

PROCEEDINGS OF THE  
LOCAL AGENCY FORMATION COMMISSION  
SANTA CRUZ COUNTY

Wednesday, December 5, 2007  
9:30 a.m.

701 Ocean Street,  
Room 525,  
Santa Cruz,  
California

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The December 5, 2007 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson, Tony Campos.

ROLL CALL

Present and Voting: Commissioners Rapoza, Pirie, Roger Anderson, Begun, Jim Anderson, Barrett, and Chairperson Campos  
Absent: None  
Alternate Present: Bell, Coonerty, Estrada, Reilly  
Alternates Absent: None  
Staff: Patrick M. McCormick, Executive Officer  
Chris Cheleden, LAFCO Counsel  
Debra Means, Secretary-Clerk

MINUTES

September 5, 2007

MOTION AND ACTION

Motion: Rapoza Second: Pirie	To approve the minutes for September 5 <sup>th</sup> . Motion passes with a unanimous voice vote.
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BUSINESS

DRAFT POLICY TO IMPLEMENT ASSEMBLY BILL 745 CONCERNING DISCLOSURE OF POLITICAL CONTRIBUTIONS AND EXPENDITURES REGARDING LAFCO PROCEEDINGS

Mr. McCormick says Assembly Bill 745 of the 2007 session concerns disclosures and political contributions that interest groups spend to support or oppose proposals that are pending before LAFCO. The staff has prepared a set of draft

policies that would amend the Commission's policies regarding these disclosures. A typical expenditure would be buying an ad in a newspaper supporting or opposing the petition being circulated for an annexation.

CALAFCO has presented the Commission with several models of language that might be used. He suggests scheduling these policies for adoption at a public hearing at the next meeting.

**MOTION AND ACTION**

Motion: Barrett Second: Begun	To accept staff's recommendation. Motion carries with a unanimous voice vote.
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**COMPLETION OF THE COUNTYWIDE SERVICE REVIEW AND REQUEST FOR AFFECTED AGENCY BOARD FEEDBACK ON SOUTH COUNTY FIRE SERVICE STUDY**

Mr. McCormick suggests that the Commission accept and adopt the South County Fire Study with the amendments that were made following the hearing. The staff of all the South County fire agencies worked with the LAFCO consultant to look at alternatives for improving fire protection in South County. Some of the alternatives are clearly more expensive.

He thinks there needs to be more discussion about whether any of the alternatives would work for the fire agencies. He recommends that the Chair write a letter to each fire agencies' boards asking for feedback and to continue discussing the options that were identified in the report.

Commissioner Pirie asks if the Commission is asking the fire agencies to respond to the various consolidation possibilities.

Mr. McCormick answers yes.

Chairperson Campos thought there was good participation. He thinks the agencies have some good ideas about future fire coverage in the South County.

**MOTION AND ACTION**

Motion: Pirie Second: Rapoza	To approve staff's recommendations. Motion carries with a unanimous voice vote.
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**FIVE YEAR SPHERE OF INFLUENCE REVIEW**

Mr. McCormick says State law requires the LAFCO Commission review all spheres of influence once every five years. This section requires these reviews to occur beginning January 1, 2008. In Santa Cruz County, there are 82 agencies subject to LAFCO's boundary review. State law also requires LAFCO adopt a sphere of influence (a plan for the probable future boundaries and service area) for each agency and to review them at least once every five years.

He has surveyed all of the agencies in two phases, once in 2005 and once in 2007, and asked them what changes they are thinking of or would contemplate upon a review. 65 out of 82 agencies are happy with the status quo. He believes these 65 agencies do not have any boundary issues that are not already evaluated in the existing spheres of influence and there are not any service issues. An example of a service issue could be a water agency with an inadequate water supply.

He has laid out some principles (page 36 of the agenda packet) for approaching this five-year round of service reviews. Each review should be done based upon a noticed public hearing. On page 37 of the agenda packet, he outlines a 2008 schedule reviewing the spheres of influence, starting with the 65 agencies that have no issues.

He has prioritized the other agencies' reviews based upon what pending applications the Commission has or is likely to receive. The reviews that occur earlier in the year, such as the fire agencies in February, would be completed in a timely fashion so that the Commission can review future fire agencies' applications.

Commissioner Roger Anderson adds that some reviews will take some effort. He asks if staff is going to seek a consultant to help with some of these issues. He also asks which of these timelines could be in jeopardy of being ready to present to the Commission.

Mr. McCormick answers that the fire agencies review in February 2008 is not likely to be resolved at the first public hearing.

The Commission has a modest budget to use for one consultant per year, if necessary. If there is a major analysis that needs to be done, the Commission will not proceed with their sphere of influence amendments at its own cost. The Commission will acknowledge the existing sphere of influence and let the affected public agency file for a sphere of influence amendment with documentation.

The City of Watsonville, for example, is preparing a General Plan with an Environmental Impact Report. There is a Measure U growth initiative that includes an orderly sequence of annexations. It would not make sense for LAFCO to proceed separately with a major costly project when Watsonville is coming to LAFCO with an application package.

He is presuming he will not use a consultant for any of these reviews. If a big sphere of influence amendment issue comes up at a hearing, and the Commission decides to absorb the cost, the Commission can use the consultant budget. An example of this happening could be the Pajaro Valley Water Management Agency.

He will talk to the agencies, notice the public, and bring the Commission options if a minor set of sphere maintenance can be done in-house. If the public or the agencies wants to do more, they will have to go through the normal process of applying to LAFCO. Any agency or member of the public can file for a sphere of influence amendment and bear the cost themselves. He is trying to go through this process at the lowest level of cost that still meets the intent of the laws. The Commission may have to decide whether they want to absorb some of the cost.

Commissioner Pirie asks if this LAFCO is already behind in schedule according to the legislation because it says:

“On or before January, 1, 2008, the Commission shall, as necessary, review and update each sphere of influence.”

Mr. McCormick says it would have been preferable to complete the 82 sphere of influence reviews by the end of this meeting. By the time any of the pending applications come to hearing, the sphere of influence reviews will have been scheduled and hopefully completed for all of the affected agencies.

Counsel Cheleden adds now that the municipal service reviews are done, this will facilitate the sphere of influence reviews. Peter Detwiler, a legislative staffer in Sacramento, wrote an article saying that LAFCO actions could be subject to a potential challenge if the sphere of influence reviews were not updated and consistent with State law. Every LAFCO action has to make a finding of consistency with the spheres of influence. There is some concern that, if a boundary change proposal was adopted in a particular jurisdiction and the applicable sphere of influence had not been updated, an opponent could challenge the proposal saying the sphere of influence is not valid. The spheres of influence for this LAFCO will have been updated by the time any future controversial proposals come to LAFCO. It is still disputed whether or not a LAFCO action can

be overturned because of a failure to meet the timeline on the Legislature for the sphere of influence updates.

Commissioner Pirie asks how and when are the agencies whose spheres will be reviewed going to be notified. She thinks they would need at least a couple months to think about their issues and bring it to their board.

Mr. McCormick says they were asked in 2005 when the original service review was being compiled. This year (2007), he took each agency's comments from 2005, attached a cover letter, sent their comments out to the agency, and asked them if they still agree with their 2005 comments. He will contact them again to inform them about preparing their sphere of influence review for a public hearing on a certain date. There will also be an environmental review.

Commissioner Pirie asks if the 65 agencies that do not have any issues now can change their comments at a later date if they find they do have some issues.

Mr. McCormick answers yes. The public will also be noticed so there may be additional information from the public or an affected homeowner association. We may find out there are a few agencies of those 65 agencies that really do have issues.

#### MOTION AND ACTION

Motion: Pirie Second: Barrett	To approve staff's recommendations. Motion carries with a unanimous voice vote.
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#### STATUS OF PROPOSALS INCLUDING PROPOSED FORMATION OF BONNY DOON FIRE PROTECTION DISTRICT

Mr. McCormick reports that there has been a pending application from the residents of Bonny Doon for more than a year. The residents want to form their own fire protection district. There are boundary issues that need to be resolved surrounding the proposed area. If the Bonny Doon proposal were to go forward, he is in the process of asking adjacent fire agencies who should cover the areas not in the proposed new district or in any existing surrounding fire district. There should not be any service islands between two agencies. He will meet with the Boulder Creek Fire Board next week.

There are about 2,500 people in Bonny Doon, which comprises about 49 square miles. The residents are proposing to detach from County Service Area 48. CSA 48 covers approximately 24,000 people and 286 square miles. 24,000 people is about

the same population that is in the Aptos/La Selva Fire Protection District. Even though CSA 48 is quite spread out, the population being protected is a midsize district for the County, in terms of population. CSA 48 is operating on a much more modest budget than Aptos/La Selva Fire District, which results in a lower level of service for the rural area.

There are some major issues to work through, particularly the fiscal effect on CSA 48. This proposal would take a lot of revenue away from County Fire and would not save them much money on the expense side. The County and the proponents are still in the process of negotiating the assets to see under what conditions the County would let go of its fire assets. Their assets include two fire stations and associated apparatus. The County is also looking at major reorganization alternatives.

He is still not close to completing his staff report. He is dealing with boundary issues and working with the County and the Bonny Doon proponents to see whether Bonny Doon could form their own fire district and not significantly hurt County Fire's ability to provide fire protection to the people who would remain under County Fire's jurisdiction.

Commissioner Begun asks if he can estimate the completion date of his staff report.

Mr. McCormick is hoping that the negotiations between the County and the district proponents will produce the information needed to complete his report.

When the report is close to completion, he will inform the Commission so a release date and a public hearing date can be set. He knows the proponents are anxious to go forward with the proposal. If he produced a staff report now, the Commission would get less than a full examination of the alternatives. He thinks it is also to the proponents' benefit that they wait and see what can be resolved in the negotiations with the County.

Commissioner Begun summarizes that there is an event in the critical path that Mr. McCormick has no control over.

Mr. McCormick agrees. The fiscal viability of the district and the fiscal lack of harm to County Fire are based upon some big numbers that make a hole in his spreadsheets. This information would drive major conclusions toward the viability of the proposed district and the continued viability of County Fire.

He has talked to other LAFCOs who have been in a similar position. If there is an agency that will suffer from a proposed district formation, 1.5 years is a normal

processing time to get the matter to a public hearing.

The public will ask what it will cost them if this proposal passes. People who are covered by the remaining CSA 48 will ask how this proposal will affect them. It would be ideal to have clear answers to inform both groups. This will also help the Commission make a decision. Holding a hearing now would have many unanswered questions and would not be a very satisfactory hearing.

Commissioner Roger Anderson is glad to hear the two parties are still talking about this problem. He asks who else is actively involved in the negotiations besides the proponents from Bonny Doon and County Fire.

Mr. McCormick replies that the adjacent fire protection districts such as Boulder Creek, Ben Lomond and Felton are involved. He has sent a request out to State Parks and Cal Fire about potential boundaries and where their coastal service area is greater than Bonny Doon. In the negotiations between the Bonny Doon proponents and the County, the CAO is taking the lead for the County.

Alternate Estrada has several questions he thinks will help the Commission understand the issue better.

- How many parcels are in the proposed annexation area?
- How many proposed stations is Bonny Doon going to operate to cover the area?
- What staffing level and service levels are being proposed? If there are two stations, will there be three people on 24-7? Will it be Advanced or Basic Life Support?
- Who will be dispatching the calls? Currently, the Bonny Doon area is dispatched by Cal Fire. Will County Communications take over handling dispatch and how will that happen?
- What is the proposed operating budget that the proponents are trying to achieve and how will it be funded?
- The area is susceptible to fracturing due to road closures. Bonny Doon Road, Empire Grade, and Highway 9 are susceptible to road closures in the winter. Will Bonny Doon enter into Auto Aid agreements with the neighboring districts and Cal Fire? How will EMS service manage to get into the area once the roads close in the winter?

If these questions are answered, the Commission will better understand the situation.

Donita Springmeyer, a Bonny Doon resident and one of the proponents, believes Mr. McCormick is doing a thorough evaluation.

Chairperson Campos does not like to procrastinate. He would prefer to look at this issue within the next six months to see if it will make sense for the overall picture. He wants to address the issues that Cal Fire has brought up. He would like to have a meeting as soon as staff is comfortable and would like the meeting held within the first six months of 2008, even if all of the information is not ready.

Commissioner Rapoza asks how many projects are pending, besides the Bonny Doon proposal.

Mr. McCormick answers that Bonny Doon is the only pending application.

#### FINAL LEGISLATIVE REPORT FROM 2007 SESSION

##### MOTION AND ACTION

Motion: Begun Second: J. Anderson	To approve the report. Motion carries with a unanimous voice vote.
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#### LAFCO MEETING DATES FOR 2008

Mr. McCormick suggests the first Wednesday of the month schedule for 2008. However, the first Wednesday of January is January 2<sup>nd</sup>. He suggests deferring that meeting date to January 9<sup>th</sup>.

##### MOTION AND ACTION

Motion: Begun Second: Jim Anderson	To approve the schedule and move the first meeting of 2008 to January 9, 2008 instead of January 2, 2008. Motion carries with a unanimous voice vote.
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#### STATUS OF CITY OF WATSONVILLE PLANNING ACTIVITIES IN MEASURE U GROWTH AREAS

Mr. McCormick says that since the City of Watsonville continues to be an ongoing applicant to LAFCO, he wants to summarize their annexation activities. In 2002, the voters of Watsonville passed an urban limit line initiative. It identified four growth areas outside and inside the city limits. Villages, the first growth area, has already been annexed and built out as a 74-unit senior village off East Lake Avenue. The second project is the Manabe properties, and after extensive

hearings, this Commission approved an annexation off Ohlone Parkway for a business park. The City is going through a specific plan process now. There was a covenant that was added to the annexation and the City is proceeding within the covenant.

The other two areas have not been submitted to LAFCO for an annexation hearing. The Buena Vista area is a subject of litigation. Superior Court Judge Burdick will be issuing his oral decision on December 6, 2007 at 9:00 a.m. This is a legal challenge to the City's General Plan and their compliance to the State Aeronautics Code. This LAFCO is not a party to the lawsuit.

The Atkinson Lane area is located near Corralitos Creek and the old hospital. The City and the County have come to an agreement to work jointly on a specific plan for the area to develop the annexed and unannexed areas separately. Part of this area is in the County and part of it is located within the City. In the future, the urbanized County area will eventually annex to the City. That agreement includes the County supporting the City's effort to annex their part of the Atkinson Lane area. This is not yet an application before this LAFCO.

He does not think there will be a LAFCO application from the City in the near future.

Chairperson Campos does not think the City will file an application with LAFCO for another two or three years.

Commissioner Pirie asks if Atkinson Lane is likely to be the next application from the City of Watsonville.

Mr. McCormick answers yes. The City still has to complete an EIR and a specific plan. Eventually, Watsonville will bring a full packet application to LAFCO.

CLOSED SESSION

PERFORMANCE REVIEW OF LAFCO EXECUTIVE OFFICER

OPEN SESSION

ANNUAL REVIEW OF STAFF SALARIES AND BENEFITS

Chairperson Campos says that in closed session, the Commission discussed the evaluation of the Executive Officer. This Commission feels he has done an outstanding job. They want him to proceed with the water issue.

The LAFCO Personnel Committee (Chairperson Campos and Commissioner Jim Anderson) was responsible for reviewing the Executive Officer's self-evaluation and salary compensation for LAFCO staff. The personnel policy calls for an annual review of COLAs each January and a review of salary adjustments each June. This policy has not been followed in a timely manner causing delays in salary and COLA adjustments for LAFCO staff. In an effort to comply with personnel policies, the Personnel Committee proposes the following changes:

- That COLA adjustments be aligned with a schedule for COLA adjustments to County employees. Therefore, COLA adjustments will take place September of 2008, which is 3.00%, and September of 2009 which is 2.50%. These COLA adjustments only apply to the LAFCO Secretary.
- The LAFCO Secretary currently receives \$26.29 per hour at Step 7. This position is closely compared to the Senior Board Clerk. The Senior Board Clerk's hourly rate at Step 7 is currently \$27.76, effective September 22, 2007. The Committee recommends adjusting Debra Means' salary equal to the Senior Board Clerk at Step 7.
- The LAFCO Executive Officer's current hourly rate is \$49.40 at Step 7. This position is closely compared to the County's Principal Planner. The Principal Planner's hourly rate is \$50.86 at Step 7. This position is currently under review and it has recently been negotiated. The Executive Officer's hourly rate should be adjusted according to the newest rate for the County's Principal Planner, Step 7.
- To continue to implement benefits in the same manner as they have been.
- The LAFCO 2007-2008 budget included a reserve of increased salaries and benefits in the amount of \$20,616. The Commission has the money to adjust the salaries for Debra Means and Patrick McCormick.
- One of the Commissioners asked to discuss the benefits.

Mr. McCormick says the Commission implements these actions by resolution. Staff will have to draft a resolution that meets whatever intent of the action the Commission takes. He can contact the County's Personnel Department and find what the equivalent benefits are. He could update the personnel proposal to the current benefit levels.

Commissioner Pirie says that in the agenda packet, the Committee's recommendation is to continue to implement benefit levels in the same manner as they have been. If that means the same percentage of insurance premiums as it has been in the past, that is different than saying the same benefit levels as the County. The County just increased the amount that the County is paying on employee insurance. It is unclear to her whether the recommendation be the same as County employees or be the same as it has been in the past.

Chairperson Campos says their recommendation is to be the same as the County.

Commissioner Roger Anderson thinks it would be better to bring this issue back when there is a more definite proposal.

Counsel Cheleden thinks it would be better to take a couple recommended votes so there is a specific direction. Then he can bring back more specific numbers in the resolution.

Commissioner Roger Anderson is willing to handle the salary increase now but the benefit issue needs to be clarified.

Counsel Cheleden says that either way, there needs to be a resolution in the record with the vote. The Commission is only taking a recommendation today. There will be a formal resolution in January 2008.

Commissioner Roger Anderson asks Counsel Cheleden since these reviews are done annually, can the September 2009 adjustment be made at this time.

Counsel Cheleden answers yes. It will be in effect based on the resolution. It is at the Commission's discretion to do it now or next year.

#### MOTION AND ACTION

Motion: Begun Second: Pirie	To approve the salary recommendation with the benefit package being clarified at a later date.
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	<ul style="list-style-type: none"> <li>• COLA adjustments will be aligned with the schedule for COLA adjustments for County employees. Therefore, COLA adjustments will take place in September of 2008 at 3% and September of 2009 at 2.5%. These COLAs adjustments only apply to the LAFCO Secretary.</li> <li>• The LAFCO Secretary's salary will be aligned with the Senior Board Clerk's hourly salary of \$27.76 which goes into effect September 22, 2007.</li> </ul> <p>Motion carries with a unanimous voice vote.</p>
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**MOTION AND ACTION**

<p>Motion: Pirie Second: Barrett</p>	<p>To approve the hourly salary adjustment for the Executive Officer from \$49.40 at Step 7 to \$50.86 at Step 7 which is the same hourly wage as the County's Principal Planner. The hourly wage will be adjusted when the County finds out what the new wage will be for the County's Principal Planner at Step 7. The benefit package will be clarified at a later date.</p> <p>Motion carries with a unanimous voice vote.</p>
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**MOTION AND ACTION**

<p>Motion: Rapoza Second: Pirie</p>	<p>To bring back at the next meeting a revision of the Personnel Policy that incorporates the recommendations of the Personnel Committee. The revisions should include:</p> <ul style="list-style-type: none"> <li>• Evaluations were done at the June meeting but now they will be done in April.</li> <li>• The annual COLA will be changed from the January meeting.</li> <li>• Regular salary adjustments will be done in June, but there is a report back in May.</li> </ul> <p>Motion carries with a unanimous voice vote.</p>
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Counsel Cheleden says that the intent of the Commission is to equalize whatever the County benefit package is.

Meeting adjourns at 10:56 a.m. The next meeting is scheduled for Wednesday, January 9, 2008.

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CHAIRPERSON, TONY CAMPOS

Attest:

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Patrick M. McCormick, Executive Officer