



**LOCAL AGENCY FORMATION COMMISSION OF
SANTA CLARA COUNTY
MINUTES
WEDNESDAY, DECEMBER 14, 2005**

1. ROLL CALL

The Local Agency Formation Commission (LAFCO) of Santa Clara County convenes this 14th day of December 2005 at 3:02 p.m. in the Council Chambers of the City of Gilroy, 7351 Rosanna Street, Gilroy, California, with the following members present: Chairperson John Howe, Commissioners Blanca Alvarado, Donald F. Gage, Linda J. LeZotte, and Terry Trumbull (Alternate).

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

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

2. PUBLIC PRESENTATIONS

Carolyn Tognetti, Save Open Space-Gilroy, welcomes the Commission to the City and expresses appreciation to the City of Gilroy for inviting the Commission to the City. She states that she is proud that the City has adopted the Agricultural Mitigation Policy that is one of the first in the County. She adds, however, that since the adoption of the Policy, Gilroy has approved the Hecker Pass and Glen Loma Ranch specific plans using the Land Evaluation and Site Assessment (LESA) model to determine the impacts on agricultural lands. Ms. Tognetti, reads to the Commission a letter she sent to Gilroy Mayor Al Pinheiro and the City Council on October 17, 2005. Her letter indicates that the two specific plans covering approximately 400 acres include prime agricultural lands. Her letter further reads that while the Gilroy City Council required Hecker Pass Specific Plan to dedicate a permanent agricultural land within the project area, the Glen

Loma Ranch did not have to mitigate the loss of agricultural lands because the area has not been irrigated in the past four years and was allowed to become fallow. Upon the request of Chairperson to observe the three-minute time limit, Ms. Tognelli announces that copies of the letter will be provided to the Commission.

3. APPROVE MINUTES OF AUGUST 10, 2005 MEETING

On motion of Commissioner Gage, seconded by Commissioner Alvarado, it is unanimously ordered that the minutes of October 12, 2005 meeting be approved, as written.

4. UPDATE ON ISLAND ANNEXATIONS

Ms. Noel provides oral and written information on island annexations. She notes that staff has completed a guide on pocket annexations entitled, "Making Your City Whole: Taking Advantage of the Current Opportunity to Annex Urban Unincorporated Pockets." The guide has been distributed to City and County officials and staff, community leaders and interested groups. She notes that the Guide is also available on the LAFCO website. She adds that at the Santa Clara County Board of Supervisors meeting on November 15, 2005, the Board adopted a resolution in support of future evaluation and consideration of making development standards in the County pockets consistent with those of the surrounding cities.

Ms. Noel continues by stating that staff is working with various cities on island annexations. Morgan Hill has completed the mapping of its islands and is scheduled to complete the CEQA documents for island annexations. The City will hold public hearings in February and March 2006. She likewise reports that staff is working with Monte Sereno to annex three unincorporated islands. That city held a hearing on November 29, 2005 and continued it for 90 days to allow residents in pockets to form a working group to review and propose development standards and procedures. The group is expected to propose an acceptable annexation package to the City Council. Relating to the City of Los Altos, Ms. Noel reports that island annexation workshops have been conducted for Blue Oak Lane and Wookdland Acres. The hearing on the

annexation of these two pockets is scheduled for January 2006, and the hearing to approve the annexation will be held on February 28, 2006. She indicates that a City of Mountain View staff report looks into various islands in that city and explores the benefits of bringing these islands into the city. Ms. Noel further reports that the City of Saratoga has recently completed studies on geotechnical stability of roadways on some of its islands. She indicates that the City may be prevented from pursuing annexation at this time because geotechnical instability of roadways will have negative impact on long-term maintenance costs. Ms. Noel reports that San Jose has no formal plan on island annexations. However, Commissioner Alvarado and a San Jose City Councilmember met with residents of Lyndale Neighborhood in October 2005 to determine whether residents want annexation to San Jose. The group will meet again in January 2006. Ms. Noel continues to report that Los Gatos Town Council held a public hearing on annexation of unincorporated pockets on December 5, 2005, and after substantial public testimony from pockets residents, the City Council voted unanimously not to proceed with the island annexations at this time. Finally, Ms. Noel advises that Campbell City Council held a study session on island annexation on December 12, 2005 and has directed the City Manager to work with the Central Fire Protection District to resolve fire protection contract issues related to island annexations.

Commissioner Alvarado proposes to amend the staff report stating that San Jose planning department staff, not a City Councilmember, was present at her meeting with residents of Lyndale Neighborhood. Commissioner Gage advises that the Town of Los Gatos will annex two pockets comprising of two lots.

On motion of Commissioner Alvarado, seconded by Commissioner Gage, it is unanimously ordered that the update on Island Annexations, as amended, be accepted.

5. CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) DRAFT WATER ACTION PLAN RELATING TO REGULATION OF PRIVATE WATER COMPANIES

Ms. Palacherla reports that staff is working with the California Association of Local Agency Formation Commissions (CALAFCO) to provide comments on the California Public Utilities Commission (CPUC) Draft Water Action Plan. She states that CALAFCO will be requesting CPUC (1) consider local land use, and growth and development policies, and (2) seek better cooperation and coordination with local private water companies, LAFCO and other local land use agencies when reviewing proposals for extension of water services. She adds that input from LAFCO will be opportune since the proposed Water Action Plan is to be used as guide by CPUC in regulating private water companies. She indicates LAFCO policies require that local land use, boundaries and joint growth and development policies of the cities and the County be considered when reviewing service extension proposals in areas outside the cities' USA. LAFCO staff became aware of the Water Action Plan at a meeting with Santa Clara Valley Water District relating to proposal by a private water company to provide water services to Coyote Valley area and to South Almaden area, which are both outside San Jose city limits and Urban Service Area (USA). At this time CPUC has no policy in place that requires consideration of local land use and development policies. At a previous meeting, LAFCO had requested staff to come back with more information on how to deal with proposals to extend water services in such areas. She indicates that, in the meantime, the CPUC Water Action Plan is a good forum for LAFCO to provide input to CPUC on this issue, and reports that CALAFCO will provide testimony on behalf of LAFCO at the next CPUC meeting in San Francisco on December 15, 2005.

On motion of Commissioner Alvarado, seconded by Commissioner Gage, it is unanimously ordered that the report be accepted relating to CPUC Draft Water Action Plan and regulation of private water companies.

**6. RESPONSE TO NOVEMBER 17, 2005 LETTER FROM SAN JOSE
MUNICIPAL WATER SYSTEM**

Ms. Noel reports that LAFCO has received a letter from Mansour Nasser, Division Manager, San Jose Municipal Water System (SJMWS), indicating that there is a misstatement of fact on the Water Service Review Report, specifically in the Evergreen Service Area Service Section, on page 146, second paragraph, where the report reads, "The City has noted that in the event of an emergency and SCVWD supply is interrupted, groundwater production capacity plus storage does not equal the maximum day demand." In his letter, Mr. Nasser states that while the statement is technically true, they are not "equal," so the statement could mislead readers into believing that the system is deficient when, in fact, production capacity, plus storage exceeds the maximum day demand. Ms. Noel notes that Mr. Nasser requests that LAFCO revise the Water Service Review Report and update the LAFCO website to accurately reflect the facts. Ms. Noel advises that the Countywide Water Service Review Report was adopted in June 2005 after several agency review and revision opportunities. The Final Report, she indicates, includes the comments that have been received from SJMWS, specifically from Mr. Nasser. The Final Report has been circulated to participating agencies via the LAFCO website since June 2005 and may have been downloaded by several unknown parties since that time. She recommends that although the time period for revision the report has passed, LAFCO can include Mr. Nasser's letter in the Project's official file. In addition, she proposes that LAFCO post Mr. Nasser's clarification at the LAFCO website and circulate to water service providers in the County.

On motion of Commissioner Gage, seconded by Commissioner Alvarado, it is unanimously ordered that staff recommendation be approved to include SJMWS letter in the Countywide Water Service Review's official file and post on the LAFCO website, and to respond the letter.

7. UPDATE ON LAFCO'S STRATEGIC PLANNING WORKSHOP

Ms. Palacherla reports that at the October 2005 LAFCO meeting, LAFCO had directed staff to hold a strategic planning session on the morning of the next regular LAFCO meeting on February 8, 2005. She indicates, however, that since Commissioner Alvarado has a prior commitment on that time block, staff will determine an alternate date. Staff has identified potential topics for the workshop to include 1) LAFCO overview, including the purposes of LAFCO and the role of LAFCO Commissioners; 2) overview of local LAFCO policies; 3) development of mission statement; and, 4) development of local goals and objectives to include: (a) review of 2003-2005 activities and accomplishments; (b) work in progress and ongoing projects; (c) unfinished / outstanding tasks; and (d) issues / projects anticipated in the next two years. She proposes that William Chiat, Executive Director, California Association of Local Agency Formation Commissions (CALAFCO), be requested to facilitate the workshop. She notes that Mr. Chiat facilitated planning workshops for other LAFCOs.

In response to an inquiry by Commissioner Howe, Ms. Palacherla advises that the next steps in preparation for the workshop includes identifying a date common to all commissioners, finalizing an agenda, and invitation to Mr. Chiat.

Commissioner Howe notes that staff has identified possible workshop dates based on inputs from Commissioners Alvarado, Gage and Wilson. Commissioner Gage, however, proposes that staff coordinate further with Board offices since the 2006 schedule of meetings has recently been approved.

On Commission consensus, there being no objection, it is unanimously ordered that staff be directed to solicit input on items for workshop agenda, and to request Mr. William Chiat, CALAFCO Executive Director, to facilitate the workshop.

8. APPOINTMENT OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2006

Chairperson Howe expresses appreciation for the support accorded to him by the other members of the Commission and the staff during his term as LAFCO Chairperson.

On motion of Commissioner Alvarado, seconded by Commissioner Trumbull, it is unanimously ordered that Commissioner Gage be appointed Chairperson and Commissioner LeZotte be appointed as Vice-Chairperson for Calendar Year 2006.

9. 2006 SCHEDULE OF LAFCO MEETINGS

On motion of Commissioner Alvarado, seconded by Commissioner Gage, it is unanimously ordered that the 2006 schedule of LAFCO meetings and filing deadlines be adopted.

Chairperson Howe requests that staff communicate to Commissioner Wilson the adopted 2006 schedule of meeting and filing deadlines.

10. UPDATE ON HIRING OF LAFCO CLERK

Ms. Palacherla states that Emmanuel Abello has been hired as LAFCO Clerk. On motion of Commissioner Alvarado, seconded Commissioner LeZotte, it is unanimously ordered that the report be accepted.

11. PENDING APPLICATIONS

Ms. Palacherla reports that there has been no action from the proponents relating to pending application on the formation of Redwood Estates Community Services District.

12. WRITTEN CORRESPONDENCE

12.1 Ms. Palacherla informs the Commission that the latest issue of The Sphere, a CALAFCO newsletter, is included in the packet.

12.2 There is no correspondence received prior to the meeting.

13. NEWSPAPER ARTICLES

13.1 Chairperson Howe notes that Gilroy Dispatch newspaper article "Glimpse at New City," dated December 6, 2005, is included in the packet.

13.2 Commissioner Mr. Trumbull advises the Commission relating to Palo Alto Daily News article on island annexations that he provided to staff. Ms. Palacherla notes that there have been several newspaper articles in the West Valley area, Los Gatos, Palo Alto and Los Altos area that provide updates on island annexations.

14. ADJOURN

On order of the Chairperson, there being no objection, the meeting is adjourned at 3:40 p.m.

The next regular LAFCO meeting is scheduled to be held on Wednesday, February 8, 2005 at 1:15 p.m. in the Chambers of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California.

John Howe, Chairperson
Local Agency Formation Commission

ATTEST:

Emmanuel Abello, LAFCO Clerk