

LOCAL AGENCY FORMATION COMMISSION

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831-454-2055

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LAFCO AGENDA

Wednesday, January 6, 2016

10:00 a.m.

\*\*\* NOTE NEW PERMANENT MEETING TIME \*\*\*

Room 525

701 Ocean Street, Santa Cruz

1) ROLL CALL

2) MINUTES	PAGE
a) December 9, 2015.....	3

3) ORAL COMMUNICATIONS

- a) Anyone may briefly address the Commission concerning items not on the agenda.

4) PUBLIC HEARING

- a) Salsipuedes Sanitary District.....14
  - (1) Adoption of Service Review and Sphere of Influence Review
  - (2) Amendment of Sphere of Influence

5) OTHER BUSINESS

- a) Status of Proposals.....54
  - (1) Report on Extraterritorial Approvals.....55
- b) Selection of LAFCO Chairperson and Vice-Chairperson for 2016.....56

6) WRITTEN CORRESPONDENCE

- a) CALAFCO Bulletin, The Implementation of SB 239 concerning LAFCO review.....57
  - of certain fire protection service contracts

7) PRESS ARTICLES

PAGE

- a) December 2<sup>nd</sup> CP & DR article:.....58  
First district orders Cal State East Bay to reconsider offsite traffic mitigation

8) ADJOURNMENT

- a) The next regular meeting is scheduled for 10:00 a.m. Wednesday, February 3, 2016 at the Santa Cruz County Building.

Campaign Contributions

State law (Government Code Section 84308) requires that a LAFCO Commissioner disqualify herself or himself from voting on an application involving an "entitlement for use" (such as an annexation or sphere amendment) if, within the last twelve months, the Commissioner has received \$250 or more in campaign contributions from an applicant, any financially interested person who actively supports or opposes an application, or an agency (such as an attorney, engineer, or planning consultant) representing an applicant or interested participant. The law also requires any applicant or other participant in a LAFCO proceeding to disclose the amount and name of the recipient Commissioner on the official record of the proceeding.

The Commission prefers that the disclosure be made on a standard form that is filed with the Commission's Secretary-Clerk at least 24 hours before the LAFCO hearing begins. If this is not possible, a written or oral disclosure can be made at the beginning of the hearing. The law also prohibits an applicant or other participant from making a contribution of \$250 or more to a LAFCO Commissioner while a proceeding is pending or for 3 months afterward. Disclosure forms and further information can be obtained from the LAFCO office at Room 318-D, 701 Ocean Street, Santa Cruz CA 95060 (phone 831-454-2055).

Contributions and Expenditures Supporting and Opposing Proposals

Pursuant to Government Code Sections §56100.1, §56300(b), §56700.1, §59009, and §81000 et seq., and Santa Cruz LAFCO's Policies and Procedures for the Disclosures of Contributions and Expenditures in Support of and Opposition to proposals, any person or combination of persons who directly or indirectly contributes a total of \$1,000 or more or expends a total of \$1,000 or more in support of or opposition to a LAFCO Proposal must comply with the disclosure requirements of the Political Reform Act (Section 84250). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. Additional information may be obtained at the Santa Cruz County Elections Department, 701 Ocean Street, Room 210, Santa Cruz CA 95060 (phone 831-454-2060).

More information on the scope of the required disclosures is available at the web site of the Fair Political Practices Commission: [www.fppc.ca.gov](http://www.fppc.ca.gov). Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).

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The Santa Cruz Local Agency Formation Commission does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. The Commission meetings are held in an accessible facility. If you wish to attend this meeting and you will require special assistance in order to participate, please contact the LAFCO office at 831-454-2055 at least 72 hours in advance of the meeting to make arrangements. For TDD service the California State Relay Service 1-800-735-2929 will provide a link between the caller and the LAFCO staff.

Late Agenda Materials

To review written materials submitted after the agenda packet is published, contact the LAFCO Secretary-Clerk at the LAFCO office or in the meeting room before or after the meeting.



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday, December 9, 2015  
9:30 a.m.

Watsonville City Council Chambers  
275 Main St. 4<sup>th</sup> Floor  
Watsonville, California

.....

The December 9, 2015 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Friend.

ROLL CALL

Present and Voting:	Commissioners LaHue, J. Anderson, R. Anderson, Bottorff, Lind, Coonerty and Chairperson Friend
Absent:	None
Alternates Present:	Leopold, * Smith
Alternates Absent:	Bobbe
Staff:	Patrick M. McCormick, Executive Officer Jason Heath, Acting LAFCO Counsel Debra Means, Secretary-Clerk

MINUTES

MOTION AND ACTION

Motion: R. Anderson	To approve November 4, 2015 minutes.
Second: J. Anderson	Motion carries with Commissioner Coonerty abstaining.

ORAL COMMUNICATIONS

Lowell Hurst, a Watsonville City Council member, is concerned about the jobs and housing balance. There have been several other issues in the past regarding annexations, job creation, and housing.

There are portions of Watsonville's city limits that remind him of a jigsaw where there are pieces missing where a neighbor on one side of the fence line is in the City, and the other neighbor is in the County. The services to these neighbors can be significantly different. It is in everyone's best interest to support a partnership to make sure the boundaries make sense for the residents, the voters, and the taxpayers.

\* Alternate Smith arrives.

There are parts of Freedom he urges LAFCO to study. The neighbors on Quinn and Stewart Avenues do not have uniformity. The Lee Road area could have better infill or a more unified approach as well.

He knows water, sewer, fire, police, and other public services are important to LAFCO, and he wants Watsonville to have a future positive relationship with LAFCO. He wants maps and services to be efficient and make sense.

There are existing properties in Watsonville with restrictions that he would like to discuss and explore in a more productive manner than previously. He asks LAFCO to let the City know how they can be supportive of LAFCO's efforts to serve the taxpayers and residents in the highest degree.

Alternate Leopold adds that Mr. Hurst's invitation to work together is appreciated. There will be an item coming to Watsonville's City Council about an affordable housing complex that is split down the middle between the County and the City of Watsonville. The future residents of 26 units who could be living outside the City should be City residents.

When the proposal came to LAFCO, the Commission thought they had a deal with the Assistant City Manager about bringing the residents into the City. He hopes Mr. Hurst will help make this happen.

Mr. Hurst thinks they should meet to find ways to move forward.

Ilia Bulaich, a Watsonville resident, appreciates and thanks the Commission for holding this meeting in Watsonville to make it more convenient for residents of South County to attend. He makes it a point to report to his fellow citizens what happens at the LAFCO meetings he attends.

Chairperson Friend adds that the Commission wanted to hold this meeting in Watsonville because there are items on the agenda specific to South County.

## PUBLIC HEARING

### SALSIPUEDES SANITARY DISTRICT, ADOPTION OF SPHERE AND SERVICE REVIEW

Mr. McCormick reports that this district provides sewer service to approximately 500 customers northeast of Watsonville including the Fairgrounds, Saint Francis High School, Lakeview Middle School, and residential areas along Cutter and College Roads.

Staff gave a preview of Salsipuedes Sanitary District's reviews at the Commission's last meeting. The reviews have been recirculated to the public. He has included more details and costs about a proposed assessment district in the Saint Francis subdivision, which never occurred.



He also included an expanded multi-year budget that shows recent trends. The fund balance is the district's reserve for capital improvements. It has grown from less than \$3,000 eight years ago to almost \$500,000 now, and that functions as the capital reserve for the district. When looking at the annual revenues and expenses, the district is operating with more than a balanced budget. Their expenses include capital upgrades and maintenance.

The organizational options facing Salsipuedes Sanitary District include becoming a customer of the City of Watsonville's sanitary sewer system. People in this district now get their water from Watsonville; so, to get their sewer and water from the City would be part of an integrated Watsonville system. Another option is to consolidate with the Freedom County Sanitation District which serves the unincorporated areas of Watsonville along Green Valley Road going out to Mesa Village. This district is operated by the County Public Works Department, and their board is the County Board of Supervisors.

He has talked to the City and the County Public Works Directors and neither of them is eager to pursue 500 additional customers, but they are open to any future discussions that the district may want to initiate. These options were evaluated because Salsipuedes has gone from having the lowest sewer rates in the Pajaro Valley ten years ago to the highest sewer rates. They are dealing with deteriorated infrastructure, such as mains and pumps, and they need to make major repairs.

He spoke with the district's board this last month concerning their options and what value their independence has. They are open in the long term to see if there are some efficiencies if they combined with one of the larger systems. There is no great urgency because the district has raised their rates, and they have a positive cash flow to make their improvements.

He has received recent correspondence from the Pajaro Valley Rod and Gun Club who own land at the end of Cutter Drive. They have a clubhouse for fishing and shooting and it is close to the district's main. They are just outside the sewer district's sphere of influence. It would be an easy connection and the district sees no capacity issue.

The Rod and Gun Club is requesting the addition of two parcels to the district's sphere of influence. These parcels contain their clubhouse and their caretaker's facility. This does not mean that they would need to be immediately annexed. They may choose to wait until there is a septic problem in the future. The club thinks the parcels being added to the sphere would be potentially beneficial.

Delia Brambila is the new Secretary-Manager for the Salsipuedes Sanitary District. She replaced Joanne Turnquist who retired earlier this year after 20 years as their Secretary Manager.

Their district has 510 resident homes and 9 commercial units. The board sent a newsletter to all the residents to introduce the new Secretary-Manager, to reach out to the Spanish-speaking residents in their district since she is bilingual, and to inform them of board meeting issues and the district's future endeavors.

The district concurs that the district's infrastructure is very old. The increased monies in the contingency fund will help with any future repairs. The district replaced an old pump last year.

Ken Mabie is a member of the Pajaro Valley Rod and Gun Club and he represents its board of directors. He has been involved in the wastewater business for over 40 years. He worked with the County for 15 years and has been a septic consultant since then.

He is concerned about the septic system at the Rod and Gun Club. The facility is underutilized and the membership is limited to 400 people. They have dinner meetings monthly with about 120 people attending, and they have board meetings periodically. There is a small gun range in the basement where a few people drop in during the week to shoot. It is not a heavily used facility and it will not have much impact on the sewer system.

There is a second .5 acre parcel, APN 051-43-09, where the caretaker lives. The club wants to add this parcel to the sphere of influence for a future hookup to sewer. The facility is so underutilized that the septic system could last a long time. They want to be prepared to hook up to sewer. These two parcels sit up above Kelly Lake, and from an environmental stand point, it would be preferable not to have any waste discharged into the ground above the lake.

Alternate Leopold wants clarification about which parcels they want added to the sphere.

Mr. McCormick replies that large parcel has the clubhouse, the small parcel has the caretaker's quarters, and the parcels are adjacent to each other. If the two parcels are annexed, one is contiguous to the other. It would make sense to annex the two parcels together because they would utilize the same private lateral.

Commissioner Roger Anderson asks if this needs to be agendized for a later meeting.

Mr. McCormick replies yes. This current item would remain open. Public testimony can be taken at this meeting, and the Commission can direct the matter to be renoticed for the next meeting.

Commissioner Jim Anderson asks if Salsipuedes would accept a continuance.

Mr. McCormick says the board is informally fine with the continuance. They are not ready to issue a will serve letter, but they do not see any red flags in potentially serving the club. It would be a simple piece of sewer engineering.

Lowell Hurst, who lives at 23 Magnolia Court, supports the aspirations of the Salsipuedes Sanitary District. The City is connected to the district through pipes that go both ways. He wants to improve their relationships.

Commissioner Roger Anderson wonders about the higher rates, which are about \$15 per month higher than the other agencies. There is quite a large reserve of \$477,000. The district has not been spending anywhere near \$477,000 in any year. Their current long range capital plans total about \$110,000. There seems to be some money in excess of what they

need. If \$477,000 is divided by the amount of connections in years and months, it turns out to be about \$15 per month. The district is putting this money into the capital. In a way, the \$15 makes it look like they have the highest rates in the County, but the money may actually be accumulating needlessly. It may be worth their board considering whether the customers should have a holiday from this extra monthly payment.

#### MOTION AND ACTION

Motion: LaHue Second: J. Anderson	To continue the item and direct staff to evaluate the Rod and Gun Club addition to the sphere of influence. Motion carries with a unanimous voice vote.
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#### OTHER BUSINESS

#### STUDY SESSION ON FORMATION OF GROUNDWATER SUSTAINABLE AGENCIES

John Ricker, the County's Water Quality Division Director, updates the Commissioners about implementing the Sustainable Groundwater Management Act in Santa Cruz County. Three of LAFCO's Commissioners are already on the governing board for the Soquel Aptos Groundwater Management Committee and one of the Commissioners is on the Santa Margarita Groundwater Committee.

The Sustainable Groundwater Management Act was enacted by the State in 2014. It is one of the biggest efforts in about 100 years to better manage water resources since the State began requiring permits for surface water use. Now, regulating groundwater use is finally being implemented. The Act puts the burden on the local agencies with the authority and the responsibility to manage their groundwater basins in a way that prevents undesirable results, such as excessive lowering of groundwater levels, water quality degradation, seawater intrusion, subsidence, or an unreasonable depletion of surface water. This is important because now it is recognized that groundwater and surface water are connected, are common resources, and have an impact on each other. The State is finally looking at the water cycle as a whole.

There are a number of steps specified in the Act. The first is the formation of a Groundwater Sustainability Agency which would manage a basin. That agency then develops a Groundwater Sustainable Plan and those plans have to be approved by 2020 or 2022. They have to be designed to achieve sustainability to eliminate those undesirable results within 20 years of implementation.

The Groundwater Sustainability Agencies can be a single agency which has jurisdiction over a whole groundwater basin, or it can be a joint powers authority of a combination of agencies that have authority over the basin.

Starting out, the basins are designated by the State on their Bulletin 118. There is an opportunity to correct basin boundaries early in the process, which they are engaged in now. The individual agencies cannot act outside of their service areas. Unfortunately, the Act is vague about what they mean by "service areas," so they need the State to clarify whether they mean district boundaries or actual areas served by the agency.

Ultimately, the Groundwater Sustainability Agency would have the authority to measure extraction, report to the State, potentially limit extraction, levy fees to pay the implementation costs, and enforce the terms of the Groundwater Sustainability Plan. The Act requires that the agency consult with all affected stakeholders and respond to comments and suggestions. It also requires that the Groundwater Sustainability Plans be coordinated with the land use plans of the overlying land use agencies within the basin.

If a local agency fails to accomplish what is called for in the Act, the State will step in and manage the basin. The State is not interested in any kind of complex management. If they had to step in, the State would just restrict groundwater use to achieve sustainability, and not deal with any kind of development of additional supplies or overall management.

In Santa Cruz County, there are three basins of interest and concern: the Pajaro Valley Basin, the Santa Cruz Mid-County Basin, and the Santa Margarita Basin.

Within the Pajaro Valley, the Act explicitly names the Pajaro Valley Water Management Agency (PVWMA) as the Groundwater Sustainability Agency (GSA) for the Pajaro Valley Basin within the boundaries of that agency. PVWMA has formally declared their intent to be the GSA under the Act. They are not interested in pursuing any amendment of the boundaries of their agency. Their boundaries were established by the State Legislature, and they are concerned that going back to the Legislature could give them more than they asked for.

The formation committees are currently working on basin modification requests for Santa Margarita Basin and the Mid-County Basin to bring the State's designated basin boundaries into conformance with what they think the boundaries should be. The Mid-County Basin group is the most active now and they meet every two months. This group includes the Soquel Creek Water District, Central Water District, the City of Santa Cruz, and Santa Cruz County. Each of the individual agencies can act within their service area. The County is the umbrella agency that picks up all the areas outside the service areas of the various water agencies.

Commissioner LaHue adds that there are three private well owner representatives involved.

Mr. Ricker continues that these well owner representatives get to participate in the group's discussions and some of the voting. They do not get to vote on fiscal matters. The name was recently changed from the Soquel Aptos Groundwater Basin to the Santa Cruz Mid-County Groundwater Basin to convey that the whole area of the Mid-County is involved, not just Soquel and Aptos. There is now a draft Joint Powers Agreement that is circulating among the agencies for review and comment. It would formalize four entities as the joint powers authority (JPA) to serve as the Groundwater Sustainability Agency (GSA).

The Santa Margarita group is not as far along in the formation process. Scotts Valley Water District is the main water user within that basin and they are acting as the lead. They are looking to form a JPA that would include the County, Scotts Valley Water District, and San Lorenzo Valley Water District. There are discussions about including the City of Santa Cruz in that group given that the new water supply plan that they are pursuing potentially involves storage and use of groundwater within that basin.



These GSAs have to be formed by 2017. This should not be a problem. They will then start working on groundwater sustainability plans. All three of the basins have some sort of groundwater management plan. Pajaro Valley recently updated their basin management plan. Soquel Aptos and Scotts Valley have management plans that were prepared under the auspices of AB 3030, but they both need to be beefed up. They are not starting from scratch.

The State has designated the basins throughout the State and assigned them various priorities. The Sustainable Groundwater Management Act (SGMA) requires the act of management for all basins that are designated as a medium or high priority. The low priority basins are not required to have a management plan under SGMA. The State designated which basins are critically overdrafted and the plans for those basins need to be completed by 2020. If the basins are not critically overdrafted, the plans do not have to be completed until 2022. The Pajaro Valley Basin and the Soquel Valley Basin are currently designated as critically overdrafted.

Bulletin 118 shows the Pajaro Valley Basin coming almost all the way to Aptos. The Soquel Valley Basin is relatively small and parts of the West Santa Cruz Terrace in the Santa Cruz Purissima Basin are above that. Their basin boundary requests will pull off from these four basins to designate the Mid-County Groundwater Basin.

There is no mention on the map of the Santa Margarita Basin, but there is a small Scotts Valley Basin and one near Felton. They are both designated as low priority. The State did not think there was any groundwater pumping in that area.

They are proposing that the Mid-County Groundwater Basin go almost to Highway 17, picking up the Branciforte Creek Watershed, along the San Lorenzo River, the City of Santa Cruz, and back over to Pajaro Valley's boundaries.

At the Zayante Fault, the geology changes significantly. The area above the fault does not have significant groundwater that is part of this basin. The Santa Margarita Basin runs along the Mid-County Basin up to the Jarvis Road area, cuts along the Zayante Fault up to Boulder Creek, and then runs down the Ben Lomond Fault, Highway 9, and the San Lorenzo River to the Lockwood Lane area.

There have been reports prepared for both of those new basins that define geologically, hydrologically, and jurisdictionally why those basins make sense. These reports are available on their websites and they describe the basin boundary requests that will be submitted to the State. They are currently in a public comment period. They anticipate submitting these requests mid-January, 2016, but they have until the end of March to submit them. They hope the State will act on these requests quickly and approve the basins as they actually have been managed all along.

The basins' boundary modifications include a hydrologic and jurisdictional basis for these modifications. They are required to notify all the affected systems and basins. The County oversees approximately 80 small water systems that are within these basins as well as the major water agencies. They all have an opportunity to comment on the requests. Any initial comments during the initial review period will be addressed and included in the formal basin

request to the State. Once it is submitted to the State, there is an additional 30-day comment period. They are encouraging jurisdictions that support this to indicate their support and to raise any concerns they may have.

The basin boundary process will occur between January and March of 2016. They expect to have the local GSAs formed and fully designated soon thereafter during a 90-day review comment period. They have already started on the Groundwater Sustainability Plans, and they have until 2020 to complete them. Once the plans are completed, they will submit annual reports to the State as well as a five-year progress report. They hope to achieve sustainability within 20 years through a combination of water conservation, developing supplemental supply, and enhancing groundwater recharge.

There will be provisions to spread the cost of implementing those plans, developing those supplemental supplies, or any other projects among basin users according to their impact on the basin. Any kind of assessment has to follow the Proposition 218 process similar to water rate fees that PVWMA recently updated.

The Mid-County Groundwater stakeholders continue to meet regularly and they meet this next Thursday night at the Live Oak Grange. They sent a mailer out to the 1,700 private well owners in the Mid-County Basin. The MidCountyGroundwater.org website has a wide variety of information including the basin boundary requests and links to State and local applicable websites.

Alternate Leopold says many questions and concerns are raised about water. He serves on a groundwater basin group, and there is good conversation. To see these efforts about the whole county is a good sign that Santa Cruz County is working pro-actively to address future water challenges. He appreciates Mr. Ricker's leadership and it is very helpful to share this information.

Commissioner Lind agrees. She attended a presentation about the Santa Margarita Basin from its Advisory Commission that is worth sharing, particularly what Kennedy/Jenks provided, which was about the local water history, including droughts, El Niños, water levels, and reasons for concern. She did not realize how much evidence of the serious water problem there has been until she saw this presentation.

Commissioner Roger Anderson says there will be years ahead of planning. He wonders what the constraints will be to implement solutions in the future. He wonders if the State will provide money since financing will be a big issue.

Mr. Ricker replies that there is money within Proposition 1. He submitted an application for \$250,000 recently in the category of counties such as Santa Cruz with distressed groundwater basins. This money would help with planning and data gathering. They hope to use some of the money for immediate outreach to private well owners and offer various services to help make their water use more efficient and less consumptive.

They expect more funding to become available for project implementation such as managing recharge to capture runoff from existing parking lots and roadways, and putting that water back into the ground instead of letting it go as runoff. Locally several such projects have

been constructed with State funding in Aptos, Live Oak, and Scotts Valley, and they hope to do more of that.

The Pajaro Valley and Santa Margarita basins already use recycled water. The agencies are planning to take the Tertiary water, and not only use it for irrigation, but treat it to a much higher level, and use that water to inject into the basins to help raise the water levels back up. Soquel Water District, the County, the City of Santa Cruz, and the City of Scotts Valley are all looking at State funds to better evaluate the feasibility study. Once that study is done, there should be funds available through Proposition 1 to implement those projects. Proposition 1 requires a 50% match for any grant funding, so it requires a significant local commitment.

The water agencies are looking at water exchanges and making more use of excess winter flows. The City of Santa Cruz and Soquel Creek Water District are negotiating a short term delivery of water to Soquel, hopefully by this winter. This would allow Soquel to stop pumping their basin as much and help it recover. The State has funded some of these feasibility studies.

The State seems impressed with the progress made in Santa Cruz County. The County is a model for how to do it for the rest of the State. Any monies provided are well spent and it reflects well on them.

\* Commissioner Coonerty leaves and Alternate Leopold replaces him as Commissioner.

#### SPONSORSHIP OF REGIONAL WATER FORUM

Chairperson Friend says this Commission will consider co-sponsoring a regional water forum with the recommendation to contribute \$1,000 to support the forum.

Mr. McCormick says that participating in education is one of the components of the Commission's water policies. There has not yet been an opportunity to help present a forum.

Commissioner Leopold explained at the last meeting the work he has been doing with Mr. Ricker from the County Water Resources Division and Tim Carson from the Integrated Water Management Foundation to put together an event called "Connecting the Drops." They have invited John Laird as the keynote speaker and they are trying to engage all of the water agencies in the County. They will highlight these collaborations to address the water challenges. The forum will be held in Mid-County to make it available to as many people as possible. He encourages the Commissioners to attend the event and to spread the word.

Commissioner Roger Anderson asks what they think the total budget will be for the event.

Commissioner Leopold answers that \$3,000 for a total budget will pay for the room, some print advertising, and other logistics to host several hundred people. This Commission's contribution would pay for about 1/3 of the cost.



## MOTION AND ACTION

Motion: LaHue Second: J. Anderson	To contribute \$1,000 to support the regional water forum scheduled for January 28, 2016. Motion carries with a unanimous voice vote.
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## WORK PROGRAM

Mr. McCormick reports that after Salsipuedes Sanitation District's reviews are completed, the next round of service reviews will be the four recreation districts.

The City of Scotts Valley and the Scotts Valley Water District are up for review next. They are preparing to submit a request for some moderate amendments to their spheres of influence.

## CALENDAR FOR 2016

Commissioner LaHue would like to have the meetings at 10:00 a.m. instead of 9:30 a.m. due to his school schedule.

Commissioner Roger Anderson adds that the other issue for choosing a meeting time in the past has been parking near the County Building.

Commissioner Lind thinks the parking has been easier since the Sheriff's Department moved off site.

Lowell Hurst appreciates the cooperation and the facilitation for South County residents to come to Watsonville or come to Santa Cruz at a time that works. He suggests using Watsonville Chambers anytime.

## MOTION AND ACTION

Motion: LaHue Second: R. Anderson	To adopt the 2016 Meeting Calendar and change the 2016 meeting time to 10:00 a.m. instead of 9:30 a.m. Motion carries with a unanimous voice vote.
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## PERSONNEL COMMITTEE REPORT

### STAFF SALARIES AND BENEFITS

Commissioner Leopold reports that this item was held in closed session at the last meeting. It includes increasing the participation of the staff member in paying for the pension benefit, and changing the health benefits to match the County.

Commissioner Jim Anderson adds that changes were also made to become compliant with new PERS regulations. This is in conjunction with corresponding County positions and changes in State law.

MOTION AND ACTION

Motion: Leopold	To approve the changes included in Resolution No. 2015-12.
Second: J. Anderson	Motion carries with a unanimous voice vote.

Meeting is adjourned at 10:35 a.m. The next LAFCO meeting is scheduled for Wednesday, January 6, 2016 at the new time of 10:00 a.m.

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CHAIRPERSON ZACH FRIEND

Attest:

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Patrick M. McCormick, Executive Officer



## SALSIPUEDES SANITARY DISTRICT

Date: December 29, 2015 for January 6, 2016 Agenda

To: LAFCO Commissioners

From: Patrick M. McCormick, Executive Officer *P. McCormick*

Subject: Service Review and Sphere of Influence Review for Salsipuedes Sanitary District

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Summary: The Commission will conduct a continued public hearing and will consider approving a service review and amending the sphere of influence for the Salsipuedes Sanitary District.

Recommendation: Conduct a public hearing and adopt draft Resolution No. 2016-1 approving the 2015 Salsipuedes Sanitary District Service Review and amending the district's Sphere of Influence to include the Pajaro Valley Rod and Gun Club.

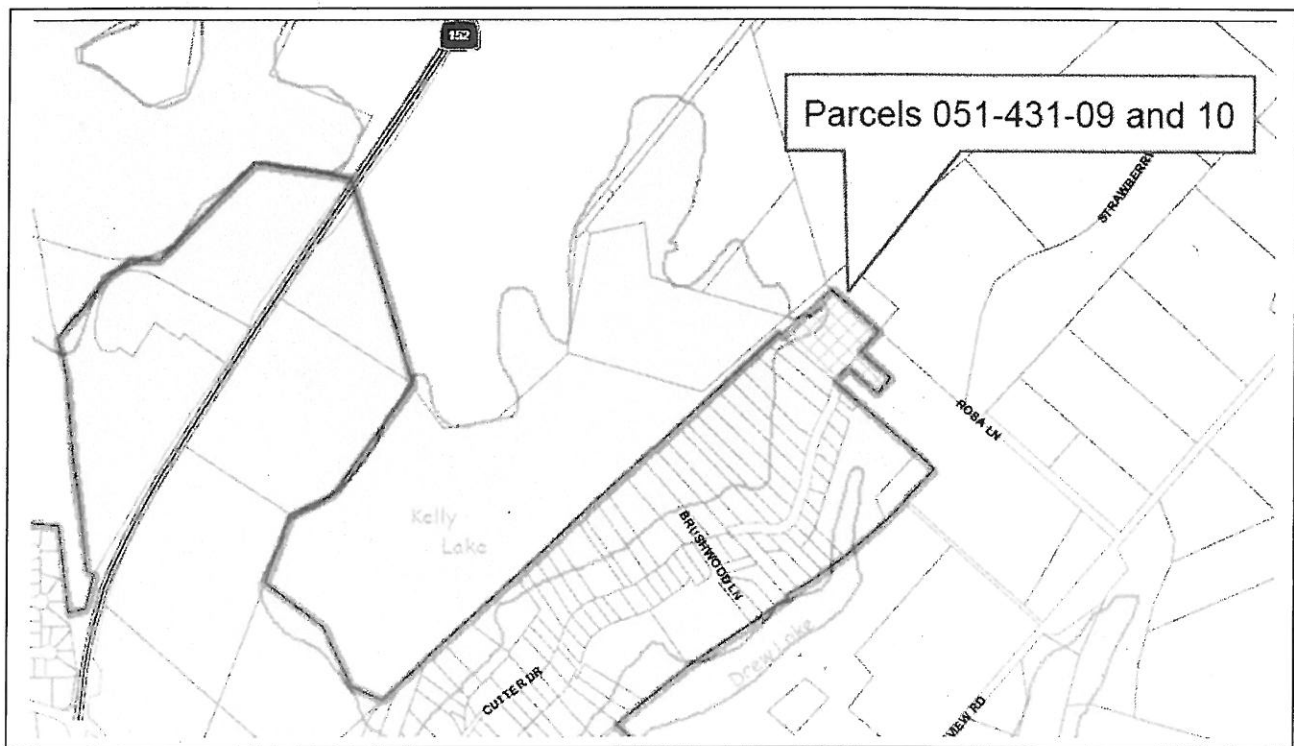
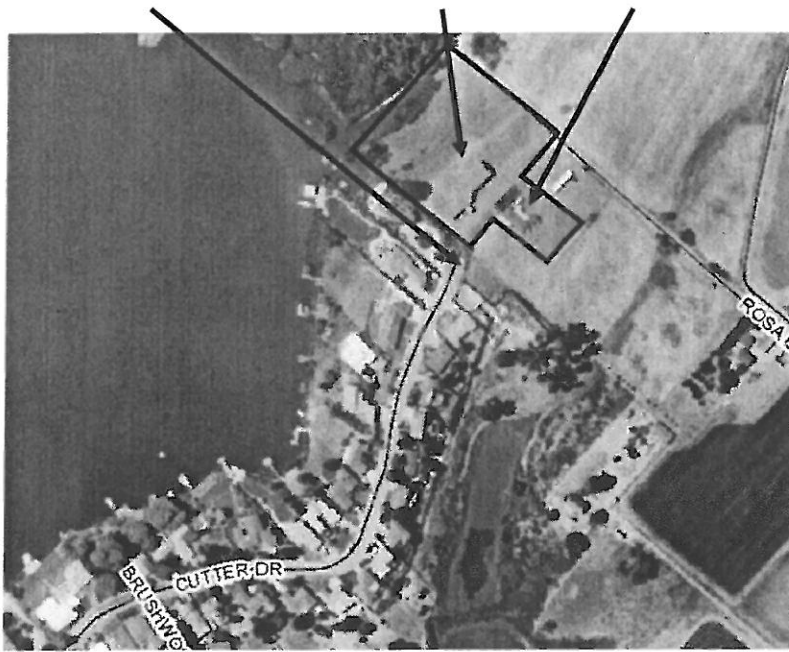
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The Commission held a public hearing on December 9, 2015 to consider approving a service review for the Salsipuedes Sanitary District and affirming the district's Sphere of Influence. At the hearing, the Commission received a request from the Pajaro Valley Rod and Gun Club to add their clubhouse (APN 051-431-10) and caretaker's residence (APN 051-431-09) to the district's sphere of influence. The Commission continued the public hearing to January 6, 2016 in order to consider this potential sphere amendment. LAFCO staff has re-noticed the hearing including the potential amendment, and has conducted environmental review on the potential amendment.




The Pajaro Valley Rod and Gun Club is located adjacent to the current boundary and sphere of influence of the Salsipuedes Sanitary District at the north end of Cutter Drive. The district has a sewer main in Cutter Drive. Connecting the clubhouse and caretaker's residence to the sewer main could be accomplished by a private lateral located solely on club property and the public road right-of-way. No other properties would be served by the private lateral. The 2.6 acre clubhouse parcel includes the clubhouse, parking, and dock on Kelly Lake. The 0.4 acre caretaker's parcel contains a modular home.

The LAFCO staff has conducted environmental review addressing the potential addition of the Pajaro Valley Rod and Gun Club parcels to the Salsipuedes Sanitary District Sphere of Influence. The conclusion was that the potential sphere amendment qualified for Categorical Exemption from further review under the California Environmental Quality Act. The exemption category is for annexation of existing facilities. The categorical exemption document is attached.

Sewer Main      Clubhouse      Caretaker's Home



**Legend**

-  Proposed Addition to the Salsipuedes Sanitary District SOI
-  Sphere of Influence
-  Salsipuedes Sanitary District



The LAFCO staff has been made aware of errors in one of the tables in the Service Review. The errors are on Table 2, Page 4, concerning population estimates. The year 2015 and 2020 entries were wrong and have been corrected:

Table 2  
As Published in December 2015 Draft  
Population

Public Agency	2010	2015	2020	2025	2030	2035	Annual Growth Rate
Santa Cruz County (unincorporated)	129,739	132,318	142,132	134,879	139,601	144,227	0.42%

Source: 2010 US Census and AMBAG 2014 Regional Growth Forecast

Corrected for January 2016 Adoption  
Population

Public Agency	2010	2015	2020	2025	2030	2035	Annual Growth Rate
Santa Cruz County (unincorporated)	129,739 *	133,790 **	132,318 ***	134,879 ***	139,601 ***	144,227 ***	0.42% ***

Sources:

\*2010 US Census

\*\*State of California; Department of Finance E-5 Population Estimates for January 1, 2015

\*\*\*AMBAG 2014 Regional Growth Forecast; June 11, 2014

An astute reviewer would observe that the corrected entries are not particularly elegant since the population estimates show the County's unincorporated population decreasing from 2015 to 2020. The federal, state, and regional demographers do cross correlate. There will be a re-calibration after the 2020 census. Salsipuedes has 1.6% of the County's unincorporated population. The County General Plan anticipates only a small amount of additional growth within the district. In any case, population projections are not a critical factor in LAFCO's pending Salsipuedes actions.

The staff RECOMMENDS that the Commission conduct a public hearing and adopt draft Resolution No. 2016-1, which approves the service review and amends the Salsipuedes Sanitary District Sphere of Influence to include the two parcels owned by the Pajaro Valley Rod and Gun Club.

cc: Salsipuedes Sanitary District  
Freedom County Sanitation District  
City of Watsonville, Attention: Director of Public Works and Utilities  
Pajaro Valley Rod and Gun Club, c/o Ken Mabie

Attachments:

Categorical Exemption

Draft Resolution No. 2016-1

Exhibit A Determinations

Exhibit B Map

Notice of January 6, 2016 Public Hearing

December 7, 2015 Letter from the Pajaro Valley Rod and Gun Club

Agenda Materials from December 9, 2015 Agenda



Cutter Drive

Clubhouse

Caretaker



## California Environmental Quality Act

### Exemption

Project Title: 2015 Amendment of Sphere of Influence for Salsipuedes Sanitary District

Project Location: Assessor's Parcels No. 051-431-09 and 051-431-10, Pajaro Valley Rod and Gun Club, 557 ½ Lakeview Road, Watsonville, located adjacent to and north of north end of Cutter Drive, Santa Cruz County.

1. Description of Nature, Purpose, and Beneficiaries of the Project:

The proposal would expand the Sphere of Influence of the Salsipuedes Sanitary District to include the caretaker's residence (APN 051-431-09) and the clubhouse (APN 051-431-10) of the Pajaro Valley Rod and Gun Club. The total site area is approximately 2.97 acres. The Pajaro Valley Rod and Gun Club is not planning any expansion or development. The clubhouse and caretaker's residence are currently served by conventional septic systems. The proposal would allow, at a future date, for an annexation application to be submitted to and considered by the Santa Cruz Local Agency Formation Commission. If the annexation application is subsequently approved, and if the proposed annexation meets the service requirements of the Salsipuedes Sanitary District, the caretaker's residence and the clubhouse could be connected via a private lateral to the district's sewer main which is located at the north end of Cutter Drive, adjacent to the Rod and Gun Club property. The Pajaro Valley Rod and Gun Club would benefit with such a connection by receiving efficient sewer service. The public could potentially benefit in that the Pajaro Valley Rod and Gun Club's septic tank and leach field are currently located on an upland which slopes to Kelly Lake. Any future failure of the septic system could pollute the lake.

Name of Public Agency Approving the Project: Santa Cruz Local Agency Formation Commission

Name of Person or Agency Carrying Out Project: Santa Cruz Local Agency Formation Commission

Exempt Status:

Categorical Exemption

Type: Annexation of Existing Facilities

Exemption Number: 19



Reasons why project is exempt:

- The caretaker's residence and the clubhouse are existing facilities.
- The club has no plans or intentions of expanding the facilities or developing the property further.
- The sewer connection would be a private lateral out to the Salsipuedes Sanitary District main at the north end of Cutter Drive. No main extension is needed. The private lateral would not be available for use by other properties.
- The Salsipuedes Sanitary District has adequate transmission and treatment capacity.

Dated: December 21, 2015

By: R. M. McCormick

Patrick M. McCormick, Executive Officer  
Santa Cruz Local Agency Formation Commission,  
701 Ocean Street, Room 318-D, Santa Cruz, CA  
(831) 454-2055  
pat@santacruzlafco.org

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION  
RESOLUTION NO. 2016-1

On the motion of Commissioner  
duly seconded by Commissioner  
the following resolution is adopted:

APPROVING THE 2015 SALSIPUEDES SANITARY DISTRICT  
SERVICE AND SPHERE OF INFLUENCE REVIEW

\*\*\*\*\*

The Local Agency Formation Commission of Santa Cruz County (the "Commission") does hereby resolve, determine, and order as follows:

1. In accordance with Government Code sections 56425, 56427 and 56430, the Commission has initiated and conducted the 2015 Salsipuedes Sanitary District Service and Sphere of Influence Review.
2. The Commission's Executive Officer has given notice of a public hearing by this Commission upon the service review and sphere of influence in the form and manner prescribed by law.
3. The Commission held a public hearing on this matter on December 9, 2015 and January 6, 2016; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.
4. Compliance with the California Environmental Quality Act has been met by a Categorical Exemption pursuant to State CEQA Guidelines section 15319—annexations of existing facilities.
5. The Commission hereby approves the 2015 Salsipuedes Sanitary District Service and Sphere of Influence Review.
6. The Commission hereby approves the Service and Sphere of Influence Determinations as shown on Exhibit A.
7. The Commission hereby amends the Sphere of Influence of the Salsipuedes Sanitary District, as shown on Exhibit B, to include APN 051-431-09 and 051-431-10.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this sixth day of January 2016.

AYES:

NOES:

ABSENT:

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ZACH FRIEND, CHAIRPERSON

Attest:

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Patrick M. McCormick  
Executive Officer

Approved as to form:



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T. Brooke Miller, LAFCO Counsel

Exhibit A  
Santa Cruz LAFCO Resolution No. 2016-1  
Salsipuedes Sanitary District  
Service and Sphere of Influence Review Determinations

**-SERVICE REVIEW DETERMINATIONS-  
Government Code Section 56430**

**1) Population and Growth**

Growth and population projections for the affected area.

*Determination: The Salsipuedes Sanitary District serves an unincorporated community northeast of the City of Watsonville. The population of the district is approximately 2,135. The County General Plan anticipates very little additional growth within the district and the district sphere of influence.*

**2) Disadvantaged Unincorporated Communities**

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

*Determination: Neither the County of Santa Cruz, nor the Local Agency Formation Commission has identified any sub-area within or contiguous to the Salsipuedes Sanitary District Sphere of Influence that meets the definition of a disadvantaged unincorporated community.*

**3) Capacity of Facilities**

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged communities within or contiguous to the sphere of influence.

*Determination: The Salsipuedes Sanitary District serves 510 connections. It has adequate transmission and treatment capacity for the present and planned facilities within the Sphere of Influence. The district's principal needs are repair and replacement of aging infrastructure.*

**4) Financial Ability of Agencies**

Financial ability of agencies to provide services.

*Determination: Over the last ten years, the Salsipuedes Sanitary District's sewer rates have gone from the lowest in the Pajaro Valley to the highest. The rate increases have allowed the district to continue to operate, to proceed with needed main and pump repairs and replacements, and to build up a substantial fund balance.*

**5) Shared Facilities**

Status of, and opportunities for, shared facilities.

**Determination:** *The Salsipuedes Sanitary District utilizes the treatment facilities at the regional treatment plant operated by the City of Watsonville.*

**6) Accountability**

Accountability for community service needs, including governmental structure and operational efficiencies.

**Determination:** *The Salsipuedes Sanitary District has the highest sewer rates in the Pajaro Valley. In the next few years, the district should evaluate whether lower rates could be realized through a contract or a reorganization with the City of Watsonville or the Freedom County Sanitation District, and whether the loss or reduction in local control of the sewer system would be acceptable.*

**7) Matters Required by Local LAFCO Policies**

Any other matter related to effective of efficient service delivery, as required by commission policies.

Santa Cruz LAFCO has adopted a policy that it will inquire whether public agencies have adopted meeting rules and a mission statement. LAFCO maintains a file of meeting rules that is available for adaptation by any local agency.

**Determination:** *The Salsipuedes Sanitary District has not adopted a mission statement or meeting rules.*

**-SPHERE OF INFLUENCE DETERMINATIONS-  
Government Code Section 56425**

**1) The present and planned land uses in the area, including agricultural and open-space lands.**

**Determination:** The present and planned land uses in the Salsipuedes Sanitary District are principally suburban residential and public facilities (fairgrounds, schools, churches, and cemeteries). There are some neighborhood commercial uses near the corner of Holohan Road and East Lake Avenue. Rural homes and agricultural buildings in the southern agricultural portion of the district's boundary and sphere are connected to the district's mains. The County of Santa Cruz plans for the southern portion of the district, between Salsipuedes Creek and the City of Watsonville to remain in commercial agricultural uses.

**2) The present and probable need for public facilities and services in the area.**

**Determination:** The present and probable future need for public facilities and services in the Salsipuedes Sanitary District is the maintenance, repair, and replacement of aging mains and pumps. The existing caretaker's residence and clubhouse at the Pajaro Valley Rod and Gun Club could benefit from a sewer connection if their septic system fails in the future.

**3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

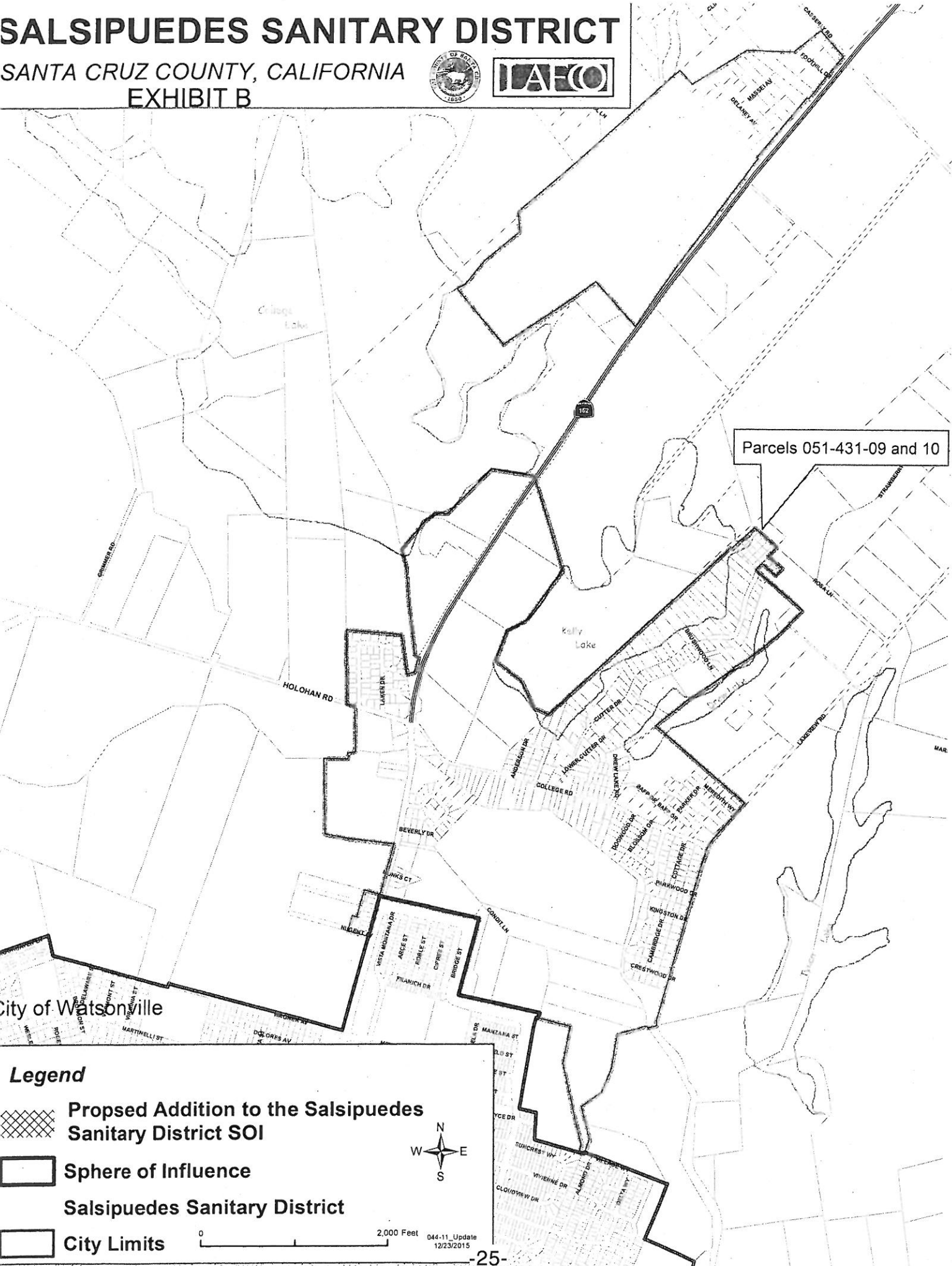
**Determination:** The Salsipuedes Sanitary District serves 510 connections. It has adequate transmission and treatment capacity for the present and planned facilities within the Sphere of Influence. The district's principal needs are repair and replacement of aging infrastructure.

**4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**

**Determination:** The amended Salsipuedes Sanitary District Sphere of Influence identifies the community of interest that benefits or could benefit from the operations of the district.

# SALSIPUEDES SANITARY DISTRICT

SANTA CRUZ COUNTY, CALIFORNIA  
EXHIBIT B



**Legend**

- Proposed Addition to the Salsipuedes Sanitary District SOI**
- Sphere of Influence**
- Salsipuedes Sanitary District**
- City Limits**

0 2,000 Feet

044-11\_Update  
12/23/2015





## **NOTICE OF PUBLIC HEARING LOCAL AGENCY FORMATION COMMISSION**

NOTICE IS HEREBY GIVEN that at 10:00 a.m., Wednesday, January 6, 2016, in Room 525, County Governmental Center, 701 Ocean Street, Santa Cruz, the Santa Cruz Local Agency Formation Commission (LAFCO) will hold a public hearing on the following matter:

### **--Salsipuedes Sanitary District Sphere of Influence and Service Review**

The proposal has been amended to add the Pajaro Valley Rod and Gun Club, Assessor's Parcels 051-431-09 and 051-431-10 at 557 ½ Lakeview Road, Watsonville, to the Sphere of Influence of the Salsipuedes Sanitary District.

At the hearing, the Commission will consider oral or written comments from any interested person.

The written report and further information can be obtained by contacting LAFCO's staff at 701 Ocean Street, Room 318-D, Santa Cruz CA 95060, (831) 454-2055 or from LAFCO's website at [www.santacruzlafco.org](http://www.santacruzlafco.org).

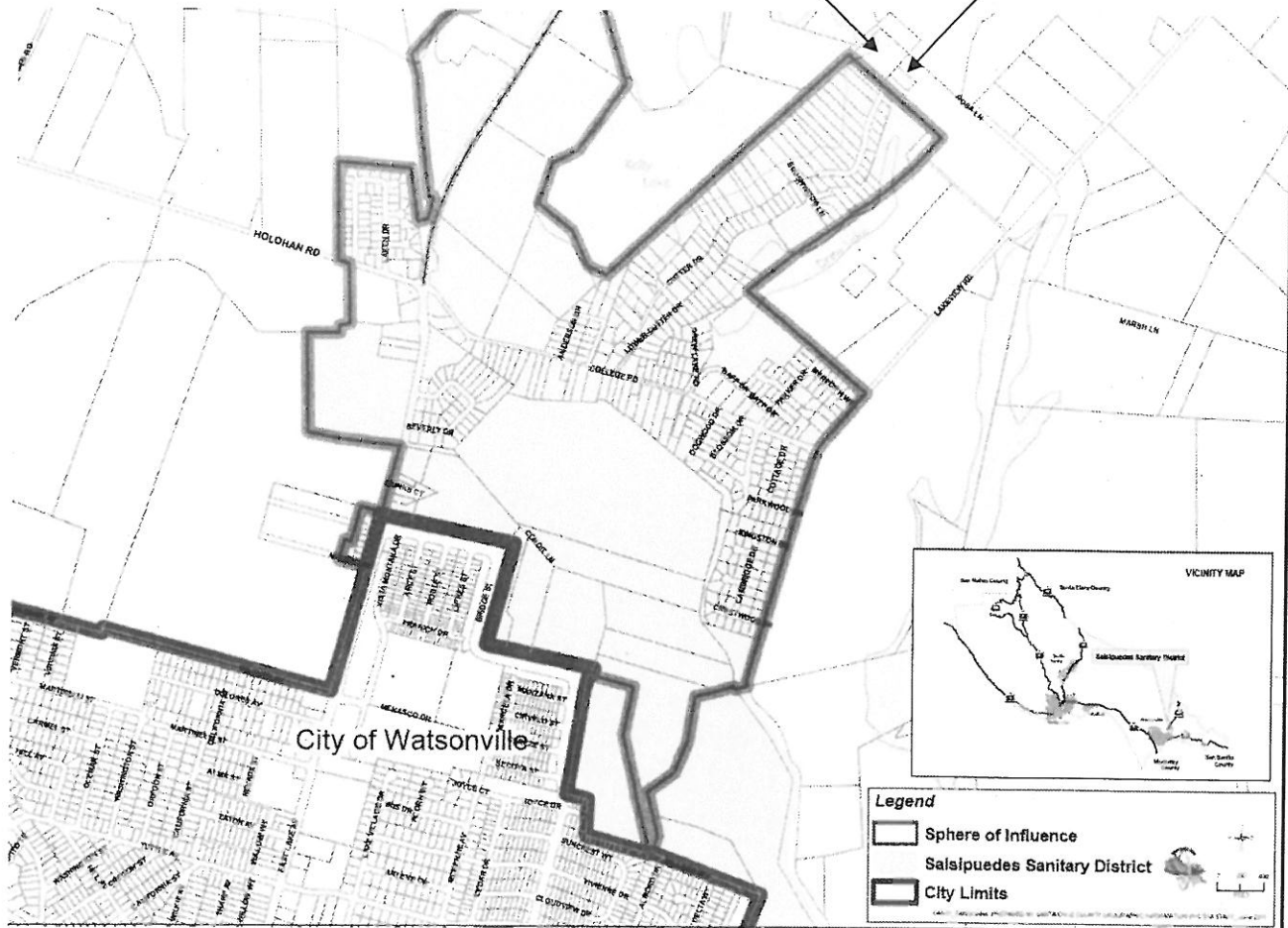
LAFCO does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. The Commission meetings are held in an accessible facility. If you wish to attend this meeting and you will require special assistance in order to participate, please contact the LAFCO office at least 48 hours in advance of the meeting to make arrangements.

/original signed/ Patrick M. McCormick  
Executive Officer  
Date: December 14, 2015

Proposed Amendment to the Salsipuedes Sanitary District Sphere of Influence  
Pajaro Valley Rod and Gun Club

APN 051-431-10

APN 051-431-09



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**PAJARO VALLEY ROD & GUN CLUB**

P.O. Box 671  
Watsonville, CA  
95076

December 7, 2015

Local Agency Formation Commission  
Attn: Pat McCormick, Executive Officer  
701 Ocean St, #318D  
Santa Cruz, CA 95060

Dear Mr. McCormick

I am writing regarding the Pajaro Valley Rod & Gun Club, located at 557 1/2 Lakeview Road, Watsonville, CA. We are interested in the opportunity to include the Club property in the sphere of influence for the Salsipuedes Sanitation District. I understand that consideration by LAFCO to modifying the sphere will be taking place soon.

The PVRG Club has been located at this address for about 70 years, and serves the community as a private non-profit, with the philosophy of promoting wildlife, and members interests in sporting activities, primarily hunting and fishing. The clubhouse is served by a conventional septic system which is currently operating properly.

If the septic system were to fail in the future, there are several reasons why it would be appropriate to connect to the sanitary sewer line which I believe ends near the end of Cutter Drive. First, the club property sits above Kelly Lake, creating environmental limitations to repairing the system. The costs to engineer and construct a repair to the system could become prohibitive, as compared to connecting to the sewer.

Second, environmentally it would be better to connect to the sewer to eliminate any possible contamination in to the lake.

The Club has no intention of expanding, or in any way developing the property. The Clubhouse is used once per month for a general membership meeting with a dinner, and the shooting range is used by a few members at a time during the week. A caretaker unit with 2 persons in it is on the property for security purposes.

Your consideration of this matter is requested, and you may contact Ken Mabie at 831 684-1555 for further information.

Sincerely yours,

Bruce Kobara  
*Bruce Kobara* by *Ken Mabie*  
Club President - bakobara@aol.com



## SALSIPUEDES SANITARY DISTRICT

Date: December 2, 2015 for December 9, 2015 Agenda

To: LAFCO Commissioners

From: Patrick M. McCormick, Executive Officer *P. McCormick*

Subject: Service Review and Sphere of Influence Review for Salsipuedes Sanitary District

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*Summary: The Commission will conduct a public hearing and will consider approving a service review and confirming the current sphere of influence for the Salsipuedes Sanitary District.*

*Recommendation: Conduct a public hearing and adopt draft Resolution No. 2015-12 approving the 2015 Salsipuedes Sanitary District Service Review and Sphere of Influence Review.*

---

The LAFCO staff has updated a draft of a service review and sphere of influence review for the Salsipuedes Sanitary District, which operates a sanitary sewer collection system in the unincorporated area northeast of the City of Watsonville. There are 510 connections to their system, located along East Lake Avenue (Highway 152) and College Road.

The main conclusions of this document are:

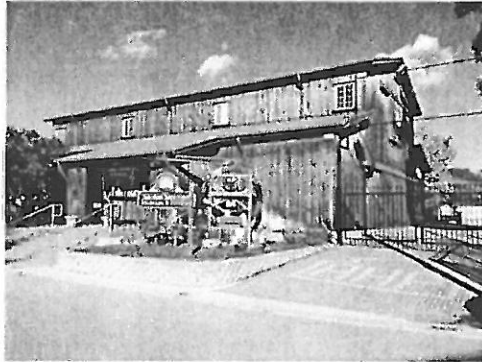
- The Salsipuedes Sanitary District is a well-governed small agency with a functional board, noticed meetings, and a trained part-time staff member.
- In the ten years since the last service review was conducted, the District's rates have gone from the lowest of all Pajaro Valley sewer agencies to the highest.
- In the next few years, the District should evaluate whether lower rates could be realized through a reorganization, and whether the loss or reduction in local control of the sewer system would be acceptable.
- Neither the LAFCO staff nor the District is recommending any changes in the District's Sphere of Influence map.

The staff RECOMMENDS that the Commission conduct a public hearing and adopt draft Resolution No. 2012-15, which approves the service review and confirms the existing sphere of influence of the Salsipuedes Sanitary District.

cc: Salsipuedes Sanitary District  
Freedom County Sanitation District  
City of Watsonville, Attention: Director of Public Works and Utilities

Hearing Draft

## Salsipuedes Sanitary District Service and Sphere Review



December 2015



Local Agency Formation Commission  
of Santa Cruz County  
701 Ocean Street, Room 318D  
Santa Cruz CA 95060



## SALSIPUEDES SANITARY DISTRICT

### Document's Purpose, Format, and Executive Summary

LAFCO periodically performs municipal service reviews<sup>1</sup> and updates, as necessary, the sphere of influence of each agency subject to LAFCO's boundary regulation<sup>2</sup>. A "sphere of influence" is defined as a plan for the probable physical boundaries and service area of a local agency. This report has been prepared to analyze the Salsipuedes Sanitary District. Specific service review and sphere determinations are listed at the end of the report.

The main conclusions of this document are:

- The Salsipuedes Sanitary District is a well-governed small agency with a functional board, noticed meetings, and a trained part-time staff member.
- In the ten years since the last service review was conducted, the District's rates have gone from the lowest of all sewer agencies in the Pajaro Valley to the highest.
- In the next few years, the District should evaluate whether lower rates could be realized through a reorganization, and whether the loss or reduction in local control of the sewer system would be acceptable.
- Neither the LAFCO staff nor the District are recommending any changes in the District's Sphere of Influence map.

### Agency Overview

The Salsipuedes Sanitary District was formed<sup>3</sup> in 1965 in order to provide wastewater collection services to the unincorporated area northeast of Watsonville. The main streets in the district are East Lake Avenue (Highway 152) and College Road. In addition to residential areas, the district provides wastewater service to Lakeview Middle School, St. Francis High School, Our Lady Help of Christians Catholic Church, the Santa Cruz County Fairgrounds, and several commercial businesses. The district has 510 connections, and rents an office at 739 East Lake Avenue in Watsonville. The district has a five-person board of directors and employs a part-time Secretary-Manager. The district has a contract with the City of Watsonville to treat, re-cycle and/or dispose sewage at the City's plant on Beach Road.

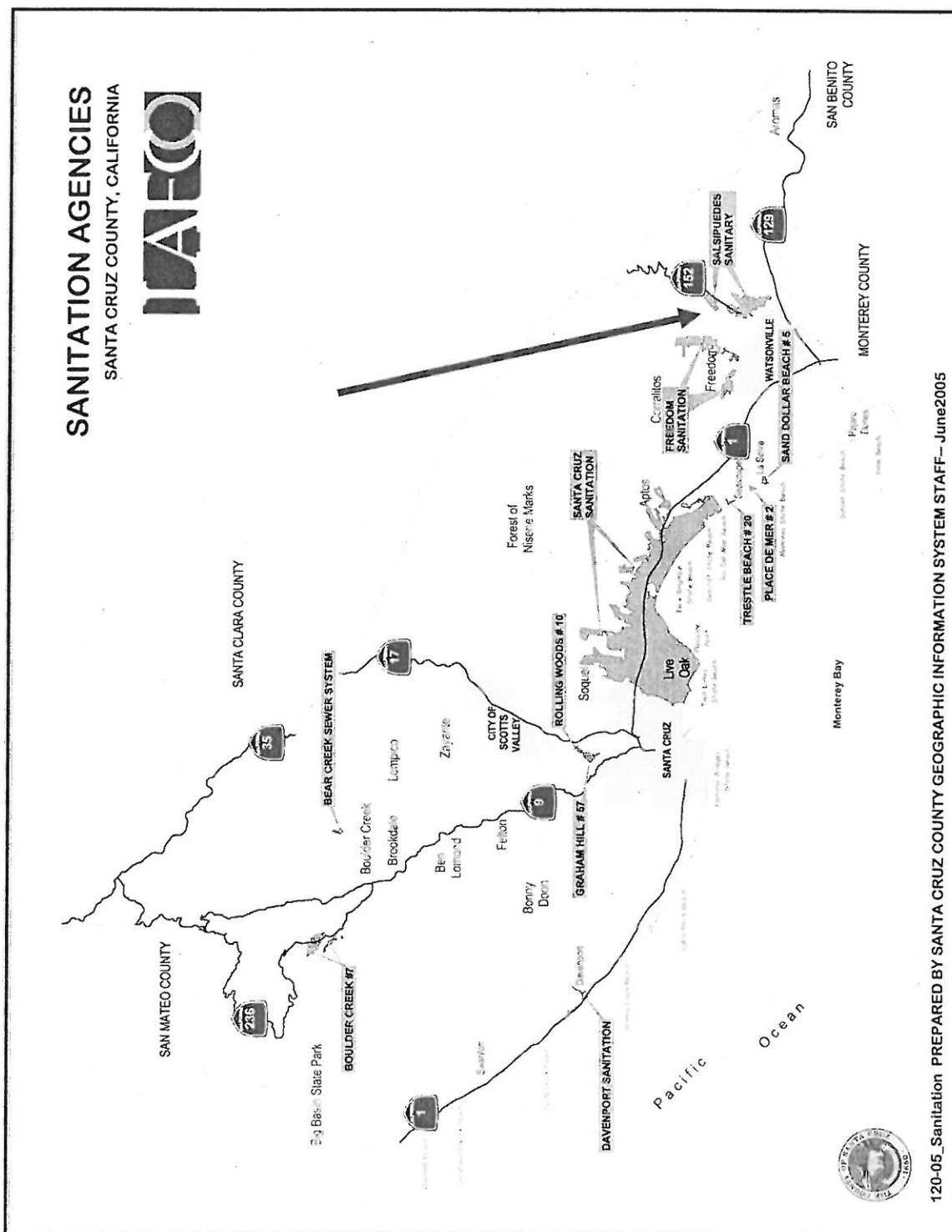
Table 1 – Services Provided

2015 Salsipuedes Sanitary District Service Review		Sanitary Sewer Collection	Sanitary Sewer Treatment	Recycled Water	Septic System Monitoring/Maint.
Special Districts					
Salsipuedes Sanitary District		•			

<sup>1</sup> Government Code §56430 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000)

<sup>2</sup> Government Code §56427

<sup>3</sup> Health and Safety Code §6400 et seq. (Sanitary District Act of 1923)





The district's current boundary and adopted sphere of influence are shown on the following map:



## Growth and Population

There are no growth projections available for the Salsipuedes Sanitary District. In general, the Santa Cruz County unincorporated area is projected to have slow to moderate growth over the next twenty years. The projections are as follows:

**Table 2**  
**Population**

Public Agency	2010	2015	2020	2025	2030	2035	Annual Growth Rate
Santa Cruz County (unincorporated)	129,739	132,318	142,132	134,879	139,601	144,227	0.42%

*Source: 2010 US Census and AMBAG 2014 Regional Growth Forecast*

In recent years, the Salsipuedes Sanitary District has grown slowly with 3 new connections in the last ten years. The County General Plan applies in this area. A similar slow rate of new connections can be projected for the next ten years, unless the St. Francis Subdivision (Delaney and Massei Streets) passes an assessment to pay for a collection system and main extension along East Lake Avenue to the current Salsipuedes main at the entrance to the Fairgrounds. The subdivision property owners considered an assessment district in 1999-2005 and it did not go forward.

With approximately 500 residential connections and a 2010 U. S. Census average household size of 4.27 people in the Interlaken Census Designated Place (which contains the Salsipuedes Sanitary District, but is bigger), a rough estimate of the resident population is 2,135. In the daytime, the population in the district increases from attendance at the schools, church, and fairgrounds.

The County General Plan anticipates only a small amount of additional growth within the district. The County General Plan designates some of the larger parcels in the southern portion of the district for agricultural uses. The agricultural parcels along Condit Lane were included within the District's sphere of influence because the residences and businesses there already had sanitary sewer service connections from the Salsipuedes Sanitary District prior to LAFCO adopting the District's first sphere of influence in 1987.

## Disadvantaged Communities

State law<sup>4</sup> requires that LAFCOs address disadvantaged unincorporated communities within or contiguous to the subject agency's sphere of influence. The purpose is to evaluate the feasibility of extending public services to poor communities. A community is defined<sup>5</sup> as disadvantaged if it has an annual median household income that is less than 80 percent of the statewide annual median household income. In 2014, the California statewide median household income was \$61,094<sup>6</sup>, and 80% of that was \$48,875. The Salsipuedes Sanitary District is located in two census tracts (1101 and 1225). Neither of these has a median household lower than \$48,875. The tract located west of Green Valley Road (1231) does have a

<sup>4</sup> Government Code §56430 for service reviews, and Government Code section 56425(e) for sphere reviews.

<sup>5</sup> Water Code §79505.5.

<sup>6</sup> U.S. Census Bureau, 2009-2013 American Community Survey 5-Year Estimates.

median household income that is less than \$48,875. This tract is partially served by the Freedom County Sanitation District. The Salsipuedes Sanitary District does not have any mains located close to tract 1231. In its planning activities, the County of Santa Cruz has not identified any sub-areas within the Salsipuedes Sanitary District or contiguous to its sphere of influence that it has identified as disadvantaged.

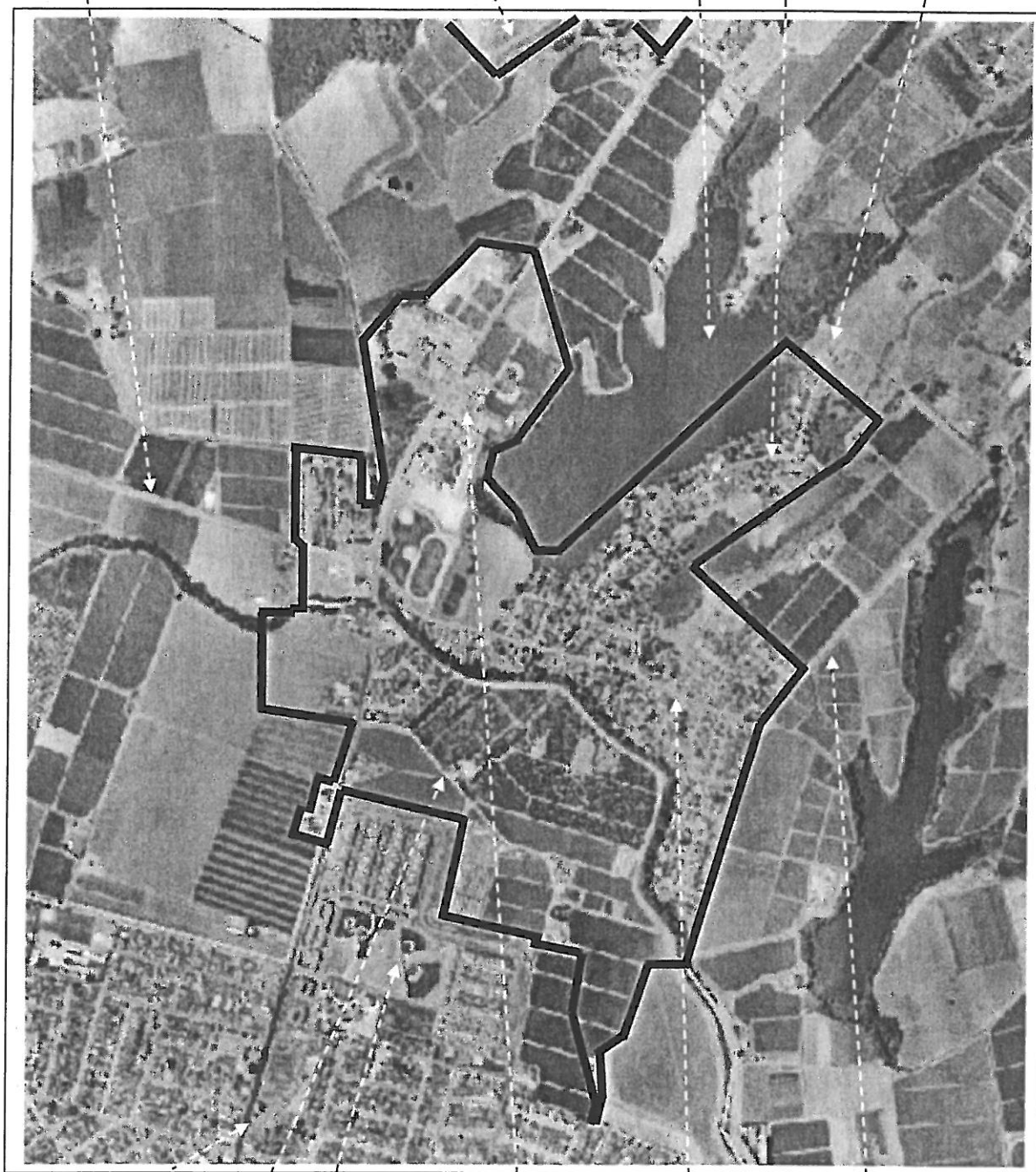
(continues on next page)

(The heavy black line is the adopted Sphere of Influence.)

Holohan Road

Fairgrounds

Kelly Lake Cutter Dr. Rod and Gun Club



East Lake Av. Condit Lane Franich Park St Francis High College Road Lakeview Road  
(Highway 152)

### Boundary History of Salsipuedes Sanitary District

The Salsipuedes Sanitary District was formed in 1965 following an election in which there were 187 votes in favor of forming the district and 27 votes opposed. Upon formation, the district boundary extended from the Watsonville City limits at Hushbeck Avenue to the north end of Cutter Drive. The district has experienced a series of boundary changes of which the principal annexations were along East Lake Avenue (Highway 152) to include what is now Lakeview Middle School, Our Lady Help of Christians Catholic Church, St. Francis High School, two cemeteries, and the Santa Cruz County Fairgrounds. Detachments have occurred as land was annexed to the City of Watsonville, which took over the sanitary sewer service. Another detachment occurred in 1987, when LAFCO conditioned the Fairgrounds Reorganization to detach 200 acres of commercial agricultural land that was annexed to the district in the 1960's in anticipation of suburban growth, but was unlikely to need sewer service because of agricultural land preservation policies enacted by the County in the 1970's and 1980's. A list of the LAFCO actions involving the Salsipuedes Sanitary District follows:

**Table 3 -- LAFCO Actions**

Action Date	LAFCO File Number and Title	Location	Acreage	Action
7/21/1965	56 Formation of Salsipuedes Sanitary District	College Rd., Cutter Dr., Holohan Rd., Beverly Dr.	642	Approved
11/15/1967	117 Nugent Tract Annexation No. 1967-1	West side of East Lake Ave., north of Nugent	2.3	Approved
4/17/1968	128 Salsipuedes Sanitary District Annexation 1967-2	Both sides of East Lake Ave., south of College	Approx 3	Approved
2/18/1970	201 Watsonville Levee Detachment	Bridge Street, north of Beck Street	39	Approved
8/19/1970	227 1969-1 Annexation	Both sides of East Lake Ave. from Holohan Road to fairgrounds entrance	183	Approved
9/16/1970	227-A 1969-1 Annexation (adding condition)	"	183	Approved
7/21/1971	284 Tynan Lake Annexation	East side of Lakeview Drive near College Road	85	Approved
5/17/1972	313-A Levee Two Detachment	Bay Village and Pajaro Village	123	Approved
7/19/1972	331 East Lake Ave. Detachment	East side of East Lake Ave. near Martinelli St.	3.7	Approved
9/20/1972	331-A Amendment to Res. 331 (adding condition)	"	3.7	Approved
3/7/1984	672 Nugent Ave. / Holmes Annexation	Nugent Avenue	0.2	Approved
10/7/1987	709 Sphere of Influence Adoption	Entire District		Approved
11/8/1987	700 Fairgrounds Reorganization	Annex fairgrounds; Detach agricultural parcels along East Lake Ave. and Lakeview	Annex 100 Detach 200	Approved
4/6/1988	734 East Lake / Apple City Annexation	West side of East Lake Ave., next to creek	1	Approved
2/10/1994	624-B East Lake Ave./Franich Reorganization (Detach from Salsipuedes Sanitary District)	East side of East Lake Ave., north of Martinelli Street	74	Approved
7/15/1998	843 Village Associates II Reorganization (Detach from Salsipuedes Sanitary District)	North end of Delta Way	14.4	Withdrawn 7/15/98
12/1/1999	864 St. Francis Subdivision Annexation	Delaney and Massei Avenues	24	Denied Time Ext. 5/4/05
5/1/2002	883 Village Associates / Delta Way Reorganization (Detach from Salsipuedes Sanitary District)	North end of Delta Way	14.4	Approved
2/5/2007	2007-9 Countywide Service Review	Entire District		Approved
1/9/2008	2008-1 Sphere of Influence Review	Entire District		Approved



### St. Francis Subdivision

The 24-acre St. Francis Subdivision contains 37 lots. Thirty-three lots are developed with houses using septic systems, one is developed with a small business using a septic system, and four are vacant. The soil conditions allow only slow percolation. Septic failures are common, and the repairs require expensive engineered systems. In 1999, the St. Francis Subdivision was outside the boundary of the Salsipuedes Sanitary District, and inside the District's Sphere of Influence adopted by LAFCO. LAFCO authorized the St. Francis Subdivision Annexation (Delaney Ave., Massei Ave., and a few adjacent small parcels). There were no sewer mains to collect sewage in the subdivision, and the closest Salsipuedes Sanitary District main was located at the main entrance to the Fairgrounds on East Lake Avenue. A condition of the authorization was that the property owners in the annexation area needed to approve an assessment district to pay for the collection system and main extension.

Fairgrounds (inside Salsipuedes San. Dis.)    St. Francis Subdivision (outside District, inside Sphere)



End of sewer main

The engineering plans for the proposed assessment district provided for the installation of 5,750 feet of sewer mains. In 1999, the estimated cost was \$744,347, or over \$20,000 per parcel. The consensus of the property owners in the subdivision was that the assessment would not pass at an election unless a state or federal grant could be obtained to partially offset the cost of the project and to lower the assessment



amount per parcel. After more than five years of being unsuccessful in securing a grant, the St. Francis assessment district and annexation were abandoned in 2005. LAFCO never recorded the annexation.

The subdivision remains within the District's sphere of influence. This is the biggest known sewer-related capital need in the areas adjacent to the District. The District was willing to accept and serve the subdivision in 1999, but only if the affected property owners paid for the system improvements.

#### Infrastructure Needs and Deficiencies

The following table summarizes the wastewater infrastructure within the Pajaro Valley:

**Table 4**  
**Pajaro Valley Wastewater Infrastructure Summary**

Agency	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
City of Watsonville	Collection/Treatment/ Re-Cycling	Secondary / Adv.Tertiary	13,214	12	150.0
Freedom County Sanitation District	Collection	NA	1,687	8	25.0
Salsipuedes Sanitary District	Collection	NA	510 <sup>7</sup>	2	7.0
Pajaro County Sanitation District (Mont. Co.) <sup>8</sup>	Collection	NA	922	6	20.2

The regional wastewater treatment plant is owned and operated by the City of Watsonville. The plant treatment capacity, Salsipuedes' share, and the annual flow are as follows:

**Table 5 Treatment**

Treatment Facility / Areas Served	Permitted Capacity (Secondary) mg/d	2003-2004 Actual mg/d	2014-2015 Actual mg/d	% Avg. Annual Change 2003-2014
Watsonville Wastewater Treatment Facility	12.1	7.6	6.7	-1.1%
City of Watsonville				
Salsipuedes Sanitary District	0.281			
Freedom County Sanitation District	0.711			
Pajaro County Sanitation District (Mont. Co.)	1.570			

mg/d = million gallons per day

In 2009, in cooperation with the Pajaro Valley Water Management Agency, the City of Watsonville began treating part of its effluent flow to an advanced tertiary level, and providing it to the Pajaro Valley Water Management Agency to mix with inland well water and distribute through its Coastal Distribution System to irrigate farms in the coastal area of the Pajaro Valley. This recycled water use is a major component in reducing salt water intrusion into the ground-water aquifers. The tertiary plant has a capacity of 7.7 million gallons per day. On October 1,

<sup>7</sup> Up from 507 connections in 2005.

<sup>8</sup> 2005 Final Municipal Service Review for the North County Area of Monterey County, LAFCO of Monterey County.

2015, the Pajaro Valley Water Management Agency broke ground on a 1.5 million gallon storage tank that will increase tertiary water deliveries during the peak irrigation periods.<sup>9</sup>

The Salsipuedes Sanitary District does not have any major projects on its Capital Improvement Program. It has budgeted \$110,000 for system repairs in FY 2015-16, and has budgeted a fund reserve of \$482,254 for future capital improvements.

### Operations

The Salsipuedes Sanitary District provides wastewater collection services for 510 connections within an unincorporated area northeast of Watsonville. Treatment is provided by the Watsonville Wastewater Treatment Plant. The District has two lift stations and seven miles of sewer pipeline. The only reported sewer spill in the last ten years occurred in May 2014 when forty gallons spilled in the Beverly Drive neighborhood. To avoid a repeat spill, the district added that sewer segment to its preventive maintenance program. The District utilizes a private contractor, Green Line, to perform the maintenance on the mains and pump stations.

### Financing Constraints and Opportunities

The Salsipuedes Sanitary District is funded through service charges, connections fees, and the District's share of the property tax. The County Auditor-Controller performs the accounting functions for the District. The following summarizes the District's finances:

**Table 6**  
**Salsipuedes Sanitary District Budget**

Finances	FY 03-04 Actual	FY 14-15 Actual	% CHANGE FY 03-04 to FY 14-15	FY 15-16 Budget
<b>Revenue</b>				
Sewer Service Charges and Inspection Fees	\$95,069	\$343,594	261	\$356,704
Connection Fees	\$6,250	\$0	-100	\$3,173
Property Tax	\$13,019	\$17,248	32	\$17,724
Other Revenues	\$5,862	\$4,238	-28	\$0
Interest	\$9,584	\$3,663	-62	\$1,000
<b>Total Revenue</b>	<b>\$129,783</b>	<b>\$368,743</b>	<b>184</b>	<b>\$378,601</b>
<b>Expenditures</b>				
Salaries & Benefits	\$38,449	\$42,710	11	\$34,900
Services & Supplies	\$233,234	\$273,029	17	\$284,072
Equipment	\$142	\$0	-100	\$26,631
Contingencies / Other Expenses	\$640	\$505	-21	\$32,998
<b>Total Expenditures</b>	<b>\$272,465</b>	<b>\$316,244</b>	<b>16</b>	<b>\$378,601</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$142,682)</b>	<b>\$52,499</b>		<b>-0-</b>
<b>Fund Balance, end of year</b>	<b>\$676,086</b>	<b>\$477,452</b>	<b>-29</b>	

*Index 684410, Fund 76580*

<sup>9</sup> Register-Pajaronian, October 2, 2015

# SALSIPIUEDES SANITARY DISTRICT BUDGET

	FY 03-04	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Line Item Title	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
<b>REVENUES</b>									
Property Tax	\$13,019	18,298	13,834	14,844	15,015	16,463	15,601	17,248	17,598
Interest	9,584	7,374	3,250	2,393	1,920	1,855	2,532	3,663	1,000
Connection Fees	6,250	5,400	0	0	3,000	3,660	1,650	0	3,173
Sewer Service Charges	95,069	289,312	244,149	239,865	319,085	325,769	335,838	343,594	355,427
Other Revenues	5,862	20,368	131	568	973	14,055	23,630	4,238	126
<b>TOTAL REVENUES</b>	<b>129,784</b>	<b>340,752</b>	<b>261,364</b>	<b>257,670</b>	<b>339,993</b>	<b>361,802</b>	<b>379,251</b>	<b>368,743</b>	<b>377,324</b>
<b>EXPENDITURES</b>									
<b>Salaries and Benefits</b>									
REGULAR PAY	(34,713)	(40,831)	28,637	(33,030)	(31,798)	(26,219)	(44,206)	(39,103)	(30,000)
OVERTIME PAY	(550)	0	75	(724)	(257)	(91)	(278)	(202)	0
SOCIAL SECURITY	(3,186)	(3,567)	2,686	(3,064)	(3,018)	(2,483)	(4,022)	(3,405)	(2,500)
WORKERS COMP. INSUR.	0	(1,985)	2,260	(2,228)	(2,255)	(1,583)	(2,147)	0	(2,400)
<b>Salaries and Benefits Sub-Total</b>	<b>(38,449)</b>	<b>(46,383)</b>	<b>33,658</b>	<b>(39,046)</b>	<b>(37,328)</b>	<b>(30,376)</b>	<b>(50,653)</b>	<b>(42,710)</b>	<b>(34,900)</b>
<b>Services and Supplies</b>									
TELEPHONE	(2,637)	(2,441)	(2,838)	(2,388)	(3,125)	(3,732)	(2,246)	(2,632)	(3,500)
PROPERTY INSURANCE	(9,145)	(3,819)	(3,509)	(2,341)	(1,594)	(1,155)	(1,373)	0	(1,500)
SUPPLIES	(2,085)	(2,804)	(2,418)	(3,115)	(2,617)	(3,342)	(5,882)	(3,199)	(3,500)
ACCOUNTING FEES	(7,420)	(8,413)	(8,365)	(8,471)	(7,997)	(8,330)	(7,880)	(8,920)	(8,000)
ATTORNEY	(4,867)	(3,899)	(5,297)	(1,875)	(2,051)	(1,709)	(2,769)	(4,225)	(4,827)
DIRECTORS' FEES	(6,390)	(5,800)	(6,400)	(6,300)	(7,400)	(6,150)	(8,090)	(5,210)	(7,150)
ENGINEERING SERVICES	(13,858)	(17,370)	(9,498)	(9,063)	(9,208)	(4,739)	(12,888)	(30,173)	(12,000)
RENTS/LEASES	(6,420)	(7,620)	(7,620)	(7,620)	(7,620)	(7,570)	(7,620)	(7,620)	(7,620)
TREATMENT CONTRACT	(38,866)	(81,893)	(96,719)	(89,362)	(53,331)	(56,346)	(64,717)	(117,542)	(120,000)
PROPERTY PLANT & EQMT	0	0	0	(7,595)	(21,600)	0	0	0	(26,631)
MISC EXPENSES	(1,123)	(389)	(34,284)	(683)	(861)	(160)	(1,174)	(572)	(1,875)
SEWER SYSTEM REPAIRS	(138,021)	(93,550)	(70,836)	(76,322)	(136,682)	(43,449)	(47,661)	(85,268)	(110,000)
MISC VENDOR EXPENSE	0	(1,350)	0	0	0	0	(5,770)	(3,650)	0
MILEAGE	(446)	(977)	(661)	(828)	(990)	(935)	(1,212)	(1,563)	(1,500)
UTILITIES	(1,956)	(2,397)	(2,264)	(2,390)	(2,221)	(2,241)	(1,909)	(2,354)	(2,500)
<b>Services and Supplies Sub-Total</b>	<b>(233,234)</b>	<b>(232,722)</b>	<b>(250,709)</b>	<b>(218,353)</b>	<b>(257,295)</b>	<b>(139,857)</b>	<b>(171,190)</b>	<b>(273,029)</b>	<b>(284,072)</b>
<b>Equipment Sub-Total</b>									
	(142)	(1,292)	0	(523)	0	0	0	0	(26,631)
<b>Contingencies/Other</b>									
TRUST WITHDRAWAL	0	0	0	0	0	0	(7,125)	0	0
CONTRIB TO OTHER AGEN.	(640)	(227)	291	(427)	(466)	(402)	(455)	(505)	(505)
CONTINGENCIES	0	(3,390)	0	0	0	0	0	0	(31,216)
<b>Contingencies/Other Sub-Total</b>	<b>(640)</b>	<b>(3,617)</b>	<b>291</b>	<b>(427)</b>	<b>(466)</b>	<b>(402)</b>	<b>(7,581)</b>	<b>(505)</b>	<b>(31,721)</b>
<b>TOTAL EXPENDITURES</b>	<b>(272,465)</b>	<b>(284,014)</b>	<b>(216,760)</b>	<b>(258,350)</b>	<b>(295,089)</b>	<b>(170,635)</b>	<b>(229,424)</b>	<b>(316,243)</b>	<b>(377,324)</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(142,681)</b>	<b>56,738</b>	<b>44,604</b>	<b>(680)</b>	<b>44,904</b>	<b>191,167</b>	<b>149,827</b>	<b>52,499</b>	<b>0</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>676,086</b>	<b>2,237</b>	<b>23,792</b>	<b>29,707</b>	<b>94,003</b>	<b>284,669</b>	<b>423,744</b>	<b>477,452</b>	<b>0</b>

The District has no long-term debt. In its FY 2015-16 budget, the District has restricted \$482,254 to be used as a capital improvement reserve. The District has built up its fund balance by running net operating surpluses since FY 2011-12. The FY 2015-16 budgeted capital improvement reserve of \$482,254 was the estimated June 30, 2015 fund balance during the preparation of the budget in spring 2015. The actual June 30, 2015 fund balance ended up at \$477,452 as shown in the previous table. The actual amount was \$4,802 (1%) lower than the budgeted amount.

### Cost Avoidance Opportunities

The Salsipuedes Sanitary District is working to reduce the amount of grease and entering the sewer system through letters, public outreach and service announcements. Since the last service review, the district has initiated these outreach services in Spanish.

### Management Efficiencies

The type of wastewater system and the degree to which it is integrated with other facilities has an impact on management efficiencies. The agencies reported the following staff levels:

**Table 8 Staffing Levels**

Agency	# of Full Time Equivalent Staff	# of Certified Plant Operators
City of Watsonville	22.6	7
Freedom County Sanitation District	8	NA
Salsipuedes Sanitary District	1.0	NA

NA – Not Applicable

The District operates with one employee; a Secretary-Manager. It contracts for sewer maintenance and repair, legal services, and engineering. It utilizes the County Auditor-Controller for claims and payroll.

### Opportunities for Shared Facilities

The Salsipuedes Sanitary District's sewage is treated at the regional treatment plant operated by the City of Watsonville. The City also treats sewage from the Freedom County Sanitation District, the Pajaro County Sanitation District in Monterey County, and Pajaro Dunes.

### Opportunities for Rate Restructuring

Wastewater service rates include flat residential rates with commercial and institutional accounts charged a base rate plus a quantity charge. A comparison of single-family rates in the Pajaro Valley follows:

**Table 9 Wastewater Rates for Single-Family Dwellings in the Pajaro Valley**

Agency	2004-2005 Wastewater Rates (monthly)	2015 Wastewater Rates
Salsipuedes Sanitary District	\$12.00	\$53.53
City of Watsonville	\$16.66	\$28.25
Freedom County Sanitation District	\$27.93	\$39.16
Pajaro County Sanitation District (Mont. County)		
Zone 1 Pajaro	\$25.73	\$25.00
Zone 2 Las Lomas		\$35.00
Zone 3 Sunny Mesa		\$31.35
Zone 4 Bay Farms		\$26.00

### Government Structure Options

With the district's rate going from the lowest in the Pajaro Valley in 2004 to the highest in 2015, there may be benefit to studying whether lower rates could be realized by:

1. Merging the Salsipuedes Sanitary District system with the Watsonville system by either:
  - a. Dissolving the Salsipuedes Sanitary District and authorizing the City of Watsonville to provide extraterritorial sewer services to Salsipuedes in a fashion similar to how the City currently provides water service to most of Salsipuedes.
  - b. The Salsipuedes Sanitary District contracting with the City of Watsonville to perform all district functions.
2. Consolidating the Salsipuedes Sanitary District and the Freedom County Sanitation District in an effort to maintain some economies of scale in sewer systems outside the City of Watsonville.

Option 1a, the dissolution process of the Salsipuedes Sanitary District, is shown on the flow chart on the following page. State law allows the dissolution process to be initiated by resolution of the Salsipuedes Sanitary District Board, the Board of Supervisors, or LAFCO; or by petitions of 10% of either the registered voters or property owners within the district. An agreement would need to be negotiated with the City of Watsonville to accept and run the Salsipuedes system. In the Salsipuedes case, a likely route through the flow chart would run along the left side. After negotiating with the City of Watsonville, the Salsipuedes Sanitary District Board would choose to initiate the dissolution by resolution. If LAFCO authorizes the dissolution, the dissolution would be completed without an election in Salsipuedes Sanitary District.<sup>10</sup> LAFCO collects a deposit of \$1,250 to process an application to dissolve a district, but the actual process costs may end up being much higher. A flowchart of the dissolution process is on the following page.

Option 1(b), contracting with the City of Watsonville to operate the Salsipuedes sewer system, would not involve an application to LAFCO, in that the district board would remain in place and contract with the City of Watsonville to operate the collection system and send out bills. The Salsipuedes Sanitary District Board's main function would be to monitor the City's performance under the contract and negotiate any amendments to the contract. This is a similar arrangement to the Pajaro Valley Fire Protection District contracting with CalFire to staff the PVFPD fire station on Casserly Road.

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<sup>10</sup> Government Code Section 57077.1(c) (1)

Initiation  
(GC \$56870, \$56871, \$56653, \$56654)





Option 2, consolidating the Salsipuedes Sanitary District and the Freedom County Sanitation District to operate as a single county sanitation district, is shown on the flow chart on the following page. It is similar to the recent merger proposal involving the Lompico County Water District and the San Lorenzo Valley Water District. In Option 2, the Salsipuedes Sanitary District would be dissolved and annexed to the Freedom County Sanitation District. The Freedom County Sanitation District would receive all assets and liabilities of the Salsipuedes system. The Freedom and Salsipuedes systems would be governed by the Board of Supervisors and staffed by the County Public Works Department. State law allows the dissolution process to be initiated by resolution of the Salsipuedes Sanitary District Board, the Board of Supervisors, or LAFCO; or by petitions of 10% of either the registered voters or property owners within the district. If LAFCO approves the proposal, LAFCO staff would conduct a protest hearing. If fewer than 25% of Salsipuedes voters or property owners protest, the consolidation would be completed.<sup>11</sup> If more than 50% of the Salsipuedes voters protest, the consolidation process would be terminated.<sup>12</sup> If 25-50% protest is submitted, an election would be called in which the majority of the Salsipuedes voters would determine whether to complete the consolidation.<sup>13</sup> LAFCO collects a deposit of \$1,800 to process an application to consolidate two districts, but the actual process costs may end up being much higher, particularly if an election is required.

The major disadvantage of dissolving the district or consolidating with the Freedom County Sanitation District is loss of local control. The option of contracting with the City does not have this disadvantage. The issues facing the Salsipuedes Sanitary District are similar to those of the Freedom County Sanitation District. The Salsipuedes Sanitary District should work with the other sewer agencies in the Pajaro Valley and LAFCO to determine the most cost-effective, efficient means to provide wastewater services to the residents.

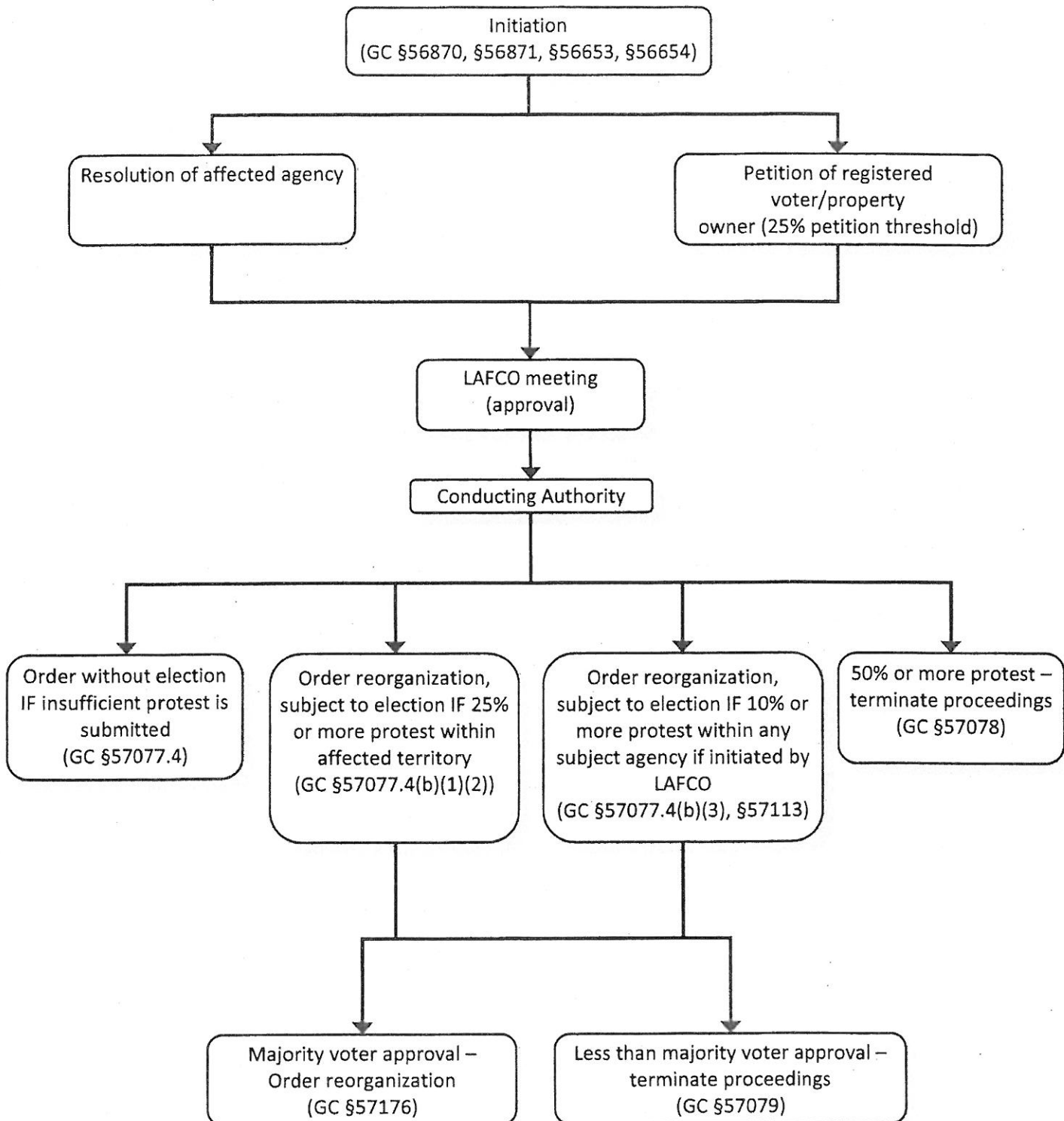
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<sup>11</sup> Government Code Section 57077.4

<sup>12</sup> Government Code Section 57078

<sup>13</sup> Government Code Section 57077.4(b)

CONSOLIDATE WITH FREEDOM CSD



### Local Accountability and Governance

The Salsipuedes Sanitary District is an independent special district governed by a five member Board of Directors elected at large by the voters within the District. When candidates run unopposed, they are appointed by the County Board of Supervisors in lieu of conducting the election. The current Board is as follows:

**Table 10 Board of Directors**

Board Member	Title	Term of Office	Compensation
David Ferracane	Board President	11/2015	\$150 per mtg.
Miguel Cisneros	Director	11/2017	\$100 per mtg.
Robert Roberts	Director	11/2017	\$100 per mtg.
Allen Rusler	Director	11/2017	\$100 per mtg.
Priscilla Stumbaugh	Director	11/2015	\$100 per mtg.

The Board of Directors meets the third Wednesday of each month at 7:00 PM at the District's offices. Public notice is provided through posting. The District does not have a website. The District contacts for independent audits. As part of the 2010 audit, the auditing firm identified two material weaknesses typical to small districts:

1. Failure to prepare internal financial statements and related notes.
2. A lack of segregation of accounting duties since substantially all of the accounting functions are performed by the District's Secretary-Manager.

It is not cost effective to expand the District's staffing to prepare internal financial statement and employ additional people who would perform accounting controls. The District is addressing these issues through financial training and board oversight.

### Santa Cruz LAFCO Policies

Santa Cruz LAFCO has a policy that it maintains a file of agency mission statements and meeting rules. These can be accessed by agency boards and community members when discussing agency goals and board meeting procedures. The Salsipuedes Sanitary District has not adopted a mission statement or meeting rules.

## **- SALSIPUEDES SANITARY DISTRICT-**

### **Service Review Determinations<sup>14</sup>**

#### **1) Population and Growth**

Growth and population projections for the affected area.

*Determination: The Salsipuedes Sanitary District serves an unincorporated community northeast of the City of Watsonville. The population of the district is approximately 2,135. The County General Plan anticipates very little future growth within the district and the district sphere of influence.*

#### **2) Disadvantaged Unincorporated Communities**

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

*Determination: Neither the County of Santa Cruz, nor the Local Agency Formation Commission has identified any sub-area within or contiguous to the Salsipuedes Sanitary District Sphere of Influence that meets the definition of a disadvantaged unincorporated community.*

#### **3) Capacity of Facilities**

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged communities within or contiguous to the sphere of influence.

*Determination: The Salsipuedes Sanitary District serves 510 connections. It has adequate transmission and treatment capacity for the present and planned facilities within the Sphere of Influence. The district's principal needs are repair and replacement of aging infrastructure.*

#### **4) Financial Ability of Agencies**

Financial ability of agencies to provide services.

*Determination: Over the last ten years, the Salsipuedes Sanitary District's sewer rates have gone from the lowest in the Pajaro Valley to the highest. The rate increases have allowed the district to continue to operate, to proceed with needed main and pump repairs and replacements, and to build up a substantial fund balance.*

#### **5) Shared Facilities**

Status of, and opportunities for, shared facilities.

*Determination: The Salsipuedes Sanitary District utilizes the treatment facilities at the regional treatment plant operated by the City of Watsonville.*

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<sup>14</sup> Government Code Section 56430

**6) Accountability**

Accountability for community service needs, including governmental structure and operational efficiencies.

**Determination:** *The Salsipuedes Sanitary District has the highest sewer rates in the Pajaro Valley. In the next few years, the district should evaluate whether lower rates could be realized through a contract or a reorganization with the City of Watsonville or the Freedom County Sanitation District, and whether the loss or reduction in local control of the sewer system would be acceptable.*

**7) Matters Required by Local LAFCO Policies**

Any other matter related to effective or efficient service delivery, as required by commission policies.

Santa Cruz LAFCO has adopted a policy that it will inquire whether public agencies have adopted meeting rules and a mission statement. LAFCO maintains a file of meeting rules that is available for adaptation by any local agency.

**Determination:** *The Salsipuedes Sanitary District has not adopted a mission statement or meeting rules.*

**Sphere of Influence Determinations<sup>15</sup>**

**1) The present and planned land uses in the area, including agricultural and open-space lands.**

**Determination:** *The present and planned land uses in the Salsipuedes Sanitary District are principally suburban residential and public facilities (fairgrounds, schools, churches, and cemeteries. There are some neighborhood commercial uses near the corner of Holohan Road and East Lake Avenue. Rural homes and agricultural buildings in the southern agricultural portion of the district's boundary and sphere are connected to the district's mains. The County of Santa Cruz plans for the southern portion of the district, between Salsipuedes Creek and the City of Watsonville to remain in commercial agricultural uses.*

**2) The present and probable need for public facilities and services in the area.**

**Determination:** *The present and probable future need for public facilities and services in the Salsipuedes Sanitary District is the maintenance, repair, and replacement of aging mains and pumps.*

**3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

**Determination:** *The Salsipuedes Sanitary District serves 510 connections. It has adequate transmission and treatment capacity for the present and planned facilities within the Sphere of Influence. The district's principal needs are repair and replacement of aging infrastructure.*

**4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**

**Determination:** *The present Salsipuedes Sanitary District Sphere of Influence identifies the community of interest that benefits or could benefit from the operations of the district.*

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<sup>15</sup> Government Code Section 56425(e)

## Agency Profile

Salsipuedes Sanitary District			
Contact:	Delia N. Brambila, Secretary/Manager		
Mailing Address:	739 East Lake Avenue, Ste. 2, Watsonville, CA 95076		
Site Address:	Same		
Phone Number:	(831) 722-7760		
Fax Number:	None		
Email/Website	salsan@sbcglobal.net		
Types of Services:	Wastewater collection / Treatment provided by City of Watsonville		
Population Served:	Unknown		
Size of Service Area (sq miles):	7 sq miles		
Staff and Infrastructure			
Staff: FTE	0.5		
Miles of pipeline (lateral and main)	7		
Volume of Sewage Spills	40 gallons – 2014		
Financial Information			
Budget: (FY 2014-2015)	Revenues	Expenses	Fund Balance (June 30, 2014)
	\$368,743	\$316,244	\$477,452

## Bibliography

Countywide Service Review, LAFCO of Santa Cruz County, June 2005

Final Municipal Services Review for the North County Area of Monterey County, LAFCO of Monterey County, February 2006

Salsipuedes Sanitary District, Financial Statements and Supplementary Information, June 30, 2010 and 2009, Berger Lewis Accountancy Corporation

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California Integrated Water Quality System website, accessed on October 12, 2015 at:

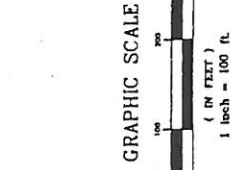
[https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet?reportId=sso\\_detail\\_report&reportAction=generate&sso\\_spill\\_id=806274](https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet?reportId=sso_detail_report&reportAction=generate&sso_spill_id=806274)

Financial Summary and Balance Sheet for Salsipuedes Sanitary District, accessed online on October 14, 2015 at: <http://www.simplersystems.net/countyofsantacruz/finance/login.html>

City of Watsonville website, accessed on October 19, 2015 at:

[http://cityofwatsonville.org/download/Public%20Works/solid\\_waste/Sewer%20Rates%20Public%20Edition\\_2015\\_16.pdf](http://cityofwatsonville.org/download/Public%20Works/solid_waste/Sewer%20Rates%20Public%20Edition_2015_16.pdf)





NOTE:  
HEAVY LINE INDICATES  
GRAPHIC REPRESENTATION  
OF THE PROPOSED  
SALSIPIQUEDES SANITARY  
DISTRICT BOUNDARY  
CHANGE. TYPICAL

ASSESSOR'S PARCEL  
NUMBER (TYPICAL)

ASSESSMENT DISTRICT BOUNDARY

LOT DIMENSION  
(TYPICAL)

ASSESSMENT  
NUMBER  
(TYPICAL)

- Legend**
- (1001) ASSESSMENT NUMBER
  - ASSESSMENT DISTRICT BOUNDARY
  - 051-053-01 ASSESSOR'S PARCEL NUMBER

ANNEXATION AREA -  
24.4428 ACRES

PROPOSED SALSIPIQUEDES  
SANITARY DISTRICT  
BOUNDARY

Masael Avenue

Delaney Avenue

East Lake Avenue

Hector Hwy.

State Highway Route 152

POINT OF BEGINNING

EXHIBIT "B"

Annexation to Salsipuedes Sanitary District of:  
**St. Francis Sewer Assessment District**  
State Route 152, Santa Cruz County, California

1100 WATER STREET  
SANTA CRUZ, CA 95062  
TEL (831) 428-5313  
FAX (831) 428-1763

**inland**  
ENGINEERS, INC.

CIVIL ENGINEERING • LAND SURVEYING • STRUCTURAL DESIGN

REVISIONS

APPROVED

LAFCO NO. 864

DATE	DESIGN	GLEN
06/22/99		
SCALE	1"= 100'	DRAWN
		MARC

## LAFC Approves Aptos Annexation

Members of the county local agency formation commission (LAFC) Wednesday approved two Aptos area annexations and gave the go-ahead for creation of a new sanitary district.

The commission unanimously approved an addition to the Aptos sanitation district of the Thompson-Ekizian property off Cathedral drive near Trout Gulch road.

Annexation of the new Aptos Beach Pines tract, next to the Deer Park tavern off Rio del Mar boulevard, to the Soquel Creek county water district also was approved.

Formation of a Salsipuedes sanitary district will be permitted if residents okay the new district in a coming bond election, the LAFC said.

## Yesterdays

25 years ago (1965)

A Salsipuedes Sanitation district was formed Tuesday when voters in the area involved approved the proposal by a vote of 182 to 27.

50 years ago (1940)

Miss Louise Blanchard went to Yosemite for this weekend and the holiday.

75 years ago (1915)

At present there are about ten

## Yesterdays

25 years ago (1966)

Residents of the Salsipuedes Sanitary District yesterday approved a \$360,000 bond issue by one vote. The final count was 173 yes and 86 no, with a two-thirds majority needed for passage.

50 years ago (1941)



**STATUS OF PROPOSALS**  
**as of December 29, 2015**

<u><b>LAFCO APPLICATIONS</b></u>	<u><b>DATE</b></u>	<u><b>STATUS</b></u>
EAST ZAYANTE / RIVERA ANNEXATION to SAN LORENZO VALLEY WATER DISTRICT LAFCO No. 958	8/26/15	Received

<u><b>LAFCO HEARINGS</b></u>	<u><b>DATE</b></u>	<u><b>STATUS</b></u>
SALSIPUEDES SANITARY DISTRICT SERVICE and SPHERE REVIEW	1/6/16	3 <sup>rd</sup> Hearing

<u><b>LAFCO HEARINGS COMPLETE</b></u>	<u><b>DATE</b></u>	<u><b>STATUS</b></u>
LOMPICO REORGANIZATION LAFCO No. 953		Extension approved to 8/6/16

# EXTRATERRITORIAL APPLICATIONS from 2008-current

as of 12/29/15

#	NAME	APPLICANT	ADDRESS / AREA	AFFECTED AGENCY	DATE LAFCO APPROVED	DATE CONNECTED	IF NOT CONNECTED DATE AUTHN EXPIRED
923	3132 Glen Canyon Road Extraterritorial Water Service	John & Berna Bruzzone	3132 Glen Canyon Rd.	Scotts Valley City	1/9/2008	Expired	1/9/09
924	Storrs Extraterritorial Water Service	Steve Storrs	Hames & Pleasant Valley Rds.	Central Water	4/2/2008	1/2013	N/A
925	Extraterritorial Water Service to 3000 Branciforte Dr.	Nicole & Brian Jacobs	3000 Branciforte Dr.	Santa Cruz City	8/6/2008	10/2008	N/A
926	Trout Gulch Extraterritorial Water Service	Jim Brownson	Trout Gulch & Valencia Rd.	Soquel Creek Water	10/1/2008	4/2009	N/A
930	Extraterritorial Sewer Service to Brook Knoll School	Karen Jelcick & John Waite	Brook Knoll School	CSA #10	8/5/2009	4/2010	N/A
931	Extraterritorial Sewer Service to 115 Montclair	Doug Hipwell	115 Montclair	CSA #10	9/2/2009	7/2011	N/A
932	Extraterritorial Water Service to Minto Place Apartments	Joe Kirchofer & David Caneer	Minto Rd. & Meidl Ave.	Watsonville City	1/6/2010	6/2012	N/A
935	Extraterritorial Sewer Service to 151 Miraflores	Michael & Jill Clifton	151 Miraflores	Scotts Valley City	8/4/2010	2/2011	N/A
939	Extraterritorial Sewer Service to 340 Old Coach Road	Webster & Joan Kneass	340 Old Coach Rd.	Scotts Valley City	6/1/2011	7/2011	N/A
940	Hames / Wilson Extraterritorial Water Service	Eloise Wilson	Hames Rd. near Enos Lane	Watsonville City	10/5/2011	Expired	10/5/12
942	Extraterritorial Sewer Service to 125 Elena Dr.	Shane Margraves	125 Elena Dr.	Scotts Valley City	3/7/2012	9/2012	N/A
944	Mountain View / Artau Extraterritorial Water Service from City of Watsonville	William Artau & Ron Powers	Off Amessti Road	Watsonville City	4/4/2012	1/2013	N/A
945	Poultry / Read Extraterritorial Water Service from City of Watsonville	Kathy & Annabel Read	Near Pinto Lake	Watsonville City	6/6/2012	8/2012	N/A
948	240 Isabel Dr. Extraterritorial Sewer Service from City of Santa Cruz	Jeff Reber	240 Isabel Dr.	Santa Cruz City	8/7/2013	11/2013	N/A
952	Pippin Apartments: Extraterritorial Water & Sewer Service from City of Watsonville	Mid-Peninsula Housing	56 Atkinson Lane	Watsonville City	5/7/2014	N/A	5/4/17



Date: December 28, 2015 for January 6, 2016 Agenda

To: LAFCO Commissioners

From: Patrick M. McCormick, Executive Officer *P. M. C.*

Subject: Election of Chairperson and Vice-Chairperson for 2016

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*Summary: At the first meeting of each calendar year, the Commission elects its Chairperson and Vice-Chairperson.*

*Recommendation: Elect Chairperson and Vice-Chairperson.*

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The Commission's rules state that the Commission elects its Chairperson and Vice-Chairperson at the first meeting of each calendar year. The new Chairperson would preside at the February 3<sup>rd</sup> LAFCO meeting.

The officers for the last six years are listed below. There is no rule of succession or rotation.

	<u>Chair</u>	<u>Vice Chair</u>
2010	Leopold—County	J. Anderson—District
2011	R. Anderson—Public	J. Anderson—District
2012	N. Coonerty—County	Dodge—City
2013	Dodge—City	J. Anderson--District
2014	J. Anderson—District	Friend—County
2015	Friend—County	R. Anderson--Public

It is RECOMMENDED that the Commission elect a Chairperson and Vice-Chairperson for 2016.



# CALAFCO BULLETIN

## The Implementation of SB 239



This bulletin is intended to provide our member LAFCoS with information on the implementation of SB 239. It is a result of CALAFCO's meeting with a number of representatives from the Sponsor of the bill along with union representatives from CalFire Local 2881 and the CA Fire Chief's Association. Authored by Senator Hertzberg and sponsored by the California Professional Firefighters, the bill was signed into law by Governor Brown on October 10, 2015, and takes effect January 1, 2016.

In summary, the bill amends Government Code Sections 56017.2 and 56133, and adds GC §56134 relating to the extension of fire protection services outside existing city or district boundaries. The bill deems "existing boundaries" as those that exist as of 12-31, 2015. It requires LAFCo approval on any new contract for the extension of fire services or a contract extension or amendment that transfers greater than 25% of the service area or changes the employment status of more than 25% of employees of any affected agencies. Further, it requires the applicant to include in their application a comprehensive fiscal analysis (CFA) prepared by independent contract, and outlines the required contents of the application and the CFA. The contents of the CFA are identified in Section 56134 (f) and are not as exhaustive as what is required in a CFA for a proposed city incorporation.

### What the bill is intended to do according to the sponsor:

- ❖ Require the applicant to provide LAFCo, as part of the application, proof that the 25% trigger is occurring.
- ❖ It is up to each LAFCo to determine what the required proof would be (for example, service maps demonstrating the change of +25% of the service area, or employment statistics that would provide proof of the +25% of change in employment status). Each LAFCo is encouraged to create local policies on what they would require as the proper documentation.
- ❖ While the term "employment status" found in 56134 (B) is not defined, it is the intent of the sponsor that this means a change in service providers (department as employer). While a change in wages/benefits/hours worked/working conditions may be viewed by some as a change in "employment status, but, it was, according to the sponsor, not the original intent of the term. Each LAFCo is encouraged to create a local policy to define this term.
- ❖ The change of +25% in employment status of the employees of any public agency affected by the contract or agreement is intended to apply to the entire department. In other words, +25% as compared to the department affected.
- ❖ Section 56134 (a) (2) states in part, that if a contract or agreement that, in combination with other contracts or agreements, triggers the +25% change in service area or employment status, it shall be subject to the definition of a fire protection contract pursuant to this section, and as such will not be exempt from this process. What is unclear about this situation is if it is just this one contract that is subject to the law, or if all existing contracts within the jurisdictional area are affected. The sponsor indicated it is their intent that it be just the one contract rather than all of the contracts within that service area, as all of the other contracts are not the trigger of the +25%. Each LAFCo is encouraged to consider a local policy to clarify this situation.

### What the bill is not intended to do according to the sponsor:

- ❖ The bill is not intended to apply to the renewal of existing contracts, unless the renewal included amendments or the inclusion of new territory that triggered the +25% change in service area or employment status.
- ❖ The bill is not intended to apply to mutual or automatic aid agreements.
- ❖ The bill is not intended to apply to ambulance services agreements.
- ❖ If a current contract expires and a service area no longer wants to contract for services and will take over providing the services themselves, this bill does not apply, as there is no contract to review and approve.

### What has yet to be determined:

- ❖ What happens if both parties agree on the contract? It has been suggested that future consideration may be given to an exemption in these cases. For now, if the situation meets the criteria, the new law must be followed, even though both parties may be in full agreement to the proposed changes.
- ❖ How to measure the cumulative effect of incremental extensions affecting less than 25% of the service area of employment status. Since the law requires the public agencies to go to LAFCo only in the instances where they have identified a greater than 25% impact, questions remain as to the process of documenting cumulative impacts to either the affected service area or the employment status when changes of either are less than 25%.

All LAFCos are encouraged to meet early with all of the stakeholders that may be impacted by this new law. You are also encouraged to create local policies as noted above to best implement the law based on local conditions and circumstances. Please contact CALAFCO with any questions.



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## **First District Orders Cal State East Bay to Reconsider Offsite Traffic Mitigation**

By William Fulton on 2 December 2015 - 4:29pm

Alameda County | California Environmental Quality Act | Legal Digest

In light of a similar ruling by the California Supreme Court in a case from San Diego, the First District Court of Appeal has ordered Cal State East Bay to revisit the question of offsite traffic mitigation in the environmental impact report for its long-range master plan. As the Supreme Court did in San Diego, the court ruled that Cal State cannot simply declare mitigations infeasible unless the state legislature appropriates funds specifically for that purpose.

The Supreme Court remanded the East Bay case to the First District after ruling in the San Diego State case earlier this year. The First District reaffirmed its 2012 ruling on all other grounds, also ordering Cal State to conduct a better analysis of the impact of the campus expansion on surrounding parks.

Cal State East Bay's master plan, approved along with a certified EIR in 2009, focused on expanding the campus's population from the current 12,500 students to its longtime systemwide goal of 18,000 students. This expansion includes, among other things, a significant increase in the residential student population and, therefore, on-campus residential areas. The offsite traffic mitigations were valued at \$2 million, but in certifying the EIR the Cal State trustees said they didn't have to do the improvements unless the legislature specifically appropriated funds for that purpose.

The City of Hayward and the Hayward Planning Association, led by retired Cal State professor and planning activist Sherman Lewis, sued Cal State immediately, alleging a wide variety of inadequacies in the EIR. In 2012, the appellate court generally upheld Cal State's EIR with the exception of the impact on surrounding parks. (See CP&DR coverage [here](#). The First District did not address the offsite traffic mitigation issue because the plaintiffs had not raised it during administrative proceedings. However, the court did not that the fact situation was similar to the San Diego State case then being appealed to the Supreme Court from the Fourth District.

The city and the association appealed the East Bay to the Supreme Court, which placed the case behind the San Diego State case because of the similar fact situation.

In the San Diego State case, the Cal State trustees had made the same argument about the offsite traffic mitigations. But in the Supreme Court's ruling last summer, Justice Pamela Werdegarr wrote: "[S]uch a holding would logically apply to all state agencies, thus in effect forcing the Legislature to sit as a standing environmental review board to decide on a case-by-case basis whether state agencies' projects

will proceed despite unmitigated off-site environmental effects.”

The Supreme Court noted that the Cal State system has considerable discretion over much of the funding provided by the legislature and therefore is not prohibited from using non-earmarked funds for the offsite mitigations. (See *CP&DR* coverage [here](#)).

In the remand of the Cal State East Bay case, the First District ordered the Cal State trustees to reconsider their approach to offsite traffic mitigation. “Although the issue was not fully presented when the adequacy of the EIR was before the Trustees, in view of the clarification provided by City of San Diego and the scope and public importance of the project in question, it is appropriate for the Trustees to heed the Supreme Court’s guidance with respect to this project, especially since the matter must in all events be remanded for further consideration of the parkland issue discussed,” wrote Acting Presiding Justice Stuart Pollak for the unanimous three-judge panel.

In a brief submitted on remand, Cal State lawyers aid the system “is working to ensure all future CSU projects are consistent with the Supreme Court’s directions.”

However, the court did not specify what action Cal State should take with regard to the offsite traffic mitigation and Cal State’s lawyers did not promise anything more specific.

#### **The Cases:**

City of Hayward v. Board of Trustees of the California State University System, A131412

Hayward Planning Association v. Board of Trustees of the California State University System, A131424

#### **The Lawyers:**

For City of Hayward: Harriet Steiner, Best Best & Kreiger

For Hayward Planning Association: Stuart Flashman

For Cal State: Diana K. Hanna, SSL Law Firm

**AddThis**

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