



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday, May 4, 2016  
10:00 a.m.

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

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The May 4, 2016 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Roger Anderson.

ROLL CALL

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

MINUTES

MOTION AND ACTION

Motion: Leopold Second: LaHue	To approve April 6, 2016 minutes. Motion carries with a unanimous voice vote.
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ORAL COMMUNICATIONS

Becky Steinbruner, resident of Aptos, is interested in local water issues. She has been attending the Mid-County Groundwater Sustainability Committee meetings. At their last meeting, they discussed their proposed \$1.3 million budget. She wants to know where that money will come from. She also attended a water forum event several months ago which had representatives from local water municipalities and it was co-hosted by LAFCO. She asks if LAFCO will be involved in the possible boundaries of this new water basin management group, and if it will involve taxation from the people who reside within those boundaries.

\*Commissioner Lind arrives.

Commissioner Leopold replies that when legislation was written, LAFCOs were written out of the establishment of these new groundwater sustainability agencies.

The Santa Cruz Mid-County Groundwater Agency will pay for its budget. The agencies are contributing funding by percentages. In the future, there may be a need for the rate payers or users to help pay for groundwater replenishment.

Commissioner LaHue adds that the agency has submitted their boundaries to the State Water Resources Control Board for approval.

Ms. Steinbruner thinks that if someone does not contribute monetarily, they are not able to vote. Until the by-laws are approved for that organization, the private well owners and small water companies will not be allowed to vote on issues that affect them. In the future, those people might want to vote. She thinks there should be a mechanism for them to buy in. If LAFCO has been written out of this process, she wants to know if the State is responsible.

Commissioner Leopold says LAFCO will not be involved in this process. The Santa Cruz Mid-County Groundwater Agency has worked to be inclusive of private well owners in all discussions. In fact, a private well owner was a main facilitator in those public education meetings. They are not voting on financial matters, but they vote on everything else.

Ilia Bulaich is a Watsonville resident. During LAFCO's last meeting, there was an agenda item about the selection of its public member and alternate. The acting chair at that time was Commissioner LaHue, and he did not ask for any public input. The Commission subsequently voted to select the incumbents. He requests that the Commissioners give thought to the procedure that was used.

LAFCO's procedure says that the current public members do not participate in the vote of selecting future members. There is controversy about this in other jurisdictions. He asks why the public member is not allowed to vote in his/her selection and whether the Commission could provide an explanation to an interested member of the public the justification for this process.

## PUBLIC HEARING

### WORK PROGRAM AND FINAL BUDGET FOR FISCAL YEAR BEGINNING JULY 1, 2016

Mr. McCormick reports that this is the 3<sup>rd</sup> public hearing on the budget and action must be taken on the final budget no later than June 15<sup>th</sup>. The final budget of \$701,100 will necessitate a 2% increase in the funding agencies' contributions for next year to \$337,600.

There was additional information requested by the Commission regarding how staff might approach an accelerated program of sphere and service reviews. The Commission is currently behind schedule on 66 out of 77 LAFCO regulated agencies. He suggests doing a six month sprint to do brief reviews of as many agencies as possible. As they come to a public hearing, the Commission can decide to slow individual reviews down to get additional information. This is a different approach than before, so there would be more standardized

brief reports. He provided a sample of a model from the City of Winters in Yolo County that he thinks would be good to start off with.

There is a handout about the year 2000 analysis of all annexation laws and the performance of LAFCOs. There was a major rewrite of the LAFCO law called the Cortese-Knox-Herzberg Local Government Reorganization Act. The handout discusses what the Blue Ribbon Committee's intent was for what service reviews were supposed to produce. They were recommending State funding for them, but the legislation adopted the requirement without funding. LAFCO's budget went up in response to this State mandate. There has not been a legislative, CALAFCO, or academic attempt to analyze these service reviews to evaluate whether they are worth the effort. These reviews are still in the original implementation phase and it should be addressed whether these reviews are useful.

Commissioner Leopold supports the budget and the "sprint idea" to catch up. It will be interesting to see whether more questions will need to be asked. Long term, he wonders if it would be wise to look into some of the resources used for white papers to get a closer look.

About ten years ago, this Commission looked at fire services in South County. It was a thorough review with suggestions, but most of the suggestions were not put to good use. He thinks this type of review is more useful than the individual municipal service reviews. He thinks it is worth considering what type of bigger review could be useful and could be used by the categories of services such as CSAs, cities, sanitation agencies, or water agencies.

Alternate Bobbe supports the "sprint idea" as well. She wonders about taking a more regional approach at the various services.

Commissioner Leopold responds that the "sprint idea" allows for individual reviews, as required by law, and this protects the Commission long term. He would like to consider more detailed research later.

Alternate Bobbe asks what the fire service review covered ten years ago.

Commissioner Leopold says the review looked at all of the independent fire districts and made suggestions about mergers and using services more efficiently.

Commissioner Friend agrees with Commissioner Leopold. The City of Winters' checklist has basically the same information and provides most of the substance in a review. Most of the background and historical information takes some time to provide.

The fire service review provided a valuable look at the potential for fire service consolidation throughout South County.

He supports the budget and the "sprint idea."

Commissioner Lind agrees.

Commissioner LaHue thinks it is a good idea to check in more regularly. If there is a district that wants a more detailed look and it needs a more detailed look, then they can focus energy there.

Ms. Steinbruner asks what "white papers" are.

Mr. McCormick replies that LAFCO is allowed by law to study anything in local government. The State requires that certain studies called spheres of influence and service reviews be done periodically. White papers are not mandated studies, but they are permitted studies. LAFCO can study a particular region, service, or a problem. One example this LAFCO studied ten years ago was fire protection in Pajaro Valley. It looked at costs of providing fire protection services and different ways to organize these services.

Ms. Steinbruner asks what initiates "white paper," who asks for it, and who reviews the information.

Mr. McCormick answers that typically LAFCO identifies them as part of their long-term work program so they can budget for it. The next budget cycle would be a good time to suggest a study that would benefit the community, and then the Commission could decide whether to prioritize that into their work program.

Commissioner Leopold says they chose not to do a "white paper" in order to concentrate staff time on completing the mandated municipal service reviews. A new plan has surfaced so they can finish the mandated responsibility they have.

Ms. Steinbruner asks if the mandated responsibility is from the Cortese-Knox-Herzberg Reorganization law required by the State.

Commissioner Leopold replies that Cortese-Knox-Herzberg was a redo of the legislation for LAFCOs statewide. It included this new element of municipal service reviews.

Chairperson Roger Anderson thinks service reviews are valuable for LAFCOs, the public, and prospective people interested in developing within the County. It can be useful to have relatively up-to-date information about services that might support their proposal.

He supports the "sprint idea," but he thinks there should be three or four different versions of the survey depending on the type of agency. Many of the agencies are County Service Areas, so the County Supervisors are responsible for them. He would like to simplify a format that will be easy for them to use. He wants to get these surveys ready for Commission review as soon as possible.

Mr. McCormick would like to get 66 surveys out before the next meeting. He will give the agencies a reasonable amount of time to complete the surveys. The City of Scotts Valley and the Scotts Valley Water District are in the process of updating their spheres. He will be working on their service and sphere review and it will be a moderate project.

The next project will be the entire set of sphere reviews for the City of Watsonville as it relates to the Pippin Apartments annexation. Should an application be filed to annex, the service and sphere reviews could quickly move up for the City of Watsonville and the districts that would be detached if the annexation goes through. These are projects that are currently at the top of the work program.

Commissioner Leopold asks Chairperson Roger Anderson what additional information he would like on the form.

Chairperson Roger Anderson thinks audit reports, how often the board meets, and assets that might have changed are very important and should be included. The Winters survey asks if there will be any significant development. He thinks "significant" has to be defined, and perhaps defined differently for different agencies.

He would like Mr. McCormick to draft a few surveys to circulate to the Commission. He wants to make sure the form is easy to draft for the final municipal service review (MSR). He does not want to ask any impossible or confusing questions.

Commissioner Leopold suggests that a sub-committee be formed to work on the details and bring back to the next meeting. Some agencies will be punctual about returning surveys and some will need persuasion or help from staff to complete.

Chairperson Roger Anderson thinks a sub-committee would be a good way to move forward quickly.

Commissioner Jim Anderson says that in the past, staff sent the agencies the information, and then scheduled a meeting with their board to help them complete the survey. It became pretty comprehensive by the time it came back to the Commission. It would not have to be approved at that meeting if there are further questions.

Commissioner Friend is comfortable with a sub-committee to expedite the process so it does not add an extra month to the process.

Commissioner Leopold says this is a new method. This LAFCO is way behind on finishing reviews.

Chairperson Roger Anderson does not see a reason why the board has to approve these. He wants these questionnaires sent out and answered as soon as possible.

#### MOTION AND ACTION

Motion: LaHue Second: Friend	To approve the final budget and adopt Resolution No. 2016-9. Motion carries with a unanimous voice vote.
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MOTION AND ACTION

Motion: Leopold Second: Friend	To form a sub-committee with Chairperson Roger Anderson, Commissioner Leopold, and Alternate Bobbe to work with Mr. McCormick on the survey questions, and to approve a final draft before the questionnaire is sent out. Motion carries with a unanimous voice vote.
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AMENDMENT TO CAL PERS HEALTH INSURANCE CONTRACT

Mr. McCormick reports that at the last review of staff compensation, the Commission directed him to change staff's contributions for health insurance to match equivalent County employee positions. There are two CalPERS contracts for different employee groups to provide health insurance for a total of two employees. Both employee groups have the same level of deductions.

MOTION AND ACTION

Motion: Leopold Second: J. Anderson	To adopt Resolution No. 2016-10 for the General Employee Group and Resolution No. 2016-11 for the Management Employee Group. Motion carries with a unanimous voice vote.
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STATUS OF PROPOSALS

Mr. McCormick reports that the Lompico County Water District will be discussing their proposed assessment this evening before County Elections staff counts the ballots. It requires one more than 50%, based upon the assessments that would be collected from the property owners. The necessary paperwork to complete the Lompico Reorganization should be done within the next three weeks if the vote is positive.

Two years ago, this Commission authorized extraterritorial water and sewer service from the City of Watsonville to a low income housing project called the Pippin Apartments on Atkinson Lane. Half the project is in the County and the other half is in the City. The developer, Mid-Peninsula Housing Corporation (Mid-Pen), agreed to follow up with an annexation of the unincorporated half of their project so that the whole project would be in the City and all its residents would be City voting members.

Completing this project has taken longer than expected. In the meantime, there has been a turnover of three key City staff members; the City Manager, the Planning Director, and the Assistant Planning Director. The Planning Commission recommended that the City not annex the unincorporated half of the project. This item has been delayed getting to the City Council, but it should be on the agenda soon.

## LEGISLATION

Mr. McCormick says the Commission previously opposed SB 1318 and since then, Wolk's bill has gotten worse. It is well-intended to try to make sure every resident in the State has safe water and sewer service. The bill is not the most efficient way to tackle the problem.

CALAFCO has a committee working on this bill with the intent to suggest an alternative that might solve the problem more directly, rather than shifting to a more complicated process through LAFCO. The legislature has said they want to hammer against the agencies that are not cooperating and they are proposing to have LAFCO do it. Fortunately, Santa Cruz County does not have significant disadvantaged communities that are underserved; most of them in this county have great water and sanitation service. The proposed bill may still affect this County.

Commissioner Leopold says the CALAFCO legislative committee had a two-hour discussion about this bill. It stems from Senator Wolk's original bill, SB 244, which was her first attempt to help Disadvantaged Unincorporated Communities (DUCs). A sub-committee of Executive Officers in counties that have many DUCs was created. The committee is looking into how Senator Wolk's concerns, which is how to get these DUCs the resources they need.

This bill is strongly opposed by the League of Cities and California State Association of Counties. They realize that these underserved communities need to be addressed, but the proposed bill would affect everyone in some way rather than focusing on those in need.

Alternate Bobbe asks what the main argument in support of the bill is.

Commissioner Leopold replies that there are DUCs who lack services and should receive services from their neighboring city or district. For reasons usually very local and some reasons that are not good, they do not receive services. Sometimes DUCs do not want the service. They fight the service because their ruralness defines who they are.

Chairperson Roger Anderson asks when this will be resolved.

Mr. McCormick answers that it should be resolved when the last day of legislative session is over and when or if the Governor signs the bill. The bill is in the Senate Appropriations Committee. There are deadlines to clear it out of the Committee by the end of May. He will keep the Commission updated.

Meeting is adjourned at 11:02 a.m. The next LAFCO meeting is scheduled for 10:00 a.m. on Wednesday, June 1, 2016.

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CHAIRPERSON ROGER ANDERSON

Attest:

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Patrick M. McCormick, Executive Officer