



LAFCO MEETING: October 4, 2017

TO: LAFCO

**FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
Emmanuel Abello, Clerk**

SUBJECT: 2016-2017 LAFCO ANNUAL REPORT

STAFF RECOMMENDATION

Accept the 2016-2017 Annual Report (July 1, 2016 to June 30, 2017).

APPLICATION PROCESSING

In February 2017, LAFCO considered and approved an Urban Service Area and Sphere of Influence amendment between the cities of Los Altos and Mountain View, and conditionally approved the detachment of 1.21 acres from the City of Mountain View and its concurrent annexation to the City of Los Altos and to the County Library Services Area. In March 2017, LAFCO recorded the aforementioned reorganization, after determining that the Town had met the specified conditions.

In June 2017, LAFCO considered and denied an Urban Service Area and Sphere of Influence amendment request from the City of Monte Sereno, after continuing the LAFCO public hearing multiple times, primarily at the request of the landowner.

During Fiscal Year 2016-2017, LAFCO staff processed five city-conducted annexations approved by cities. They include two annexations to the Town of Los Altos Hills totaling 9.61 acres, two annexations to the Town of Los Gatos totaling 0.67 acres, and one annexation to the City of San Jose totaling 0.78 acres.

Please see **Attachment A** for a full accounting of the applications processed by staff from July 1, 2016 to June 30, 2017.

PROMOTING SUSTAINABLE GROWTH

LAFCO and the City of Morgan Hill Reach Settlement on City's General Plan EIR

As a Responsible Agency pursuant to CEQA, LAFCO provided detailed comment letters to the City of Morgan Hill concerning their EIR for the Morgan Hill General Plan 2035. The letters identified significant deficiencies in the EIR and encouraged the City to conduct adequate environmental analysis, as the City may choose to utilize the EIR to seek approval from LAFCO for urban service area amendments. However, the City certified the EIR without adequately addressing the identified deficiencies.

As a result, LAFCO authorized initiation of litigation against the City to challenge the adequacy of the EIR and directed staff to first pursue settlement. LAFCO staff and City staff then had many discussions and successfully negotiated a settlement which avoided litigation between the two parties. In taking such an action, LAFCO continued to set an example for how a Responsible Agency may assert its rights under CEQA to ensure an adequate environmental document on which it must rely.

Encouraging Public Agencies to Proactively Plan for and Locate Public Facilities within Existing City Limits, Away from Farmland

Much of the county's remaining agricultural lands are subject to significant land development speculation and pressure. Such speculation and pressure is not limited to private entities. LAFCO became aware that certain public agencies have been either purchasing and/or are planning to purchase unincorporated farmland in the Southeast Quadrant, outside of Morgan Hill, for non-farm uses, such as for recreational uses, and school sites and related facilities. In response, staff sent a letter to the Morgan Hill Unified School District and the City of Morgan Hill encouraging the two agencies to work collaboratively to proactively plan for and locate schools and other public facilities within the existing city limits, away from farm lands, in order to prevent the conversion of valuable farmland, make use of existing services/infrastructure, and help reduce greenhouse gas emissions.

California High Speed Rail Authority's Consideration of Station Location in Gilroy Area

Staff monitored the California High Speed Rail Authority's (CHSRA) planning process, particularly as it relates to the Authority's selection of a preferred alternative station location in the Gilroy area, which will be analyzed in its upcoming environmental review process. Staff met with the CHSRA's Northern California Regional Director to receive an update on the proposed Project and to reiterate to CHSRA some of the significant areas of conflict between a proposed East Gilroy station location and LAFCO policies; and to encourage consideration of alternative locations that are more consistent with LAFCO polices, state law and other local/regional interjurisdictional goals, plans and policies.

PROMOTING ACCOUNTABILITY AND TRANSPARENCY OF LOCAL AGENCIES

New Reporting Requirement for Certain Joint Powers Authorities

Staff notified affected agencies about SB 1266, a new law which became effective January 1, 2017, that requires certain Joint Powers Authorities (JPAs) to file their agreements and amendments with LAFCO within specific time-frames. In response, staff has received agreements and amendments from several affected agencies.

PUBLIC INFORMATION AND CUSTOMER SERVICE

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 LAFCO policies and procedures. While guidance and responses on some inquiries can be sufficiently provided via a single phone call or e-mail, certain issues and projects may require additional research and meetings in order to effectively address the issues/projects. Staff conducted research and met with the following:

- Cities (Los Altos Hills, Los Gatos, Monte Sereno, Santa Clara, San Jose), County departments, and property owners regarding annexation of unincorporated islands
- County Counsel on potential dissolution of Reclamation District No. 1663 and LAFCO's recommended dissolution of the Santa Clara County Library Service Area
- Midpeninsula Regional Open Space District's potential annexation of remaining lands within District's sphere of influence within Santa Clara County
- County Planning Department, County Environmental Health Department, Cities (Los Altos Hills, Palo Alto) and San Martin County Water District regarding various requests, from unincorporated property owners, for sewer or water service extensions outside of jurisdictional boundaries
- County Parks Department concerning potential city water service extensions to county parkland located in unincorporated areas
- Cities of Mountain View and Los Altos, and Jardin Drive property owners, regarding property owners' request to detach from Mountain View and annex to Los Altos
- County, San Mateo LAFCO, Town of Portola Valley, Woodside Fire Protection District, West Bay Sanitary District (WBSD), and the unincorporated property owner's representatives regarding request to annex to WBSD for sewer service
- Representatives of the South County Catholic High School regarding a new request for amendment of Morgan Hill's urban service area for property within the Southeast Quadrant

- Representatives of the San Martin Neighborhood Alliance on various issues, including the San Martin community's most recent incorporation effort and alternatives to incorporation, and the history of the Morgan Hill/Gilroy joint sewer trunk line that traverses the San Martin community and the recent sewage spill in the community.

LAFCO OFFICE RELOCATIONS

After relocating and reassembling the LAFCO Office multiple times over the last 18 months, LAFCO executed a lease agreement for private office space. In late March 2017, the LAFCO Office was successfully relocated to 777 North First Street, Suite 410 in San Jose, adjacent to the County Government Center. The term of the lease is 62 months.

Staff spent a significant amount of time and effort making sure that the space was properly prepared for LAFCO operations, including addressing IT/network connections and telecommunications, and working with vendors in order to purchase furniture and equipment for the office space. With a secure and fully functional workspace, staff can now focus on serving the Commission, local agencies, and the public; and completing outstanding work plan items.

PREPARATION AND ADOPTION OF ANNUAL BUDGET

LAFCO, at its February 1, 2017 meeting, established a Finance Committee consisting of Commissioners Hall, Jimenez, and Wilson, to work with staff to develop and recommend the proposed FY 2017-2018 budget for consideration by the full Commission and work on any other issues of a financial nature, as necessary. The Finance Committee met on March 9, 2017 to discuss several issues, including the status of LAFCO's current year work plan and budget, LAFCO's proposed budget for fiscal year 2018, and LAFCO's proposed work plan for fiscal year 2018.

LAFCO adopted its Fiscal Year 2017-2018 Budget as recommended by the Finance Committee in June 2017.

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 positions on proposed legislation affecting LAFCOs. The Commission authorized staff to send letters in support of AB 1725 (CALAFCO's Annual Omnibus Bill) and AB 464 (Gallagher) concerning annexations.

In October 2016, staff and Commissioners Vicklund Wilson and Rennie attended the Annual CALAFCO Conference which provides an opportunity to LAFCOs across the state to share some of their best practices and learn new techniques and approaches from other

LAFCOs. Commissioner Vicklund Wilson and Executive Officer Palacherla were panelists on a general session entitled “Back to Our Roots: Curbing Sprawl and Preserving Open Space and Agricultural Lands to Ensure Orderly Growth and Development” and Legal Counsel Subramanian was a panelist on a breakout session entitled “CEQA – What is a Responsible Agency to Do?” which was moderated by Commissioner Vicklund Wilson.

Regional Partnerships

- Executive Officer Palacherla served as a strategic advisor for the Bay Area Greenprint, which is a collaborative project of the Bay Area Open Space Council, Nature Conservancy, Greenbelt Alliance, American Farmland Trust, and Green Info Network. The project, which was officially launched in June, incorporates data and information about natural resource values, including agricultural values, into land use and transportation planning so that a more complete evaluation of the associated public benefits and trade-offs can inform decisions about development and conservation. EO Palacherla spoke at the launch event and discussed the role that LAFCOs play in terms of preserving agricultural and open space lands and how curbing sprawl is an often overlooked but critical factor in land conservation.

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 Working Group which includes staff from County Planning, County ISD, County Surveyor, County Assessor, County Communications and Dispatching, County Registrar of Voters, and County Roads and Airports. The Group reviewed and resolved various city, special district, and tax rate area GIS boundary discrepancies.

CHANGES IN LAFCO MEMBERSHIP

This year, LAFCO experienced an unprecedented turnover in its membership, welcoming three new regular LAFCO members and two new alternate LAFCO members to the Commission.

In January 2017, the City of San Jose appointed Councilmember Sergio Jimenez as the regular LAFCO member and appointed Councilmember Sylvia Arenas as the alternate member. Commissioner Jimenez replaced Commissioner Ash Kalra, whose term on LAFCO concluded in December 2016. Alternate Commissioner Arenas replaced Alternate Commissioner Raul Peralez.

In January 2017, the Santa Clara County Cities Selection Committee (Cities Selection Committee) appointed Alternate Commissioner Rob Rennie (Councilmember, Town of Los Gatos) as Commissioner. Commissioner Rennie replaced Commissioner Tara Martin-Milius (Councilmember, City of Sunnyvale), whose term on LAFCO concluded December 31, 2016. In February 2017, the Cities Selection Committee appointed Russ Melton (Councilmember, City of Sunnyvale) as the alternate member.

Independent special districts have two designated seats on LAFCO. By agreement amongst the districts, one seat is held by a board member of the Santa Clara Valley Water District and the other is appointed by the Independent Special District Selection Committee (ISDSC). In February 2017, the Santa Clara Valley Water District appointed Board Member John L. Varela as the regular LAFCO member. Commissioner Varela replaced Commissioner Linda J. LeZotte. In May 2017, the ISDSC reappointed Sequoia Hall (Board Member, Santa Clara Valley Open Space Authority) as the regular LAFCO member and Yoriko Kishimoto (Board Member, Midpeninsula Regional Open Space District) as the alternate member.

Orientation for New Commissioners

In order to provide key background information on LAFCO to new commissioners and help them prepare to serve on LAFCO, staff conducted an orientation session for all new commissioners.

ACCOLADES/AWARDS

LAFCO's Sprawl Prevention Efforts Recognized in Regional Report

The Commission's efforts to curb urban sprawl and preserve agricultural lands and open space in the south county were recognized by the Greenbelt Alliance in their report entitled "At Risk: The Bay Area Greenbelt 2017." The Report noted LAFCO's actions on applications, such as Morgan Hill's Southeast Quadrant; and on proposals, such as the North Gilroy Neighborhood District, and stated that "the county is lucky to have a vigilant LAFCO agency."

ATTACHMENT

Attachment A: LAFCO Application Processing Record: July 1, 2016 to June 30, 2017

LAFCO APPLICATION PROCESSING RECORD

JULY 1, 2016 TO JUNE 30, 2017

CITY CONDUCTED ANNEXATIONS

CITY	PROPOSAL NAME	DATE RECORDED	DOCUMENT #	ACREAGE APPROVED
Los Altos Hills	Mora Drive No. 2	06/30/17	23687804	1.13
	Mora Glen Drive No. 1	09/07/16	23424090	8.48
			<i>City Total</i>	9.61
Los Gatos	Marchmont Drive No. 4	09/07/16	23424091	0.28
	Winterbrook No. 5		23504393	0.39
			<i>City Total</i>	0.67
San Jose	Story No. 66	06/30/17	23687805	0.78
			<i>City Total</i>	0.78

Total City Conducted Annexations Acreage **11.06**

LAFCO HEARD CHANGE OF ORGANIZATION

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED	ACREAGE APPROVED
Los Altos/ Mountain View	Jardin Drive Reorganization 2016	Approved 02/01/17	23603223 03/15/17	1.21

URBAN SERVICE AREA & SPHERE OF INFLUENCE AMENDMENTS

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED	ACREAGE APPROVED
Los Altos/ Mountain View	Jardin Drive USA / SOI Amendment	Approved 02/01/17	23603223 03/15/17	1.21
Monte Sereno	Monte Sereno USA / SOI Amendment 2016 (Lucky Road)	Denied 06/07/17	None	0.00