



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Room 525

Wednesday, August 5, 2015  
9:30 a.m.

701 Ocean Street  
Santa Cruz, California

The August 5, 2015 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Friend.

ROLL CALL

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

MINUTES

MOTION AND ACTION

Motion: J. Anderson Second: Leopold	To approve June 3, 2015 minutes. Motion carries with a unanimous voice vote.
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PUBLIC HEARINGS

LAFCO No. 956, COUNTY SERVICE AREA 9 (COUNTY PUBLIC WORKS), SERVICE AND SPHERE OF INFLUENCE REVIEWS AND ACTIVATION OF LATENT POWERS, SOQUEL PARKING

Mr. McCormick reports that there are a number of different services provided. This application has been triggered by the County's request for LAFCO to authorize the County to provide parking lot services. The County intends to notice a parking lot assessment in Soquel Village where the County has been maintaining four lots using a business-based assessment. Since the Redevelopment Agency no longer exists, the County is looking to change the financing over to a property-based assessment.

This is one of the first steps where this Commission would be authorizing the County Service Area (CSA) to provide parking lot services and it is called "activation of a latent power". Once the Commission activates this, the County can choose to implement it in zones anywhere in the County. The County's current intention is to only apply it where they have existing parking lots that they maintain in Soquel Village.

Staff has completed a sphere and service review which looks at this specific service as well as a broad range of services that CSA 9 provides, such as street lighting and road maintenance.

Resolution No. 956 would reaffirm the existing sphere of influence for CSA 9 and accept the service review. Resolution No. 956-A would authorize the County to provide parking lot services via CSA 9.

Commissioner Roger Anderson sees no problem approving this increase in latent powers for this CSA. It costs about \$35,000 to operate the parking lots. The County has considered several different ways to raise this money, including this assessment which is currently being proposed. Other options are putting in parking meters or pay by space parking. He thinks a specified time during which an assessment district would be set up would be prudent. Otherwise, the County will be stuck with that \$35,000 for some time.

\* Commissioner Bottorff arrives.

Commissioner Leopold says the Soquel parking areas are within his jurisdiction as a County Supervisor. They have been talking with Soquel business owners about creating this and assessing fees. Some prefer to form a district, and some may prefer to have parking meters or some other paid parking. There is no other paid parking area except the Live Oak parking area. This would be a new area and he is not sure the Soquel businesses want to be the first to start charging for parking. He will be meeting again with the Soquel business owners to find out what their preferences are.

Commissioner Roger Anderson wonders about the scope of the municipal services review. This item only involves a change to parking lots, but there are many other activities within CSA 9 such as road maintenance. There are comments that the roads are fair based upon an engineering assessment. There is no real information about what would be required to bring the roads up to standard, but this information may exist in the County's general plan. He wonders if this service review should be worked on some more.

Mr. McCormick says the Commission has obligations to do service reviews on all of the agencies subject to LAFCO's boundary and service regulations. The level of detail in each service review is up to the Commission's discretion. The Commission can keep the service review open to add more detail.

John Presleigh, Director of Public Works, says they do not anticipate changing CSA 9 other than for the Soquel parking area. They have been working at the State and Federal level to increase road funding, primarily an increase in a gas tax, and it may happen within six months to a year. This could bring in \$5 million to \$7 million per year to the County for roads.

They are also working with the Regional Transportation Commission on a possible sales tax measure which could bring in an additional \$2 million. Unless a tax measure is enacted, the County will continue to live with the roads in their current condition.

Commissioner Leopold adds that there are two reports about the County's pavement condition index. One report indicates the index went up modestly because there was some money to fix roads. If the resources are available, there can be an increase in the County's road work. There are better roads in the Live Oak / Soquel area due to the efforts of the Redevelopment Agency where \$1 million to \$3 million per year was spent over 25 years.

Mr. Presleigh says when the Redevelopment Agency ended, they lost \$3 million that last year. They had to incorporate 60 miles of the Live Oak and Soquel redevelopment area into the overall County system, so there was even less money to spread over the whole County system. They are currently engaged with the State and working with the legislators. They anticipate good news that will improve the roads within the next six months to a year.

Commissioner Leopold adds that there is a special session in the legislature going on now.

MOTION

Motion: Leopold Second: J. Anderson	To approve Resolution No. 956 and 956-A, as recommended by staff. Motion carries with a unanimous voice vote.
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LAFCO No. 957, SERVICE AND SPHERE OF INFLUENCE REVIEWS FOR FORMATION OF HUCKLEBERRY ISLAND, COUNTY SERVICE AREA 60

Mr. McCormick reports that Huckleberry Island is off Highway 9 in Brookdale. Huckleberry Island is not a real island; it is a huge bend in the San Lorenzo River. The only way to access the Huckleberry Island neighborhood is by a bridge.

There are 16 developed parcels. One parcel has two units on it, making a total of 17 units. There are several undeveloped parcels. 10 of the 16 developed property owners have submitted an application to form a County Service Area (CSA).

CSAs are typically used for road maintenance and there are many CSAs in this County. The two CSAs that exist as a model for Huckleberry Island are Roberts Road in Ben Lomond and McGaffigan Mill Road in northern Boulder Creek. Both CSAs involve a bridge at the beginning of their road. With McGaffigan Mill Road CSA, they used an assessment available to CSAs to secure a long-term bank loan so they could borrow the money and replace the bridge. This is what the proponents for Huckleberry Island CSA would like to do.

Currently, the fire department will not cross the bridge into Huckleberry Island because it does not meet the standards for weight. If the fire department has to go to a fire, they have to stop short of the bridge and begin a manual hose lay similar to a wildland fire. Fortunately, there has not been a catastrophic fire.

The proposal to form this CSA includes bridge replacement, bridge maintenance, common road maintenance, and common area maintenance. There are protests coming from a couple of developed property homeowners. The only way to get to their properties is via the bridge and the common road.

There is also a suggested revised resolution from Counsel and staff. They suggest that the authorized service that is proposed for the "common area" be revised to "vegetation management" which would involve cutting brush and removing dangerous trees. The revised term is more descriptive and narrower than the original term.

One issue is whether the proposal is a proper configuration of properties that would benefit from the proposed CSA. Staff is recommending that five parcels be deleted because they have direct access from Highway 9 and do not use the bridge. There is a large canyon and the river between them.

Chairperson Friend adds that additional correspondence has been received by the Commissioners.

Kevin Curran and his wife Yvette purchased property on Huckleberry Island in April, 2012. They are one of five owners who live full time on the island. 7 of the 17 properties are rentals, 3 are vacation or secondary homes, and 1 home is in foreclosure. He and his wife own #11 and do not own the bridge or any portion of any common area. They do not belong to any group designated as a homeowners association. They would like to see the responsible parties build the bridge and assess them as a user of the easement for their proportional share (Civil Code 845).

They believe the proposal to form a CSA around Huckleberry Island is not practical or cost-effective. The proposal contains inaccurate facts and statements. The extended process time and cost for LAFCO services is unbearable when added to the cost of replacing the bridge. The proponents have led some of the 16 homeowners to believe that the formation of the CSA will help obtain a construction loan with an assumed repayment agreement period over the property tax lien period.

The proposal's boundaries do not make sense and include eight lots that have no future or current use of the bridge. The Mesiti-Miller Engineer bridge assessment reports evidence that supports decades of neglect, substandard materials, and unpermitted attempts to repair the existing bridge.

Land title expert reports conclude that the bridge is actually owned by four owners who live at #1 and #17 owned by the Breeds, and Howard and Stone who live on Pacific Street. For these reasons, they do not wish to proceed.

Martin McGuire lives at #9 on Huckleberry Island. He is most concerned about trying to save costs for the homeowners. He does not want to pay at least an additional 40% to get the bridge repaired or replaced.

Since the common area service has been revised to vegetation management, the proposal has changed. According to the County Assessor, the common area is not a common area; it is owned by one or two people. He asks if the Commission can provide more information than the Assessor.

Kris Dessau and her husband own #13 on the island. When they agreed to sign the petition to form a CSA, they thought they were applying specifically for a bridge. It was not their intention to sign a petition that would include additional APNs that belong to #16, nor the common area or road maintenance. As a result, they will withdraw their names from the petition if those items are not excluded.

Brad Darbro is the newly elected treasurer to the island's homeowners association. They want to request that an amendment be considered for the focus of the CSA to replace and maintain the bridge only. The common area and the roads on the island can be dealt with later. There are many homeowners on the island who will not be able to pay for the bridge upfront. They need to secure a loan and the funds, have a billing method to rebuild the bridge, and maintain it in the future.

Kevin McClish is the Boulder Creek fire chief. The bridge is unacceptable for adequate fire protection. It has been inaccessible for about three years. He knows the homeowners have struggled to get it fixed. The fire district currently cannot provide them with adequate fire service. There is a contingency plan, but it is not adequate. If there were a fire on the island, the most they could probably do is keep it from spreading to another building. He supports the formation of this CSA.

Commissioner Bottorff heard that they are not allowing any fire apparatus over the bridge. He asks if they could use a Type 4 or a Type 3.

Chief McClish answers no. The bridge is not safe enough to cross with fire apparatus. They have been trying to get a temporary rating upgrade so they can get a smaller engine across the bridge, but they have been unsuccessful. The best option is for the homeowners to purchase a trailer, some fire hose that they can tow across with a utility truck, and work off that from a fire engine on the other side of the bridge, or from the fire hydrants inside the island. However, this would still not be a very adequate form of fighting fire.

Chairperson Friend says they have received a request for a modification to the application. The resolution states bridge and road construction, operation, and maintenance and common areas. There is a revised resolution that makes "common area" "vegetation management." He asks Counsel if it is possible to make that type of modification given what the petition was provided, or whether it needs additional time and review.

Counsel Miller answers that the applicants have agreed to make this change. The applicants have agreed that it meets the intent of the application to limit it to "vegetation management." There are no other common areas or facilities that need to be maintained. It is more of a wording change than a substantive change.

Chairperson Friend clarifies that there was a request that seemed to come from the applicants, as well as someone who signed the petition that "vegetation management" and "road maintenance" be removed. He asks if the Commission can have those items deleted.

Counsel Miller answers yes. It is within the Commission's discretion to limit the scope of the CSA.

Commissioner Lind asks if they can approve the resolution as amended to cover only the bridge.

Counsel Miller answers yes.

Commissioner Roger Anderson says cost is an important issue. There is a specific value to rebuild a bridge. He heard that there could be up to 40% decrease in cost. He wonders about the status of that estimate.

Mr. McCormick replies that the homeowners have been investigating the replacement/repair of the bridge for a long time. Public Works staff has a unit that deals with CSA operations such as assessment hearings, budgets, claims, and contracts. One of the advantages of forming a CSA is that the County's tax collector is a good collection agent. One of the disadvantages of a CSA over a private association is that a CSA has to follow all of the public agency bidding laws. CSAs have higher costs; 30% to 40% is the typical estimate and that is a major negative. There are a number of CSAs in this County because they have weighed the positives over the negatives, such as the professional management of Public Works and the knowledge about how to make repairs.

Commissioner Lind asks if there is any difference between a CSA and an assessment being able to get the funding.

Mr. McCormick says that the proponents are using Roberts Road and McGaffigan Mill Road CSAs as models for their new CSA. In order to secure a private bank loan, the bank is comfortable with an approved CSA assessment as security. The bank may be less willing to grant a loan to a private party who does not have a collection mechanism.

Commissioner Lind says that if the fire department cannot adequately battle a fire on the island, she wonders whether fire insurance coverage would be an issue, and whether approving the CSA will help with the coverage.

Mr. McCormick does not have any of that information.

Commissioner Jim Anderson wonders about the useful life of the bridge in its current condition with just vehicle traffic.

An unidentified man states that the bridge should be replaced as soon as possible. They bought some time by renting steel plates to cover up the decking. They pay a monthly fee to a private entity to keep the bridge usable. They are concerned about the upcoming threat of El Niño. They are fortunate the bridge is not in the water now. Garbage trucks as well as fire trucks cannot cross the bridge. The natural gas line that services the homes goes on that bridge.

MOTION

Motion: Leopold Second: Bottorff	To approve Resolution No. 957 and 957-A as amended to include that the services authorized for the Huckleberry Island CSA 60 are bridge construction only. Motion carries with a unanimous voice vote.
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## RESOURCE CONSERVATION DISTRICT (RCD) OF SANTA CRUZ COUNTY SERVICE AND SPHERE OF INFLUENCE REVIEW

Mr. McCormick reports that the RCD used to be called the Soil Conservation District. They renamed it because they do more than soil conservation; they do a range of environmental remediation services.

There are RCDs all over California, some are within a whole county, and some are sub-county. In Santa Cruz County, the RCD's sphere of influence is the entire county and the boundary is Santa Cruz County's unincorporated area and the City of Capitola. All of the other RCDs in the surrounding counties were used as comparables.

RCDs are highly reliant on grants. Their budgets fluctuate, sometimes radically, depending on whether a grant was obtained. He asked the other adjacent RCDs if they could work together more, and whether they could share a grant writer, for example. He brought up consolidation as an option.

It is possible for RCDs to cover more than one county. The RCDs in other counties vary in size, some have increased in size recently, and some are operating marginally.

Chris Coburn is the director of Santa Cruz' RCD. His RCD has done a lot of work in resource conservation. They have expanded beyond the scope of just working on private lands. They are working primarily on erosion control to broadly express resource concerns. They offer a variety of programs and efforts. Their principal feature is that they are non-regulatory. Landowners can feel confident that they will not be turned in to a regulator if any RCD representative visits their property. That enables the RCD to do more than other entities are able to do.

Grants are very important to RCD. They have received an annual \$25,000 in property tax increments, plus an additional discretionary \$28,000 given by the Board of Supervisors over the past couple of years. They have leveraged that into about \$2.5 million to \$3.5 million annually in grant funding.

They are currently working with a private property owner to restore about 1500 linear feet of Soquel Creek by addressing a significant erosion problem and improving habitat and fish passage within the creek.

They are also in partnership with CalPoly Swanton Ranch working on Scotts Creek's habitat restoration. They will be collaborating with POST and Sempervirens in the San Vicente Redwoods and a portion of the BLM Coast Dairies property

They are working with the agricultural community. They will be sharing staff and adding an irrigation specialist and agronomist who will work with growers on irrigation efficiency and other measures to use water as efficiently and effectively as possible. This is a position they could potentially share with other districts and there have been some preliminary discussions about this. This would be a grant funded position.

They have been working with the adjoining districts, mostly Monterey RCD, in the community water dialogue about overdraft and the Pajaro Valley. The obvious challenge is getting grants. What is not so obvious are the challenges the grants impose when they try to recover their administrative costs or their indirect costs since it is no longer allowable. It is difficult to run a district on grants that do not allow the money to be used to pay for rent or utilities.

They generally do not get their funding up front. They incur the expense and submit the expense to the grant. It can take sometimes more than a year to get reimbursed for such expenses to pay for employees and have cash available. They are looking for opportunities to stabilize their baseline funding and are working actively with partners.

Their Integrated Watershed Restoration Program has been expanded to San Mateo and Monterey Counties. That is a collaborative program that is being implemented in all three counties. They just received a \$1.1 million grant from the Coastal Conservancy for these three counties to implement that program.

Commissioner Roger Anderson asks about the sources of their grants besides the Coastal Conservancy, and whether they get any federal money.

Mr. Coburn replies yes. They have a partnership with the Natural Resource Conservation Service, the old Soil Conservation Service. They are the contact between them and the local land owners. Their partnership is usually funded with \$50,000 to \$100,000 per year. The USDA is also a big funder for numerous grants.

Their primary state funders are the Coastal Conservancy. The Wildlife Conservation Board recently gave them a \$500,000 grant. They also work with some of the regulatory funders such as the State Water Resources Control Board and Department of Fish and Wildlife.

Given RCD's non-regulatory status, some of those grant relationships can be difficult because they have had to negotiate how to report for some of those grants. Generally, they get grants from public agencies. They are trying to get funding from private donations and see if they can increase donations to the district. They recently completed an Ecosystem Services Report that was funded largely by the Bechtel Foundation. They have found that private individuals are not that interested in donating to a public agency.

Commissioner Roger Anderson wonders about the difficulty in getting indirect costs reimbursed and how they anticipate the spread for delayed payments.

Mr. Coburn says they received additional funding from the County last year, and they used some of that money to hire a consulting firm to help them develop a cost allocation plan to establish an indirect rate. It justifies that rate so they can report to the funders what the indirect costs are. Even if there is an approved cost allocation plan, many funders do not allow it. It does open the door for some grants to help recover those costs.

They were audited by the Department of Water Resources through a main grant recipient. They were the sub-grantee. They passed that audit, but it illustrated the need to be able to document and establish billable rates.



MOTION AND ACTION

<p>Motion: J. Anderson Second: Leopold</p>	<p>To approve 2015-10 as recommended by staff. Motion carries with a unanimous voice vote.</p>
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Commissioner Leopold adds that he found the review very helpful. It is impressive what this RCD does environmentally and how finances are acquired. This RCD represents a small county, it is receiving millions of dollars in grants, and it is a real credit to RCD’s staff for their efforts.

OTHER BUSINESS

LEGISLATION

Commissioner Leopold reports that SB 88 passed. It was a heavy-handed way for the State Water Resources Control Board (SWRCB) to work on water district consolidations. He spent a lot of time in Sacramento over the last few months trying to negotiate something that would work with LAFCOs. CALAFCO told the SWRCB the bill would create a mess. The bill passed as a trailer bill and now they are trying to clean up what they have done.

CALAFCO originally took a position of opposition to SB 239, but the author Bob Hertzberg made all of the changes CALAFCO suggested. The bill has passed and it is on the Governor’s desk. Cal Fire does not like this bill.

SANTA CRUZ GRAND JURY REPORT: SANTA CRUZ COUNTY FIRE PROTECTION DISTRICTS; RESPONSE TIMES, MUTUAL AID, AND CONSOLIDATION

Commissioner Roger Anderson notices that LAFCO was not mentioned in the latest Grand Jury report.

Mr. McCormick says they were mentioned, but LAFCO is not required to respond to any of their points in the report.

STATUS OF PROPOSALS

Mr. McCormick reports that the Scotts Valley Water District is looking at a sphere of influence proposal. If they submit an application, it would move them up on the work program for service reviews.

PRESS ARTICLES

Commissioner Leopold thinks the news about the Manabe Ow property shows that LAFCO can come up with a strategy that works.

Meeting is adjourned at 10:34 a.m. There will be no LAFCO meeting in September due to the CALAFCO Conference, so the next regular scheduled meeting is Wednesday, October 7, 2015.

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CHAIRPERSON ZACH FRIEND

Attest:

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Patrick M. McCormick, Executive Officer