

9. LOMA PRIETA RESOURCE CONSERVATION DISTRICT

AGENCY OVERVIEW

Loma Prieta Resource Conservation District (LPRCD) was formed as an independent special district in 1942 to provide soil conservation services for the southern portion of Santa Clara County and a portion of northern San Benito County. The RCD's boundary has changed over time such that it now only serves the area within Santa Clara County. The range of services has been expanded to include watershed-related programs in keeping with its authorizing legislation. A service review for the District was last conducted in 2005.

The principal act that governs the District is Division 9 of the California Public Resources Code.⁹⁸ The principal act empowers resource conservation districts to control runoff, prevent and control soil erosion, protect water quality, develop and distribute water, improve land capabilities, and facilitate coordinated resource management efforts for watershed restoration and enhancement.⁹⁹ Districts must apply and obtain LAFCO approval to exercise services authorized by the principal act but not already provided (i.e., latent powers) by the district at the end of 2000.¹⁰⁰

Type and Extent of Services

Services Provided

LPRCD is a non-regulatory agency with the mission of advising and assisting individuals and public agencies in the prevention of soil erosion, runoff control, development and use of water, land use planning, conservation of wildlife and other related natural resources. The District accomplishes its mission by promoting public awareness of the continuing need for resource conservation through educational workshops, informational fliers and papers, planning partnerships, and hands on cleanup or restoration projects, and as a conduit for or source of grant financing.

Projects LPRCD has sponsored, directly provided, or partnered with another organization are as follows:

⁹⁸ Public Resources Code §9001 et seq.

⁹⁹ Public Resources Code §9001.

¹⁰⁰ Government Code §56824.10.

- ❖ **Stewardship For Small Acreages:** Once a year LPRCD offers a four-week series of workshops for rural landowners with small farms, small horse ranches, or vineyards. Topics include soil conservation, septic systems, fire-safe landscaping and other related subjects. The workshops have averaged approximately 40 to 50 attendees. SCVWD provides initial information on the workshops to new landowners identified through the Tax Assessor's information, and then coordinates the registration process. LPRCD sponsors the workshop and is responsible for the meeting arrangements such as the location, refreshments, etc. Other contributing agencies include USDA Natural Resources Conservation Service, Santa Clara County Department of Environmental Health, UC Cooperative Extension, Santa Clara County FireSafe Council and Livestock and Land.
- ❖ **Creek Connections Action Group (CCAG):** A consortium of public agencies and non-profit organizations that share a goal of protecting Santa Clara County's waterways. These agencies include LPRCD, Santa Clara Valley Water District, Santa Clara County Parks and Recreation, Santa Clara Valley Urban Runoff Pollution Prevention Program, and the City of San José, among others. CCAG currently coordinates two waterway cleanups a year in Santa Clara County. LPRCD participates in the cleanups and assists by assembling volunteers for the efforts.
- ❖ **Informational brochures and white papers:** LPRCD makes available to the public several fliers and papers on various conservation topics, including Atmospheric Nitrogen Pollution (authored by LPRCD), Cover Crops for Santa Clara County Farmland (authored by LPRCD), Horse Owners Guide to Water Quality Protection (in cooperation with the Council of Bay Area RCDs), Irrigation Nutrient Management in Cantonese (sponsored by LPRCD), and the Guide to Stream/Wetland Project Permitting for Santa Clara County (in cooperation with the California Association of RCDs).
- ❖ **Upper Pajaro River Watershed (also known as the Uvas/Llagas Watershed) Partners in Restoration Permit Coordination Program:** LPRCD provides assistance in designing work plans, as well as technical and cost share assistance, for environmentally beneficial projects on private lands in the Upper Pajaro River or Uvas/Llagas Watershed. Program partners include San Benito RCD, Sustainable Conservation (an environmental non-profit partner), and USDA Natural Resources Conservation Service (NRCS).
- ❖ **The Livestock and Land Program:** The program offers assistance to livestock property owners in implementing best management practices through funding for land improvements, free site visits and consultations, workshops and trainings, and publications and brochures. This program is a collaborative effort between local RCDs in Santa Clara, Santa Cruz, San Benito, Monterey and San Mateo Counties and NRCS.

- ❖ Cañada de la Osos Ecological Reserve: LPRCD contributed to four restoration projects at the reserve in FYs 08-09 and 09-10 through grant funding and made contributions to a California deer publication.
- ❖ High School Educational Programs: LPRCD sponsors programs directed at educating high school age youth on resource conservation issues. LPRCD holds an annual Conservation Speak-Off Competition to select representatives for the statewide competition. The District sponsors a student for a week trip at Range Camp and hosts a land judging competition that solicits the participation of young adults from high schools within the District to experience hands-on conservation practices.
- ❖ Illegal Dumping Site Cleanup: LPRCD received a grant for \$48,000 from CAL Recycle to aid a landowner in cleaning up illegal dumping on private property that is not the responsibility of the landowner. LPRCD will administer the grant.
- ❖ Fire Management Chipping Program: LPRCD assists the Santa Clara County Fire Safe Council in promoting this program through informational handouts and calendars.
- ❖ Gilroy Demonstration Garden: LPRCD made contributions to the newly created garden in downtown Gilroy, which is intended to teach about environmentally sustainable gardening.
- ❖ California Association of RCDs Meeting Host: LPRCD hosted the Spring 2011 Central Coast area meeting of RCDs.
- ❖ Partnerships and Collaborations: The District participates in several partnerships and planning committees dedicated to various facets of regional resource conservation. These partnerships are listed in the Collaboration section of this chapter.

According to the District's annual workplan, LPRCD has plans to continue these projects, as well as initiate several other projects, including:

- 1) Participate in the review, implementation and completion of the Llagas Creek Flood Control project.
- 2) Develop an efficient program for the recycling of irrigation drip tape and film mulch for the agricultural community.
- 3) Respond to community concerns of noxious weeds and other invasive plant species.
- 4) Develop watershed projects, emphasizing the reduction of flood water and sediment damage, control of runoff and reduction of erosion, silt and Total Maximum Daily Loads (TMDL) of nitrogen, pesticides and fecal coliform pollution.

Collaboration

Many of the conservation agencies work closely together to promote communication, coordination and greater leveraging of resources. LPRCD operates under Memorandums of Understanding (MOUs) with the U.S. Department of Agriculture and the State of California. The latter agreement recognizes a commitment from the State in aiding administration, coordination, financing and delivery of the conservation programs through local conservation districts. Through another cooperative work agreement, LPRCD, NRCS, the California Association of RCDs, and the California Department of Conservation agree to share information and resources, when available, to capitalize on synergies in program effectiveness and reduce duplication of efforts and contradictory mandates.

There are a number of conservation-related resources available to the RCD to use in delivering its programs. The US Department of Agriculture's Natural Resources Conservation Service has offices in Hollister and Salinas. At one point Loma Prieta RCD was housed with the NRCS Gilroy Service Center, but the office merged with the San Benito Service Center, due to Federal Budget cuts. However, the District reported that NRCS staff assistance is still made available to the area and the RCD at levels similar to those offered prior to the merger. The RCD may also leverage the expertise of the University of California Cooperative Extension Program and the Santa Clara County Farm Bureau. In addition, the State Department of Conservation also provides programs and information to support and enhance the RCD's services.

Outside of these agreements, LPRCD engages in several collaborative efforts and partnerships, and participates in regional planning activities. Specifically, the District collaborates with eight RCDs in the Central Coast region, which extends from Santa Barbara to Monterey and sits on the committee for the Central Coast RCD Council as a voting member. Other affiliate organizations that LPRCD partners with, supports, and coordinates programs through include:

- Sustainable Conservation
- Santa Clara Valley Water District
- University of California Cooperative Extension
- USDA/Natural Resources Conservation Service
- Santa Clara County Department of Environmental Health
- Santa Clara County Fire Safe Councils
- Monterey Bay National Marine Sanctuary
- Santa Clara County Farm Bureau
- Regional Water Quality Control Board
- National Foundation for Agriculture in the Classroom
- Santa Clara Valley Water District Flood Control Committee
- Agriculture Water Quality Alliance

- Livestock and Land – Ecology Action
- Agriculture Water Advisory Committee
- Santa Clara County Agricultural Department
- Pajaro River Watershed Council

Service Area

LPRCD reported that district services primarily focus on ranchettes of one to five acres that are concentrated around San Martin, and from Holiday Lake Estates to Silver Ridge and the Santa Cruz countyline. A majority of the District's boundary area in the east is open space where there is less demand for services. LPRCD does not generally provide services within the incorporated cities; however, the District makes services available to anyone within or outside the District, and recently contributed to the Gilroy Demonstration Garden in downtown Gilroy. The District has also done projects in the Grant Ranch Park area in the past, which is outside the District's bounds and within Guadalupe-Coyote RCDs bounds.

Services to/from Other Agencies

The District does not provide services to or receive services from other agencies under contract.

Boundaries

Loma Prieta RCD encompasses approximately 296,863 acres. The RCD's original boundaries excluded the city limits of Gilroy and Morgan Hill, as well as the community of San Martin as they existed prior to July 13, 1942. The RCD's boundaries around the two cities and San Martin have not been updated since the RCD's inception, and the areas that were subsequently annexed by the cities are still within LPRCD's service area. The District's bounds and SOI are shown in Figure 9-1.

LPRCD's bounds encompass the southern portion of Santa Clara County. LPRCD is bordered on the east, south and west by Stanislaus, Merced, San Benito and Santa Cruz Counties. The RCD's service area is primarily rural and unincorporated with the exception of the portions of the Cities of Gilroy and Morgan Hill that are within the District's bounds. The District's northern boundary is contiguous with the Guadalupe-Coyote RCD.

Based on documentation provided by San Benito LAFCO, in 1981, the portions of Bolado-Fairview and San Felipe Soil Conservation Districts in Santa Clara County (in Pacheco Flats) were annexed into LPRCD, and the portions of those districts that were in San Benito County were annexed into San Benito RCD. The soil conservation districts were subsequently dissolved. Tax rate records have not been updated to reflect this change, and still show these areas as being within the Bolado-Fairview and San Felipe Soil Conservation Districts. The State Board of Equalization (BOE) also does not have records of this change. Loma Prieta RCD is not presently receiving property tax income from these areas, as this reorganization was likely not covered under the County's Master Tax Sharing Agreement,

which only applies to areas that were not previously receiving the services in question upon annexation. LAFCO is working with the BOE to formalize this change and update the tax rate area agency listing; however, in order for the District to begin receiving property tax revenue from this area, there would likely need to be a revenue transfer agreement with the County.

Provider Overlap

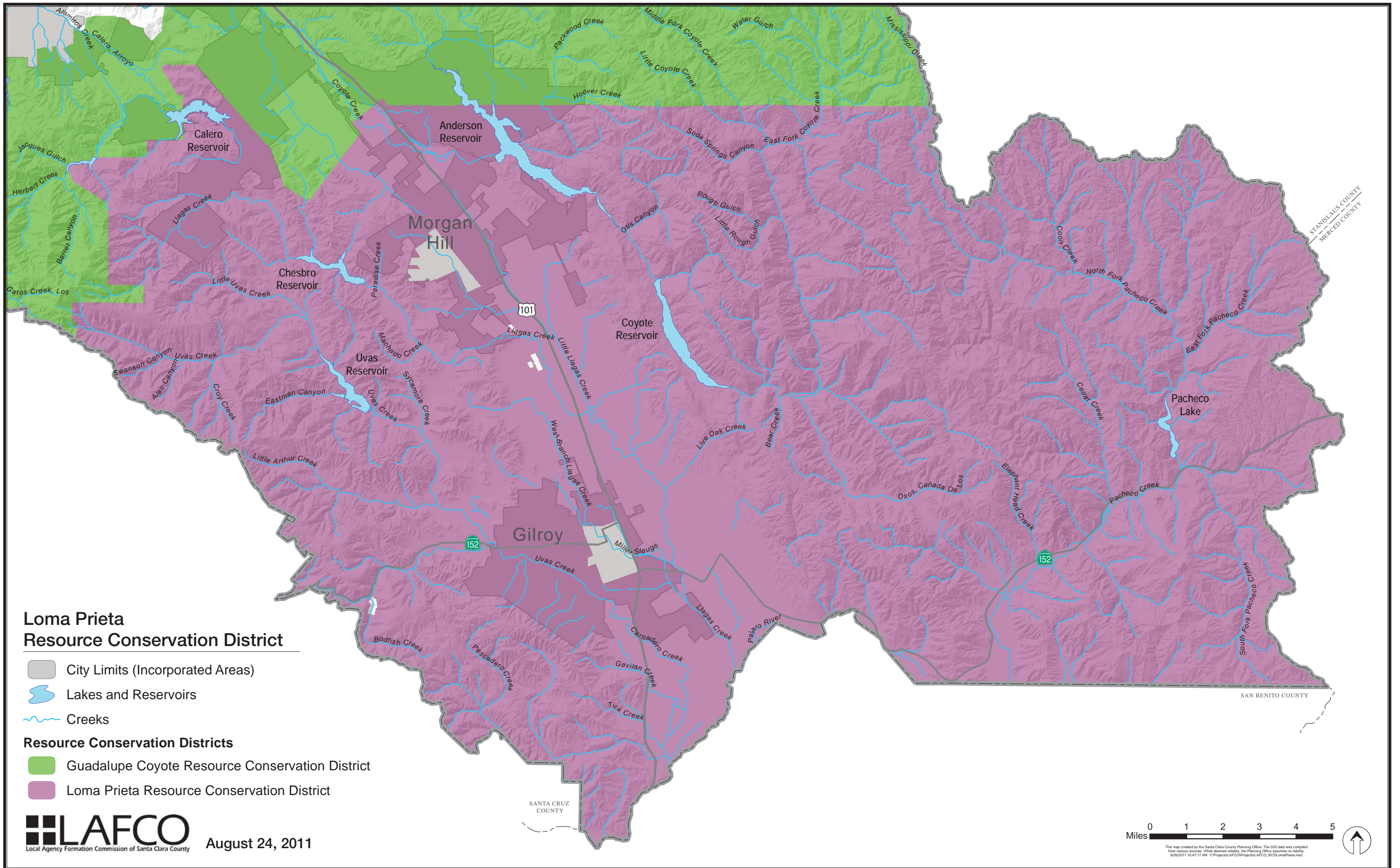
The District's bounds overlap with Santa Clara Valley Water District, which provides similar resource conservation services. LPRCD reports that although generally the category of services that are provided by the two districts are alike, the two districts provide services at differing levels of scope with divergent focuses that complement one another. LPRCD reportedly acts as a coordinator of events and activities providing a localized focus on land management and soil conservation, while SCVWD provides technical support and spearheads regionalized watershed stewardship and groundwater quality protection campaigns. Additionally, SCVWD watershed conservation programs are largely focused on northern Santa Clara County which lies within the Santa Clara Basin—through which the County's surface water supplies flow. LPRCD encompasses the Uvas/Llagas or Upper Pajaro Watershed, which flows southwesterly out of the County, and is not a primary surface water source, as water consumers in the southern portion of the County rely heavily on groundwater.

Based on conversations with both SCVWD and LPRCD, it appears that LPRCD provides a grass roots approach focused on agricultural programs that SCVWD does not generally provide. Additionally, LPRCD acts as a conduit for non-competitive federal grants through NRCS that are not available to SCVWD. The two agencies appear to have a good working relationship that limits any duplication of efforts.




Sphere of Influence



The District's Sphere of Influence is coterminous with its bounds and was last updated in 2007.

Figure 9-1



**Loma Prieta
Resource Conservation District**

-  City Limits (Incorporated Areas)
-  Lakes and Reservoirs
-  Creeks

- Resource Conservation Districts**
-  Guadalupe Coyote Resource Conservation District
 -  Loma Prieta Resource Conservation District

ACCOUNTABILITY AND GOVERNANCE

LPRCD is governed by a five-member Board of Directors. Directors are appointed by the County Board of Supervisors for staggered four-year terms, in accordance with Public Resources Code §9314(b). There are currently five members on the Board of Directors, supplemented by three Associate Directors. Board members do not receive compensation for services, with the exception of reimbursement for travel expenses. Current board member names, positions, and term expiration dates are shown in Figure 9-2.

The Board meets on the third Wednesday of every month at 8010 Wayland Lane, Suite 1D in Gilroy, California. Agendas and minutes are available upon request as well as on their website.

Figure 9-2: LPRCD Governing Body

Loma Prieta Resource Conservation District				
<i>District Contact Information</i>				
Contact:	Patty Marfia, Executive Director			
Address:	8010 Wayland Lane, Suite 1D, Gilroy, CA 95020			
Telephone:	408-847-4171			
Fax:	408-847-1521			
Email/website:	www.lomaprietarcd.org			
<i>Board of Directors</i>				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Steven (Burt) Malech	Chair	December 2012	Appointed	4 years
David Boll	Treasurer	December 2012	Appointed	4 years
Sandra Petersen	Director	December 2012	Appointed	4 years
Mary Anders	Director	December 2014	Appointed	4 years
David Robledo	Director	December 2012	Appointed	4 years
<i>Meetings</i>				
Date:	Third Wednesday of every month at 4:00pm.			
Location:	District Office at 8010 Wayland Lane, Suite 1D, Gilroy, CA.			
Agenda Distribution:	Posted on website.			
Minutes Distribution:	Available upon request and posted on website.			

In addition to the legally required agendas and minutes, the District undertakes several outreach and educational programs in an effort to keep constituents informed of services provided and district activities. As previously mentioned, the District makes informational brochures and papers available to the public and hosts or sponsors several workshops, educational competitions and meetings. The District maintains a website where documents are made available to the public. As one of the District's annual goals for FY 11-12, the District intends to maintain and update the lomaprietarcd.org website to publicize special events and conservation opportunities.

If a customer is dissatisfied with the District's services, that customer may call, email or mail the executive director of the District, who would be responsible for handling all complaints. The District reported that it had never received a complaint in the memorable history of the staff.

LPRCD demonstrated accountability and transparency in its disclosure of information and cooperation with Santa Clara LAFCO. The District responded to the questionnaires and cooperated with the document requests.

MANAGEMENT AND STAFFING

The District is managed and operated by an executive director and one contract office clerk, which equates to 0.75 full-time equivalents. The office clerk reports to the executive director who in turn reports to the Board. The District reported that it plans to get a grant administrator to work about two to three hours a week to manage the CAL Recycle grant and the reporting requirements related to the grant. Currently, the District receives grant writing support from Solano County RCD.

The District's executive director performs evaluations of contractors, and the Board evaluates the executive director. Personnel evaluations are not held on a regular basis, but are completed as funding and time permits.

The District tracks the workload handled by the agency and its staff through timesheets and travel log forms. The District also records the number of acres that have made use of district services. Additionally, during the course of the CAL Recycle grant, the District will be required to report regularly on the timeline and status of the project.

The District's performance is informally evaluated annually during the budget process, as well as during the development of the annual work plan. The District reported that the goals in the work plan generally remain the same from year to year, as those are projects/programs the District has determined to be successful. Additionally, the District requires that any program using LPRCD funds must submit a report to the District upon completion of the project.

The District sets and adopts goals through its annual work plan and long range plan. The District has started the process of compiling a strategic plan, which will narrow the District's focus and quantify measures of accomplishing goals.

To improve its operational efficiency the District hired a contract employee, which has allowed the executive director to focus efforts on balancing the budget and minimizing costs. In the last three years (2008-2010), the District has made several changes to improve its operational efficiency, including: 1) switching over to contract employees, 2) renegotiating rent and lease contracts, 3) transitioning to Quickbooks, 4) initiating grant writing to draw in additional funds to augment administrative funds, and 5) capitalizing on services that are available for free through NRCS.

The District's financial planning efforts include an annually adopted budget and financial statements that are audited on a triennial basis. The District does not conduct capital improvement planning as they neither own nor share any facilities. The basic financial records of the RCD are maintained by the office of the County Auditor-Controller.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year. The Board of Supervisors may approve an alternative submittal schedule for each special district depending on income, but at a minimum all districts must submit audited financial statements every five years.¹⁰¹ In the case of LPRCD, they are required to submit audited financial statements every three years. The County reported that LPRCD has complied with these requirements.

The District's other planning documents include a strategic plan in progress, a long range plan for the years 2007–2012, and an annual work plan for FY 10-11. Division 9 of the Public Resource Code outlines the content of the long range plan and annual work plan; however, LPRCD's plans fail to include a majority of the information itemized in the principal act.¹⁰² It is recommended that LPRCD more closely align its long range and annual work plans with the functions described in its principal act. The District reported that it plans to address this issue during this next plan development process at the end of 2012.

The District also makes use of the California Conservation Partnership and California Department of Conservation's guidebook entitled *The Resource Conservation District Guidebook: A Guide to District Operations and Management* (1999) for planning purposes.

POPULATION AND PROJECTED GROWTH

Based on GIS analysis of 2010 census data, LPRCD has a population of approximately 75,757.

ABAG projects that the population of Santa Clara County will grow by 33 percent by 2035, with an average annual growth rate of 1.2 percent countywide. ABAG's population projections for 2010 were slightly higher than the actual population reported in the 2010 Census. Population projections have been adjusted assuming ABAG's projected rate of growth from the 2010 Census population. The unincorporated areas of the District are projected to have an average annual growth rate of 0.7 percent, while the City of Gilroy and the City of Morgan Hill will have annual growth rates of 1.3 and 0.9 percent respectively. Based on these projections, the District will have an estimated population of 90,190 in 2035.

Generally, population within the District is expected to be modest and concentrated within the Urban Service Area of each city. Although not as dramatic, the land use and

¹⁰¹ Government Code §26909.

¹⁰² Public Resource Code §9413.

population outside the two Urban Service Areas is changing as well. Economics and changing demographics have generated a trend from large agricultural enterprises to smaller operations, such as three to five-acre farms, small horse ranches and vineyards. The need for landowner services will increase in order to maintain environmental quality and adequate soil/water conservation. In response to this trend, the RCD's services are primarily focused on landowner education for these ranchettes.

LPRCD reported that it does not make formal population projections, as population growth does not necessarily impact the level of demand for RCD services, but instead influences the type of services that are offered. As the County develops, less land will be available for agricultural purposes and thus demand for the District's agricultural services will decline. However, as areas urbanize and urban runoff, litter and manmade structures affect water quality and wildlife, there will be a greater need for other types of conservation programs. In addition, the recent trend to be more environmentally conscious combined with LPRCD outreach activities has increased public awareness of ecological needs in the area. LPRCD reported that it had experienced a general increase in demand, which the District attributes to the increase in awareness and a growing change in attitude about stewardship, recycling and other land conservation practices, as opposed to population growth.

Specific planned and proposed developments within the District include the Eagle Ridge development, which is nearing completion, and two new high schools. The District was not aware of any other active planned or proposed developments. The District reported that it generally reviews all development applications that are provided by the cities, but has not received any proposals in a while due to the decline in the housing market.

FINANCING

Financial Adequacy

LPRCD reported that the current financing level was generally inadequate to provide services as property tax revenues have declined and no longer cover annual expenditures. In FYs 08-09, 09-10 and 10-11, the District's expenditures exceeded revenues, and the District was forced to dip into reserves. The District has instituted strategies to minimize expenses by hiring contract personnel and eliminating benefit costs. The District has also started searching for grant funds to augment the District's annual property tax revenue.

Revenue Sources

LPRCD is funded by its share of the one percent property tax (\$60,375 in FY 09-10) as well as interest income (\$1,063 in FY 09-10). The District's property tax share for FYs 07, 08 and 09 was 0.69, 0.70 and 0.71 percent, respectively. Similar to other agencies that rely on property tax income, LPRCD has experienced a decline in this revenue source, due to decreasing assessed property values.

The District has started to aggressively search for grants, and recently was awarded a grant for \$48,000 to cleanup illegal dumpsites. The grant will be used in FY 11-12. The District has also received funds from NRCS (\$4,000) and the Agriculture Water Quality Alliance (\$4,000) for irrigation and nutrient management workshops. The District hopes to continue to capitalize on available grant funding.

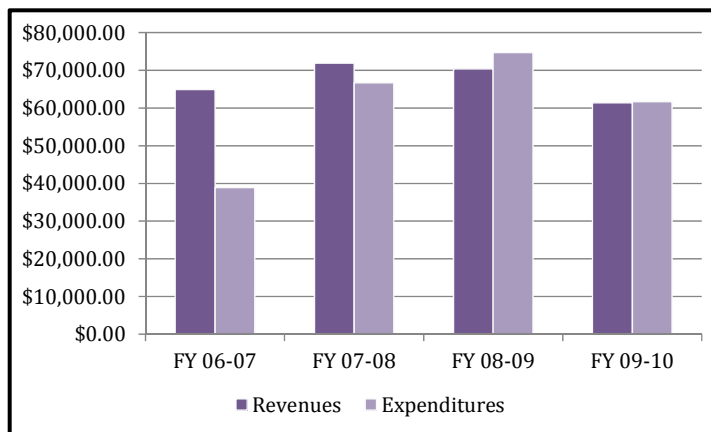
LPRCD does not charge fees for its services, other than a nominal registration fee for the workshops. A potential revenue source may be fees for technical services that other RCDs have implemented. Under Division 9 of the California Public Resources Code, RCDs are permitted to function to a certain degree as enterprise districts, because they are empowered to charge reasonable fees for services rendered to individuals and agencies.¹⁰³ Other RCDs that charge fees for services generally provide contract services to the County or other agencies.

Expenditures

District expenditures in FY 09-10 were \$61,726, and were comprised of salary and benefits (46 percent), administrative costs (24 percent), special project costs (17 percent), and rent (13 percent).

Figure 9-3: Expenditures and Revenues (FYs 07-10)

The District's revenues and expenditures over the last four years are shown in Figure 9-3. Revenues have generally declined since FY 07-08, while expenditures peaked in FY 08-09, and exceeded revenues.



Capital Outlays

The District does not have capital expenditures as it does not own or maintain any fixed assets.

Long-term Debt

The District had no long term debt at the end of FY 09-10.

¹⁰³ Public Resources Code §9403.5.

Reserves

The District has an informal policy to set aside \$500 annually for contingencies throughout the year and \$40,000 for requests for special projects. At the end of FY 09-10, the District had a cash fund balance of \$142,876, which equates to almost 28 months of operating expenditures for the District.

INFRASTRUCTURE AND FACILITIES

The District currently does not own or maintain any facilities and consequently does not have any infrastructure needs or deficiencies attributed to district-owned assets. Instead, the watersheds in the area may appropriately be referred to as district infrastructure, as they define the demand for district services.

Watershed Stewardship Infrastructure

While the District does not own facilities with regard to watershed stewardship, its bounds include the Uvas/Llagas and Coyote Watersheds.

Infrastructure Needs

Water bodies within LPRCD that are significantly affected by pollutants and classified as impaired include Coyote Creek and the Pajaro River. Coyote Creek is impaired by diazinon and has a high priority level as determined by the San Francisco Bay Regional Water Quality Control Board. Pajaro River is impaired by fecal coliform and boron as determined by the Central Coast Regional Water Quality Control Board.

Capital Improvement Plans

The District does not have any plans specifically related to these impaired water bodies, but has identified a goal to develop projects related to these pollutants.

Shared Facilities

Loma Prieta regularly shares facilities and programs to maximize its outreach and education efforts. The RCD has entered into MOUs with the Department of Conservation, the Central Coast Resource Conservation and Development Association and the USDA/NRCS.

For the purposes of providing technical assistance to landowners, convening working group meetings, collaborating with district directors and staff on issues of soil erosion, water quality and other natural resource concerns, the NRCS is offered working space at the district office.

LOMA PRIETA RESOURCE CONSERVATION DISTRICT SERVICE REVIEW DETERMINATIONS

Growth and Population Projections

- ❖ The estimated population of Loma Prieta RCD is 75,757.
- ❖ Generally, population growth within the District is expected to be modest and concentrated within the Urban Service Area of each city. The District is projected to have a population of approximately 99,530 in 2035.
- ❖ Population growth does not necessarily impact the level of demand for RCD services, but instead influences the type of services that are offered. There has been an increase in demand for landowner services of small farms and ranchettes. This trend is anticipated to continue.
- ❖ LPRCD has experienced a general increase in demand, which the District attributes to an increase in environmental awareness and a growing change in attitude about stewardship, recycling and other land conservation practices, as opposed to population growth.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- ❖ LPRCD does not own or operate facilities or infrastructure.
- ❖ The District appears to have the capacity to handle present demand for services. Any increase in demand would require additional funding and staffing to address.
- ❖ The District is providing adequate services given financial constraints, based on the breadth and quality of services provided and professional management practices.
- ❖ LPRCD is a well-managed agency that conducts annual employee and agency performance evaluations, tracks employee and district workload, maintains up-to-date financial information and budgets, and conducts annual and long-term planning for future service needs. The District could improve its annual and long-range plans by more closely aligning the functions of the plans with those outlined in the RCD principal act.
- ❖ LPRCD submits audited financial statements to the County, as required by State law.

Financial Ability of Agency to Provide Services

- ❖ LPRCD's financing level is considered inadequate to provide services as property tax revenues have declined and no longer cover annual district expenditures. In FYs 08-09, 09-10 and 10-11, the District's expenditures exceeded revenues, and the District was forced to dip into reserves.
- ❖ LPRCD's financial ability to provide services is constrained by limited property tax revenues, the State property tax withholding, and a decline in available grant funding.
- ❖ The District has instituted strategies to minimize expenses by hiring contract personnel and eliminating benefit costs. The District has also started searching for grant funds to augment the District's annual property tax revenue.
- ❖ LPRCD maintains considerable reserves to compensate for funding shortfalls in the long-term.

Status and Opportunities for Shared Facilities

- ❖ LPRCD regularly shares facilities and programs to maximize its outreach and education efforts. LPRCD has entered into MOUs with the Department of Conservation, the Central Coast Resource Conservation and Development Association and the USDA/NRCS. Additionally, NRCS is offered working space at the district office.
- ❖ No additional opportunities for facility sharing were identified.

Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

- ❖ Accountability is best ensured when contested elections are held for governing body seats, constituent outreach is conducted to promote accountability and to ensure that constituents are informed and not disenfranchised, and public agency operations and management are transparent to the public. LPRCD appears to generally be accountable to the public based on these indicators; however, board members are appointed, not elected, which constrains accountability to the constituents.

Governance Structure Options

Three governance structure options were identified for LPRCD: 1) reorganization with Santa Clara Valley Water District, 2) consolidation with a neighboring RCD, and 3) annexation or detachment of incorporated areas.

Reorganization with Santa Clara Valley Water District

LPRCD's bounds overlap with that of Santa Clara Valley Water District (SCVWD), which provides similar resource conservation services. As the two agencies are empowered to provide the same general category of water conservation services, there is the potential for duplication of services. LPRCD is empowered to provide both watershed stewardship and land management services to control runoff, prevent and control soil erosion, protect water quality, develop and distribute water, improve land capabilities, and facilitate coordinated resource management efforts for watershed restoration and enhancement.¹⁰⁴ Similarly, SCVWD is empowered to provide comprehensive water management for all beneficial uses and protection from flooding within Santa Clara County.¹⁰⁵

As identified in the Agency Overview section of this chapter, there appears to be little to no duplication of the services offered between the two districts, as the two districts provide services at differing levels of scope with divergent focuses that complement one another. Additionally, the two agencies appear to have a good working relationship that promotes communication and limits any duplication of efforts.

However, given that both agencies are making use of property tax revenue to finance similar services, LAFCO may choose to reorganize LPRCD and SCVWD, in order to eliminate any potential for duplication of services. With this option, the RCD would either be dissolved and SCVWD would be responsible for providing resource conservation programs to the extent it is authorized in its enabling act or the two agencies would be consolidated into a single agency designated as SCVWD with the same enabling act. Both of these options could be initiated by LAFCO or the agencies. In both scenarios, the transfer of the property tax would be negotiated by the County on behalf of the district.

The primary advantages of this option are the prevention of any duplicate services, enhanced leveraging of property tax revenue through a single entity for conservation purposes, and reduced administration costs. Presently, both agencies make use of property tax revenues to provide conservation services. Aggregating all property tax revenue under the control of a single resource conservation provider would allow for greater "purchasing power" and maximize the impact of the services provided. Additionally, by eliminating the governmental structure of one agency, a smaller portion of the available funding pool would be used for administrative purposes. Yet, given the size of SCVWD's watershed stewardship and flood control operations (\$51.8 million in FY 09-10), the effect of this additional revenue (\$60,375 in FY 09-10) would most likely be minimal.

The disadvantages to this option are a perceived loss of local control and public access, a narrower range of services available to residents, a lack of certainty as to how the property tax funding would be used, and restricted access to NRCS funding.

¹⁰⁴ Public Resources Code §9001.

¹⁰⁵ Santa Clara Valley Water District Act, §4.

SCVWD, as a large professionally run agency that employs 761 staff, may appear removed and inaccessible to residents outside of San Jose, where SCVWD is headquartered. LPRCD is operated by 0.75 staff and the five board members, which fosters local control and the seeming ease of access and approachability of the District.

While the resource conservation programs and services the SCVWD is authorized to provide are broad in scope, they must in some way relate to water resource management and flood protection. The RCD is not limited in this way and can provide programs that are related to a wide range of conservation issues. LPRCD acts as a coordinator of events and activities providing a localized focus on land management and soil conservation, while SCVWD provides technical support and spearheads regionalized watershed stewardship and groundwater quality protection campaigns. Additionally, SCVWD watershed conservation programs are largely focused on northern Santa Clara County, while LPRCD encompasses the Uvas/Llagas Watershed in the southern portion of the County. As SCVWD does not place the same priorities on programs as the RCD, reorganization of the agencies would likely result in a change of services or programs. Given that SCVWD is not authorized to provide soil conservation services unless they are related to water resource management or flood control, these services would need to be continued by another agency such as NRCS.

Equally important is consideration for how the property tax funding could be used in the future. Watershed management is a core business for SCVWD and receives a significant amount of funding. SCVWD is a countywide district and there is no requirement and no means to ensure that the property tax funding collected locally within the LPRCD service area is used for local programs.

Finally, LPRCD acts as a conduit for non-competitive federal grants from NRCS, which are not available to SCVWD. Should SCVWD be the successor agency, conservation efforts in Santa Clara County would no longer be eligible for these funds. However, NRCS does make other grant funds available to agencies on a competitive basis.

Consolidation with a Neighboring Resource Conservation District

A potential governance structure option may be consolidation of LPRCD with a neighboring provider. Options include Guadalupe-Coyote RCD (GCRC) or San Benito RCD (SBRCD). GCRC abuts LRPRCD in the north, while SBRCD is contiguous to LPRCD in the south.

Possible benefits of an RCD consolidation may be capitalizing on each other's existing programming, economies of scale, greater regional collaboration and planning on regional issues and concerns with regard to watersheds that cross RCD boundaries, better leveraging of limited funding, and improved efficiency for funding projects at a regional level. Given LPRCD's present financial constraints, improved efficiencies and reduced competition for grant funding would greatly benefit the District.

Together, GCRC and LPRCD serve a large majority of the territory within Santa Clara County, with the exception of the urban cores of the cities. The primary benefit of

consolidation of GCRC and LPRCD and creation of a countywide resource conservation district would be comprehensive conservation coverage throughout the County with uniform programming. At present, the programming of these two agencies greatly varies. LPRCD focuses largely on soil conservation and land management services, while GCRC concentrates efforts on watershed stewardship activities. Consolidation would allow for shared programming between the two agencies and expand the types of services offered throughout the County.

Additionally, both agencies reported that financing levels were generally inadequate to provide services. Presently, both agencies are largely dependent on property tax revenues to provide conservation services. Aggregating all property tax revenue under the control of a single resource conservation provider, would allow for greater leveraging of available resources. Moreover, by eliminating the management and governing body of one agency, a smaller portion of the available funding pool would be used for administrative purposes.

Although the consolidation of LPRCD and GCRC has the potential for significant benefits, there are several challenges and disadvantages to such a governance structure option. The challenges to consolidation include the dissimilarity in the type of territory served in each district and the difference in programming. GCRC serves the more urban and suburban area in the northern portion of the County, while LPRCD serves a more agricultural and rural area in the southern portion of the County. Consequently, LPRCD's services are more focused on soil conservation and land management of small acreage agricultural lands, while GCRC focuses on watershed stewardship in the heavily impacted urban centers. The variation in the composition of land between the two districts would force the newly consolidated district to either offer a wide variety of services for all types of land use or specialize in only a few types of services.

LPRCD and GCRC both indicated that consolidation of the two agencies was not a desirable option, given the differences previously cited. The districts do not presently participate in collaborative activities of any kind together, and lack a working relationship. The two districts should explore further options to share resources and expertise and evaluate the potential to collaborate on achieving any common goals.

Another option for consolidation may be between LPRCD and San Benito RCD. Consolidation of LPRCD with San Benito RCD would create a multi-county RCD; there are at least 13 such RCDs in California that overlap two or more counties.

LPRCD and SBRC both serve the greater Pajaro River Watershed (of which the Uvas/Llagas Watershed is a part). There is a trend toward a more regionalized approach to watershed management. This option would promote regional planning and funding of watershed stewardship activities, eliminating the current patchwork style of conservation efforts for the watershed.

The two RCDs provide similar programming to rural and agricultural communities. However, San Benito RCD does not receive property tax revenue and has a significantly smaller budget than LPRCD, indicating significant challenges to any consolidation of these

two districts. Without similar revenue sources and budget sizes, there is no way to ensure that property tax revenue from the LPRCD territory is being used for service in that area. It appears that consolidation of these two agencies may not be feasible in the short-term, but may be an option in the future, should SBRCDD find additional financing.

Annexation or Detachment of Incorporated Areas

This option would involve making boundary adjustments in the Gilroy and Morgan Hill areas by either detaching all incorporated territory or annexing the city centers that remain excluded from LPRCD. When LPRCD was originally formed, it was intended to provide soil and water conservation services to rural areas outside the cities and the San Martin area. As areas were annexed by the cities there were no subsequent detachments from the RCD's boundaries.

Detachment of these areas would restore the RCD's boundaries to the original intent by removing any areas annexed to the Cities of Gilroy or Morgan Hill. The RCD's share of the one percent property tax for the detached areas would be reallocated to each taxing jurisdiction within that Tax Rate Area. The primary advantage includes increased public benefit from the property tax funding in those areas as the funding is reallocated to other public services. The RCD was formed to serve rural areas and its core programs provide greater benefit to those areas over more developed areas. Based on the RCD's existing programs, the drop in service levels within the annexed areas would be minimal and could be addressed through the programs the SCVWD is currently providing. City residents could still participate in LPRCD sponsored programs.

There are several disadvantages to this option. First, removing these areas may limit the scope and scale of programs that could be provided in the future. Second, the RCD's operating revenue would be reduced per the amount and valuation of the detached areas and the District would no longer be compensated for services provided in these areas. Third, residents within the cities may place a high value on the services provided by the RCD and there may be a potential lack of community support for any change.

The alternative option is to annex those excluded areas to ensure consistent and comprehensive coverage within the District's boundaries. While it was the original intent at the time of formation that the cities be excluded, the demand for services is shifting from rural lands to more developed areas. The California Public Resources Code §9152 authorizes other lands besides agricultural lands to be included within the District if necessary for the control of runoff, the prevention or control of soil erosion, the development and distribution of water, land improvement, and for fully accomplishing the purposes for which the district is formed. LPRCD has in the past provided services within the City of Gilroy, where it is not receiving compensation for services. Annexation of these areas would allow the District to recoup costs related to services provided there.

- ❖ Three governance structure options were identified for LPRCD: 1) reorganization with Santa Clara Valley Water District, 2) consolidation with a neighboring RCD, and 3) annexation or detachment of incorporated areas.

LOMA PRIETA RESOURCE CONSERVATION DISTRICT SPHERE OF INFLUENCE UPDATE

Existing Sphere of Influence Boundary

The District's SOI is coterminous with its boundaries. The SOI was last updated in 2007.

Recommended Sphere of Influence Boundary

It is recommended that the District's SOI be expanded to include the Cities of Gilroy and Morgan Hill in their entirety and the community of San Martin. This SOI would indicate that LAFCO anticipates the eventual annexation of these areas by LPRCD. By annexing these areas, LPRCD will be able to recoup the costs for services provided by receiving a share of the property tax revenues in these areas. Although, at present, the District does not provide a large amount of services within the cities, it appears that there is a growing trend of awareness of conservation efforts that has shifted demand to the more urban areas. Resource conservation services do not themselves induce or encourage growth, and no change to the present or planned uses will result from this SOI update.

Annexation of these areas would have to be initiated by LPRCD, through an application to LAFCO. Based on the County's Master Tax Sharing Agreement, upon annexation, LPRCD would receive a share of the property tax increment in these areas.

Proposed Sphere of Influence Determinations

Present and planned land uses in the area, including agricultural and open-space lands

LPRCD serves the southern portion of Santa Clara County. LPRCD is bordered on the east, south and west by Stanislaus, Merced, San Benito and Santa Cruz Counties. Present land uses include urban development in and around the incorporated Cities of Gilroy and Morgan Hill, in the community of San Martin and along the Highway 101 corridor. The majority of the area within the boundary of the RCD is unincorporated and rural with a large expanse of mountainous area. A significant portion of the area has agricultural land uses. Public lands in the area include the Henry Coe State Park and several large County Parks.

Present and probable need for public facilities and services in the area

LPRCD provides services related to prevention of soil erosion, runoff control, development, and use of water, land use planning, and conservation of wildlife and other natural resources. The area has a long agricultural history, and land stewardship is important for the protection and appropriate use of resources, particularly as larger agricultural operations transition to smaller farms, vineyards, and small ranches.

LPRCD reported that it had experienced a general increase in demand, which the District attributes to the increase in awareness and a growing change in attitude about stewardship, recycling and other land conservation practices, as opposed to population growth.

Generally, population within the District is expected to be modest and concentrated within the Urban Service Area of each city. Although not as dramatic, the land use and population outside the two Urban Service Areas is changing as well. Economics and changing demographics have generated a trend from large agricultural enterprises to smaller operations, such as three to five-acre farms, small horse ranches and vineyards. The need for landowner services will increase in order to maintain environmental quality and adequate soil/water conservation.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

The District does not own or maintain facilities to provide services. LPRCD appears to have the capacity to handle present demand for services. Any increase in demand would require additional funding and staffing to address. The District is providing adequate services given financial constraints, based on the breadth and quality of services provided and professional management practices.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

LPRCD serves the rural area of southern Santa Clara County, including a portion of the Cities of Gilroy and Morgan Hill and the unincorporated San Martin community. The residents and landowners within southern Santa Clara County have an economic interest in the programs and services provided by the District as a portion of the property tax funds district services. Presently, the Cities of Morgan Hill and Gilroy are divided, as only a portion of the population in these cities is within the District's bounds. The SOI update will promote the inclusion of these communities of interest, in their entirety, within the bounds of the District.