



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday, June 29, 2018
10:00 a.m.

Central Fire's Meeting Room
930 17th Avenue
Santa Cruz, California

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The June 29, 2018 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Leopold.

ROLL CALL

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

MINUTES

MOTION

Motion: LaHue Second: J. Anderson	To approve June 6, 2018 minutes. Motion carries with a unanimous voice vote.
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PUBLIC HEARINGS

SERVICE AND SPHERE REVIEW FOR COUNTY SERVICE AREA 48, COUNTY FIRE

Mr. McCormick reports that County Service Area (CSA) 48 funds the County Fire Department. CSA 48 is a funding mechanism that raises revenue through property taxes and fire suppression assessments.

The service area of County Fire is the rural area of the County that is outside of every fire district and city. It encompasses more than 200 square miles and is very irregularly shaped.

State law requires that LAFCO review the services and sphere of influence of each special district. These reviews help look at options for fine-tuning public services through changing boundaries or changing the way services are organized.

CSA 48 is stressed for cash flow. Their revenues are not matching their expenditures. They tried unsuccessfully to pass a fire suppression assessment. They need to find an additional revenue source or cut services.

They have a 3-year contract with Cal Fire. CSA 48 has minimal staffing with rural level protection and they rely heavily on Cal Fire to provide services that are state-funded. The County covers the cost of fire staffing outside of fire season.

Since the last service review was done about 10 years ago, Cal Fire and the County moved one of their stations from downtown Felton to Bonny Doon at the corner of Felton Empire Grade and Empire Grade. This Fall Creek Station is being funded by the County during the winter and Cal Fire staffs the station in the summer. Moving this fire station has given Bonny Doon better fire protection.

Cal Fire also has volunteer companies. County Fire provides the funding to support the five volunteer companies in the County from Davenport to Corralitos.

Neither LAFCO staff or the fire agency is recommending any changes to the sphere of influence.

Chairperson Leopold says CSA 48 is one of the few agencies that has benefitted from the drought. Due to the longer fire seasons, there were less costs.

MOTION AND ACTION

Motion: Friend Second: J. Anderson	To approve Draft Resolution No. 2018-10, accept the service review and maintain the sphere of influence for CSA 48 in its current configuration, as recommended by staff. Motion carries with a unanimous voice vote.
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SERVICE AND SPHERE REVIEW FOR CENTRAL FIRE PROTECTION DISTRICT (CFPD)

Mr. McCormick reports that the sphere of influence boundary for Central Fire has been stable for many years. The boundary line was set up based upon travel times between the existing staffed fire stations.

Neither LAFCO staff or the fire agency is recommending any changes to the sphere of influence for CFPD.

CFPD provides an urban level of protection. Their operations have not really changed significantly since their last review about 10 years ago.

They are dealing with pension and post-employment benefit costs like most other agencies. They have taken initial steps to address this and maintain their current high level of service.

Chairperson Leopold notes that while CFPD is dealing with pension and post-retirement health benefits, they have recently received an award for fiscal transparency.

MOTION AND ACTION

Motion: Friend Second: LaHue	To accept the service review and the sphere of influence for Central Fire Protection District with no changes and approve Resolution No. 2018-9 as recommended by staff. Motion carries with a unanimous voice vote.
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LAFCO No. 964, UPPER PORTER GULCH REORGANIZATION TO CENTRAL FIRE PROTECTION DISTRICT (CFPD)

Mr. McCormick reports that CFPD’s Board of Directors filed an application to annex five parcels. Four of the parcels are at the end of Porter Gulch Road and border the Forest of Nisene Marks. The fifth parcel is halfway up the hill on the west side of Old San Jose Road, the first driveway to the left after Olson Road. All parcels are within CFPD’s adopted sphere of influence. Currently, the responsible fire station is Burrell Station on top of the mountain. Practically, they ask CFPD to respond from their Soquel Station since they have a quicker response time. Effectively, Central Fire is the first to respond anyway.

The fire district is requesting a condition of approval by which LAFCO would authorize the CFPD to reduce their Board of Directors from seven to five. Under State law, there are two ways for boards to change their number of board members, either by a vote of all the electors of the district in a general election, or as a term of condition of a LAFCO approval. This is the motivation for applying to annex because they have an upcoming election in November. It is atypical in this County for a board to have seven members and most fire boards have five board members.

There is a potential for consolidation with Aptos/La Selva FPD and it would be slightly easier politically for both boards to have five board members.

This is an urgent matter for the CFPD because on July 5th, the County Clerk begins the notice process for vacant seats on the board that will be filled in the November election. If the board is reduced to five members, then there will only be one vacancy to fill on Central Fire’s board.

This is a hearing where property owners can be on record in support or opposition to the reorganization. CFPD has worked hard to contact all the property owners to get as much consent as possible. They have received four out of five property owners’ consent on the record.

The one property they do not have consent from is a five-acre parcel, 040-291-11. On the property tax roll, the owner’s name is David Meigs. Mr. Meigs passed away last spring and the property went through a trustee. It has been difficult to find the new owner. Currently, there is no consent or opposition on record for this new owner.

The law does not say 100% property owner consent is needed; it says there cannot be any landowner protest. At this point, there is no landowner protest. The property owners have been noticed and there has been extra effort to contact them.

The Commission can approve this annexation with the five parcels, or exclude the Meigs parcel, but that would result in an irregular boundary.

Commissioner Bobbe asks Counsel Miller if no protest is as good as agreement.

Counsel Miller says there are two separate procedures where protest proceedings can be waived. One is the consent procedure, and a hearing does not have to be held. If there is consent, it does not have to be noticed, and a hearing and protest does not have to occur. The other procedure is if the hearing is noticed and held, and there is no written opposition submitted by any property owner by the end of that hearing, then the protest proceedings can be waived.

Mr. McCormick has included both procedures: request the consent and notice the hearing. It ensures that if total consent is not received, the hearing is conducted, and conduct protest proceedings if needed. There are four out of five consents. The fifth property would not exceed the 25% threshold in a protest proceeding. If there is no written opposition by the close of the public hearing, the protest proceedings can be waived.

Commissioner Bobbe asks what happens if the new owner of the Meigs property is against this proposal.

Counsel Miller replies that there could be legal recourse. She does not believe a court would take the writ because the fifth parcel would not exceed the 25% threshold.

Commissioner Lind thinks the Commission has gone above and beyond what is necessary. Logically, it makes sense since the services will improve as a result.

Steven Hall, Fire Chief for Central Fire, thanks the Commission and staff for coming to their station for this special meeting. Much effort has been made to make this happen. The new Meigs property owner called him this morning from Florida and said the property is up for sale again.

Owen Miller is the board chair for Central Fire. He supports reducing the board from seven to five members. This has been an ongoing discussion since 1987 when they merged with two other fire districts. Streamlining the board helps the taxpayers by reducing costs to run the fire district. Currently, the engine that comes from Burrell gets a call, then requests Central Fire for mutual aid, and that creates a delay in response. If this is approved, it would be an automatic response and it would cut the response time by about one-third. It is an extreme benefit to the property owners.

John Lucchesi is a Soquel homeowner and board member for Central Fire. He asks if the property owners get a reassessment on property taxes if this annexation is approved.

Mr. McCormick answers no. Under Proposition 13, the property tax does not change. The Board of Supervisors has already passed a resolution saying that the current property taxes that CSA 48 gets on these four or five properties would be transferred to Central Fire. Central Fire's board would get the property taxes that are currently going to fire protection. It is not at the same rate as Central Fire, but it is 100% of what is currently being collected from those property owners.

Chairperson Leopold notes that this is a proposal supported by the entire Central Fire board. Reducing the board members from seven to five is a reasonable request. Chief Hall has made extraordinary efforts to contact all the property owners. To offer them lower costs and better response times to their properties is not a common offer.

MOTION AND ACTION

Motion: J. Anderson Second: Lind	To approve Draft Resolution No. 964 including all five parcels and a waiver of protest proceedings, as recommended by staff. Motion carries with a unanimous voice vote.
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Commissioner Hurst thanks Mr. McCormick for his due diligence, Counsel Miller for clarifying the law, and Chief Hall for his outreach to the community. It is nice to save the taxpayers some money, improve services, and streamline the process.

OTHER BUSINESS

PROGRESS REPORT, MID-COUNTY FIRE AGENCY CONSOLIDATION FEASIBILITY STUDY

Mr. McCormick says that Central and Aptos/La Selva Fire Protection Districts and LAFCO are jointly preparing a Mid-County fire consolidation study. The consultant is finishing their draft. The next step is for the consultant to publish the fire study and present it to the community. After an availability survey of all interested parties, he has reserved Monday, August 27th at 6:00 p.m. for the public presentation. The location will be somewhere in the Mid-County that is convenient to all the residents.

INFORMATIONAL MEMO ON THE GRAND JURY REPORT re: SAN LORENZO VALLEY WATER DISTRICT (SLVWD)

Mr. McCormick says the Grand Jury report is about the repercussions of consolidating two water districts. There were some conditions to make sure the monies raised for improvements in Lompico were used to complete the work and that an oversight committee from Lompico would oversee using the extra money for upgrading their water system up to SLVWD's standards.

LAFCO was not asked to respond to this report. SLVWD's board agrees with the recommendations and will have to respond to the report.

LEGISLATION

Chairperson Leopold reports that AB 2258 is a bill where the State legislature would provide money to LAFCOs. The California Special Districts Association (CSDA) opposed the bill. It passed the Assembly with only two votes to spare. CSDA later came back to CALAFCO, changed their minds, and proposed graduated protest levels depending on the size of the district.

At the Natural Resources Committee, CSDA ended up supporting the amended bill. Senator Bob Hertzberg has asked to sign on as a co-sponsor. The chances of getting this through and funded is now much better.

Commissioner LaHue asks if there will be any funding for Santa Cruz LAFCO.

Chairperson Leopold answers that for now, it will only be where a service area has a disadvantaged community. There will probably be about \$1.5 million available. They tried to dedicate the first two to three years to disadvantaged communities and the final two to three years to anyone else, but it was too much to ask for. They hope this will start something in the legislature for future LAFCO funding.

Commissioner Bobbe asks how they came up with the \$1.5 million amount and if it is for all 58 counties.

Commissioner Leopold replies that it is for all 58 counties. When they were trying to write the bill, there were extensive efforts to figure out how much money LAFCO actually needed. This funding is for LAFCO to do special studies, and look at consolidation, mergers, and dissolution of inactive special districts.

CALAFCO ANNUAL CONFERENCE

Mr. McCormick reports that the Conference will be held October 3rd through October 5th at the Tenaya Lodge in Yosemite. There will be no regular LAFCO meeting in October because of the Conference.

MOTION AND ACTION

Motion: Friend Second: Hurst	To appoint Commissioner Jim Anderson as the voting member for the upcoming Conference. Motion carries with a unanimous voice vote.
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Mr. McCormick continues that there are two openings for the CALAFCO board.

Chairperson Leopold says he has been on the board for eight years and he is not sure he will re-run as a County member for the Coastal region. There are 14 counties in the Coastal region.

The next LAFCO meeting is scheduled for 10:00 a.m. on Wednesday, August 1, 2018 at Watsonville City Hall.

CHAIRPERSON JOHN LEOPOLD

Attest:

Patrick M. McCormick, Executive Officer