



PROCEEDINGS OF THE
LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

Wednesday, June 3, 2020
9:00 a.m.

Meeting Location: Virtual Setting (using Zoom)
Teleconference: 1-877-853-5257

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The June 3, 2020 Santa Cruz LAFCO meeting is called to order by declaration of Chairperson Roger Anderson.

ROLL CALL

Present and Voting:	Commissioners Jim Anderson, Brooks, Cummings, Friend, Lather, Leopold, and Chairperson Roger Anderson
Absent:	Estrada
Alternates Present:	Banks, Hunt
Alternates Absent:	Coonerty
Staff:	Joe A. Serrano, Executive Officer Daniel H. Zazueta, LAFCO Counsel Debra Means, Commission Clerk

EXECUTIVE OFFICER'S MESSAGE

Mr. Serrano reports that all webcams have been automatically disabled. Commissioners and staff have the ability to enable their webcams if they choose. The microphones have also been automatically muted. Commissioners and staff can mute and unmute themselves as a way of preventing any background noise or unintended comments.

If there is an agenda item that requires Commission action, a roll call vote will occur. Members of the public may address the Commission on any item either by submitting an email that staff will read out loud, or by providing comments on the Zoom platform.

Staff requests everyone use the "raise hand button" if they have a question or comment. For those on a conference call, they can raise their hand by pressing *9. Staff will unmute their microphone after the Chair acknowledges their request. These necessary steps will secure a productive meeting.

MINUTES

MOTION

Motion: Leopold	To approve May 6 th minutes.
Second: Lather	Motion carries with Commissioner Jim Anderson abstaining.

ORAL COMMUNICATIONS

None

PUBLIC HEARINGS

PASATIEMPO DRIVE / CLUBHOUSE ROAD ANNEXATION TO COUNTY SERVICE AREA 10
(LAFCO Project No. DA 20-06)

Mr. Serrano reports on an application received last January requesting the annexation and concurrent sphere amendment involving County Service Area (CSA) 10. The uninhabited area is west of Highway 17 and north of Santa Cruz. It involves four parcels that are owned by the applicant, Pasatiempo Incorporation. The purpose of the application is to discontinue the use of septic tanks for the two existing buildings and allow the opportunity to connect to a public sewer system, which is CSA 10.

All of the affected and interested agencies were notified of the proposal, and to date, staff has not received any comments or issues with this proposal. LAFCO worked with the County to adopt a property tax exchange agreement in accordance with State law. A resolution was adopted by the Board of Supervisors in April and none of the property taxes will be transferred to CSA 10. Staff, as the lead agency under CEQA, recorded a Notice of Exemption in May.

Staff is requesting that protest proceedings be waived if the Commission approves this proposal. Protest proceedings can be waived if the registered voters and landowners within the subject area consent to this application.

Mr. Serrano thanks Scott Hoyt, the applicant, and Ashleigh Trujillo from Public Works for helping to complete this project.

Commissioner Lather is pleased to see that Pasatiempo has finally followed through. This project will help improve nitrate levels and the groundwater.

Chairperson Roger Anderson wonders where the two buildings are that will be hooked up to sewer.

Scott Hoyt is the applicant and Pasatiempo's General Manager. They will be hooking up McKenzie Bar and Grill, where their food service and golf shop is located, and the Hollins House Restaurant located at 18 and 20 Clubhouse Road. The line will be extended from these two buildings and across the golf course to an existing hookup. They will be connecting to an existing sewer line on Sims Road and Orchard Drive which will be about 1.5 to 2 miles long. They are eager to be abandoning a failing septic system. He has been working with Ms. Trujillo and Public Works to complete the process.

Ashleigh Trujillo, a civil engineer for Public Works, looked at how much flow they will be adding to the system. They do not foresee any capacity issues. This is a good project that will help the environment since the sewage will no longer be going into the groundwater.

Commissioner Lather wonders when they are going to connect the hotel.

Mr. Hoyt replies that the hotel is not owned by Pasatiempo Inc.

MOTION AND ACTION

Motion: Leopold Second: Friend	To adopt the draft Resolution No. 2020-13 approving the 42-acre annexation and concurrent sphere amendment involving CSA 10, as recommended by staff. Motion passes with a unanimous voice vote.
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FINAL BUDGET FOR FISCAL YEAR 2020-21

Mr. Serrano reports that last month, the Commission directed staff to distribute the draft budget and proposed allocations to LAFCO's funding agencies for comments and review. No written correspondence with issues or concerns were received.

Commissioner Leopold appreciates staff's work on this budget.

MOTION AND ACTION

Motion: Leopold Second: J. Anderson	To adopt Resolution No. 2020-14 approving the final budget for FY 2020-21. Motion passes with a unanimous voice vote.
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PROPOSED POLICY UPDATES

Mr. Serrano reports that there is an ongoing effort to review all of LAFCO's policies this year. For policies regarding extraterritorial service, the updates were mostly formatting amendments. The employment policies needed some clarification of staff's duties and responsibilities, as well as insuring staff's safety and well-being. More in-depth guidelines and explanations were added to the previous version of employment policies. Legal counsel also reviewed the proposed modifications.

Commissioner Leopold appreciates Mr. Serrano's work on these policies. It provides a good opportunity for Commissioners to review all of the policies.

Commissioner Cummings wonders about at-will employment. The policy says that an employee can be terminated for zero cause.

Mr. Serrano replies that the at-will status is the standard practice for all LAFCOs. State law indicates that LAFCO employees are at-will employees. Either the Commission or the Executive Officer can terminate an employee for probable cause. He compared that specific language with other LAFCOs for consistency. Under this policy, if there is an employee considered for termination, it should be discussed with the Personnel Committee and the Commission prior to any action. The updates to this policy allow for more discussion.

Commissioner Jim Anderson asks if California is an at-will State.

Commissioner Leopold answers yes.

Commissioner Jim Anderson adds that with unions, there is protocol written in their contracts. If an organization chooses to follow any disciplinary action process, it preempts the at-will part.

Commissioner Leopold says there could be a separate personnel policy. A majority of the Commission could vote out the Executive Officer without any reason other than they do not like the person, so maybe there should be a process laid out. It helps to ensure that the Executive Officer (EO) is non-partisan and fair to all the cities, special districts, the Board of Supervisors, and the public.

Counsel Zazueta agrees that California is an at-will employment State. There is an at-will presumption, so absent an agreement, statutory or public policy exception, any employee can be terminated at any time.

Chairperson Roger Anderson asks what the major sources for generating these policy updates.

Mr. Serrano replies that when he worked for Orange LAFCO, he worked on updating outdated policies, including the Employment Policy. He compared what the issues were in that LAFCO and what is not being addressed in this LAFCO's current policy. He used his experience with other LAFCOs to help update these policies.

MOTION AND ACTION

Motion: J. Anderson Second: Cummings	To adopt draft Resolutions No. 2020-15 and 2020-16 approving the amendments to the Extraterritorial Service Policy and the Employment Policy. Motion passes with a unanimous voice vote.
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OTHER BUSINESS

CALPERS SIDE FUND

Mr. Serrano reports that last year, the Commission analyzed the side fund balance. The Commission considered an additional lump sum payment schedule. Staff's findings showed that it would be beneficial to pay beyond the minimum annual amount in order to save money in the long run. The first lump sum payment of \$10,000 was paid last year. If this lump sum payment schedule is followed, the side fund balance may be paid off in 2024 with \$53,000 in overall savings.

Commissioner Leopold supports this payment plan and it is a small amount of money out of the total budget.

Commissioner Jim Anderson agrees. The Commission shopped around to refinance the 7.5% interest rate, but they were unable to find any better options.

Chairperson Roger Anderson wonders if this is the right time considering the budgetary uncertainties around the pandemic. The Commission's latest approved budget is the lowest it has been in a long time, but it is unknown what will happen to the Commission's funding in the next few months.

Mr. Serrano says typically, 15% to 20% is preferable in the reserves for any unanticipated expenses. If the side fund balance is paid, the reserves would still be within 17% of the total budget. He is comfortable paying this additional \$10,000 knowing that there are still sufficient funds in the reserves.

Chairperson Roger Anderson asks that if it creates a hit on the reserves, it could be corrected in a later action.

Mr. Serrano is comfortable with the status of LAFCO's finances even if the side fund payment is executed.

MOTION AND ACTION

Motion: Leopold Second: J. Anderson	To make an additional payment of \$10,000 to the CalPERS Side Fund this fiscal year. Motion passes with a unanimous voice vote.
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LEGISLATIVE UPDATE

Mr. Serrano reports that the legislature reconvened in May but their primary focus is the State budget and the pandemic. Other bills being tracked by CALAFCO have either been postponed until 2021, or they have been pulled by the bill's author. There are no bills affecting LAFCOs, but he will monitor any future legislative actions that may affect local agencies or LAFCO.

Chairperson Roger Anderson asks when this legislative session ends.

Mr. Serrano does not have the legislative calendar available, but he will report back to the Commission. [Follow-up information: the last day for bills to pass is August 31, the last day for the Governor to pass or veto bills is September 30, and the legislative session adjourns on November 30.]

WRITTEN CORRESPONDENCE

Mr. Serrano reports that Agri-Culture's class has been postponed until next year. The tuition that the Commission paid for staff to participate will be transferred to 2021's class.

PRESS ARTICLES


Mr. Serrano reports that Paul Hood passed away. He was a LAFCO legend.

Commissioner Leopold adds that Mr. Hood was an influence for LAFCOs all over the State.

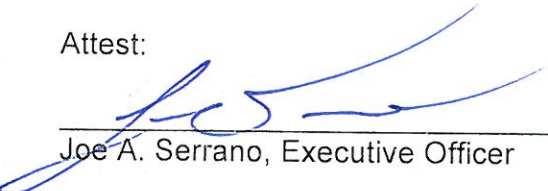
Chairperson Roger Anderson talked to him at conferences regularly. Mr. Hood kept coming back to LAFCO even after he tried to retire.

ADJOURNMENT

The next LAFCO meeting is scheduled for 9:00 a.m. Wednesday, September 2, 2020.


CHAIRPERSON ROGER W. ANDERSON

Attest:


Joe A. Serrano, Executive Officer