

PROCEEDINGS OF THE
LOCAL AGENCY FORMATION COMMISSION
SANTA CRUZ COUNTY

Wednesday, November 4, 2009
9:30 a.m.

701 Ocean Street
Room 525
Santa Cruz, California

The November 4, 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, Lind, Rapoza, Campos, Leopold, Begun,
and Chairperson R. Anderson
Absent: None
Alternates Present: Bell, Coonerty, Estrada, Lane
Alternates Absent: None
Staff: Patrick M. McCormick, Executive Officer
Christopher Cheleden, LAFCO Counsel
Debra Means, Secretary-Clerk

MINUTES

MOTION AND ACTION

Motion: J. Anderson Second: Rapoza	To approve the August 5 th minutes. Motion carries with a unanimous voice vote.
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MOTION AND ACTION

Motion: J. Anderson Second: Lind	To approve the September 2 nd minutes. Motion carries with a unanimous voice vote.
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ORAL COMMUNICATIONS

None

OTHER BUSINESS

PRELIMINARY DISCUSSION OF REVISIONS TO LAFCO'S POLICIES CONCERNING WATER SERVICES

Mr. McCormick reports that the Commission has wanted to review and overhaul its water policies for a long time. The Commission did not have any particular direction. Before he begins to circulate it to the community, he wants to remind the Commission what the current water policy base is so that he can get some guidance from the Commission whether they want some additional research done before he starts the next round of redrafting some policies.

He did not invite any of the water agencies or stakeholders to this meeting because this is just a preliminary start. There will be a thorough process, a formal notice, and a public hearing at the end of the review process so that the Commission might consider alternatives to water policy.

There are 108 water-related applications that have been heard by the Commission since January 1981, and this averages about four applications per year. There have been 24 sphere of influence amendments, 46 annexations, 7 detachment applications, 1 formation application, no district dissolutions, no conversions of a subsidiary district to a city, 1 district consolidation, 27 extraterritorial service authorizations, and 2 determinations of water service areas (1 for the City of Watsonville that was not completed and 1 for the City of Santa Cruz that was completed.).

Commissioner Begun asks if these numbers are typical for the last five years.

Mr. McCormick thinks so.

He reminds the Commission that they have a Mission Statement in State law to encourage efficient services, guide urban development away from prime agricultural lands, promote orderly growth, and discourage sprawl. State LAFCO law is very thin on water policy. There is only one place in State law where it is even mentioned. For each boundary change application, there is a series of factors that the Commission must consider. One of the factors to consider is the timely availability of water supplies adequate for projected needs.

State law lets each LAFCO adopt policy that is more specific and does not conflict with general State policies.

Santa Cruz LAFCO has developed a series of local policies over time. The sphere of influence policy is a general policy, but it states that when more than one agency can serve an area, the agency's service capabilities, costs for providing services, and the desires of the affected community will be the key factors in determining its sphere of influence.

For reviewing boundary changes (such as annexations, district formations, district dissolutions), Santa Cruz LAFCO has a set of policies called standards. One water-related standard says need for water is established by a lack of service to an urbanized use or planning approval for a new development that calls for water service. Another policy says that it is a general policy to disapprove annexations to water agencies while there is a connection moratorium. LAFCO has denied applications based upon that policy and LAFCO has been consistent based upon that policy. There are several minor exceptions that deal with such instances as someone with an existing house at the edge of a service area who has a failed well. This policy has the most substance, but it does not address the situation where an agency is not in a moratorium, but is on the edge of having enough

water for their current district.

There is a phasing standard that involves big projects starting closest to the urbanized area.

Commissioner Leopold asks if these policies are for annexations or spheres of influence.

Mr. McCormick replies these are all for annexations. Any standard is project-related. Only the first policy he mentioned was sphere-related. The rest are annexation-related.

He continues that LAFCO has a priority service list. It says that LAFCO wants to organize government in a fashion that keeps the number of governmental agencies down. Anytime someone submits an application, the preference list is used to examine whether any of the higher priorities are a better way of providing the service.

There is some substance to this priority service list. The top priority is to annex to an existing city. The second priority is to annex to a county-governed district such as a county service area. Those do not create any new layers of government. The third priority is to annex to a multi-purpose district. The fourth priority is annex to a single-purpose district such as a county water district. The fifth priority is to form a new county service area. The last priority for any new service is to incorporate a new city or form a new district.

Commissioner Begun asks if there is a conflict between this and the guideline 3 portion line on page 2 when more than one agency can carry it.

Mr. McCormick replies there is some tenseness. The Commission weighs the various policies. Neither policy is absolutely supreme to the other. It leaves room to favor efficiency, favor local government, favor forming, or not forming a new agency.

Commissioner Leopold asks if one was for sphere of influence and one was for annexation.

Mr. McCormick answers yes. He continues that for extraterritorial services, there is a policy to determine whether an agency is able to provide a service in a manner that does not negatively affect the services that are provided within the agency's boundaries and the agency's sphere of influence, and in a manner that does not negatively affect the resources of the area. There is some substance to this policy and it is a good one to keep in mind if the Commission wants to be more specific. The trick with public policy is to make it specific enough to guide the Commission and allow them to be consistent across a wide range of applications without limiting discretion completely. The policy addresses the resource side and addresses that the Commission is expecting services to be provided in the jurisdiction but also within the broader sphere of influence.

The water agencies regulated by Santa Cruz LAFCO include the Cities of Santa Cruz and Watsonville who are large providers. There are some smaller agencies such as the Central Water District, the Davenport County Sanitation District, and Lompico County Water District. There are three mid-sized water districts which are the San Lorenzo Valley Water District, the Scotts Valley Water District, and the Soquel Creek Water District.

Commissioner Rapoza asks if there is anything in LAFCO's policies that directs a person to the Water Code, such as Title 22, that sets some requirements on water districts before they can expand. He is thinking of a prohibition of expanding a water district if it will degrade service to existing connections.

Mr. McCormick answers no. That section of the Water Code is not cross-referenced at all. He continues that LAFCO's Countywide Municipal Services Review is a couple years old. The difference between supply and demand is what was published in that report. Those numbers get re-evaluated when there is a new application.

Alternate Coonerty says that some agencies have supply and demand as different numbers and then other agencies' numbers are exact. It seems strange to him that the numbers would exactly match. He wonders if that can be explained.

Mr. McCormick says there is no exact science. LAFCO surveyed each agency two or three years ago. The survey asked how much water they currently supply to their customers, which is the supply, and it should be a good number.

Alternate Coonerty asks if they are interpreting the supply as what is available. There are certain agencies that would have zero ability to increase water.

Mr. McCormick says that actually, the demand numbers are the good numbers because that is metered water. The supply numbers are not as good because it is each agency saying how much they think their existing supply base was able to provide three years ago when they were surveyed. LAFCO did not apply any tests and adjust numbers up or down. They were asked how they came up with those numbers and each agency had to justify their supply.

Alternate Coonerty says the chart shows the 2020 supply and demand again. There are not as many agencies that have the exact numbers, but it is repeated again.

Commissioner Begun says the result of the Soquel Water District requires demand offset in order to get water for new commercial development. He asks if any other agency is doing the same thing.

Mr. McCormick replies that Soquel Creek Water District is a leader in the County for aggressive conservation. He thinks almost every agency has a conservation program that includes fixture retrofits. Soquel Creek is more aggressive in their conservation program. Those are the types of policy issues to discuss, whether LAFCO should acknowledge extensive conservation or stay out of the water agencies' operations.

Alternate Coonerty notes that there is no discussion of dry or wet years. He wonders if LAFCO is taking their numbers and not evaluating them.

Mr. McCormick says that is correct.

Alternate Coonerty thinks the definitions of supply and demand seem to vary among agencies.

Mr. McCormick says that is correct. Agencies that rely mostly on surface water have a different approach than agencies that rely mostly on groundwater.

Commissioner Rapoza does not believe that the agencies supplied LAFCO with their water supply master plans or their urban water management plans. Those would have some of that information. The figures from the San Lorenzo Valley Water District show the 300 acre/feet sitting in Loch Lomond that they do not access and that would be potential supply. The figures have not been changed since the Cal Am acquisition. He is not sure how other agencies arrived at their figures. It looks like some agencies just said they have enough to supply their

demand and did not look at other factors. This information would be on a water supply master plan such as year-to-year and dry versus wet figures.

Mr. McCormick adds that at any point of an application, whether it is a sphere of influence or an annexation, LAFCO would start a new evaluation of supply and demand. The most recent information from the agency would be used. LAFCO can get their own independent analysis if it is important to resolve the issue.

The City of Watsonville is pumping from the groundwater. It is a shared Pajaro Valley aquifer. They have a lot of hydraulic capability to run their pumps. Their supply number is higher than their demand number because they can run the pumps longer and fill up their municipal tanks.

Commissioner Jim Anderson adds that it is limited by saltwater intrusion.

Mr. McCormick adds that water issues are very complicated. With Central Water District, they have some small wells. They are somewhat limited by their storage capacity. They think they can pump the aquifer a little bit but not much more. They do not have much more capacity than what they are doing now other than pumping a little bit longer.

Alternate Lane has a more updated answer for the City of Santa Cruz because they are dealing with this issue now. On a more substantial project, there is a water supply assessment required. It will give much more precise numbers and it will show the variables that would be good to see for this type of analysis.

Chairperson Roger Anderson adds that it is clear that most of the water districts equated demand with the amount of water they have actually supplied. They put down the supply as being equal to that. Unless there is a moratorium, the two numbers have to agree. It does not help LAFCO for future planning but the 2020 numbers are more useful because it indicates the direction the water purveyors are trying to move.

Alternate Coonerty wonders why the 2020 numbers show the Santa Cruz supply and demand going up which he presumes is due to the desalination plant. However, Soquel Creek shows a significant drop, yet they are part of the desal project too. He thinks it is a confusing table.

Commissioner Roger Anderson says there could be water policies with a more consistent definition of the data LAFCO is seeking.

Mr. McCormick says Santa Cruz County is self-sufficient for water. No water agency has a significant surplus to bail out their neighbor. The biggest water problem is overdraft in the Pajaro Valley.

Existing law requires land use agencies and water agencies to complete a number of documents in an attempt to work out issues and identify problems ahead of time. General plan law requires a planning agency to refer their general plan to the water agency during the drafting stage. Hopefully, the water agency provides good feedback to the general planning agency. State law requires water agencies with more than 3,000 connections to prepare an urban water management plan and those plans are useful to LAFCO. They contain valuable information because they look forward to upcoming supply and demand for 20 years. They identify options and alternatives that should help guide the planning agencies and the water agencies with what water project should be done and what the timing should be for major development.

Two Senate bills in the last ten years have required additional work to be done. For individual projects with water demand equivalent to 500 homes or more, the water agency must prepare a water supply assessment that has detailed information. The City of Santa Cruz is now in the process of preparing that assessment for the north UC Santa Cruz campus project. Those water supply assessments get included into CEQA documents.

A land use agency, if they approve a project such as residential subdivisions or larger projects, will still require a water supply verification to come from the water agency as a condition of approval. There can be a 600-home subdivision, but beforehand, there must be a firm, permanent, solid clad commitment from the water provider. The environmental document that was prepared a year or two earlier may have been based upon some assumptions, so when it is time to start building the houses, the water supply may not be there. The water agency is required to sign off at the end of the project even if the land use agency has already approved everything.

Commissioner Leopold asks what the size is to trigger this.

Mr. McCormick answers that it is about the same size as the other triggers.

Counsel Cheleden asks if he's talking about what triggers the water supply assessment.

Commissioner Leopold answers the verification.

Counsel Cheleden answers 500 homes. He does not remember what the square footage is on commercial projects.

Mr. McCormick continues that in CEQA, water is always an issue. It has to be addressed as a potential impact. Alternatives and mitigations have to be looked at. Secondary impacts, such as fish and aquifers, have to be addressed in any CEQA document.

Santa Cruz is self-sufficient for water and is not dependent on federal or state water projects. There is a portion of Santa Cruz County that gets water from elsewhere. The mutual water companies across the Summit on both sides of Highway 17, starting at Riva Ridge and going towards Vista del Monte, import water from the San Jose Water Company. Some of them use it as emergency water, others blend it with well water, and some use it as their principal supply.

Chairperson Roger Anderson asks how many acre-feet it comprises.

Mr. McCormick says it is pretty insignificant countywide, but for all of the water companies across the Summit, it is a big deal.

Chairperson Roger Anderson asks how many other counties are self-sufficient.

Mr. McCormick thinks there are a number in Northern California. He can find out exactly how many. He continues that most current water issues in the County are based on the existing situation. Any issue that LAFCO would see is almost background noise for the existing agencies that have to play catchup with their water demand. This makes it hard to customize some water policies that matter since existing situations are the problem, not necessarily the next annexation that comes to LAFCO.

New development is occurring at a slow rate in Santa Cruz County. The slow rate of development will help water agencies resolve water issues.

He has come up with a few policies to start a policy discussion with the Commission. The first three policies are stating what has been collectively done over the last 25 years. He has put in writing the decisions LAFCO has made and backformed the policy from what has been done. The first policy is about governance and it states that LAFCO prefers that the people who use the water also participate in the system's governance. It could be a city water system, a water district, mutual water company, or it could be an individual on their own well. All the people who use the water participate in the governance of the system. It clearly disfavors private investor-owned water companies such as California American in Felton. This LAFCO sided with the Felton community to sell their system. A similar decision was made with Mountain Charlie Water Company when LAFCO favored the formation of a County Service Area to attempt a takeover of that water company.

There are very few water companies left in this county. This LAFCO supported the formation of a mutual water company to take over a water system in the Mar Vista area of Aptos. All of this Commission's decisions have been consistent. The largest water company remaining is Big Basin Water Company, which is not a very large system and it is located west of Boulder Creek.

Another potential policy has to do with extraterritorial service. Typically, it is for the cities of Santa Cruz and Watsonville's water systems. When LAFCO authorizes an emergency extraterritorial connection, and annexation is practical, an annexation must be completed within two years. This LAFCO recently applied this to a sewer agency in the Graham Hill Road corridor. If an annexation is practical, if it can be done, it should be done after the emergency is resolved. Then the people who are annexing are full-voting members of a district, and the district's ordinances clearly apply.

Commissioner Leopold asks if there has ever been any problems with people meeting that two-year requirement.

Mr. McCormick answers no, but this situation was pretty recent. It typically takes three to six months to complete an annexation process from the time the application comes to LAFCO to all the final paperwork being recorded.

LAFCO's broad perspective role of studying how government should be organized has been redrafted several times. It states that LAFCO will use sphere adoptions, sphere reviews, municipal service reviews, and special studies to evaluate options for restructuring agency boundaries and/or government structure in a manner that would promote more efficient provision of public services. This policy is pretty general. It does not require that this be done at any particular time, but LAFCO will use all of those tools when the time is appropriate.

The following two policies are a shift from the current set of policies. He took this next policy from San Luis Obispo LAFCO. They have used this simple policy to deny a project. It states that any project coming through LAFCO must demonstrate adequate, reliable, and sustainable water supplies. If it is a public water agency, the annexing agency has the burden to demonstrate an adequate, reliable, and sustainable supply.

This LAFCO has not dealt with this situation yet, but it is possible in the future. In San Luis Obispo, if there is a private project that is proposing to serve by a new onsite water source, the proponent is responsible for proving the adequate, reliable, and sustainable supply, not the water agency. The burden of proof for presenting whatever studies are needed to demonstrate that fall to the proponent rather than to the water agency.

Commissioner Leopold wonders how the San Luis Obispo policy connects with the earlier discussion about the

Urban Water Management Act. He asks if it is triggered by some amount.

Mr. McCormick answers that with San Luis Obispo, it would be below any of the triggers that require Urban Water Management Plan and below the 500-house requirement for a water supply assessment. It would apply to smaller projects.

Commissioner Leopold asks if would apply to everything.

Mr. McCormick answers yes.

Counsel Cheleden adds that when Mr. McCormick started the discussion with “LAFCO shall consider these water issues under State law...,” it raises the findings that LAFCO has to make. It is more specific. In projects that require environmental impact reports, it is all similar language and similar findings. He thinks that for bigger projects, LAFCO would be making these findings for purposes of the Urban Water Management Act and CEQA. This is just a further specific finding that the Commission would grapple with at a higher level than what State law currently talks about which is that the Commission shall consider it.

Mr. McCormick continues that the last potential new shifting policy would say that in reviewing any sphere or boundary change, LAFCO will favor an agency that is maximizing the application of best practices to conserve natural resources over an agency that has not fully applied best practices.

Commissioner Begun talked about Soquel Creek Water District having the most aggressive water conservation effort in the County. This would be the type of entry into this situation. This policy could be beefed up and require a certain level of conservation programs for doing everyday annexations. It would be a pretty strong policy for a LAFCO, but this is the entry towards that idea of whether LAFCO is going to be setting some sort of performance goals for the water agencies or is LAFCO just going to be putting them on notice. In the case of a tie, LAFCO will side with the agency that is being most aggressive in preserving resources.

Commissioner Leopold asks if LAFCO could suggest a certain level of conservation. He thinks Soquel Creek Water District has a 1.2 to 1 ratio.

Mr. McCormick thinks that would be quite forceful. He did not include that concept where LAFCO would require every agency to hit a particular level of conservation in order to have a routine annexation approved. If LAFCO wants to go that route, he can start asking the water agencies to see if they would find that to be intrusive or fair and helpful.

Commissioner Jim Anderson asks if this means that if someone can be served by two different agencies, the agency chosen should be the one that is the most efficient. However, that is typically not the case around here. He cannot think of anywhere that there are two agencies competing for the same area.

Mr. McCormick says that is true. This is a pretty minor starting point. He did not want to propose that everyone has to hit the Soquel target or they are in trouble with LAFCO.

Commissioner Leopold asks if it is enforceable.

Mr. McCormick says it would only be enforceable by LAFCO if there were an application to LAFCO. LAFCO

could not have any operational control over any of the agencies. It would only be applied as a standard at the time of an annexation application.

Alternate Estrada questions the definition of “best practices.” He wonders who will develop the criteria of its definition. There needs to be something fair and applicable to all agencies because each agency will develop their own best practices. Either LAFCO needs to establish their own criteria or have a base line to call “best practices” if someone is going to be held accountable to that.

Mr. McCormick says there are some tools that agencies use when they develop an Urban Water Management Plan. They could help LAFCO identify which of those should be base line and which should be optional.

Chairperson Roger Anderson suspects some of the associations such as ACWA have some lists of so-called “best practices.” He imagines that best practices do exist for water agencies, fire agencies, or any other agency.

Alternate Estrada sees it as the disparity between the agencies that rely on groundwater and the agencies that rely on surface water having conflicting best practices.

Chairperson Roger Anderson thinks that is a good point.

Commissioner Leopold agrees with Alternate Estrada. Having something potentially vague as “best practices” is not a goal this LAFCO should be shooting for. There should be some measurement and some way to verify that there is actual conservation efforts going on. He thinks the Commission should be promoting conservation as a policy choice as much as possible.

Commissioner Campos is not sure that is what Alternate Estrada’s point is.

Commissioner Leopold says Alternate Estrada may not support the idea of conservation but he supports the idea of “best practices” being a vague term.

Alternate Estrada agrees. His statement is that once “best practices” is defined, there will be an in-house document that is not defined by the various water agencies. It will be defined by this Commission’s own policy. Information can be solicited from the various water agencies, but develop the criteria, then maintain it in-house. Then it is not arbitrary.

Aldo Giacchino represents the Sierra Club in Santa Cruz County. He congratulates the Commission and staff for raising this issue because it is timely. There is a very substantial sphere of influence question coming up in the near future.

There is a need for the public at large as well as this Commission to realize that water supply is not just for human consumption or for industrial and commercial uses. The environment relies on water and it is a major factor that should be considered in terms of who consumes water and what is allocated to whom. It cannot proceed on the basis that if human consumption reaches a certain level, it is within the available supply. The fish in the streams and other life require water in order to survive in this natural environment. This would also be good to recognize in LAFCO water policies.

He heard Mr. McCormick point out that there is no policy for situations where water agencies are on the edge of

the balance between supply and demand. There are a number of water agencies where supply and demand are equal, including the City of Santa Cruz. It makes it seem like the water situation is fine, but it is not. Changes will happen in the future and not just from development. They need to be taken into account. There are several categories. There will probably be specific requirements imposed by regulatory agencies that regulate the environment. They will figure out exactly how much water needs to be left in watercourses.

Not all the water extracted in this County comes from underground sources. Most water comes from running sources, meaning surface water supplies. It is clear that the amount of water that has been taken out of watercourses has had a detrimental effect on natural species in this County.

Global warming is going to change the climate. It will most likely reduce precipitation. This should be taken into consideration when coming up with LAFCO water policies.

He thinks LAFCO should take into account the court's guidance about the issue of paper water. Paper water is water that is projected to exist in a study that sits on a shelf. The water does not actually exist. The standard definition of paper water in this area is the Pajaro Valley Water Management Agency's proposal to construct a pipeline to bring water from the other side of the hills. That project does not have an immediate or even a near-term possibility of realization. Therefore, if that water is counted as a source, the courts have defined it as paper water. What people project to have as a water supply should be taken into account when total water supply is considered.

Water agencies like to use three measures of quantity: gallons, cubic feet, and acre-feet. He thinks it is extremely confusing to the public. A calculator is needed to understand a document that often contains all three measures.

Recent budget discussions in the country have accustomed people to think beyond millions to billions and trillions. It is easy to use gallons as the standard of measure even if it means trillions of gallons. Acre-feet and cubic feet are esoteric measures.

Chairperson Roger Anderson appreciates Mr. Giacchino's last point. He has been trying to get consistency about this for many years. He thinks acre-feet is a much better unit. It is much smaller and it is easy to say a typical house uses a half an acre-foot per year. It makes it easier to assess what the numbers are going to be.

He wonders about the usefulness of the data that is collected, how often the information is collected, and whether there are automatic updates to add to the information inventory when a water district performs a study of their resources and their future supply and demand numbers.

He is concerned about different groups putting straws into the same aquifers. He has heard issues raised about some of the mutual water companies near Aptos. There seem to be some governance issues where they charge their users a set amount, but there is no consideration made for the amount of water that various people use. Within one mutual water company, there will sometimes be someone using ten or twenty times the average amount of water and they are paying the same amount of money. He suspects that some of these wells are tapping into the same aquifers that Soquel Creek Water District does, for example. At least these are metered wells. This issue should also be addressed.

He wonders if LAFCO has any authority over mutual water companies.

Counsel Cheleden does not believe so.

Alternate Lane is thinking about the UC Santa Cruz application and asks if there is a time frame for moving this forward. He wonders if this will happen before or after the application. He thinks this Commission should be clear about whether there is going to be some new water policies or standards in place by the time that application comes forward. It seems fair to everyone on either side of the issue to be clear about what the standards are.

Mr. McCormick says that updating water policies has been on the work program for a long time. It did not get sped up or slowed down on staff's part because of the pending UC Santa Cruz applications. He thinks Alternate Lane is right. It would be fair to set a timeline and state that either the water policies will be done first, or the water policies will be worked on but not completed until after the application. He is ready to take direction from the Commission. He does not have a recommendation at this time.

Chairperson Roger Anderson wonders if it would be wise to appoint a sub-committee to work with Mr. McCormick on this issue.

Commissioners Rapoza and Begun volunteer to be on the sub-committee and work with Mr. McCormick to flush out a draft of water policies to consider soon.

Commissioner Leopold asks what the timeline is for the UC Santa Cruz application so they could know if it would be realistic to get the water policies revised by then. He thinks it would be great to have it done in time for that consideration.

Mr. McCormick replies that it might be better to appoint the sub-committee at a later meeting when it can be agendized as an action item since it was not addressed in the staff report.

As for the timeline, he imagines that every upcoming meeting will have a status report on the UC Santa Cruz application. The water supply assessment is in the process of being completed this month. That will be folded into the draft Environmental Impact Report (EIR). When it is released, there will be a 60-day review period. He expects that this Commission will have a substantial set of comments that he will supply in draft form and should be authorized within that 60-day period. It will take the City some time to reply to comments and prepare a final EIR after that.

Once the EIR is certified by the City, then there is an active application for LAFCO. There are actually two pending applications. The City has applied to amend their sphere of influence to include the North Campus, and the University has applied to receive water and sanitary sewer service on the North Campus as extraterritorial service. He will keep the Commission posted every step of the way. Because the EIR process is very visible, the timing of the LAFCO hearing will become more clear as the City's CEQA process advances.

Commissioner Campos asks if this has to do with the City of Santa Cruz annexing any part.

Mr. McCormick answers that LAFCO does not have any application for the City to annex.

Commissioner Campos asks if the City has to work that out for themselves. They have their own water district and water source. He asks if UC Santa Cruz falls within their parameters, why is LAFCO applying rules to UC Santa Cruz.

Mr. McCormick reminds the Commission of the context of the two applications. UC Santa Cruz completed

their planning for the next increment of growth, identified the number of students they were hoping to accommodate, and the facilities they would need to accommodate them. They completed a Long Range Development Plan (LRDP) which is similar to a General Plan for the University. They are exempt from any local land use control because they are a State university.

Subsequent to the adoption of the EIR and a LRDP, there were several lawsuits filed. The University was the plaintiff for some, the City of Santa Cruz was the plaintiff for some, and some neighborhood groups were the plaintiffs for some lawsuits. This Commission was the defendant for one of the lawsuits. All of the litigation was resolved in a settlement agreement, and this Commission is not a party to that agreement.

The agreement obligated two applications to LAFCO as part of the settlement. One application is that the City would apply to amend their sphere of influence to include the upper undeveloped north portion of the campus where the new development is planned. The University was obligated to apply to receive water and sanitary sewer service for the new development increment.

This Commission is not pre-bound to make any particular decision on it. They are bound by law to process applications that are duly made. There are two valid applications. The City is preparing the EIR. They are preparing a water assessment as a key factor in the EIR. Whether this LAFCO has new policies or the existing policy base, there will be two applications to deal with jointly in about six months. A major hearing will have to be held and a major decision will have to be made.

Counsel Cheleden tells Commissioner Campos that the bulk of the expansion area is in the unincorporated area. Because it is in the unincorporated area, it is not in the City's current service area for their water district. The application to LAFCO is for extraterritorial service and a sphere of influence amendment, and that is how LAFCO is involved.

Commissioner Campos asks what happens if LAFCO says water will be supplied to them. There will still be conflict between the City and the University.

Commissioner Leopold adds that there is controversy in the community, but the University and the City have agreed to make the two applications to LAFCO.

Counsel Cheleden says that the UC Santa Cruz discussion has not been agendized. He suggests not being so specific about UC Santa Cruz because a record is now being created which ultimately might affect this Commission's deliberations on the two applications.

Commissioner Rapoza thinks the LAFCO Commission has to be careful about looking at water policies and look at what conditions would be imposed on water districts and other water providers in order to annex connections. The exceptions used in the past where someone's well has gone dry or been contaminated are appropriate. For some of the smaller districts in the County, if there are too many conditions, this Commission will be doing what the State is doing to mutual and private water companies. By imposing such onerous regulations, they are forcing them out of existence, and forcing them to annex to cities, CSAs, and county water districts. There is a balance that needs to be approached where it may be fine to require the San Lorenzo Valley Water District to meet certain standards in terms of conservation or certain standards in terms of reports generated such as water master plans or water management plans. To request that from a small water district that has little resources and not enough staff, it could be a problem.

Commissioner Campos says there have been some studies and some talk that Soquel Creek Water District draws

water from Aromas Red Sands Aquifer. There are water problems in the Pajaro Valley and other people are drawing water from the same aquifer. That is putting a big burden on the Pajaro Valley without any participation or any money coming in to take care of those problems. These issues need to be addressed. The water problem is a lot bigger than just one entity, it involves many others.

Chairperson Roger Anderson understands from Counsel Cheleden that appointing a subcommittee should be agendized for the next meeting.

LEGISLATION

Mr. McCormick says this is the final report for the 2009 Legislative Session. The legislature is in special session but is not considering any general bills. Senate Bill 215 from Wiggins will become effective on January 1, 2010. It requires one more factor for LAFCO to consider any time there is an application pending. Regional transportation plans are going to have greenhouse gas issues folded into them. During the application process, one of the requirements will be to consider what the affect of the application is in relationship to the plan.

Senate Bill 211 from Simitian is a proposal to fast track the formation of an open space district in Santa Cruz County. It is a two-year bill, and he expects it will still be active in January when the legislature reconvenes.

MEETING SCHEDULE FOR 2010

Alternate Coonerty says that the October meeting is rescheduled for September 29, 2010.

Mr. McCormick says that next to September 29th, the heading should be revised to say Special Meeting. His recommendation is to have a meeting every first Wednesday except for July 7th and October 6th. The October 6th meeting would be moved back a week to September 29th.

MOTION AND ACTION

Motion: Rapoza Second: Campos	To approve the 2010 meeting schedule as recommended by staff. Motion carries with a unanimous voice vote.
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FOLLOW-UP FROM CALAFCO CONFERENCE

Commissioner Leopold reports that it was a pleasure to attend the Conference. He learned a lot, yet there were things he thought could be better. He was hoping to get a lot of information in the LAFCO 101 course but was disappointed because it was not deep enough. He thought it was a very cursory glance of the material. He would have benefited from having more direct situations and heard from people who have dealt with annexations, spheres of influence, or extraterritorial service.

He attended a great presentation about open space and how LAFCOs are promoting it. The presentation about CEQA was also helpful to him.

He was curious about the regional discussion and there was some interesting technology used to get an

immediate read from people who attended. Southern California has some very strong feelings about their representation and where CALAFCO is going. He was interested in getting immediate feedback from the participants through the electronic voting. Most of the participants were not really interested in the regional proposal.

* Commissioner Leopold leaves the podium for another meeting.

Commissioner Rapoza agrees with Commissioner Leopold about LAFCO 101. He has attended a couple of those courses, and this course was not long enough or in depth enough. It was too basic.

He liked the session on Annexation as a Means to Preserve Open Space. It pointed out to him that the direction that this LAFCO took with the Manabe-Bergstrom Annexation connecting a third party, a non-profit outside of government, as a party to the enforcement of the MOU, is very important.

He thought the legal breakout session he attended was very interesting and could have been longer. The suburban session was mostly about fire, which is understandable considering the recent fires. There was talk about mutual aid and how it impacts fire districts versus cities versus CalFire.

Commissioner Lind says the highlight of the Conference was Mr. McCormick receiving the Outstanding LAFCO Professional award. She agrees with the other Commissioners' take on LAFCO 101. She did not feel that she got anything out of the session. Already being on LAFCO, she felt she had enough of an overview to know the basics. She thinks the course should be brought up a level or two for new members. To get a refresher and some information in more depth would be helpful.

She enjoyed the suburban session because of how much input there was. There were a lot of opinions and differences about how other areas dealt with preserving agricultural land. Some said they were in court while other areas were successful in accomplishing the same goals.

She also thought the legislation session could have been longer. She went to a session on the economic situation and how different city managers and jurisdictions were dealing with the economy. The north and south had different ideas how to deal with those issues. Other than LAFCO 101, she got something from every session she attended.

Alternate Lane agrees that LAFCO 101 did not help that much as a new Alternate LAFCO Commissioner. There should be more substance to LAFCO 101 in the future.

He liked the breakout session about Terms and Conditions. If he had gotten nothing else out of the Conference, that session made it worthwhile for him. He recommends that, if Mr. McCormick has those materials, that it be shared with the entire Commission. It went to the heart of where LAFCOs are with setting terms and conditions. There are a variety of stances that different counties have and it is useful to know how far LAFCOs can go to assert more authority.

Chairperson Roger Anderson thought it was an excellent Conference. He will tell the CALAFCO board about this Commission's specific comments regarding this year's LAFCO 101. The organizers of the next Conference should be aware of this issue.

As Commissioner Leopold mentioned, there was a lot of talk about regionalization. There were not many

comments from the floor in the business meeting, but once he opened it up to the board comments, the discussion became quite interesting. Several of the board members were very expressive. Overall, it was a good discussion of the regional issue. It is obvious that the story is not finished.

Commissioner Rapoza does not think everyone knows what the regional proposal is about, especially if they did not attend the Conference. There is a form the Commission is supposed to send back about this proposal. He suggests agendizing this issue for next month. Everyone on the Commission will have an opportunity to voice their opinion.

WRITTEN CORRESPONDENCE

Mr. McCormick notes that there is a lot of public interest in the two pending applications regarding UC Santa Cruz. As he gathers more information, he will forward the important information to the Commission and repeat them in any agenda packet. There is a lot of dialogue happening in the community.

PRESS ARTICLES

Mr. McCormick says that there is an additional article that was not in the agenda packet. It is an August 29th Pajaronian letter to the editor from Watsonville's Mayor Rivas and Council Members Peterson and Alejo. Some of the materials included in the press articles section of the agenda packet are critical of the City and they refer back to this article. He wanted the Commission to see this letter which explains the situation from the City's point of view at the same time as the critical articles.

CLOSED SESSION

ANNUAL REVIEW OF STAFF SALARIES AND BENEFITS

OPEN SESSION

ANNUAL REVIEW OF STAFF SALARIES AND BENEFITS

* Commissioner Begun leaves for a meeting.

Mr. McCormick says everyone is going through a recession and that is reflected in lower revenues for practically all the local agencies. This year, the Personnel Committee looked at what could be done by this Commission to tighten up when it comes to salaries and benefits. They are recommending Resolution 2009-07 which would rescind two cost of living increases that had previously been scheduled for the two staff members.

MOTION AND ACTION

Motion: Lind Second: Rapoza	To approve Resolution 2009-7. Motion carries with a unanimous voice vote.
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Chairperson Roger Anderson adds that this recommendation is at odds with the assessment of Mr.

McCormick's contributions to the Commission and to good governance in Santa Cruz County. He commends LAFCO's excellent staff.

Commissioner Campos agrees with Chairperson Roger Anderson. He is mixed about supporting the motion even though it is a prudent move. He thinks staff does an excellent job.

Commissioner Lind says they discussed the possibility of furloughs, but they did not recommend them.

MOTION AND ACTION

Motion: J. Anderson Second: Rapoza	To adjourn. Motion carries with a unanimous voice vote.
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Meeting is adjourned at 11:36 a.m. The next meeting is scheduled for Wednesday, December 2, 2009.

CHAIRPERSON, ROGER W. ANDERSON

Attest:

Patrick M. McCormick, Executive Officer