



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday, October 4, 2017
10:00 a.m.

Supervisors Chambers
701 Ocean Street, Room 525
Santa Cruz, California

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The October 4, 2017 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson LaHue.

ROLL CALL

Present and Voting:	Commissioners J. Anderson, R. Anderson, Bottorff, Leopold, and Chairperson LaHue
Absent:	Friend, Lind
Alternates Present:	Bobbe, Lather
Alternates Absent:	Coonerty, Terrazas
Staff:	Patrick M. McCormick, Executive Officer Jason Heath, LAFCO Counsel Debra Means, Secretary-Clerk

MINUTES

MOTION AND ACTION

Motion: Leopold Second: J. Anderson	To approve August 2, 2017 minutes. Motion carries with Chairperson LaHue abstaining.
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ORAL COMMUNICATIONS

Commissioner Leopold reports that they have started preparing for another Connecting the Drops forum with the local water agencies in early 2018. The focus will be on groundwater sustainability.

Chairperson LaHue says that there will be a Groundwater 101 meeting October 5th from 5:00 to 7:00 p.m. at the Simpkins Swim Center. It will be the first meeting for the Groundwater Sustainability Plan.

PUBLIC HEARING

SERVICE AND SPHERE OF INFLUENCE REVIEW FOR 33 COUNTY SERVICE AREAS (CSAs) PERFORMING ROAD MAINTENANCE

Mr. McCormick reports that this is a continued item involving the review of 33 road maintenance CSAs. These roads are primarily in rural areas that are not part of the County's maintenance program. At the August hearing, there were some comments that asked for additional information about their budgets, particularly their reserves.

A table has been provided in the agenda packet that summarizes the revenues, expenditures, and reserves. There are no reserves for any of the districts. Some CSAs have money available and some are passive with their activities.

Becky Steinbruner is a resident within Redwood Drive CSA 33. She says neither of her CSA liaisons knew of this hearing. She asks that CSA leaders be notified by mail and through local newspaper advertising. Many rural residents do not use or cannot use email.

Her CSA has an informal policy of keeping at least \$15,000 in their account unless there is an emergency. The beauty of CSAs is that the people who live within them manage what goes on.

Earthworks Paving had not been paid for CSA bundled work they did in 2016, as of the last LAFCO meeting. Since then, they have received most of their compensation due. The owner of Earthworks, Ric Straus, was also not aware of this meeting and he would have attended if he could. He and other CSA leaders do not like having to complete engineered drawings for simple overlay projects. It should not have to be engineered to lay two inches of paving on top of existing pavement. It is an unnecessary expense when CSAs are trying to stretch their dollars.

She suggests Public Works hold a public meeting with LAFCO's direction to include all CSA road maintenance liaison leaders and representatives from contractors who have historically bid on CSA projects, and who may still be interested in future bidding.

The CSA system has worked well, but the communication has broken down over the last few years. It would be important to get all involved parties together to discuss improving the system.

She notes that reports they get from Public Works regarding CSA 33's accounting are not accurate, so they keep their own books. Public Works' reports show they have approximately \$30,000 more money than they really do.

CSAs pay a lot of money to Public Works for administrative overhead. The contractors seem to be frustrated. With SB 1 money and Measure D money in the mix, competition for contractors for small CSA projects will be fierce. It has been difficult to work with Public Works and contractors may not be inclined to deal with them if there is an easier way to make money.

She submits a letter with her requests.

Commissioner Roger Anderson appreciates the information. He asks if the fund balances that are included in this budget are actually audited accounts from the County.

Mr. McCormick says that is correct.

Commissioner Leopold adds that some of these issues are not germane to LAFCO, but there is information worth sharing with Public Works staff. The County helps neighborhoods do Public Works projects for reasons they have chosen not to do themselves, or they just cannot do themselves.

MOTION AND ACTION

Motion: R. Anderson Second: J. Anderson	To accept the service review and approve the sphere of influence amendments for four road CSAs. Motion carries with a unanimous voice vote.
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OTHER BUSINESS

MID-COUNTY FIRE AGENCY CONSOLIDATION FEASIBILITY STUDY

Mr. McCormick says that he is recommending that the Commission authorize two agreements. One agreement is with a consulting firm Emergency Services Consulting International (ESCI) to prepare a fire agency consolidation feasibility study in the Mid-County.

The second agreement is between LAFCO, Aptos / La Selva Fire Protection District (FPD) and Central FPD to share in the costs equally, one-third each. The total contract with ESCI costs \$42,784, so each agency would pay \$14,261. The printed study will hopefully be completed by the end of April 2018, followed by a single 3-agency public presentation of the study after the study is available for public review.

He is planning to set up a Technical Advisory Committee with staff to work directly with the consultants. The report would include enough information to comply with State law's required service review standards.

The two agreements are contingent upon both fire agencies deciding to participate. Both agencies are scheduled to review the proposal at their board meetings next week.

Chief Steve Hall from Central Fire says his department is excited about moving forward with this project. They appreciate this Commission's efforts, as well as LAFCO staff. They are in agreement with the documents, and they will be taking them to their Board of Directors for final approval at their next meeting. He looks forward to working with Chief Prince from Aptos / La Selva FPD.

Interim Chief Ron Prince from Aptos / La Selva FPD is also excited about moving forward with the study and what it reveals. Their board will consider the agreement at their next board meeting.

Brian Aluffi, President and representing Central Fire's Local 3605, is fully in favor of the study and what efficiencies can be possible for the communities that they serve.

Commissioner Leopold thanks both fire agencies and LAFCO staff for their work. As part of the committee, a large ad hoc committee met several times to put out a good Request for Proposals (RFP). It was a unanimous choice about who to pick to do the study.

MOTION AND ACTION

Motion: Leopold Second: R. Anderson	To authorize the two agreements to prepare the study and share the costs equally with the two fire districts. Motion carries with a unanimous voice vote.
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LEGISLATION

Chairperson LaHue inquires about two separate but similar bills that mention vehicle license fees. One bill is in Committee and the other bill was passed and signed by the Governor.

Mr. McCormick answers that one bill was introduced and only got part way through the legislative process before it died. The other bill proceeded through and was signed. It was regarding legislation that CALAFCO was supporting. Both bills were an attempt to be fair with newly incorporated cities so they could get their share of revenues that flow to other cities.

Commissioner Leopold adds that vehicle license fees have been an important of revenue source for new cities. Not too many cities are created in Northern California, but they are in Southern California. When Governor Brown came into office, the state budget situation was bad. He stopped vehicle license fees and it caused some cities to be on the brink of dissolution. CALAFCO introduced legislation to update disincorporation statutes in anticipation of several cities going out of existence. This bill has been introduced for four years, and it has always passed the legislature easily, but the Governor did not sign it until this year. Those cities should not be dissolved, but this should be a warning sign to those wanting to create a city. They should have a good financial standing. They might lose this funding if the State has another budget crisis.

Commissioner Roger Anderson wants to know why the Governor signed the bill this time.

Commissioner Leopold believes that California is in a better financial position. The Governor has been trying to increase the reserve fund and get the budget back. There have been two votes that required a two-thirds majority of legislation. There was some negotiation to make sure the legislation passed.

Commissioner Leopold says that the final report from the Little Hoover Commission has been released. A year ago, he testified on behalf of CALAFCO regarding special districts, hospital districts, and LAFCOs. CALAFCO worked with the California Special District Association (CSDA) to pass legislation to allow special districts to be more easily seated on LAFCOs. It was an important reform effort to make sure special districts were being examined appropriately.

There were some members of the Little Hoover Commission who thought LAFCO was not doing their job. The final report reflected a better opinion of LAFCOs, and it encouraged the legislature to provide some one-time funding to better examine special districts. SB 448 passed this year and it will make it easier to get rid of inactive districts. There are a surprising number of inactive districts in California. CALAFCO worked hard on that bill to make it useful for LAFCOs.

CALAFCO's testimony that was presented last year provides good information about the creation of LAFCOs and what they do. The final report shows LAFCOs' role looking at special districts.

Mr. McCormick will provide a full report at the next meeting with the applicable materials and whatever information is gathered at the upcoming CALAFCO Conference.

Alternate Bobbe asks if CALAFCO is opposing SB 365 because it is normally within LAFCO's purview.

Commissioner Leopold answers yes. CALAFCO opposes any legislation where someone is using the legislature to bypass the LAFCO process and create a special district. The bill was complicated because Solano County LAFCO was not against the bill. In 2009, Senator Joe Simitian proposed the creation of a Santa Cruz County Open Space District by going around the LAFCO process. Santa Cruz LAFCO took a position against the bill and the bill did not proceed. Going around the LAFCO process could reflect not doing enough work in the community necessary to create these districts. There was a long history about creating an open space district in Santa Cruz County.

Senator Dodd is a former LAFCO Commissioner and he knows how to use the legislature to get projects accomplished. He has introduced several pieces of legislation that bypass LAFCO.

Commissioner Roger Anderson adds that it has been a long standing strategy to go around LAFCO. Most of the time, it has not been successful. CALAFCO has gained respect when it comes to these bills.

Mr. McCormick says that SB 634 was an attempt to go around LAFCO as it was introduced, but when it passed the legislature, it had LAFCO review back in the bill. Lobbying efforts have had mixed results and it seems to be a theme every year.

Commissioner Leopold says there has been a trend over the last several years for legislators to write bills that go around LAFCOs. The Little Hoover Commission concluded that it was not useful. The CALAFCO Board has chosen not to sponsor as much legislation in order to be prepared. SB 448, which involves inactive districts, was originally written without LAFCOs having a meaningful role. CALAFCO worked with the author to write a bill that they could support.

PRESS ARTICLES

Commissioner Leopold comments about the local leaders celebrating the Pippin housing project in the article.

Meeting is adjourned at 10:34 a.m. The next LAFCO meeting is scheduled for 10:00 a.m. on Wednesday, November 1, 2017.

CHAIRPERSON THOMAS R. LAHUE

Attest:

Patrick M. McCormick, Executive Officer