

2014-2015 ANNUAL REPORT



LAFCO of Santa Clara County

Promoting Sustainable Growth and Good Governance

Commissioners

Linda J. LeZotte, Chairperson
Cat Tucker, Vice-Chairperson
Cindy Chavez
Sequoia Hall
Johnny Khamis
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Alternate Commissioners

Ash Kalra
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Tara Martin-Milius
Terry Trumbull
Ken Yeager

Staff

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Mission

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

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

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

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

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Message from the Executive Officer

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

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

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

Neelima Palacherla
Executive Officer

Agricultural Summit Builds Support for Preservation of Local Farmland

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



Protecting Agricultural Lands

Grant Provides Unique Opportunity to Develop a Plan for Protecting Farmland

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

Curbing Urban Sprawl

Cities Service Review Underway

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

LAFCO's Service Review and Special Study Help Spur Change

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

We are pleased to report the following:

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



LAFCO's Service Reviews Spur Discussions and Collaborations

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

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

Public Information and Customer Service

Clarifying Process for Responding to Public Comments and Inquiries

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

Providing Guidance to Potential Applicants on Projects Small and Big

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

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

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

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

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

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

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

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

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

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

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

Outreach and Education on LAFCO Matters

New Website Receives Positive Reviews

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

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

We invite you to visit www.santaclaralafco.org



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

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

Orientation for New LAFCO Commissioners

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

Partnerships and Associations

California Association of LAFCOs (CALAFCO)

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

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

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

Countywide Associations & Working Groups

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

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

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

Awards & Recognition

Santa Clara LAFCO Receives CALAFCO 2014 Most Effective Commission Award

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

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



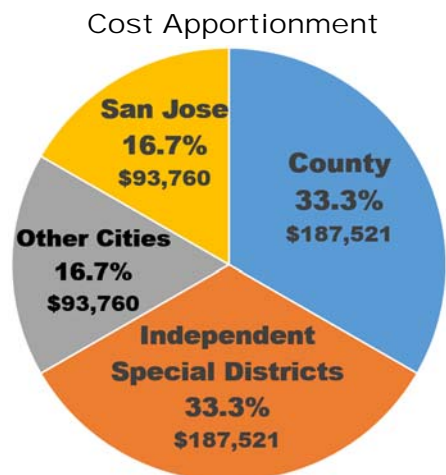
LAFCO Applications 2014-2015

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

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

2014-2015 Financials (Actuals)

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



LAFCO APPLICATION PROCESSING RECORD

JULY 1, 2014 TO JUNE 30, 2015

CITY CONDUCTED ANNEXATIONS

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

Total City Conducted Annexations Acreage **304.19**

ANNEXATIONS TO SPECIAL DISTRICTS

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

SPHERE OF INFLUENCE AMENDMENTS

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