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 Vicklund Wilson, Chairperson
Sergio Jimenez, Vice-Chairperson
Susan Ellenberg
Sequoia Hall
Linda J. LeZotte
Rob Rennie
Mike Wasserman

ALTERNATE COMMISSIONERS
Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull

STAFF
Emmanuel Abello
Dunia Noel
Neelima Palacherla
Lakshmi Rajagopalan

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In October 2018, the Commission adopted its first Communications and Outreach Plan – 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. Prepared by communications consultants through an in-depth yearlong process and with insights from commissioners, staff, and diverse stakeholders, the Plan presents strategies and tools to expand understanding of LAFCO’s role and responsibility in promoting sustainable growth and good governance in Santa Clara County.

As recommended in the Plan, the Commission adopted new policies that require commissioners to sign a special pledge acknowledging their unique role and responsibilities as LAFCO Commissioners, and the importance of their leadership in representing LAFCO.

LAFCO is now in the process of developing communications materials to help implement various other strategies recommended in the Plan.
Santa Clara LAFCO received the **2018 Most Effective Commission Award** at the Annual CALAFCO Conference in October 2018. The award recognizes LAFCO’s efforts to prevent the premature conversion of nearly 1,000 acres of prime agricultural lands, curb urban sprawl, and guide development away from the last remaining agricultural lands in South Santa Clara County – providing a more stable foundation for ongoing and future farmland preservation efforts. LAFCO’s actions, coupled with local agency partners’ efforts, have placed the County in a strong position to pursue funding opportunities for farmland preservation. Thanks to the Commission’s leadership and abiding commitment to its state mandate, Santa Clara LAFCO continues to be respected for its impactful work.
HOSTS THE 2019 CALAFCO STAFF WORKSHOP

Santa Clara LAFCO successfully hosted the 2019 CALAFCO Annual Staff Workshop in San Jose (April 10-12).

Vice Chairperson Jimenez and Executive Officer Palacherla welcome over 100 attendees from 40 different LAFCOs to San Jose and share how Santa Clara LAFCO’s efforts to steer growth away from farmland and open space to urban areas where services can be efficiently delivered, help make the county a great place to live, work and play.

Emmanuel Abello and other clerks share their many years of experience on the Clerk Certification session. Mr. Abello also organized the session on “Information Exchange and Knowledge Support of the 21st Century – Clerks Style.”

Analyst Lakshmi Rajagopalan and Santa Clara County GIS Analyst Greg Bazhaw conduct a hands-on GIS session entitled “Making GIS work for the LAFCO Layperson.”
HOSTS 2019 CALAFCO STAFF WORKSHOP

MOBILE WORKSHOP: A TALE OF TWO VALLEYS

Assistant Executive Officer Noel and Executive Officer Palacherla organized a mobile workshop, “A Tale of Two Valleys” that focused on two unique San Jose environs – Coyote Valley and downtown San Jose – and highlighted how the preservation of open space and agricultural lands and the revitalization of the downtown go hand in hand in building climate and economic resilience.

Tour participants enjoy the spectacular Coyote Valley Open Space Preserve and hear from experts on how strategic investments in conservation, such as in Coyote Valley, smart land use policies, and green urban design can provide a sustainable future in Santa Clara County – even in the face of population growth and climate change.
HOSTS 2019 CALAFCO STAFF WORKSHOP

MOBILE WORKSHOP (CONTINUED)

Attendees stop at the SPUR San Jose Office to hear about efforts to promote good planning in San Jose, through research, education and advocacy.

Attendees tour the historic Diridon Station and get the story behind the anticipated Google transit village and the City’s revitalization plans for the area.

“Your staff contributed greatly to the success of our workshop with their diligence, thoughtfulness, and determination in ensuring a value-added experience was created for everyone. The mobile workshop they put together, showcasing the Tale of Two Valleys, was second to none. Your team’s work in the planning and executing of this workshop was outstanding and it was my pleasure to be able to work with them.

Pamela Miller
CALAFCO Executive Director

Special Thanks to Our Partners
Santa Clara Valley Open Space Authority
City of San Jose
SPUR San Jose
County of Santa Clara
BOUNDARY CHANGE APPLICATIONS

In December 2018, LAFCO considered and denied an Urban Service Area amendment request from the City of Morgan Hill involving 66 acres of unincorporated lands located in the area referred to as the Southeast Quadrant, which is one of the last remaining agricultural areas in the county. The area was also part of a prior Urban Service Area amendment request that LAFCO considered and denied in March 2016.

LAFCO reviewed, approved, and recorded a proposal involving an annexation to the West Valley Sanitation District.

LAFCO also reviewed, forwarded its recommendation to San Mateo LAFCO, and recorded the final action taken by San Mateo LAFCO, on a proposal involving an annexation to the West Bay Sanitary District (WBSD). San Mateo LAFCO is the Principal LAFCO for WBSD and in this annexation, Santa Clara LAFCO’s action was only advisory.

LAFCO staff processed five city-conducted annexations. They include one annexation to the City of Cupertino totaling 0.31 acres, two annexations to the Town of Los Altos Hills totaling 5.18 acres, one annexation to the Town of Los Gatos totaling 0.19 acres, and one annexation to the City of Monte Sereno totaling 10.70 acres.

LAFCO’s Application Processing Record for the period July 1, 2018 to June 30, 2019 is included in the Appendix.

FIRST INDEPENDENT ANNUAL FINANCIAL AUDIT

In August 2018, LAFCO retained a private consultant firm, through an RFP process, to prepare its General Purpose Financial Statements for Fiscal Years ending 2018, 2019, 2020 and 2021. The independent auditing firm prepared the LAFCO financial audit for FY 2018, ending on June 30, 2018. This was the first year that LAFCO issued its separate audited financial statements. In prior years, LAFCO was reported as a special revenue fund, together with other funds, in the County of Santa Clara’s Comprehensive Annual Financial Report. 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, as of June 30, 2018.
PROGRAM HIGHLIGHTS

WORK PLAN FOR THIRD ROUND SERVICE REVIEWS (YEARS 2020 - 2023)

LAFCO is required to conduct service reviews prior to or in conjunction with its review and update of cities’ and special districts’ Spheres of Influence, which are required to be revised once every five years, or as necessary. In April 2019, LAFCO approved a work plan for conducting its third round of Service Reviews in the following order:

» Special Districts Service Review (except fire protection districts, water districts, and sanitary/sanitation districts, which will be covered in subsequent service reviews)
» Countywide Water and Wastewater Review
» Countywide Fire Protection Service Review
» Cities Service Review

POLICY REVISIONS

The Commission periodically amends LAFCO’s Bylaws to provide further clarity on the Commission’s practices and procedures. LAFCO’s Bylaws were amended to include new policies on the following:

» Disclosure of Ex Parte Communication (October 2018)
» Reconsideration of LAFCO Resolution Making Determinations (October 2018)
» Commissioner Pledge (October 2018)
» Selection and Appointment of Public Member and Alternate Public Member (June 2019)

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, and LAFCO policies and procedures etc.

Pre-Application Meetings

Staff conducts pre-application meetings in order to inform prospective applicants as early as possible of the LAFCO policies and procedures that apply to the anticipated/proposed project and to discuss any issues/concerns that LAFCO may have with a proposal. This allows the applicant to consider and address these issues in advance of applying to LAFCO. Pre-application meetings were held with:

» City of Gilroy staff, County Planning Office staff, the property owner, and their representative, about potential extension of City water and sewer service to a proposed agricultural worker housing development in the unincorporated county (August 2018)
» City of Gilroy staff about potential Urban Service Area amendments involving lands to the north of Gilroy and to the Gilroy Sports Park (August/November 2018 and February 2019)
» City of Saratoga staff regarding potential annexation of Mountain Winery (November 2018 and March 2019)
PROGRAM HIGHLIGHTS

PUBLIC INFORMATION AND CUSTOMER SERVICE (CONTINUED)

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:

» Cordoba Center Project – Draft and Final Environmental Impact Reports (County of Santa Clara, July 2018 and May 2019)

» San Martin Recreational Vehicle Park – Notice of Preparation (County of Santa Clara, June 2019)

» City of Morgan Hill’s consideration of potential process for developing sports facilities on city-owned unincorporated lands (City of Morgan Hill, February 2019)

OUTREACH AND EDUCATION EFFORTS

League of Women Voters Interviews Chairperson Susan Vicklund Wilson

As part of Commission’s ongoing effort to increase visibility and public awareness of LAFCO, Chairperson Vicklund Wilson participated in an interview by the League of Women Voters in March 2019 and discussed the vital role that LAFCO plays in creating livable sustainable communities in the county. The interview is available on the CreaTV website at the following link: LWV Interview with LAFCO Chair.
PROGRAM HIGHLIGHTS

OUTREACH AND EDUCATION (CONTINUED)

Presentations on LAFCO

As part of LAFCO’s ongoing communications and outreach efforts, staff conducts presentations on LAFCO and its mandate, policies, and activities to various stakeholders. Staff made presentations to the following:

» Honorable Rene Spring, Mayor Pro Tempore for the City of Morgan Hill (January 2019)

» County Executive’s Office of Budget and Analysis staff (January 2019)

» Interested County Planning Department staff (March 2019)

Panel Discussions on LAFCO Related Issues

Staff also participates in community forums on issues of interest to LAFCO. Executive Officer Palacherla was a panelist on SPUR San Jose’s lunch forum (July 11, 2018) on local agricultural preservation efforts. She discussed how preventing sprawl and encouraging efficient development patterns are important strategies for preserving farmland.

COLLABORATIONS AND PARTNERSHIPS

Staff attend 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.

Countywide Associations & Working Groups

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, and

» Interjurisdictional GIS Working Group Monthly Meetings.

Meetings with State and Regional Agencies

Staff participated in discussions with the following:

» State Department of Conservation staff regarding prime farmland definitions and the various farmland data resources that exist at the State and federal government. (August 2018)

» State Water Resource Control Board staff regarding struggling small water systems; and groundwater supply and quality in South Santa Clara County (July, September, October 2018)
PROGRAM HIGHLIGHTS

CALAFCO ACTIVITIES

Santa Clara LAFCO is actively involved in CALAFCO activities. The following is a summary of those activities during this year:

**White Paper: Creating Sustainable Communities and Landscapes**

Executive Officer Palacherla served on the Advisory Working Group for the development of a CALAFCO White Paper: Creating Sustainable Communities and Landscapes in partnership with the Strategic Growth Council and the Office of Planning and Research. The White Paper promotes efficient growth and conservation of natural resources to address climate change; and features case studies on growth management efforts, including the “Countywide Urban Development Policies” of Santa Clara County.

**Very Active Legislative Year**

Chairperson Vicklund Wilson and Executive Officer Palacherla serve on the CALAFCO Legislative Committee which meets regularly during the legislative session to propose new legislation that helps clarify LAFCO procedure or address LAFCO issues; and to discuss and take positions on proposed legislation affecting LAFCOs.

In Fiscal Year 2018-2019, Santa Clara LAFCO took a position on the following bills:

- Support: AB 1822 (Assembly Local Government Committee) Omnibus Bill
- Support: AB 1253 (Rivas) LAFCO Grant Program
- Support: AB 213 (Reyes) Inhabited Annexation Funding Restoration
- Support: AB 948 (Kalra) Coyote Valley Conservation Program
- Oppose: AB 600 (Chu) Disadvantaged Unincorporated Communities

**CALAFCO Annual Conference: Attendance and Presentations**

In October 2018, staff and Commissioners Varela and Vicklund Wilson attended the CALAFCO Annual Conference in Yosemite. Commissioner Vicklund Wilson was a panelist on two sessions, “LAFCO 101 – Understanding and Applying the Basics” and “State Tools for Climate Smart Growth.” Executive Officer Palacherla organized and moderated a session entitled “Agricultural Preservation: From Vision to Action.”
UPCOMING PROJECTS

RANCHO RINCONADA RECREATION AND PARK DISTRICT SPECIAL STUDY

As authorized by LAFCO in June 2019, a special study of the Rancho Rinconada Recreation and Park District is now underway in order to identify the reorganization process and evaluate the potential fiscal impacts (costs/benefits analysis) of two alternative governance structure options: (1) merger of the District with the City of Cupertino; and (2) establishing the District as a subsidiary of the City of Cupertino. These governance options were identified in LAFCO’s 2013 Service Review for Rancho Rinconada Recreation and Park District.

COMPREHENSIVE ORGANIZATIONAL ASSESSMENT OF LAFCO

As authorized by LAFCO in June 2019, a Request for Proposals was issued for an independent professional services firm to conduct a Comprehensive Organizational Assessment of LAFCO. The Assessment, which is anticipated to begin in October 2019, will support performance management, employee development and succession planning efforts to ensure consistency, continuity and reliability in the services that LAFCO provides to affected agencies and the community.
This year saw several changes in LAFCO’s membership. In January 2019, LAFCO welcomed Santa Clara County Supervisor Susan Ellenberg and Santa Clara Valley Water District Boardmember Linda J. LeZotte as commissioners, and San Jose City Councilmember Maya Esparza as an alternate commissioner.

Staff conducted separate orientation sessions for each of the newly appointed commissioners and their staff. The orientation program includes information on the history of LAFCO, its State mandate, its policies, the role of commissioners and staff, the application review process, and major LAFCO activities.

And in February 2019, the Commission presented Resolutions of Commendation to outgoing commissioners John Varela and Ken Yeager for their dedicated service to LAFCO.
FY 2019 FINANCIALS

Expenditures
- Salary & Benefits: $713,900
- Services & Supplies: $284,307
- Total: $998,207

Revenues
- Application Fees: $33,050
- Interest: $12,141
- Total: $45,191

Savings from FY 2018: $314,693
Reserves: $150,000

COST APPORTIONMENT / INTERGOVERNMENTAL REVENUES

- County of Santa Clara: 33.3% ($277,942)
- Independent Special Districts: 33.3% ($277,942)
- Other Cities: 16.7% ($138,971)
- City of San Jose: 16.7% ($138,971)
# LAFCO Application Processing Record

## July 1, 2018 to June 30, 2019

### City Conducted Annexations

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<th>CITY</th>
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<th>DATE RECORDED</th>
<th>DOCUMENT #</th>
<th>ACREAGE APPROVED</th>
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<td>Los Altos Hills</td>
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**Total City Conducted Annexations Acreage**: 16.38

### Annexations to Special Districts

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<tr>
<td>West Bay Sanitation District</td>
<td>West Bay Sanitary District 2018-01 (Arastradero Road)</td>
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<td>West Valley Sanitation District</td>
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**Total Special District Annexations Acreage**: 6.60

### Urban Service Area Amendment

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<td>Morgan Hill</td>
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**Total USA Amendment Acreage**: 0.00