

PROCEEDINGS OF THE
LOCAL AGENCY FORMATION COMMISSION
SANTA CRUZ COUNTY

Wednesday, June 3, 2009
9:30 a.m.

701 Ocean Street,
Room 525,
Santa Cruz, California

The June 3, 2009 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson, Roger Anderson.

ROLL CALL

Present and Voting: Commissioners J. Anderson, Lane, Rapoza, Campos, Leopold, Begun,
and Chairperson R. Anderson
Absent: Lind
Alternates Present: Bell
Alternates Absent: Coonerty, Estrada
Staff: Patrick M. McCormick, Executive Officer
Chris Cheleden, LAFCO Counsel
Debra Means, Secretary-Clerk

Chairperson Roger Anderson welcomes Supervisor John Leopold to the LAFCO Commission.

Commissioner Leopold replies that it is an honor to serve on this Commission. He hopes he can make a meaningful contribution.

MINUTES

MOTION AND ACTION

Motion: Campos Second: Rapoza	To approve the April 1 st minutes with Commissioner Leopold abstaining. Motion carries with a unanimous voice vote.
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MOTION AND ACTION

Motion: Campos Second: J. Anderson	To approve the May 6 th minutes with Commissioner Leopold abstaining. Motion carries with a unanimous voice vote.
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FUND BALANCE REFUND TO REDUCE FUNDING AGENCIES' CONTRIBUTIONS TO LAFCO BUDGET FOR FISCAL YEAR 2009-10

Mr. McCormick says that when the budget was adopted last month, the Commission directed that staff make a better estimate of the fund balance on June 30th to see if there was any money available to refund to the 29 agencies that fund LAFCO. It is a modest amount. He estimates that there will be \$17,737 in the fund balance that would be unallocated as of July 1st. He has presented a resolution to the Commission that would refund that amount. It represents approximately 6% of the annual contribution levels.

He recommends refunding the agencies. It will not balance any agency's budget during the recession but it will meet the intent of the action the Commission directed staff to do last month.

Commissioner Campos asks how much each agency or city will receive.

Mr. McCormick answers approximately 6%. The Commission started out with a tight budget three months ago. This is just a better estimation of any unallocated funds as it gets closer to the end of the fiscal year. The Commission has been drawing down their fund balance for a number of years. This budget does not restore fund balance. At some point in the future, there will be a very tough year, but that time has not come yet.

Commissioner Begun asks if the recommendation of staff is to refund the actuals at the end of the period or the specific estimate.

Mr. McCormick answers that it is the dollar amount in the draft resolution.

Commissioner Campos says it is just a small amount that is almost not worth the gesture.

Chairperson R. Anderson adds that every agency will receive a small amount of money.

MOTION AND ACTION

Motion: Lane Second: Rapoza	To approve staff's recommendation. Motion passes with a unanimous voice vote.
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STATUS OF PROPOSALS

Mr. McCormick reports that there are no new applications. He has been talking to Scotts Valley Unified School District about options for sewerage Brook Knoll School which is experiencing a septic failure. If that application comes in, it could move fairly quickly over the summer. The earliest this Commission would hear this item would be August.

Commissioner Begun asks how long it usually takes from receiving an application to when it comes before the board.

Mr. McCormick replies that it varies by the type of application. According to this LAFCO's rules, if it is an extraterritorial service application, it can be put on the next agenda. If it requires an environmental review, it will take many months for staff to conduct an environmental review. For a typical annexation that does not require an Environmental Impact Report, he tells that applicant that it takes three to six months.

Chairperson R. Anderson asks which sanitation district the Brook Knoll School could be annexed to.

Mr. McCormick replies that it is yet to be determined. The most likely agency would be County Service Area 10 which operates a small sewer system in the Rolling Woods area off Graham Hill Road. They utilize a main to the City of Santa Cruz and the treatment is at the City of Santa Cruz. It takes the City of Santa Cruz, the County of Santa Cruz, and the County Service Area all to agree to the various institutional arrangements.

LEGISLATION

Mr. McCormick says that even though the State has a terrible budget crisis, they are still moving bills in a normal legislative session. He is not recommending taking any new positions on bills.

The most interesting bill is AB 853, the Arambula bill. This bill is designed to help out disadvantaged neighborhoods that are located on the fringes of urban areas and are underserved. Mr. Arambula is from Fresno. The highest profile for this type of issue has been in the Modesto area where some of the fringe areas are significantly underserved. Mr. Arambula introduced this bill which says fringe areas can annex to cities without LAFCO having any discretion if they are disadvantaged and they are lacking in some service. This includes sidewalks.

CALAFCO originally objected to this bill along with the cities and the special districts. The biggest issue that LAFCOs were concerned about was that it could apply outside city spheres of influence and it could apply up to 1.5 miles outside a city limit, but that has been removed from the bill. Now, any annexation which this law would apply to has to be inside a city sphere of influence. The special districts and the League of Cities still have significant concerns as well as LAFCOs.

The area has to be very poor before this bill would apply. The bill says it has to be no more than 80% of statewide median household income. He looked at census data in northwest Watsonville for examples of what areas this bill might apply in. It would not apply in the Manfre Road area. The only areas it would apply to in northwest Watsonville area are the corridor off Green Valley Road and Freedom Boulevard. There is one neighborhood near Green Valley, Quinn, and Stewart roads that this bill might apply to. LAFCO would not have the discretion to deny an annexation if it were initiated by a group of residents applying to the Board of Supervisors under this special act.

Commissioner Leopold asks if the City of Watsonville would have a say in this issue.

Mr. McCormick replies no. That is one of the reasons why the League of Cities does not like the bill. The issue in Modesto was that the City did not want to annex these poor areas because it would have to spend a lot of money bringing those up to the rest of the City's standards and it would dilute the services in the rest of the City. They started out being poor with very poor services provided through the County and special districts. These pockets were not going to be annexed. So Mr. Arambula is carrying this bill.

There is another bill which is a companion bill that is much easier for LAFCOs to like. It is SB 194, the Flores bill, which is approaching the same issue but it is saying that agencies that receive certain grant funds have to prepare annexation plans for these disadvantaged communities. It is much more collegial in figuring out what the priorities are; and to get the cities, the counties, the districts, and the LAFCOs to agree to a plan of attack as a carrot for receiving grants. The Arambula bill is regulatory and would constrict the LAFCO's discretion to deny an annexation if it did not meet state or local LAFCO policies. The bill would not let a City Council say "no thank you" to an annexation of one of these areas.

Commissioner Rapoza asks who determines the boundaries of this unincorporated fringe community. He wonders if it is the landowners and voters in that area. He thinks it would be possible to gerrymander a patchwork just to get the 25% by a small percentage of the population in an area leading to pockets being annexed or long strips being annexed. If the landowners get together along a certain piece of road, he asks how they determine this boundary.

Mr. McCormick says that is the big LAFCO issue. It would be possible for a group of people to self-identify a gerrymandered annexation. If LAFCO does not have the discretion to squeeze it into a logical shape, there could be some very odd service patterns. One can imagine a well-intentioned bill being used for the wrong reasons.

At this point, the sponsor is accepting constructive amendments. CALAFCO has held off and not opposed the bill, hoping to get more amendments. He is not recommending a position on this bill. If the bill had gone downhill or the author was not accepting amendments, he could have easily recommended an opposed position. CALAFCO's strategy seems to be working pretty well.

Chairperson R. Anderson says Mr. McCormick's summary is quite accurate. He thinks CALAFCO would prefer to have the Flores bill go forward from both houses. CALAFCO's current stance is much better than a straight opposition to the bill. He thinks it is clear the way the State is moving and that these types of bills are going to become more likely in the future. The question now is finding bills that will work as well as possible with State laws, particularly LAFCO law. An interesting sideline is that Mr. Arambula is a former LAFCO Commissioner.

RESOLUTION OF APPRECIATION FOR ELLEN PIRIE

MOTION AND ACTION

Motion: Rapoza Second: Leopold	To approve LAFCO Resolution No. 2009-6. Motion passes with a unanimous voice vote.
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Chairperson R. Anderson thought Commissioner Pirie did an excellent job on this Commission. She took part in annual meetings and was very well prepared. She was a very positive and constructive member of the Commission's discussions.

CALAFCO ANNUAL CONFERENCE

Mr. McCormick says the annual conference is geared towards LAFCO Commissioners and will be held October 28th through October 30th. It would be helpful if staff got an early show of interest because this year's budget and next year's budget are tight. Staff will need to figure out which fiscal year can absorb the costs. If attendance

needs to be limited, he will let the Commission know in August.

Chairperson R. Anderson says this is an issue for LAFCOs throughout the entire State. There are basically three components to the costs of the conference: the registration, the room, and transportation. What some LAFCOs are doing is just paying the registration. Participants get themselves to the conference and they pay for their own hotel rooms. There are other LAFCOs which are continuing to pick up the hotel and the transportation, as well as the registration. He imagines there are some who say if the Commissioners can get to the conference, their LAFCO will pay for the expenses. There are several options besides having no contribution toward the conference. He intends to go to the conference because he has to. He will pay whatever his fellow colleagues on this Commission decide to do. He thinks annual conferences are an important part of LAFCO.

Commissioner Campos thinks the new Commissioners should be able to go. The majority of this Commission has already been to these conferences. He thinks the Commission should give the new members a chance to go if the budget allows. He went to a conference and it changed his idea of how LAFCO operates. He would like to see some kind of compromise so the new members can go. He thinks it will really benefit the new Commissioners.

Commissioner Rapoza likes the idea of looking at how much the Commission is willing to reimburse. First find out how many people want to go. The newest members should have a priority if the budget is tight. Maybe people could pick up their own transportation costs. The drive to the conference and back, given the current reimbursement rates, is a significant expense. He would be willing to waive transportation if the Commission picked up the registration and the lodging.

MOTION AND ACTION

Motion: Begun Second: Rapoza	That the Commission will not pay for transportation for any member attending the CALAFCO conference. Motion carries with a unanimous.
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APPOINTMENT OF PERSONNEL COMMITTEE

Chairperson R. Anderson says this Commission has a personnel committee which is made up of at least two members. Their task is to evaluate this LAFCO's staff and to make a recommendation to the Commission about what should be proposed in terms of merit increases and the cost of living, for example.

During the last cycle, the personnel committee was Commissioner Campos and Commissioner J. Anderson. He would like to maintain a committee which has members who serve for two years. He proposes that Commissioner J. Anderson be one member of this committee and Commissioner Lind be the additional member with the expectation that she would be reappointed next year and serve for two years as well. He is proposing an alternation of these terms and he wants to benefit from Commissioner J. Anderson's expertise from his last year's service on this committee.

MOTION AND ACTION

Motion: R. Anderson Second: Leopold	To nominate Commissioners J. Anderson and Lind for the Personnel Committee.
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	Motion carries with a unanimous voice vote.
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WRITTEN CORRESPONDENCE

Mr. McCormick mentions that he provided the Commissioners with a roster that includes term endings.

CLOSED SESSION

Conference with Legal Counsel – Existing Litigation
Subdivision (a) of Government Code Section 54956.9
Bonny Doon Volunteer Fire/Rescue Inc. v. Santa Cruz LAFCO
Santa Cruz County Superior Court Case No. CV162743

Closed Session begins at 10:06 a.m. and ends at 10:22 a.m.

OPEN SESSION

Chairperson R. Anderson reconvenes the Commission and asks LAFCO Counsel for a report on the closed session.

Counsel Cheleden says there is nothing to report.

Meeting is adjourned at 10:22 a.m. The next meeting is scheduled for Wednesday, August 5, 2009.

CHAIRPERSON, ROGER W. ANDERSON

Attest:

Patrick M. McCormick, Executive Officer