



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday, March 7, 2018
10:00 a.m.

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

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The March 7, 2018 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Vice-Chairperson Jim Anderson.

ROLL CALL

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

MINUTES

MOTION

Motion: LaHue Second: Bottorff	To approve January 3, 2018 minutes. Motion does NOT carry with an abstention from Commissioner Roger Anderson.
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ORAL COMMUNICATIONS

Steven Hall, Fire Chief for Central Fire Protection District (FPD), hands out an invitation to the Commissioners regarding the release of their Standards of Coverage and Management Analysis on Wednesday, March 21st, at 6:00 p.m. at Central FPD’s headquarters. The document is very similar to Aptos/La Selva FPD’s Master Plan that was released earlier this year, but it has more detail about their response matrix. The information that came out of the traffic analysis portion is very interesting. The document will soon be available online.

PUBLIC HEARING

PROPOSED BUDGET FOR FISCAL YEAR BEGINNING JULY 1, 2018

Mr. McCormick reports that this is the first of a two-hearing budget process. He is recommending a status-quo budget driven by the work program, using staff time and consultants to catch up on the back log of service and sphere reviews.

There are 81 agencies subject to LAFCO's regulatory review. There are 19 sphere and service reviews that are outdated. The work program shows how to get caught up totally by June 30, 2019 by using staff and consultant resources.

LAFCO is currently participating with Central FPD and Aptos/La Selva FPD to complete a consolidation feasibility study and service review for both fire districts. LAFCO is sharing 1/3 of the cost which totals \$14,261. The status quo budget would restore that amount to the Professional Services reserve in the next fiscal year so that the service and sphere reviews can be completed on schedule.

Attachment J shows a ten-year trend of the total budget amount starting at the beginning of the recession. The total budget would go up 2.4% between this year and next year to \$759,200. The portion of the budget that is funded by contributions from the County, the four cities, and special districts would go up 3% to \$383,900.

There continues to be a good rationale for maintaining a Professional Services reserve at the \$125,000 level based upon what the costs for these studies are. There continues to be a need for outside help to finish these studies.

To keep LAFCO's costs down, LAFCO will not bear the cost of any environmental impact report (EIR) needed for a sphere review. Reviews for the cities of Santa Cruz or Watsonville should not trigger an EIR.

Service and sphere reviews are mandatory and they should be reviewed every five years. The Commission has taken the position that if some agency or property owner files an application that involves an outdated sphere or service review, LAFCO will not schedule a hearing for that application until the reviews are prepared and updated. The work program may have to be reprioritized to accommodate completing the affected agency's reviews.

Donita Springmeyer lives in Bonny Doon, an area covered by County Fire CSA 48. She has supplied a letter to the Commissioners. She disagrees with staff's recommendation to approve the proposed budget. She supports continuing the proposed budget to the April 4th meeting. She thinks there are some serious issues with the proposed budget. Continuing the proposed budget hearing to April 4th would allow time to consider amendments and still meet requirements. State law requires LAFCO adopt a proposed budget no later than May 1st and a final budget by June 15th.

County Fire CSA 48 covers about 65% of the County. CSA 48's service review is six years overdue. The Commission approved reviewing CSA 48 in November 2016, but there is still no updated review. The proposed budget's work program shows CSA 48's review to be completed in 2019. She is concerned it will be postponed.

She questions why LAFCO is not providing the reviews as required by State law. With the reserves, funding is not the issue. The proposed budget shows \$110,000 in Litigation reserves. The Professional Services reserve is \$125,000. If LAFCO is paying part of the cost for reviewing the merger of Aptos/La Selva and Central FPDs, she thinks LAFCO should also budget for getting started on the review for CSA 48.

Commissioner Roger Anderson says it is clear that LAFCO is behind on service reviews. He is concerned about the proper priority to complete the reviews. He wonders why the review for CSA 48 is being delayed, why there would be a more immediate need for the completion of CSA 48's review to be this year instead of next year, and what the additional costs and efforts would be to start the review for CSA 48 now.

He wonders if there will be any litigation costs due to UC Santa Cruz. UC Santa Cruz has written a letter to City Council requesting they honor their old contractual duties. He asks if there is still an open lawsuit against LAFCO by the University.

One item in the budget that seems to be expensive is Information Services from the County which totals about \$1,400 per month. He wants to know how much of that is offset by processing fees and why the cost is so high. He wonders if there is a cheaper alternative for getting the same support.

Mr. McCormick replies that the Commission has highly prioritized the Mid-County fire issue. He anticipates that much of his time will be needed to help finalize the report and for the districts to work through their options and decide whether consolidation is individually beneficial. They would have to structure any proposal the districts make to LAFCO. This was the highest priority in the last work program, and he suggests keeping it this way. This is a unique opportunity where the districts are motivated.

For more than three years, his Commission has been hoping for an impending annexation to the City of Watsonville. He has reviewed the City's staff materials that would be on an upcoming City Council agenda to initiate the annexation on Atkinson Lane for half of an apartment project. The City of Watsonville's sphere of influence is outdated, so he is currently working on their service and sphere of influence review. The reviews will need to be done in order to consider Watsonville's application in a timely manner.

In 2016, there was a draft service and sphere review for CSA 48. It went to a public hearing at Scotts Valley City Hall, and there was significant public testimony not to accept the abbreviated report, but to review it in a more thorough and complicated manner. This could be done by staff or by a consultant.

In 2016, LAFCO pulled The Central, Aptos/La Selva, and CSA 48 reviews from the more abbreviated version of reviews so they could be more thoroughly analyzed. A working group for those agencies was formed to develop a scope of work for study. There was substantial feedback that trying to include CSA 48 with the other two fire agencies would be too complicated and different than a consolidation study. It would involve two separate topics that would be packaged into a single contract. Aptos/La Selva and Central wanted to proceed as soon as possible with a study plan.

CSA 48's review is still on the to-do list. It is scheduled to be completed by the end of the 2018-19 fiscal year. If LAFCO gets an application or a serious inquiry involving CSA 48, the Commission can revisit its priority on the work program and whether it should be done by staff or by a consultant. He recommends restoring the consultant budget to accommodate another complicated service review like CSA 48.

Commissioner Roger Anderson correctly stated that the University has begun a Long Range Development Plan (LRDP). To his knowledge, there is no pending litigation against LAFCO now. The question of water and sewer service to the North Campus was a major LAFCO application with their last LRDP.

The University's Campus Counsel came to a LAFCO meeting about six months ago threatening litigation against the Commission. Fortunately, litigation seems to have been avoided. The University has made some preliminary feelers with the City of Santa Cruz in the public record.

If LAFCO gets involved in any litigation, money is quickly spent. Santa Cruz LAFCO's litigation reserve has not been touched in a long time and it is significantly less than Monterey LAFCO's.

Information Services costs are ongoing. Many years ago, LAFCO made a threshold decision to link to the County's system. The County spreads the operational overhead for a large department to all of its users, including in-house users and LAFCO. They believe they are controlling the costs internally.

He can look at costs for maintenance of the system, backup, technical problems and updates for the hardware over many years. Much of the cost is the County's system overhead, and that is passed on to each one of the departments. LAFCO is a small department and he guesses that Public Works and Planning get much bigger bills.

Commissioner Roger Anderson would be interested in a more detailed breakdown of Information Services costs. He wonders if the allocation is some percentage of a budget.

Mr. McCormick replies that the overhead costs are mostly pro-rated by computer. The system's costs gets spread to each computer.

Commissioner Roger Anderson notices that \$600 per year is spent on software and nothing for computers, yet about ten times that is being spent.

Mr. McCormick says that part of the cost is having privileged access to the County's information system. LAFCO is included with County staff to get in-house access to property tax data, and that is more than what the public gets. Mailing lists, specialized spreadsheets, property tax information from a certain area, and different types of land use pay what percentage of property tax are examples of what can be generated from the County's information system. There are several advantages of being an in-house user of County data.

Commissioner Jim Anderson adds that his fire department pays a substantial portion of their budget for computers. They have reports that have to be filed with the State. There are new County requirements for reporting and they are progressing more towards automation.

Commissioner LaHue notes that it assumes all of the \$125,000 Professional Services reserve will be used for consultants by the end of the 2018-19 fiscal year. He wants to know the plan for replenishment.

Mr. McCormick answers that a year from now, the discussion will likely be about no money in the Professional Services reserve and how quickly should it be replenished. It could be replenished in one year, or longer, such as five years.

Commissioner LaHue wonders about the chart which shows when reviews were done. Under Sanitation Agencies, the chart shows two agencies' reviews were last done in 2013. Since reviews are supposed to be done every five years, he wonders why they were not added to the work program.

Under Miscellaneous Independent Districts, the work program shows the Resource Conservation District review being completed in 2015, but it is still to be done on the work program.

Mr. McCormick says in staff recommendation there is an error citing \$3 in Litigation reserve. There is also a date error in the table regarding the Resource Conservation District. Their review was completed and it did not get carried over to the table. The errors will be corrected in next month's agenda materials.

The two sanitation agencies' spheres that are not outdated yet, but soon, could be added to the work program.

Commissioner LaHue adds that it might be efficient since the other sanitation agencies will be outdated next year.

Mr. McCormick says it works well conceptually because the big question for the sanitation agencies is going to be whether it is time to consider having a single sanitation agency in this County. There are large and tiny sanitation agencies and it might make sense to wrap them up into a single service provider. It could be an interesting study for LAFCO.

MOTION AND ACTION

<p>Motion: R. Anderson Second: Bottorff</p>	<p>To adopt the proposed budget, draft Resolution No. 2018-4. Motion carries with a unanimous voice vote.</p>
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OTHER BUSINESS

TIME EXTENSION FOR EXTRATERRITORIAL WATER SERVICE FROM THE CITY OF WATSONVILLE TO APN 108-291-11, 525 BLAKERIDGE LANE, CORRALITOS, LAFCO No. 959

Mr. McCormick reports that the property owner was authorized a land division by the County, and one condition was to get water service. She received extraterritorial water service authorization from LAFCO two years ago and she successfully recorded the land division. The City of Watsonville has a main in front of the property on Blake Avenue.

The property has recently been listed for sale as a building site, but it has not sold yet. The current owner has not gone to the City to pay for the connection and have the meter set. She requests a two-year extension to complete the connection to the City’s water system.

The City’s general water situation has not changed in the last two years. The basin is in overdraft. The City and the Pajaro Valley Water Management Agency (PVWMA) are continuing to pursue projects and programs to get the basin into balance. The State Groundwater Management Act (SGMA) is an additional incentive to keep working on the overdraft.

This is a single house connection and does not require a main extension or any City facilities. The same service analysis which this Commission approved the service two years ago is still valid.

MOTION

<p>Motion: LaHue Second: Bottorff</p>	<p>To approve a two-year extension for an extraterritorial water service connection, as recommended by staff. Motion does not carry with Commissioner Roger Anderson voting no and there are only four voting members. A motion must pass with four votes.</p>
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Commissioner Roger Anderson supports only a one-year extension. The owner has not put in the meter because she does not want to spend the money if there is a new buyer.

This Commission treats extraterritorial service with care. There is usually some health and safety issue and this not the case.

Commissioner Bottorff’s reservation is that if this comes back to the Commission in two years, it certainly will be back in one year. He is more inclined to grant the extension with the hope it does not come back to LAFCO. He asks if there is an extension policy.

Mr. McCormick says there is no policy.

MOTION AND ACTION

Motion: R. Anderson Second: LaHue	To grant a one-year extension for extraterritorial water service connection. Motion carries with a unanimous voice vote.
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DISCUSSION OF CONNECTING THE DROPS WATER FORUM

Commissioner Jim Anderson was surprised at the number of people who attended. There were good questions and most people seemed to get their questions answered. He thought the forum was worthwhile.

Commissioner LaHue comments that one document mentioned Soquel Creek Water District (SCWD) and the Pure Water Soquel project. They said SCWD was “pursuing” its Pure Water Soquel project. He thinks they are “evaluating” more than “pursuing” the project.

STATUS OF PROPOSALS

Mr. McCormick notes that there is a new application on East Zayante Road. It is a re-application of a prior application that never went to a hearing. It will be going through a study and notice phase for a future agenda. The San Lorenzo Valley Water District’s service and sphere review are currently up-to-date, so this application can move to hearing.

LEGISLATION

Mr. McCormick reports that many bills get introduced this time of year. The Commission may want to take a position on some bills in April and May.

CORRESPONDENCE

OPAL CLIFFS RECREATION DISTRICT APPEAL

Commissioner Jim Anderson went by the Opal Cliffs gate. There is much information about Opal Cliffs in the social media, and it seems like many do not understand what is going on. There will be a Coastal Commission hearing March 8th.

Mr. McCormick says that the County issued a Coastal Development permit for improvements at the park. This permit has been appealed to the Coastal Commission. The hearing will be about whether to accept jurisdiction; it will not make a decision about the application.

Commissioner LaHue asks if the County is saying that there is adequate access and if the Coastal Commission is saying there adequate beach access.

Mr. McCormick answers that if they accept the appeal, there will be a Coastal Commission staff report that covers all aspects of coastal access and details of any construction at the park site. The County permit includes some changes in the access program. It addresses who pays, who does not pay, and what hours it is open. The County approval includes a locked gate in the off-summer months and a continuation to pay for access as a yearly subscriber or a single use pass.

Commissioner LaHue asks if there is currently signage at the gate which explains how to pay at the local surf shop.

Commissioner Jim Anderson says there is the name, address and phone number of the surf shop.

Mr. McCormick continues that the Opal Cliffs Recreation District has made an effort to provide greater public access and still be able to generate revenue to maintain the park. They put together an access program that the County agreed with to balance the need for revenue, the need for site control for public safety, and the need for public access. If they accept the appeal, then it will be heard months from now.

AVAILABILITY OF THE APTOS/LA SELVA FIRE PROTECTION DISTRICT MASTER PLAN

Mr. McCormick can make the entire pdf document available to anyone who is interested. He included the more abbreviated Power Point presentation in the agenda packet. The master plan contains some revealing information regarding their finances and response times.

The meeting is adjourned at 11:06 a.m. The next LAFCO meeting is scheduled for 10:00 a.m. on Wednesday, April 4, 2018.

VICE-CHAIRPERSON JAMES W. ANDERSON

Attest:

Patrick M. McCormick, Executive Officer