ANNUAL REPORT 2020-2021



MISSION

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

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

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

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

COMMISSIONERS

Susan Ellenberg, Chairperson Rich Constantine, Vice-Chairperson Sergio Jimenez Yoriko Kishimoto Gary Kremen Susan Vicklund Wilson Mike Wasserman

ALTERNATE COMMISSIONERS

Helen Chapman Cindy Chavez Matt Mahan Russ Melton Terry Trumbull

STAFF

Emmanuel Abello Dunia Noel Neelima Palacherla

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LAFCO'S COUNTYWIDE FIRE SERVICE REVIEW BEGINS

In February 2021, LAFCO authorized staff to issue a Request for Proposal for a professional service firm to prepare a Countywide Fire Service Review. In April 2021, LAFCO retained a consultant to conduct the Service Review which is scheduled to be completed by April 2022. The Service Review will provide an overview of all the agencies that provide fire service and/or emergency medical services in the County, evaluate the provision of these services, and recommend actions to promote efficient service delivery. The study will review and/or provide an analysis of options for addressing many current and emerging issues identified by LAFCO.

The Service Review will also include an analysis and written statement of determinations regarding certain categories, as specified in State law. Lastly, the Service Review will include recommendations for any changes to fire district spheres of influence, as necessary.

In December 2020, LAFCO established a Technical Advisory Committee (TAC) composed of two LAFCO Commissioners, and representatives from the Santa Clara County/Cities Managers' Association and the Santa Clara County Fire Chiefs' Association, to serve as a liaison between LAFCO and the affected agencies and to provide technical expertise/advice throughout the service review process.

Public engagement and outreach are very important to LAFCO and are an important part of the Countywide Fire Service Review. Please visit the **project webpage** for more comprehensive information on the service review and how to get involved.



LAFCO RECEIVES THE 2020 APA CALIFORNIA COMMUNICATIONS INITIATIVE AWARD OF EXCELLENCE



Santa Clara LAFCO's Communications & Outreach Plan received the 2020 American Planning Association (APA) California Communications Initiative Award of Excellence. LAFCO and its consultants were recognized as award winners in the 2020 APA California virtual award ceremony held in September 2020.

The first ever communications initiative by any LAFCO in the state, the Communications and Outreach Plan is a comprehensive and proactive strategy for outreach and communications to help Santa Clara LAFCO better fulfill its role and address the common unfamiliarity with and misperception of LAFCO's purpose.

REVISION OF SERVICE REVIEW WORK PLAN

In December 2020, LAFCO revised its work plan for conducting its third round of service reviews as follows (listed from highest priority to lowest priority):

- Countywide Fire Service Review
- Countywide Water and Wastewater Service Review
- Special Districts Service Review
- Cities Service Review

State law mandates that LAFCO conduct service reviews prior to or in conjunction with sphere of influence updates and requires that LAFCO review and update the sphere of influence of each city and special district, every five years, as necessary.

REVIEW AND PROCESSING OF APPLICATIONS

The number of applications LAFCO processes varies each year.

LAFCO staff processed three city-conducted annexations. They include one annexation to the Town of Los Gatos totaling 0.19 acres, and two annexations to the City of San Jose totaling 31.89 acres.

LAFCO staff worked with the Town of Los Altos Hills to help facilitate and process the annexation of one unincorporated island totaling 23.06 acres.

LAFCO reviewed and approved two annexations to the West Valley Sanitation District.

In April 2021, LAFCO approved the dissolution of Reclamation District No. 1663, an inactive special district.

In June 2021, LAFCO considered and approved an Out-of-Agency Water Service request by the City of Morgan Hill to the proposed Metta Tam Tu Buddhist Temple and directed staff to inform the County of Santa Clara, the City of Morgan Hill, and the State Water Resources Control Board that this approval is not a precedent and that in the future, the provision of water in these types of situations should be addressed early on and determined prior to issuance of any land use approvals and permits.

LAFCO's Application Processing Record for the period July 1, 2020 to June 30, 2021 is included in the Appendix.

POLICY REVISIONS

The Commission periodically amends LAFCO's Bylaws to provide further clarity on the Commission's practices and procedures. LAFCO amended its Bylaws in October 2020 to include new policies related to "Public Comment at the LAFCO Meeting."

The Commission also conducted its biennial review of LAFCO's Conflict of Interest Code (COIC) and adopted a resolution amending its COIC in February 2021, as required in State law and as directed by the County Board of Supervisors, LAFCO's code reviewing body.

RANCHO RINCONADA RECREATION AND PARK DISTRICT SPECIAL STUDY



In July 2019, LAFCO retained a consultant to conduct the **Rancho Rinconada Recreation and Park District (RRRPD) Special Study** in order to identify the reorganization process and evaluate the potential fiscal impacts of alternate governance structure options for the District. The consultant's report was released for public review and comment in late January 2020 and is available on the LAFCO website. The consultant presented the report to LAFCO, the Cupertino Parks and Recreation Commission, and the Cupertino City Council.

In March 2020, the project was temporarily suspended as a result of the COVID-19 Shelter in Place order. The project was resumed in August 2020.

In March 2021, the Cupertino City Council discussed the RRRPD Special Study and voted to delay consideration of the merger of RRRPD with the City to allow for engagement in long-term planning for aquatic facilities in the City and to allow the RRRPD Board to complete their strategic visioning and outreach processes and make a recommendation on the merger. LAFCO staff remain available to answer questions or to respond to any proposals from the City or District.

PUBLIC INFORMATION AND CUSTOMER SERVICE

Staff routinely responds to numerous inquiries from the general public, property owners, developers, real estate agents, and attorneys about a variety of topics, including location of boundaries, annexation date and records, property tax bills and special assessments, nearest or appropriate service providers, LAFCO policies and procedures, etc.

PRE-APPLICATION & OTHER MEETINGS

Staff held pre-application meetings and discussions with:

- City of Mountain View staff and NASA Ames staff, regarding the City's plans to provide recycled water to the NASA Ames area at Moffett Field, which is largely outside of Mountain View's city limits and USA, but within Mountain View's Sphere of Influence (August 2020 and September 2020)
- Town of Los Altos Hills Public Works staff, West Bay Sanitary District (WBSD) staff, and San Mateo LAFCO staff regarding potential annexation of the Town into the WBSD for sewer service (October 2020)
- City of Cupertino staff and City of San Jose staff, regarding a proposed boundary

adjustment (SOI/USA/city limits) along Cupertino's northeastern border with San Jose (May 2021)

- County of Santa Clara Planning Office staff, San Mateo LAFCO staff, West Bay Sanitary District (WBSD) staff, Woodside Fire Protection District staff, and property owner representatives regarding a proposed SOI Amendment and Annexation to WBSD (October 2020 through June 2021)
- Town of Los Altos Hills staff, regarding property owner request for sewer service outside of Town limits (February 2021 and March 2021)
- City of Gilroy staff regarding proposed Wren Investors & Hewell USA Amendment (March 2021)
- City of Milpitas staff and City of San Jose staff, regarding two proposed boundary adjustments (SOI/USA/city limits) along Milpitas' southern border with San Jose (June 2021)

COMMENT LETTERS

Staff also provides written comments on various proposed projects to ensure that LAFCO's concerns are known and considered early in an agency's project review process. LAFCO submitted comment letters on the following:

- Plan Bay Area 2050 Blueprint Strategies (MTC August 2020)
- Gilroy 2040 General Plan Draft Environmental Impact Report (EIR) and the Final EIR (City of Gilroy, August 10, 2020, August 12, 2020, and October 2020)
- San Jose Planning Staff Recommendation on the Future of Coyote Valley (City of San Jose, October 2020)

- County Update to Definitions Used for Statelevel Mapping of Farmland in Unincorporated Santa Clara County (County of Santa Clara, December 2020)
- Draft RHNA Methodology Concern Regarding Overallocation to Unincorporated Santa Clara County (ABAG, January 2021)
- Initial Study and Mitigated Negative Declaration for a new single-family residence at 3343 Alpine Road (County of Santa Clara, February 2021)

COLLABORATIONS AND PARTNERSHIPS

INTERJURISDICTIONAL MEETINGS ON RHNA ALLOCATION FOR UNINCORPORATED SANTA CLARA COUNTY



Over the last year, EO Palacherla, County Planning staff, and City of San Jose staff met multiple times with ABAG staff to proactively discuss concerns about ABAG's Regional Housing Needs Assessment (RHNA) allocation for the unincorporated Santa Clara County and to identify potential options to address those concerns.

INTERJURISDICTIONAL MEETINGS ON RHNA (CONTINUED)

Both the original proposed RHNA allocation of 4,700 housing units and the revised allocation of 3,125 housing units for the unincorporated Santa Clara County inappropriately direct growth into rural areas designated for preservation and would force the County to upend decades of successful policies that enable cities to plan for future growth in the urban unincorporated areas within their Urban Service Areas.

Furthermore, the revised allocation does not consider availability of services in the rural areas and ignores the fact that the County, consistent with its longstanding cooperative agreement with the cities and LAFCO, does not provide urban services such as sewers within the unincorporated rural areas. This allocation could catalyze greenfield development in Santa Clara County, resulting in a development pattern that is contrary to the local and regional efforts being made to reduce vehicle miles traveled (VMT) and create sustainable and resilient communities.

LAFCO staff has submitted multiple letters to ABAG on this matter. As part of the formal appeal process for the 2023-2031 RHNA Cycle Allocation, LAFCO staff recently sent a letter to ABAG supporting the County's appeal of its RHNA allocation.

Additionally, EO Palacherla attended meetings of a coalition of partner agencies and entities concerned about ABAG's overallocation of RHNA to unincorporated counties in the Bay Area. The purpose of these meetings was to discuss and strategize on how best to address this critical issue and to explore potential legislation to resolve the issue.

COUNTYWIDE ASSOCIATIONS AND WORKING GROUPS

Staff attends the meetings of pertinent countywide associations to provide updates on LAFCO activities that are of interest to local agencies, including special districts, cities and the County. Staff regularly attend and participate in the following:

- Santa Clara County Special Districts
 Association Quarterly Meetings
- Santa Clara County Association of Planning
 Officials Monthly Meetings
- Quarterly Meetings with County Planning
 Office
- County Sustainability Working Group
- Interjurisdictional GIS Working Group

OUTREACH AND EDUCATION EFFORTS

PRESENTATIONS ON LAFCO



As part of LAFCO's ongoing outreach efforts, staff conducts presentations on LAFCO in order to increase awareness about LAFCO's goals and actions. Staff made presentations providing an overview of LAFCO, to the following entities / individuals:

- Santa Clara Valley Water District's Director of Government Relations (July 2020)
- El Camino Healthcare District's Director of Government & Community Relations (August 2020)
- County Planning Commission, at a special study session, to provide a comprehensive overview of LAFCO with a focus on the overlap between the two agencies' goals and policies (September 2020)
- Guadalupe-Coyote Resource Conservation District Board, to provide a comprehensive overview of LAFCO and LAFCO's process and considerations for consolidating two resource conservation districts (November 2020)
- Leadership Sunnyvale, as part of their program curriculum on special districts and LAFCO (December 2020)
- Santa Clara County Civil Grand Jury (June 2021)

CALAFCO ACTIVITIES

CALAFCO LEGISLATIVE COMMITTEE & LAFCO LEGISLATIVE POSITIONS

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

In Fiscal Year 2020-2021, Santa Clara LAFCO took a position on the following bills:

- Oppose: SB 414 (Caballero) Small System Water Authority Act of 2020
- Support: AB 1581 (Assembly Local Government Committee) CALAFCO Omnibus Bill

The Commission also provided conceptual support for San Diego LAFCO's legislative effort to clarify that LAFCOs determine whether an "out of agency service by contract" is exempt from LAFCO approval under Government Code §56133(e).

ADMINISTRATIVE ACTIVITIES

COMPREHENSIVE ORGANIZATIONAL ASSESSMENT STUDY COMPLETED: IMPLEMENTATION IN PROGRESS

In order to address various organizational issues, and to support performance management, employee development and succession planning efforts, LAFCO

COMPREHENSIVE ORGANIZATIONAL ASSESSMENT STUDY (CONTINUED)

retained Koff & Associates to conduct a Comprehensive Organizational Review and Assessment Study of LAFCO.

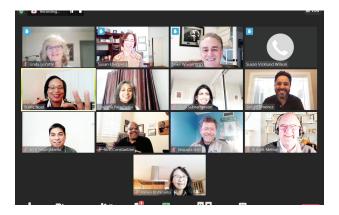
K
June 8, 2020
Comprehensive Organizational Review and Assessment Study
Final Report
Local Agency Formation Commission of Santa Clara County
KOFF & ASSOCIATES
KATIE KANEKO President
2835 Seventh Street Berkeley, CA 94710 www.KoffAssociates.com
<u>Kkaneko@koffastociates.com</u> Tel: 510.658.5633 Fax: 510.652.5633

In August 2020, LAFCO voted unanimously to receive the consultant's report, and to pursue certain recommendations relative to LAFCO staff positions, classification, and compensation. LAFCO also appointed an Ad Hoc Committee composed of LAFCO Chair Sergio Jimenez, Vice-Chair Susan Ellenberg, and Finance Committee Chair Russ Melton, to work with the County.

The Ad-Hoc Committee met several times to discuss appropriate next steps and available options. In October 2020, the Ad-Hoc Committee requested that the County consider and evaluate LAFCO's recommendations through the Executive Management Initiated Classification Study process. The County accepted the request and assigned the study to County Employee Service Agency (ESA) staff. LAFCO awaits the County's report.

CHANGES IN LAFCO MEMBERSHIP

This year saw several changes in LAFCO membership.



In January 2021, the City of San Jose appointed Matt Mahan (Councilmember, City of San Jose) as the alternate LAFCO member. Alternate Commissioner Mahan replaced Alternate Commissioner Maya Esparza (Councilmember, City of San Jose). Alternate Commissioner Mahan's term on LAFCO expires on May 31, 2024.

In January 2021, LAFCO staff convened the meeting of the Independent Special Districts Selection Committee (ISDSC).

CHANGES IN LAFCO MEMBERSHIP (CONTINUED)

At that meeting, the ISDSC appointed Yoriko Kishimoto (Board Member, Midpeninsula Regional Open Space District and LAFCO Alternate Commissioner) as the regular member to complete the current term vacated by outgoing Commissioner Sequoia Hall and to serve a new 4-year term from June 2021 to May 2025. The ISDSC also appointed Helen Chapman (Board Member, Santa Clara Valley Open Space Authority) as an alternate member to complete the remainder of the current term vacated by Alternate Commissioner Kishimoto and to serve a new 4-year term from June 2021 to May 2025.

In February 2021, the Santa Clara Valley Water District appointed Board Member Gary Kremen as the regular LAFCO member. Commissioner Kremen replaced Commissioner Linda J. LeZotte. Commissioner Kremen's term on LAFCO expires on May 31, 2023.

Staff conducted orientation sessions for new Commissioner Kremen and for the new Alternate Commissioners Mahan and Chapman.

STAFFING CHANGES

At the end of January 2021, Analyst Rajagopalan left LAFCO. LAFCO is currently operating with a staff of three, which is a 25% reduction in terms of total staff resources. Until staff levels can return to normal, LAFCO operations will be significantly impacted.

LAFCO'S OPERATIONS DURING COVID-19

REMOTE WORK & VIRTUAL LAFCO MEETINGS

In light of COVID-19 response measures from the Governor of the State of California and the Santa Clara County Public Health Department, LAFCO staff have successfully adopted remote work practices since March 16, 2020. Since that date, LAFCO has held all of its regular and special meetings by virtual teleconference using Zoom. This has brought an increase in public and local agency attendance and participation.

LAFCO CLERK DEPLOYED AS DISASTER SERVICE WORKER

LAFCO staff are County employees and are required to perform duties as Disaster Service Workers, as directed by the County, and assist in disaster service during a proclaimed emergency. In April 2021, Clerk Abello was deployed as a Disaster Service Worker to aid the County's COVID response and vaccination efforts and served in this capacity for a twoweek period.

INDEPENDENT ANNUAL FINANCIAL AUDIT

LAFCO completed its third **Annual Financial Audit for FY 2020** ending on June 30, 2020. The audit was conducted in accordance with the generally accepted auditing standards as specified in the report. The auditors found LAFCO's financial statements present fairly, in all material aspects, the financial position of LAFCO.

AGREEMENT FOR WEBCASTING OF LAFCO MEETINGS

In February 2021, LAFCO approved a draft Memorandum of Understanding (MOU) between LAFCO and the County of Santa Clara regarding the County's provision of webcasting services for LAFCO meetings held in the County Board Chambers.

The arrangement will allow the public, local agencies, and others to watch webcasts of LAFCO meetings on the internet, providing greater transparency and public engagement.

Since April 2020, LAFCO has held its meetings remotely by virtual teleconference using Zoom in response to COVID-19 concerns. Webcasting services are anticipated to begin once LAFCO meetings return to the County Board Chambers.

UPCOMING PROJECTS

GILROY URBAN SERVICE AREA AMENDMENT 2021

In April 2021, LAFCO received an urban service area amendment request from the City of Gilroy. The proposal, titled Gilroy Urban Service Area Amendment 2021 (Wren Investors & Hewell), consists of two areas located north of the city limits that together total approximately 55+ acres in size. LAFCO staff is working with City staff to clarify the proposal and supporting application materials, including City/consultant-prepared analytical documents. LAFCO's future consideration of the proposal is pending completion of this clarification process.

THIRD ROUND SERVICE REVIEWS

It is anticipated that LAFCO's Countywide Fire Service Review will be completed by the end of April 2022. Per LAFCO's revised work plan for conducting its third round of service reviews, LAFCO would begin a countywide water and wastewater service review in spring/summer 2022.

COMPREHENSIVE REVIEW AND UPDATE OF LAFCO POLICIES

LAFCO staff and its consultant have begun to review and update LAFCO policies which are all very interconnected. The purpose of the comprehensive review and update is to strengthen the policies in order to enable LAFCO to better meets its legislative mandate and to better align and clarify consistency of the policies with the Cortese Knox Hertzberg Local Government Reorganization Act. This project was placed on hold due to reduced staffing and changes in work plan priorities.

LAFCO APPLICATION PROCESSING RECORD JULY 1, 2020 TO JUNE 30, 2021

ISLAND ANNEXATION

CITY	PROPOSAL NAME	DATE RECORDED	DOCUMENT #	APPROVED
Los Altos Hills	Los Altos Hills Pocket 04 Ravensbury Island	12/03/20	24734402	23.06
			City Total	23.06
			00.00	

Total Island Annexation Acreage 23.06

CITY-CONDUCTED ANNEXATION

CITY	PROPOSAL NAME	DATE RECORDED	DOCUMENT #	ACREAGE
Los Gatos	El Gato Lane No. 4	08/03/20	24562679	0.19
			City Total	0.19
San Jose	Snell No. 31	08/03/20	24562678	30.90
	Story No. 69	05/07/21	24953516	0.99
			City Total	31.89

Total City-Conducted Annexation Acreage 32.08

ANNEXATION TO SPECIAL DISTRICTS

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED	ACREAGE
West Valley Sanitation District	West Valley Sanitation District 2020-01 (Suview Drive)	Approved 04/07/21	24953515 05/07/21	6.56
	West Valley Sanitation District 2020-02 (High Street)	Approved 04/07/21	24953514 05/07/21	1.15
			District Total	7.71
Total Special District Annexations Acreage			7.71	

OUT-OF-AGENCY CONTRACT FOR SERVICES

AGENCY	PROPOSAL NAME	LAFCO ACTION
Morgan Hill	Out-of-Agency Water Service by Morgan Hill to Metta Tam Tu Buddhist Temple	Approved 06/02/21

DISSOLUTION OF INACTIVE SPECIAL DISTRICT

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED
Reclamation	Dissolution of Inactive Special District –	Approved	25017519
District No. 1663	Reclamation District No. 1663	04/07/21	07/02/2021



FOR THE GOOD OF THE WHOLE

Local Agency Formation Commission of Santa Clara County

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SantaClaraLAFCO.org