



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday, June 7, 2017  
10:00 a.m.

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

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The June 7, 2017 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Tom LaHue.

ROLL CALL

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

MINUTES

MOTION AND ACTION

Motion: J. Anderson	To approve April 5, 2017 minutes.
Second: R. Anderson	Motion carries with unanimous voice vote.

WELCOME NEW SPECIAL DISTRICT ALTERNATE, RACHEL LATHER

PUBLIC HEARINGS

AUTHORIZATION TO SOLICIT PROPOSALS FOR CONSOLIDATION FEASIBILITY STUDY AND SERVICE REVIEW

Mr. McCormick recommends that the Commission direct staff to solicit proposals from consultants.

Central Fire Chief Steven Hall thanks the Commission for their work on the consolidation study.

Commissioner Roger Anderson asks if the funding sources have been finalized and if the agencies involved have signed off.

Mr. McCormick answers that the study costs will be identified when reviewing the actual proposals. The Districts will want to review the study costs before committing to pay a share of the costs.

Commissioner Leopold thinks the costs will be easy to work out after a consultant has been identified and costs have been specified in the consultant's proposal.

Aptos/La Selva Fire Chief Jon Jones concurs with Chief Hall's comments on the study outline.

**MOTION AND ACTION**

Motion: Leopold Second: Coonerty	To authorize solicitation for fire consolidation study proposals. Motion carries with a unanimous voice vote.
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**SERVICE AND SPHERE OF INFLUENCE REVIEW FOR THE SOQUEL CREEK WATER DISTRICT**

Mr. McCormick summarizes the sphere and service review, including the long-term overdraft and the steps being taken to balance the aquifers. The recommended sphere amendment is a minor boundary cleanup. The parcel in question used to be the residence for the owner of the adjacent mobile home park which is still served by the City of Santa Cruz Water Department. The parcel is closer to Soquel Creek's main on Wharf Road and it makes sense to be included in their sphere of influence.

Commissioner R. Anderson asks about the lowering of the District's General Reserve fund during the current fiscal year.

Chairperson LaHue and Mr. McCormick respond with explanations of how the General Reserve is budgeted.

**MOTION AND ACTION**

Motion: Coonerty Second: J. Anderson	To approve Resolution No. 2017-5 accepting the review and amended sphere of influence for Soquel Creek Water District to include APN 034-041-34 at 2205 Wharf Road, Capitola. Motion carries with a unanimous voice vote.
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**LAFCO No. 961, WHARF ROAD / WRIGHT ANNEXATION TO THE SOQUEL CREEK WATER DISTRICT**

Mr. McCormick presents the staff report and notes two corrections in the determinations. One correction is the first line on the right column of page 45 that should say "The site has a pending minor land division" instead of "The site has an approved minor land division" since the City of Capitola has deferred this issue for a couple of months.

The other correction is on the bottom of page 47 in the right column where it should say "½ acre" instead of "9 acres".

MOTION AND ACTION

Motion: R. Anderson Second: J. Anderson	To approve Resolution No. 961 with two minor corrections. Motion carries with a unanimous voice vote.
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AREAWIDE AUTHORIZATION FOR SANTA CRUZ CITY WATER DEPARTMENT TO PROVIDE WATER SERVICE TO UNINCORPORATED AREAS

Mr. McCormick says an Areawide Approval would make it faster and less costly for future water connections in the subject area because they would not have to pay to go through LAFCO's extraterritorial review process. The City could just approve water connection applications without involving LAFCO.

He received two letters from UC Santa Cruz Chief Counsel this morning asking the Commission not to approve the recommended Areawide Approval.

Commissioner Roger Anderson wonders why UC Santa Cruz wrote the letter and not the City of Santa Cruz.

Commissioner Leopold is disappointed that the University would have issues with this Areawide Approval. 40% of the City's water users are outside the City limits and do not get to participate in City elections. Outside City customers paid 27% higher water rates until this last January when it was reduced to 15% higher. He lives in Live Oak as one of their customers who pays higher rates and it does not seem fair.

Lorena Peñaloza is UCSC's Chief Campus Counsel. She thinks the map shows an inaccurate depiction of the City's water service area and wonders why the University's property is not on the map.

Mr. McCormick estimates that over 100 applications were avoided by the Areawide Approval that was in place from 2006 to 2016. Not only did that save many property owners time and money, but it also saved some staff time to work on higher-priority projects.

He addresses the points in the University's letters. The City, the University, and LAFCO were allied in the Community Water Coalition case and they won the case at the Appellate Court level. The Community Water Coalition was arguing that the City had to be the applicant and the City, the University, and LAFCO were arguing that the law did not require the City to be the applicant.

The Areawide Approval map does not limit other potential applications. Unincorporated property owners close to the City's water system, such as the northern university or a property owner beyond the end of the city main on Branciforte Drive, can still apply for water service via annexation or extraterritorial approval.

Counsel Miller does not agree with the letters' interpretation of Government Code Section 56133. This action does not require the City to provide water connections within the

Areawide Approval; the City would still apply their connection rules and make their decision whether to grant a connection.

Commissioner Coonerty will support the proposal because it would benefit many infill customers. He notes that all large organizations have individuals acting in less than coordinated fashions.

Commissioner Leopold states his disappointment with the University's letter.

Commissioner Lind adds that this proposal will harm no one.

#### MOTION AND ACTION

Motion: Coonerty Second: J. Anderson	To approve Areawide Authorization for Santa Cruz City Water Department to provide water service to unincorporated areas as depicted on the map. The authorization expires June 7, 2027. Motion carries with a unanimous voice vote.
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#### OTHER BUSINESS

#### WATER RATES IN THE LOMPICO ZONE OF THE SAN LORENZO VALLEY WATER DISTRICT (SLVWD)

Mr. McCormick reports that SLVWD has decided to discontinue Lompico's surcharge by December 31, 2017, more than three years earlier than originally planned. SLVWD has installed new water meters and telemetry and they are saving costs by using the intertie to supply water to Lompico instead of upgrading or replacing Lompico's two water treatment plants.

#### MOTION AND ACTION

Motion: Coonerty Second: Leopold	To direct Chairperson LaHue to write a letter to SLVWD on behalf of the Commission to acknowledge and congratulate them for ending the surcharge. Motion carries with a unanimous voice vote.
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#### JOINT POWERS AUTHORITIES (JPAs) FILING AGREEMENTS WITH LAFCO

Mr. McCormick reports that if JPAs do not file their agreements with LAFCO by July 1, 2017, they are not eligible for any borrowing.

#### LEGISLATION

Commissioner Leopold says that Solano County is hoping SB 365 (Dodd) will pass, which would form a regional park and open space district without LAFCO review. CALAFCO opposes bypassing LAFCO, but Solano County representatives support it.

SB 448 (Wieckowski) would require LAFCOs to initiate dissolution of inactive districts. He thinks the bill has died.

WORK PROGRAM

Mr. McCormick plans to have several MSR's ready for the August meeting. He will ask the Commission in September to revisit whether help from a consultant is needed for further reviews.

Commissioner Leopold asks if Santa Cruz City Water's MSR is done.

Mr. McCormick believes the MSR is more than five years old.

Commissioner Leopold thinks it should be added to the work program.

CaIPERS PENSION PAYMENTS

MOTION AND ACTION

Motion: Leopold Second: J. Anderson	To make entire annual lump sum payment for 2017-18's Unfunded Liability instead of making monthly payments. Motion carries with a unanimous voice vote.
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SPECIAL DISTRICT RISK MANAGEMENT BOARD ELECTION

MOTION AND ACTION

Motion: R. Anderson Second: J. Anderson	To vote for three incumbents: Mike Schaefer, David Aranda, and Jean Bracy, and include Cindi Beaudet.
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Meeting is adjourned at 11:52 a.m. The next LAFCO meeting is scheduled for 10:00 a.m. on Wednesday, August 2, 2017. There is no regular LAFCO meeting in July.

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VICE CHAIRPERSON JOHN LEOPOLD

Attest:

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Patrick M. McCormick, Executive Officer