland Mapping, GHG Analysis, Economic Analysis, Policy Analysis

• **Task 2 (to February 2017)**
  – Draft Framework

• **Task 3 (to September 2017)**
  – Final Framework and Adoption
Thank You

Questions?
LAFCO MEETING: February 3, 2016

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer
       Dunia Noel, Analyst

SUBJECT: FINANCE COMMITTEE FOR FISCAL YEAR 2016-2017

STAFF RECOMMENDATION

Establish a committee composed of three commissioners to work with staff to develop and recommend the proposed FY 2016-2017 LAFCO budget for consideration by the full commission.

BACKGROUND

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO, as an independent agency, to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities, the special districts and the County. LAFCO’s Finance Committee will discuss and recommend both a preliminary and then a final FY 2016-2017 LAFCO budget to the commission for adoption.

Commissioners Hall, Wasserman, and Vicklund Wilson served on LAFCO’s Finance Committee for Fiscal Year 2015-2016. The time commitment for commissioners serving on this committee would be limited to 2-3 meetings, between the months of February and May.
9.1 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING

For Information Only.

On December 7, 2015, Executive Officer Palacherla and Commissioner LeZotte attended the quarterly meeting of the Santa Clara County Special Districts Association (SDA). Commissioner LeZotte provided a report on various LAFCO activities / projects including, the Cities Service Review Report, the LAFCO Workshop on service extensions outside jurisdictional boundaries, and the City of Morgan Hill’s application for an urban service area amendment.

The SDA requested that Executive Officer Palacherla provide a report on SB 239 and its implementation at the SDA’s March meeting. SB 239, sponsored by California Professional Firefighters Association, became effective on January 1, 2016 and changes the LAFCO approval requirements / process for fire service contracts between two public agencies under Government Code 56133. Previously, contracts between public agencies were exempt from LAFCO approval where the public service to be provided is an alternative to public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

The current law removes this exemption for outside fire service contracts between public agencies that transfer greater than 25% of the service area or change the employment status of 25% of the employees of any affected agencies; LAFCO approval is now required and a comprehensive fiscal analysis must be submitted with the application to LAFCO. CALAFCO met with the representatives of the sponsors of the bill to gain an insight into the sponsor’s intent which resulted in the one-page bulletin (Attachment A) on the Implementation of SB 239. This bulleting addresses various aspects of the new provisions from the perspective of the sponsor’s intent. CALAFCO encourages each LAFCO to create local policies to best implement this law based on local conditions and circumstances.
9.2 DISCUSSIONS WITH LOMA PRIETA RESOURCE CONSERVATION DISTRICT STAFF

For Information Only.

In December 2015 and January 2016, Loma Prieta RCD’s staff contacted LAFCO staff to clarify the existing boundaries of the District and to discuss the District’s interest in annexing portions of the Cities of Morgan Hill and Gilroy, and San Martin which currently lie outside of the District’s boundary. The District’s boundary excludes the city limits of Gilroy and Morgan Hill, as well as the community of San Martin as they existed prior to July 13, 1942. However, these areas are within the District’s Sphere of Influence (SOI). At present, the District does not provide a large amount of service within cities, but anticipates providing more in the future, due to the growing trend of awareness of conservation efforts that has shifted demand to more urban areas. This potential boundary change was discussed in LAFCO’s most recent service review for the District (Countywide Water Service Review, December 2011). Annexation of these areas would have to be initiated by the District, through an application to LAFCO. Based on the County’s Master Tax Sharing Agreement, upon annexation, the District would only receive a share of the property tax increment in these areas. The District has requested that LAFCO staff attend their Board meeting to answer questions regarding the annexation process.

9.3 MEETINGS REGARDING THE MORGAN HILL 2015 URBAN SERVICE AREA AMENDMENT APPLICATION

For Information Only.

Meeting with Royal Oak’s Property Owner and Owner’s Consultant

On January 21st, LAFCO staff met with Don Hordness (owner of Royal Oaks Mushroom) and Gloria Ballard (owner’s consultant) to discuss the City of Morgan Hill’s 2015 Urban Service Area Amendment application, which includes lands owned by Mr. Hordness. Mr. Hordness also solicited feedback from LAFCO staff on the draft agricultural mitigation agreement between himself and the City of Morgan Hill. LAFCO staff indicated that the agreement was very general and that it lacked the type of specificity/property specific details requested in LAFCO’s Agricultural Mitigation Policies, including:

- Type of mitigation that will be provided,
- Agricultural conservation entity that will hold mitigation lands, easements, or in-lieu fees,
- Amount of acreage that will preserved through mitigation and/or the amount of in-lieu fees that would be paid (with provisions to adjust fees to reflect land values at time of payment) along with the methodology adopted by the entity for calculating the in-lieu fees,
- Location of the mitigation lands, and
- Mitigation measures adopted by the City to mitigate for impacts to adjacent agricultural lands (e.g. buffers).
Staff informed Mr. Hordness that LAFCO does not have a recommended model agreement, but that LAFCO’s adopted Agricultural Mitigation Policies are intended to provide guidance to applicants on the type of information and details that should be included in any proposed mitigation agreement/plan. Staff encouraged Mr. Hordness to work with the City to develop a more detailed mitigation plan for his property.

Meeting with a Representative of the Morgan Hill Bible Church

On January 8th, Executive Officer Palacherla met with Issa Ajlouny, a representative of the Morgan Hill Bible Church, to discuss the City of Morgan Hill’s 2015 Urban Service Area Amendment application, which includes lands owned by the Bible Church. Mr. Ajlouny presented potential boundary change options that would be favorable to the Morgan Hill Bible Church, explained that the proposal did not present any service or agricultural land conversion issues and requested a favorable staff recommendation.

9.4 MEETING WITH CITY OF MONTE SERENO STAFF, LANDOWNER, AND LANDOWNER’S ATTORNEY RE: POTENTIAL MONTE SERENO URBAN SERVICE AREA AND SPHERE OF INFLUENCE AMENDMENTS

For Information Only.

On January 19th, LAFCO staff met Brian Loventhal (City Manager, City of Monte Sereno), and Nicholas Petredis (Landowner’s Attorney) and the landowner, in order to discuss their plans to request that the City seek LAFCO’s approval to amend its urban service area (USA) and sphere of influence (SOI) to include his client’s property. LAFCO approved an identical request from the City in December 4, 2013, conditioned on the City annexing its three unincorporated islands within a year. However, the City did not annex its islands and therefore LAFCO’s approval of the request expired January 4, 2014.

At the meeting, staff discussed LAFCO’s Island Annexation Policies, which state that cities should annex urban unincorporated islands existing within their current USAs (urban service area) before seeking to add new lands to their USAs, and LAFCO’s application filing requirements. City staff indicated that the City is only interested in annexing willing landowners and that the landowners in the islands, for the most part, are not interested in annexing to the City. City staff stated that the City Council has no plans to annex its islands in their entirety, as State law provides.

Given that the City’s position on island annexation has not changed and given that LAFCO island annexation policies remain, all parties agreed that the issues that existed when LAFCO considered the application in 2013 still remain. LAFCO staff informed the City and the landowner that, given no change in circumstances, staff’s recommendation was unlikely to differ from its 2013 recommendation and that the final decision rests with LAFCO. The landowner and his attorney indicated that they would consider this information and decide whether to proceed further.
**UPDATE ON JARDIN DRIVE PROPERTY OWNERS REQUEST FOR DETACHMENT FROM MOUNTAIN VIEW AND ANNEXATION TO LOS ALTOS**

**For Information Only.**

On January 26th, Mountain View City Council approved a resolution conditionally supporting the request of owners of six properties on the south side of Jardin Drive to detach from the City of Mountain View with the intent of annexing to the City of Los Altos. Mountain View City Council’s approval was conditioned on the six properties separating from Mountain View’s municipal water system and beginning service by CalWater.

Prior to Mountain View’s consideration of the proposed detachment, LAFCO staff provided advice and assistance to the property owners and cities’ staff concerning the process for changing each city’s boundaries (i.e. detachment from Mountain View, amendment of both cities’ USA/SOI, annexation to Los Altos, and annexation to County Library Services Area) and potential issues that all parties should consider and resolve prior to seeking LAFCO’s approval.

The property owners must also seek approval from the City of Los Altos prior to submitting an application to LAFCO.

**SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS (SCCAPO) MEETING**

**For Information Only.**

Analyst Noel attended the December 9th meeting of the SCCAPO that was hosted by the County of Santa Clara. The meeting was held at the County’s Department of Planning and Development. The meeting including a presentation on the Department’s Transformation/Modernization Project which includes completion of a floor remodel, permit processing reengineering, and permit software to streamline the planning and development review process and shorten approval time-lines. County Planning staff also discussed the County’s newly established urban agriculture incentive zones and the Sustainable Agricultural Land Conservation Planning Grant which the County received this summer to develop a sustainable agricultural lands policy framework for the southern part of the county. Staff from the various cities provided updates on current and anticipated priority planning and development projects in their jurisdiction. LAFCO staff informed the attendees that the Cities Service Review was now adopted and available on the LAFCO website and thanked city staff for their assistance during the preparation of the Report.

**INTER-JURISDICTIONAL GIS WORKING GROUP MEETING**

**For Information Only.**

Analyst Noel attended the January 22nd meeting 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.

**ATTACHMENT**

Attachment A: CALAFCO Bulletin: Implementation of SB 239
This bulletin is intended to provide our member LAFCos with information on the implementation of SB 239. It is a result of CALAFCO’s meeting with a number of representatives from the Sponsor of the bill along with union representatives from CalFIRE Local 2881 and the CA Fire Chief’s Association. Authored by Senator Hertzberg and sponsored by the California Professional Firefighters, the bill was signed into law by Governor Brown on October 10, 2015, and takes effect January 1, 2016.

In summary, the bill amends Government Code Sections 56017.2 and 56133, and adds GC §56134 relating to the extension of fire protection services outside existing city or district boundaries. The bill deems “existing boundaries” as those that exist as of 12-31, 2015. It requires LAFCo approval on any new contract for the extension of fire services or a contract extension or amendment that transfers greater than 25% of the service area or changes the employment status of more than 25% of employees of any affected agencies. Further, it requires the applicant to include in their application a comprehensive fiscal analysis (CFA) prepared by independent contract, and outlines the required contents of the application and the CFA. The contents of the CFA are identified in Section 56134 (f) and are not as exhaustive as what is required in a CFA for a proposed city incorporation.

What the bill is intended to do according to the sponsor:
- Require the applicant to provide LAFCo, as part of the application, proof that the 25% trigger is occurring.
- It is up to each LAFCo to determine what the required proof would be (for example, service maps demonstrating the change of +25% of the service area, or employment statistics that would provide proof of the +25% of change in employment status). Each LAFCo is encouraged to create local policies on what they would require as the proper documentation.
- While the term “employment status” found in 56134 (B) is not defined, it is the intent of the sponsor that this means a change in service providers (department as employer). While a change in wages/benefits/hours worked/working conditions may be viewed by some as a change in “employment status, but, it was, according to the sponsor, not the original intent of the term. Each LAFCo is encouraged to create a local policy to define this term.
- The change of +25% in employment status of the employees of any public agency affected by the contract or agreement is intended to apply to the entire department. In other words, +25% as compared to the department affected.
- Section 56134 (a) (2) states in part, that if a contract or agreement that, in combination with other contracts or agreements, triggers the +25% change in service area or employment status, it shall be subject to the definition of a fire protection contract pursuant to this section, and as such will not be exempt from this process. What is unclear about this situation is if it is just this one contract that is subject to the law, or if all existing contracts within the jurisdictional area are affected. The sponsor indicated it is their intent that it be just the one contract rather than all of the contracts within that service area, as all of the other contracts are not the trigger of the +25%. Each LAFCo is encouraged to consider a local policy to clarify this situation.

What the bill is not intended to do according to the sponsor:
- The bill is not intended to apply to the renewal of existing contracts, unless the renewal included amendments or the inclusion of new territory that triggered the +25% change in service area or employment status.
- The bill is not intended to apply to mutual or automatic aid agreements.
- The bill is not intended to apply to ambulance services agreements.
- If a current contract expires and a service area no longer wants to contract for services and will take over providing the services themselves, this bill does not apply, as there is no contract to review and approve.

What has yet to be determined:
- What happens if both parties agree on the contract? It has been suggested that future consideration may be given to an exemption in these cases. For now, if the situation meets the criteria, the new law must be followed, even though both parties may be in full agreement to the proposed changes.
- How to measure the cumulative effect of incremental extensions affecting less than 25% of the service area of employment status. Since the law requires the public agencies to go to LAFCo only in the instances where they have identified a greater than 25% impact, questions remain as to the process of documenting cumulative impacts to either the affected service area or the employment status when changes of either are less than 25%.

All LAFCos are encouraged to meet early with all of the stakeholders that may be impacted by this new law. You are also encouraged to create local policies as noted above to best implement the law based on local conditions and circumstances. Please contact CALAFCO with any questions.
LAFCO MEETING: February 3, 2016
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
       Dunia Noel, Analyst
SUBJECT: CALAFCO RELATED ACTIVITIES

10.1 2016 CALAFCO STAFF WORKSHOP

Recommendation
Authorize staff to attend the 2016 CALAFCO Staff Workshop and authorize travel expenses funded by the LAFCO budget.

Discussion
The CALAFCO Annual Staff Workshop is scheduled for March 30 – April 1 in Universal City at the Universal Hilton. Los Angeles LAFCO is hosting the Workshop. The workshop provides an opportunity for staff to gain and share knowledge about some of the best practices used by LAFCOs to address various issues facing local agencies across the state. See The LAFCO Budget for Fiscal Year 2016 includes funds for staff to attend the Workshop.

10.2 REPORT ON THE CALAFCO LEGISLATIVE COMMITTEE MEETING

For Information Only.
Executive Officer Palacherla is a member of the CALAFCO Legislative Committee and attended its meeting held on January 22, 2016.
The Committee discussed:

- CALAFCO’s legislative policies and priorities
- Various proposals for inclusion in the 2016 Omnibus bill. The Omnibus bill is the annual vehicle that CALAFCO uses to make non-substantive, technical corrections to the Cortese-Knox-Hertzberg Act.
- CALAFCO’s progress and next steps on sponsoring legislation related to better coordination between LAFCOs and JPAs. The proposed legislation would seek to require stand-alone joint-power authorities that have county, city, or special district members to file their agreements and amendments with LAFCOs just as they currently do with the Secretary of State.
• LAFCO-related legislation including follow-up to last year’s SB 88 which authorized the State Water Resources Control Board (SWRCB) to mandate consolidations of water systems. The SWRCB and the Office of Planning and Research (OPR) are considering legislation in an attempt to strengthen requirements for permitting and creation of new water systems.

The next meeting of the Legislative Committee is scheduled for February 26th.
NOTICE OF PUBLIC HEARING
Local Agency Formation Commission of Santa Clara County (LAFCO)

The Local Agency Formation Commission of Santa Clara County will hold a public hearing on **Friday, March 11, 2016 at 10:00 AM**, or as soon thereafter as the matter can be heard, in the Board Meeting Chambers, County Government Center, 70 West Hedding Street, San Jose, California, to consider an application from the City of Morgan Hill [Morgan Hill Urban Service Area Amendment 2015] to expand its Urban Service Area (USA) boundary in the following two areas.

**AREA 1: Tennant – Murphy (South East Quadrant)**
Proposal to expand Morgan Hill’s USA by adding approximately 229 acres of land comprising 21 parcels, located south of San Pedro Avenue and east of US 101, in the vicinity of Tennant Avenue and Murphy Avenue. This area is commonly referred to as the South East Quadrant.

**AREA 2: Monterey – Watsonville**
Proposal to expand Morgan Hill’s USA by adding approximately 71 acres of land comprising 17 parcels, located in the vicinity of Watsonville Road and Monterey Road. Seven of the 17 parcels are currently within the city limits but outside the USA.

Maps of the two areas and this notice are now available on the LAFCO website at [www.santaclaralafco.org](http://www.santaclaralafco.org). The staff report for this item will be on file at the LAFCO Office and available on the LAFCO website on February 12, 2016.

All interested persons may be present at the hearing and comment at said time and place or may submit written comments. Written communications should be filed by email or mail prior to the date of the hearing.

Email: emmanuel.abello@ceo.sccgov.org
Mailing Address: LAFCO of Santa Clara County
70 West Hedding Street
8th Floor, East Wing
San Jose, CA 95110

January 13, 2016
Morgan Hill Urban Service Area Amendment 2015

AREA 1: Tennant - Murphy
229.4 Acres ±

Prepared by the Office of the County Surveyor
Morgan Hill Urban Service Area Amendment 2015

AREA 2: Monterey - Watsonville
71.1 Acres ±

Prepared by the Office of the County Surveyor
January 28, 2016

Cat Tucker, Chairperson  
LAFCO of Santa Clara County  
70 West Hedding Street, 8th Floor  
San Jose, CA 95110

Dear Chairperson Tucker,

On behalf of Greenbelt Alliance, I am writing to express our sincere thanks for the action undertaken by the Local Agency Formation Commission (LAFCO) of Santa Clara County to express its disagreement with the city of Gilroy’s attempt to annex 721 acres of agricultural land.

Greenbelt Alliance is the champion of the places that make the Bay Area special. We defend natural and agricultural landscapes from development while helping create great cities and neighborhoods. The city of Gilroy threatened prime agricultural lands through its proposed development of 4,000 homes in the 721 acres of farmland north of its city limits.

The bold decision on the part of LAFCO to file a lawsuit against the city of Gilroy reflects the numerous failures on the part of the city to provide an analysis of how the expansion northward into these 721 acres of farmland would impact various resources, city services, and water and air quality. The city of Gilroy is attempting to annex this land despite there being substantial amounts of land within its current city limits that are underutilized or vacant.

Mayor Perry Woodward’s request to the developer to rescind its application, and the subsequent withdrawal of the application is a victory for the preservation of our farmland and affirms the notion that this proposed development was poorly planned and poorly received by the citizens of Gilroy.

This project, had it passed, would have been the largest suburban sprawl development in Gilroy’s history, and would have continued the trend of the loss of precious farmland in Santa Clara county. While the county has lost over 45% of its most valuable farmland to development, the preservation of its remaining agricultural lands ensure that locally grown produce continue to benefit the health and well-being of Santa Clara County residents.

We recognize the diligence demonstrated on the part of LAFCO of Santa Clara County in its scrutiny of the proposed annexation of 721 acres of farmland by the city of Gilroy. We support this continued level of diligence for future proposals from the city of Gilroy, and the various cities across Santa Clara County.

Sincerely,

Davin Aoyagi  
South Bay Regional Representative  
Greenbelt Alliance