

REGULAR MEETING AGENDA

Wednesday, September 2, 2020 9:00 a.m.

Attend Meeting by Internet: https://us02web.zoom.us/j/87089602976?pwd=UDJIZENJWGx5MS9tS0tFeEtCWS8yZz09

Attend Meeting by Conference Call: Di

(Webinar ID: 870 8960 2976) Dial 1-669-900-6833 or 1-253-215-8782

(Passcode is 840588)

TELECONFERENCE MEETING PROCESS

Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of the COVID-19 virus, Santa Cruz LAFCO has established a temporary meeting process:

- a) <u>Commission Quorum</u>: The Governor's Executive Order (N-29-20) indicates that a quorum can consist of Commissioners in person or via teleconference during these unique circumstances. This regular LAFCO meeting will be conducted remotely. A roll call vote will occur on each agenda item that requires Commission action.
- b) <u>Public Comments:</u> For those wishing to make public comments remotely, please submit your comments by email to be read aloud at the meeting by the Commission Clerk. Email comments must be submitted to the Commission Clerk at info@santacruzlafco.org. Email comments on matters not on the agenda must be submitted prior to the time the Chair call for Oral Communications. Email comments on agenda items must be submitted prior to the time the Chair closes public comments on the agenda item.

For those wishing to speak during the online meeting, you must inform LAFCO staff of this request prior to the start of the meeting. If that has occurred, and after being recognized by the Chair, the identified individual will be unmuted and given up to 3 minutes to speak. Following those 3 minutes, their microphone will be muted.

c) <u>Accommodations for Persons with Disabilities:</u> Santa Cruz LAFCO does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs, or activities. If you are a person with a disability and wish to attend the meeting and you require special assistance in order to participate, please contact the Commission Clerk at (831) 454-2055 at least 24 hours in advance of the meeting to make arrangements. Persons with disabilities may request a copy of the agenda in an alternative format.

1. ROLL CALL

2. EXECUTIVE OFFICER'S MESSAGE

The Executive Officer may make brief announcements in the form of a written report or verbal update, and may not require Commission action.

3. ADOPTION OF MINUTES.....Page 5

The Commission will consider approving the minutes from the August 5th Meeting.

Recommended Action: Approve the minutes as presented with any desired changes.

4. ORAL COMMUNICATIONS

This is an opportunity for members of the public to address the Commission on items not on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on an off-agenda item(s) unless authorized by law.

5. PUBLIC HEARINGS

Public hearing items require expanded public notification per provisions in State law, directives of the Commission, or are those voluntarily placed by the Executive Officer to facilitate broader discussion.

a. Service and Sphere Review for the Pajaro Valley Public Cemetery District

The Commission will consider the adoption of a service and sphere of influence review for the cemetery district......**Page 15** Recommended Actions:

- Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO has determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and the activity is not subject to CEQA;
- Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the District, and review and update, as necessary;
- Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
- 4) Adopt a Resolution (LAFCO No. 2020-22) approving the 2020 Service and Sphere of Influence Review for the District with the following conditions:
 - a. Reaffirm the District's current sphere of influence;
 - b. Coordinate with Monterey LAFCO to analyze a possible annexation and/or sphere amendment to include the unserved Prunedale community in either Castroville or Pajaro Valley Public Cemetery Districts; and
 - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the District and any other interested or affected parties, including but not limited to Monterey LAFCO as the affected LAFCO.

<u>Recommended Action:</u> Adopt the draft resolutions (No. 2020-23, 2020-24, and 2020-25) approving the amendments to the policies.

6. OTHER BUSINESS

Other business items involve administrative, budgetary, legislative, or personnel matters and may or may not be subject to public hearings.

- a. Inactive Applications......Page 89 The Commission will receive an update on inactive proposals currently on file. <u>Recommended Action:</u> Approve the attached letters notifying the applicants of the termination of the inactive proposals in accordance with the Commission's adopted policies.
- c. Legislative Update......Page 100
 The Commission will receive a status update on LAFCO-related legislation.
 Recommended Action: No action required; Informational item only.

7. WRITTEN CORRESPONDENCE

LAFCO staff receives written correspondence and other materials on occasion that may or may not be related to a specific agenda item. Any correspondence presented to the Commission will also be made available to the general public. Any written correspondence distributed to the Commission less than 72 hours prior to the meeting will be made available for inspection at the hearing and posted on LAFCO's website.

8. PRESS ARTICLES

LAFCO staff monitors newspapers, publications, and other media outlets for any news affecting local cities, districts, and communities in Santa Cruz County. Articles are presented to the Commission on a periodic basis.

a. Press Articles during the Month of August......Page 106
 The Commission will receive an update on recent LAFCO-related news
 occurring around the county and throughout California.
 <u>Recommended Action:</u> No action required; Informational item only.

9. COMMISSIONERS' BUSINESS

This is an opportunity for Commissioners to comment briefly on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No discussion or action may occur or be taken, except to place the item on a future agency if approved by Commission majority. The public may address the Commission on these informational matters.

10. ADJOURNMENT

LAFCO's next regular meeting is scheduled for Wednesday, October 7, 2020 at 9:00 a.m.

ADDITIONAL NOTICES:

Campaign Contributions

State law (Government Code Section 84308) requires that a LAFCO Commissioner disqualify herself or himself from voting on an application involving an "entitlement for use" (such as an annexation or sphere amendment) if, within the last twelve months, the Commissioner has received \$250 or more in campaign contributions from an applicant, any financially interested person who actively supports or opposes an application, or an agency (such as an attorney, engineer, or planning consultant) representing an applicant or interested participant. The law also requires any applicant or other participant in a LAFCO proceeding to disclose the amount and name of the recipient Commissioner on the official record of the proceeding.

The Commission prefers that the disclosure be made on a standard form that is filed with the Commission's Secretary-Clerk at least 24 hours before the LAFCO hearing begins. If this is not possible, a written or oral disclosure can be made at the beginning of the hearing. The law also prohibits an applicant or other participant from making a contribution of \$250 or more to a LAFCO Commissioner while a proceeding is pending or for 3 months afterward. Disclosure forms and further information can be obtained from the LAFCO office at Room 318-D, 701 Ocean Street, Santa Cruz CA 95060 (phone 831-454-2055).

Contributions and Expenditures Supporting and Opposing Proposals

Pursuant to Government Code Sections §56100.1, §56300(b), §56700.1, §59009, and §81000 et seq., and Santa Cruz LAFCO's Policies and Procedures for the Disclosures of Contributions and Expenditures in Support of and Opposition to proposals, any person or combination of persons who directly or indirectly contributes a total of \$1,000 or more or expends a total of \$1,000 or more in support of or opposition to a LAFCO Proposal must comply with the disclosure requirements of the Political Reform Act (Section 84250). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. Additional information may be obtained at the Santa Cruz County Elections Department, 701 Ocean Street, Room 210, Santa Cruz CA 95060 (phone 831-454-2060).

More information on the scope of the required disclosures is available at the web site of the Fair Political Practices Commission: <u>www.fppc.ca.gov</u>. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).

Accommodating People with Disabilities

The Santa Cruz Local Agency Formation Commission does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. The Commission meetings are held in an accessible facility. If you wish to attend this meeting and you will require special assistance in order to participate, please contact the LAFCO office at 831-454-2055 at least 72 hours in advance of the meeting to make arrangements. For TDD service the California State Relay Service 1-800-735-2929 will provide a link between the caller and the LAFCO staff.

Late Agenda Materials

Pursuant to Government Code Section 54957.5 public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be available to the public at Santa Cruz LAFCO offices at 701 Ocean Street, #318D Santa Cruz CA 95060 during regular business hours. These records when possible will also be made available on the LAFCO website at <u>www.santacruzlafco.org</u>. To review written materials submitted after the agenda packet is published, contact the LAFCO Secretary-Clerk at the LAFCO office or in the meeting room before or after the meeting.





Wednesday, August 5, 2020 9:00 a.m. Meeting Location: Virtual Setting (using Zoom) Teleconference: 1-877-853-5257

The August 5, 2020 Santa Cruz LAFCO meeting is called to order by declaration of Chairperson Roger Anderson.

ROLL CALL

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

Meeting participants included Daniella Irish and Olalla Duffy as members of the public,. Pamela Miller, the Executive Director of CALAFCO, Sonia Lykins and Steve Weisner both from County Public Works, Chief John Walbridge from Central Fire, and Becky Steinbruner, an Aptos resident.

EXECUTIVE OFFICER'S MESSAGE

CENTRAL AND APTOS / LA SELVA FIRE CONSOLIDATION

<u>Mr. Serrano</u> reports that the fire consolidation was originally scheduled for the Commission's consideration today, but the two fire districts have requested more time to address some unresolved issues. These issues include implementing an MOU and transitioning leadership roles for their fire chiefs. The two fire districts and LAFCO hope to present the consolidation by October.

Staff received an inquiry from Becky Steinbruner that was shared with the Commission and posted on LAFCO's website. She inquired whether there was a penalty for delaying LAFCO action. There is no negative impact from delaying the LAFCO process. LAFCO staff has encouraged the two districts to continue working to address these unresolved issues. Mr. Serrano is scheduled to meet with the fire districts next week to discuss their recent efforts.

Ms. Steinbruner also had a question regarding the Day Valley area. This community was annexed into Aptos / La Selva FPD in 1987 and it included the establishment of a special benefit assessment. She has requested that the assessment be removed prior to the consolidation. It is LAFCO staff's understand that the fire districts would like to discontinue this assessment as part of the consolidation. A condition will be included in the draft resolution that will reflect the discontinuation of the Day Valley assessment. A separate LAFCO action is not required.

ZOOM WEBINAR PLATFORM

Starting with this meeting, Santa Cruz LAFCO will be using CALAFCO's Zoom Webinar account at no cost. With the webinar platform, it will be easier for the Commission to control their webcams and microphones. It also adds further security to prevent any "Zoom bombing" or interferences from the public. The general public will still have the capability to address the Commission by submitting comments via email or raising their hand on the Zoom platform. For those joining via teleconference call, pressing *9 will raise their hand when they wish to speak.

MINUTES

MOTION

ORAL COMMUNICATIONS

Mr. Serrano reports that Ms. Steinbruner has requested placing the consolidation between Soquel Creek Water District and the City of Santa Cruz on a future agenda for discussion. Boundary changes including consolidation are agendized when there is an application on file or if it is part of a draft service review. Neither the City nor the water district have expressed any interest in consolidation and there is no application on file.

Governance options including consolidation may be analyzed during the next cycle of service reviews for the two agencies which would be an appropriate time for discussion.

<u>Ms. Steinbruner</u> would like to have the subject of consolidation included in the upcoming service reviews for Soquel Creek Water District and the City of Santa Cruz.

She also wonders about the latest Grand Jury report titled "Ready, Aim, Fire – Santa Cruz County in the Hot Seat" and whether LAFCO will be commenting on that report. She hopes Santa Cruz LAFCO's responses will be discussed publicly at the next meeting. In the Grand Jury report, it talks about other LAFCOs publishing insurance ratings (ISO ratings) online for different areas. There are homeowners whose insurance is being canceled and this would be useful information. AB 2167 and SB 292 are companion bills that will address these issues.

<u>Mr. Serrano</u> adds that the Commission has developed a multi-year work program. It identifies when the next service reviews will be for Soquel Creek Water District and the City of Santa Cruz. The Commission's recent service review model is more thorough than before. There will be a more detailed analysis of governance options and areas of improvement within those service reviews.

There is a countywide fire service review scheduled in the Commission's adopted work program. It will give a detailed analysis of the services provided by each fire agency and will include ISO ratings and other information that may be useful to the Commission, the fire agencies, and the public.

The Grand Jury requested LAFCO to provide comments on their report by October 1st. Mr. Serrano is scheduled to present draft comments to the Commission for approval at the September 2nd meeting before sending the comments to the Grand Jury before their deadline.

<u>Chairperson Roger Anderson</u> thinks the ISO ratings should be updated more often than the service reviews. He has found ISO ratings in EIRs where the impact on fire services are included. Those numbers have resulted in reorganizing fire departments.

He asks when the water districts next reviews will occur.

<u>Mr. Serrano</u> believes the Soquel Creek Water District's (SCWD) review is scheduled for 2023 and the City of Santa Cruz is scheduled for 2024. Service reviews are required every five years. SCWD's last review was done in 2016 or 2017 and Santa Cruz was done in 2018.

<u>Commissioner Leopold</u> adds that he and Supervisor McPherson are hosting a Zoom meeting this evening with Assembly Member Mark Stone and the State Insurance Commissioner, Ricardo Lara to talk about wildfires and insurance.

PUBLIC HEARINGS

SPHERE OF INFLUENCE DESIGNATION FOR COUNTY SERVICE AREA (CSA) 60

<u>Mr. Serrano</u> reports that the Commission adopted a service review for CSA 60 in March and deferred action on the sphere determination until August to allow the residents of Huckleberry Island community and the Public Works Department to develop an action plan that would start CSA 60's funding and services. CSA 60 has remained inactive for the past five years. It has never had a revenue source and has never provided services to the community. Unfortunately, a plan was not developed so staff is recommending that a zero sphere be designated for CSA 60 as a precursor to a dissolution in the near future.

<u>Ms. Steinbruner</u> wonders why this CSA was formed but never funded since it is a difficult and expensive process to form a CSA. Some CSAs have dropped their assessment rate because the administration fees are so high and she wonders if that had to do with CSA 60.

<u>Mr. Serrano</u> responds that LAFCO conducted a thorough service review for CSA 60. It was formed in 2015 to allow road maintenance and bridge construction. The next step was to approve a benefit assessment. It was considered by the Board of Supervisors at that time but it was never established. CSA 60 has been dormant for the past five years without any assets, liabilities, or services provided.

Staff reports and the service review was sent to the community to see if they wanted to have CSA in existence to jump start the services and funding with no response. Based on the fact that it has been inactive for five years and likely to be identified in the State Controller's list of inactive special districts that would require a mandatory dissolution, this a good time to adopt a zero sphere as a precursor to a dissolution in the foreseeable future.

<u>Commissioner Leopold</u> was on LAFCO in 2015. It took a lot of effort to create this CSA because there was some disagreement among the owners. It was not a surprise when they had trouble finding a way to fund this entity. CSAs are more expensive than just having the neighborhood come up with the money but the CSA charges everyone according to the benefits they receive. At the time, the bridge needed to be fixed and it was the only access to the neighborhood.

Commissioner Jim Anderson thinks that the bridge was replaced without the County's help.

<u>Mr. Serrano</u> adds that he went to the bridge site and a brand-new bridge has been built. Public Works confirmed that they were not involved in the bridge's construction. He thinks that there may no longer be a purpose for CSA 60 and it should be dissolved if that is the case.

Chairperson Roger Anderson asks if there was a building permit for this construction.

Mr. Serrano was unable to find out.

MOTION AND ACTION

| Motion: Leopold Second: Lather | To adopt the draft Resolution No. 2020-17 approving the zero sphere of influence designation for Huckleberry Island's CSA 60, as recommended by staff. |
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| | Motion passes with a unanimous voice vote. |

PROPOSED POLICY UPDATES

<u>Mr. Serrano</u> reports that staff is continuing to review all adopted policies this year. So far, half of them have been reviewed and updated.

The Proposal Evaluation Policy was originally adopted in 1966 and was last reviewed in 2011. Staff is not recommending any substantial edits other than implementing the new standard format for consistency in our policies.

The Environmental Review Policy was adopted in 2000 and required a complete overhaul since it has not been updated. The proposed modifications now clarify LAFCO's responsibility and the appropriate actions as an interested, responsible or lead agency under CEQA.

The Fee and Deposits Policy was originally adopted in 2002. Unlike the other policies, this has been updated on a regular basis. Staff is not recommending any substantial changes other than implementing the new standard format and removing surcharges in certain proposal fees.

Chairperson Roger Anderson asks if the content of the proposed policies the same as the old ones.

<u>Mr. Serrano</u> answers that the only policy whose content was elaborated and improved was the Environmental Review Policy. He felt that the policy needed more guidance for the Commission and staff, so it includes more context. Staff's recommended edits were reviewed by legal counsel before it was presented to the Commission.

<u>Commissioner Leopold</u> thinks it is very useful for the Commission to be cleaning up these policies. He appreciates the revised order and the clarity of these policies. Some of these policies have not been revisited in more than 15 or 20 years.

MOTION AND ACTION

| Motion: J. Anderson | To adopt draft Resolutions No. 2020-18, 2020-19 and 2020-20 |
|---------------------|---|
| Second: Leopold | approving the amendments to the Proposal Evaluation Policy, the |
| | Environmental Review Policy and Fee Schedule policy. |
| | Motion passes with a unanimous voice vote. |

SERVICE AND SPHERE REVIEW FOR COUNTY SERVICE AREA 9

<u>Mr. Serrano</u> reports that CSA 9 was formed in 1968 to provide various services countywide. Since then, the County has developed six zones within CSA 9 to identify those services in specific areas. Zone A was formed in 1969 to provide street lighting services. Zone B was formed in 1972 to provide school crossing services. Zone C was formed in 1982 to provide landfill and recycling services. Zone D was formed in 1983 to provide road maintenance. Zone E was formed in 1991 to provide street scaping maintenance. Zone F was formed in 2016 to provide parking enforcement in Soquel Village.

While LAFCOs have no jurisdiction over zones, staff conducted an analysis for CSA 9 as well as the six zones. The County can create, modify, or dissolve these zones without LAFCO action. CSA 9 is facing financial distress. Between 2013 and 2020, CSA 9 and four out of six zones experienced multiple annual deficits. It may be contributed to the fact that the benefit assessment for CSA 9 and the zones have not increased in years, nor has it increased for FY 2020-21. As revenues remain flat, any fluctuation or increase in expenses will result in a financial deficit.

The Board of Supervisors recently approved a countywide five-year Capital Improvement Plan (CIP). Out of the 113 identified projects, only five were identified for CSA 9. Other than Zone C, there are no identified projects for the remaining zones within the next five years.

Usually LAFCO staff refers to the agency's website to locate necessary information for service reviews. Most of the required information for CSA 9's review was not available online. State law now requires independent special districts to have and maintain a detailed website. CSA 9 is a dependent special district and therefore is not affected by this new law. It is strongly encouraged that Public Works create a website or a webpage within the County's website that is dedicated to CSA 9 for more transparency.

CSA 9 has a countywide sphere boundary that was adopted in 1985. Staff is recommending that the sphere remain the same and be reaffirmed as part of this service review.

Ms. Steinbruner provided comments to the Commission. She has concerns about LAFCO's call for action or lack thereof. Mr. Serrano notes that LAFCO is not required to initiate changes of organization based on the service review's conclusions or findings. The information in the review may be used to pursue change. His goal for these reviews is to create an informative document that can be used by the Commission to fulfill a State mandate, by the agency to use as a platform to consider new levels of efficiency, and by the public to better understand the agency's role.

This Commission has restructured its service review model to add more value and further analyze the agency's purpose, past achievements, areas of improvement, challenges, and its overall future.

<u>Commissioner Leopold</u> recalls that the Commission made changes in the wording for CSA 9, Zone A a year or two ago to use some of the resources for street crossing lights that were needed but had no funding source. This resulted in many new lighted crosswalks. This change was not in the review but it has been a benefit for the residents in his first district.

<u>Chairperson Roger Anderson</u> wonders about CSA 9's funding. On page 119 of the agenda packet, there is a pie chart that shows taxes paying about 30% and charges for services comprise about 69% for CSA 9. He assumes taxes are primarily based upon assessments. He wonders what the other two-thirds of the funding will be. He asks if there is some recharge source or whether the County contributes towards CSA 9. CSA 9, on a per capita basis, is a small amount.

<u>Mr. Serrano</u> says that page 15 of the service review shows a detailed breakdown of the taxes and other revenue sources as well as expenditures for CSA 9 from FY 2013-14 to FY 2019-20.

<u>Commissioner Lather</u> asks why the fees have not been increased. There may be a required vote for Proposition 218. A long time has passed without trying to increase the funding. She has a neighbor who is concerned about street lighting. Her Aptos neighborhood pays for street lighting according to their tax bill but they have no lights.

<u>Mr. Serrano</u> answers that for the past six or seven years, some of the benefit assessments have not increased and some zones have never been increased. It may be due to requiring a vote from the residents. Some other CSAs have increased their assessments by the Consumer Price Index which is considered and approved by the Board of Supervisors.

<u>Steve Wiesner</u>, the Assistant Director of Public Works, thinks that the zones whose assessments have not been increased in a long time is due to Proposition 218 vote. The County has opted not to raise fees for those zones. The landfill, Zone C's fees have been raised more recently.

CSA 9A is set up for residential street lighting. A recent engineering report was done which included additional safety lighting and lighting crosswalks. Those zones of benefit are finite and are scattered throughout the County. If someone lives in a neighborhood, they pay into CSA 9A, and they want residential street lighting, Public Works has a process to request the lighting and they can be included in the program if it is approved. Sonia Lykins manages the CSA program, so she is the person to contact at Public Works.

<u>Chairperson Roger Anderson</u> wonders about the flaring project that helps with the gasses that come from the landfill. He asks how large this energy source is and could it be used for another source besides burning it up. He would also like to know more about the funding of CSA 9.

<u>Mr. Wiesner</u> does not manage CSA 9C, the landfill, but he can refer to the right person for such an inquiry.

<u>Ms. Steinbruner</u> thinks Commissioner Lather lives within CSA 3 which has its own separate street lighting fund. She thanks the Chair for bringing up the subject of methane co-generation at the landfill. The County was using this process in the 1980s and 1990s and would like to see it reinstated.

She agrees with Mr. Serrano about supplying applicable information about CSA 9 on a webpage and supports LAFCO requesting that Public Works have a webpage for every CSA.

<u>Commissioner Leopold</u> says it helps to be transparent and at least provide some basic information on the Public Works' website.

| MOTION AND ACTION | |
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| Motion: Lather Second: Leopold | To find that this service review is exempt from CEQA, To determine that this service review meets the requirements under Government Code Section 56425 for the sphere determinations and Government Code Section 56430 for the service determinations, and, To adopt draft Resolution No. 2020-21 approving the 2020 Service and Sphere of Influence Review for County Service Area 9. Motion passes with a unanimous voice vote. |
| | |

MOTION AND ACTION

OTHER BUSINESS

COMPREHENSIVE QUARTERLY REPORT – FOURTH QUARTER (FY 2019-20)

<u>Mr. Serrano</u> reports that there are two active LAFCO applications. One is the fire consolidation and the other is the Roaring Camp Annexation to San Lorenzo Valley Water District.

The Commission requested staff to identify inactive applications on file and this item will be presented at the September meeting.

The Commission adopted a multi-year work program. This year, five service reviews were identified and two of them have been adopted. The next service review will be presented in September and it will involve the Pajaro Valley Public Cemetery District. The Resource Conservation District's service review will be presented in October and the San Lorenzo Valley Water District's review will be presented in November.

LAFCO staff continues its outreach efforts with local agencies and CALAFCO's conference calls with neighboring LAFCOs.

June 30th marked the end of FY 2019-20. LAFCO's adopted budget ended with a surplus of about \$278,000 which was carried over to the current budget and was used to offset the total apportionments for the funding agencies.

<u>Commissioner Leopold</u> is impressed with the progress of the service reviews and the status of the current budget.

<u>Ms. Steinbruner</u> appreciates the content level of the service reviews. She thinks they will help better manage the CSAs and improve community service.

RECRUITMENT PROCESS

<u>Mr. Serrano</u> reports that July 30th was the last day to submit applications for Commission Clerk. 17 applications have been received. The interviews will begin next week. His goal is to offer the position to the top candidate by September or October and start the hiring process so they can begin as early as the end of 2020 or the beginning of 2021.

CALAFCO ANNUAL CONFERENCE

<u>Mr. Serrano</u> reports that the usual in-person conference structure will not occur. CALAFCO is looking for ways to conduct a virtual conference. The election will still occur for the upcoming vacancies on CALAFCO's Board of Directors.

<u>Pamela Miller</u> adds that the CALAFCO Board discussed a potential virtual conference at their last meeting. They decided not to hold any official virtual conference. The Program Planning Committee had already done quite a bit of work preparing for an upcoming conference. There were three topics identified that would convey well to a virtual format. The Board instructed her to survey the membership to gauge the interest level of attending a 90-minute virtual session on these three topics. If the interest is high enough, CALAFCO will be conducting webinars on these three topics probably during the week of the originally scheduled in-person conference.

The CALAFCO Board elections will be conducted using an electronic ballot. They will also host virtual regional round tables for each of the four regions.

They are still researching legal options for a 501(c)3 to see if they are required to have an annual business meeting. CALAFCO's bylaws and policies do not require this but they want to make sure they are in full compliance. If a meeting is required, they will hold the meeting virtually.

The Annual Achievement Awards program has been postponed. The Awards Committee will take this opportunity to update the current program structure.

<u>Commissioner Jim Anderson</u> asks Ms. Miller what the financial impact will be without having an annual conference.

<u>Ms. Miller</u> says that the board was presented with different options whether to hold a virtual conference or in-house, what the pros and cons would be, and if they hired a professional firm to hold a virtual event. All options created a structural deficit for CALAFCO. They continue to rely on the built-in 15% net profit off the conference to help balance the budget, as per their policies. None of the options would provide the 15% net profit. CALAFCO's budget ended last fiscal year with a good enough net balance to sustain the organization without having to rely on reserves.

If there is enough interest in these virtual sessions at no cost, realizing that most LAFCOs will be financially strapped as well, they will reach out to the associate members who are typically generous sponsors for conferences. They hope these members will continue to support CALAFCO by providing funds for these sessions.

<u>Commissioner Leopold</u> thanks Ms. Miller and CALAFCO for providing Zoom to all the LAFCOs. It continues to be an effective way to meet with people. It is disappointing that the annual conference is cancelled. He looks forward to participating in the 90-minute webinar and the regional roundtable.

He thought he read in the newsletter that the operational costs of the association are now covered by the dues. He asks if this is accurate.

<u>Ms. Miller</u> replies that there have been some internal changes that have caused some issues. CALAFCO is assuming that all 58 LAFCOs will retain their membership, given the recent increase in dues. The second change that they were forced to adhere to due to the passage of AB 5 is that the two primary consultants who serve CALAFCO, the Executive Director and Administrator, will now be transitioning to an employee status. Effective September 1st, both of those positions will become employees and this creates a host of additional expenses that are new to CALAFCO. Now CALAFCO is required to have employer insurance, workers compensation insurance, payroll taxes and other costs they never had to pay for before. There was a substantial increase in expenses after the discussion of operational costs a year or two ago.

<u>Commissioner Leopold</u> wants to acknowledge the passing of Bill Chiat who was the former Executive Director of CALAFCO. He was a great leader and a valuable asset to CALAFCO. He was supportive to Ms. Miller when she became Executive Director.

<u>Ms. Miller</u> adds that CALAFCO approved the formation of the Bill Chiat Memorial Educational Scholarship Fund. The sessions that CALAFCO University offers were created by Mr. Chiat. This scholarship fund will allow CALAFCO to pay registration for educational events, the workshop, the conference, and CALAFCO University's sessions for those who might need it.

<u>Chairperson Roger Anderson</u> knew Mr. Chiat all through his connection with CALAFCO. When he was first on the CALAFCO board, it was an amateurish group and Mr. Chiat helped to polish up the organization by professionalizing the newsletter, the budget, and other tasks he was responsible for that made the organization move smoother. He was the CALAFCO Chair during Mr. Chiat's tenure and he was an enormous help during the difficulties of establishing a regional makeup of the board. He will miss Mr. Chiat's friendship, guidance and professionalism.

<u>Clerk Means</u> adds that on behalf of Santa Cruz LAFCO, a sympathy gift was sent to Mr. Chiat's partner.

<u>Chairperson Roger Anderson</u> would like to have some degree of socializing at the conference. In between the sessions and business sessions, he hopes there will be breakout groups where people can network. This is an important part of the conference. He is happy that the regional roundtables will continue but it would be good to promote more informal discussions between individuals at the conference.

Many LAFCOs will be saving a lot of money by not attending an in-person conference. Paying for registration, transportation and lodging can be costly. Some of the LAFCOs may be willing to contribute some of these savings to CALAFCO to offset the losses the organization is experiencing by not having these conferences or workshops.

<u>Ms. Steinbruner</u> asks why CALAFCO made the decision to turn the consultants into employees since it has increased the operational expenses.

<u>Ms. Miller</u> answers that the Legislature recently passed AB 5 which is a law that requires certain categories of consultants to become employees. Their legal counsel researched the subject to determine whether or not the Executive Director and the Administrator were exempt. In order for CALAFCO to comply with the law, those two positions needed to transition to employee status. The board approved it so that CALAFCO is in compliance with State law.

MOTION AND ACTION

| Motion: Leopold | To designate Jim Anderson as the Voting Delegate for CALAFCO's |
|---------------------|--|
| Second: R. Anderson | Board of Directors election. |
| | Motion passes with a unanimous voice vote. |

MOTION AND ACTION

| Motion: Leopold | To nominate Rachel Lather on a special district seat as a director on the |
|-----------------|---|
| Second: Friend | CALAFCO board for the Coastal Region. |
| | Motion passes with a unanimous voice vote. |

PRESS ARTICLES

<u>Mr. Serrano</u> acknowledges the passing of Allison Endert who worked with Supervisor Ryan Coonerty, Joe Gunter who was the Mayor of Salinas and a former Monterey LAFCO Commissioner and Bill Chiat, CALAFCO's former Executive Director who was a friend and LAFCO legend.

COMMISSIONERS' BUSINESS

<u>Alternate Banks</u> discloses that as a member of the governing board of Cabrillo College, they are in the process of figuring out whether the college should be renamed. Any feedback can be relayed to the college president.

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



Santa Cruz Local Agency Formation Commission

 Date:
 September 2, 2020

 To:
 LAFCO Commissioners

 From:
 Joe Serrano, Executive Officer

 Subject:
 Service and Sphere of Influence Review for the Pajaro Valley Public Cemetery District

SUMMARY OF RECOMMENDATION

LAFCO periodically performs municipal service reviews and sphere of influence updates for each agency subject to LAFCO's boundary regulations. As part of the Commission's Multi-Year Work Program, LAFCO staff has drafted a service and sphere review for the Pajaro Valley Public Cemetery District ("PVPCD") and scheduled a public hearing.

It is recommended that the Commission take the following actions:

- Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO has determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
- 2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for PVPCD, and review and update, as necessary;
- 3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
- 4. Adopt a Resolution (LAFCO No. 2020-22) approving the 2020 Service and Sphere of Influence Review for the Pajaro Valley Public Cemetery District with the following conditions:
 - a. Reaffirm the District's current sphere of influence;
 - b. Coordinate with Monterey LAFCO to analyze a possible annexation and/or sphere amendment to include the unserved Prunedale community in either Castroville or Pajaro Valley Public Cemetery Districts; and
 - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Pajaro Valley Public Cemetery District and any other interested or affected parties, including but not limited to Monterey LAFCO as the affected LAFCO.

EXECUTIVE OFFICER'S REPORT:

State law requires LAFCO to periodically review and update the services and spheres of all cities and special districts. In accordance with the Commission's adopted Multi-Year Work Program, LAFCO staff has prepared a service and sphere review for PVPCD (refer to **Attachment 1**). Key findings and recommendations are presented in the Executive Summary. The report also includes an analysis of the District's ongoing operations, current financial performance, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The service review concludes with determinations required by State law. This staff report summarizes the service review's findings, as shown below.

Purpose & Key Findings

The goal of this analysis is to accomplish the Commission's direction to complete a service review for the District under the Multi-Year Work Program and fulfill the service and sphere determinations under the Cortese-Knox-Hertzberg Act. The following are the main conclusions of the report:

1. The District provides services in two counties.

PVPCD encompasses over 166 square miles in two separate counties and offers burial services through five different cemeteries. The cemeteries are all located within Santa Cruz County. It is estimated that approximately 94,000 residents currently live within PVPCD's jurisdiction, mostly in the Watsonville area.

2. Santa Cruz LAFCO is the principal LAFCO for the district.

State law allows cemetery districts to be located within multiple counties as long as the lands are contiguous. When multiple counties are involved, State law assigns authority to the principal county's LAFCO. Santa Cruz LAFCO is the principal LAFCO for PVPCD. Santa Cruz LAFCO is statutorily responsible for any changes of organization related to the District. In the event that a proposed boundary change involves Monterey County, Santa Cruz LAFCO will coordinate with Monterey LAFCO before, during, and after the process is completed.

3. The District is facing financial constraints.

PVPCD has experienced multiple annual deficits over the past six years. Financial statements from Fiscal Years 2014 to 2020 indicate that the annual shortage has ranged from approximately \$12,000 to \$120,000. LAFCO staff projects that this negative trend may continue unless internal operations or budgetary practices improve.

4. The District does not have a capital improvement plan in place.

The purpose of a Capital Improvement Plan (CIP) is to identify and prioritize needs and project costs for planned improvements to the District's infrastructure. At present, the District does not have a CIP in place. The adoption of a long-term maintenance plan, such as a CIP, would help budget for future improvements and provide more transparency to its constituents.

5. The District is complying with website requirements under State law.

State law now requires all independent special districts to maintain and operate a website by January 1, 2020. PVPCD recently created a website and is currently uploading various documents and information to fulfill the state mandate. LAFCO staff encourages the District to continue this effort.

6. The District's sphere of influence is coterminous with its jurisdictional limits.

The Commission adopted a multi-county sphere of influence back in October 1988. PVPCD's multi-county sphere is coterminous with its jurisdictional boundary. In June 2015, Santa Cruz LAFCO reaffirmed this sphere boundary. Staff is recommending that the current sphere boundary be reaffirmed as part of this review.

Environmental Review

LAFCO staff has conducted an environmental review for the draft service and sphere review in accordance with the California Environmental Quality Act. Staff has determined that the service and sphere review is exempt because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and the activity is not subject to CEQA (Section 15061[b][3]). A notice of exemption, as shown in **Attachment 2**, was recorded on August 7.

Agency Coordination and Public Notice

A hearing notice for this draft service review was published in the August 11th issue of the Santa Cruz Sentinel (refer to **Attachment 3**). The draft service review is attached to this report. The complete service and sphere review, with all appendices, is also available on LAFCO's website: <u>https://www.santacruzlafco.org/reviews/.</u>

An administrative draft of the report was shared with Susie Miller, the District's General Manager. This allowed the District an opportunity to review LAFCO staff's findings and provide corrections and/or feedback. Ms. Miller's assistance in completing this service review was appreciated. In conclusion, staff is recommending that the Commission adopt the attached resolution (refer to **Attachment 4**) approving the service and sphere review for the Cemetery District.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachments:

- 1. Service and Sphere Review Administrative Draft (with appendices)
- 2. Environmental Determination Categorical Exemption
- 3. Public Hearing Notice
- 4. Draft Resolution No. 2020-22
- cc: Susie Miller, Pajaro Valley Public Cemetery District Kate McKenna, Monterey LAFCO

Pajaro Valley Public Cemetery District Service and Sphere of Influence Review



Administrative Draft (September 2, 2020)

Local Agency Formation Commission of Santa Cruz County

701 Ocean Street, Room 318-D Santa Cruz, CA 95060 Website: www.santacruzlafco.org Phone: (831) 454-2055



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EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries of the Pajaro Valley Public Cemetery District. The report will be used by the Local Agency Formation Commission to conduct a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of Spheres of Influence for all cities and districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting Sphere updates (Government Code section 56430). The District's last service review was adopted on June 3, 2015.

The municipal service review process does not require LAFCO to initiate changes of organization based on service review conclusions or findings; it only requires that LAFCO make determinations regarding the delivery of public services in accordance with the provisions of Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use the determinations and related analysis to consider whether to pursue changes in service delivery, government organization, or spheres of influence.

Service and sphere reviews are informational documents and are generally exempt from environmental review. LAFCO staff has conducted an environmental review of the District's existing sphere of influence pursuant to the California Environmental Quality Act (CEQA) and determined that this report is exempt from CEQA. Such exemption is due to the fact that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (Section 15061[b][3]).

Multi-County Special District

Pajaro Valley Public Cemetery District ("PVPCD" or "District") was founded as an independent special district in 1955 to provide for the respectful and cost-effective interment of human remains to meet the cultural, economic, religious, and social needs within southern Santa Cruz County, including a portion of Monterey County. Pursuant to its principal act, PVPCD may be located within multiple counties as long as the lands are contiguous (Health and Safety Code Section 9000). The District's jurisdictional limits has remained the same for the past six decades. At present, the District operates five cemeteries, all of which are located within Santa Cruz County.

The District encompasses approximately 166 square miles within two counties: Santa Cruz County (118 square miles; \$9.0 billion in assessed value) and Monterey County (48 square miles; \$1.6 billion in assessed value). The current population within PVPCD's entire service area is approximately 94,000. An overview map is shown as **Figure 1** on page 6.

Principal LAFCO

Since the District is in multiple counties, the principal county's LAFCO has purview over PVPCD. A "principal county" is the county that has "the greater portion of the entire assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district or districts for which a change or organization or reorganization is proposed" (Government Code Section 9002[k]). Based on this criteria, Santa Cruz LAFCO has been, and continues to be, the principal LAFCO. The principal LAFCO is statutorily responsible for PVPCD's proposed boundary changes, sphere amendments, and service reviews. The last service review for PVPCD was adopted by Santa Cruz LAFCO in June 2015.

Affected LAFCO

State law does not prohibit other "affected" LAFCOs, such as Monterey LAFCO in this instance, from adopting additional or supplemental service reviews involving a multicounty special district. The last service review adopted by Monterey LAFCO involving PVPCD was in December 2015, as part of a countywide service review.

The goal of this service review is to complete three main objectives: (1) fulfill the Commission's direction to complete a service review for PVPCD under the Multi-Year Work Program, (2) fulfill the service and sphere determinations for PVPCD under the Cortese-Knox-Hertzberg Act, and (3) complete an analysis that is supplemental to the findings found in the 2015 Service Reviews adopted by both LAFCOs. For purposes of this report, and to ensure our analysis provides additional and distinctive information, this service review will primarily focus on areas involving the District and Santa Cruz County. An overview of PVPCD's entire operation and finances will also be provided in this report. Any staff recommendations identified in this review will be shared with Monterey LAFCO.

Sphere of Influence

Santa Cruz LAFCO adopted a multi-county sphere of influence for the District back in October 1988. PVPCD's multi-county sphere is coterminous with its jurisdictional boundary. In June 2015, Santa Cruz LAFCO reaffirmed this sphere boundary.

Unserved Community

In 2015, Santa Cruz LAFCO's service review noted that a community in northern Monterey County, known as Prunedale, is unserved by any cemetery district. Prunedale sits between Castroville Cemetery District (CCD) and PVPCD. The report also suggested that Monterey LAFCO would explore annexation possibilities with CCD. As part of Monterey LAFCO's 2015 service review, the Castroville Cemetery District was consulted but chose not to pursue expansion due to feasibility constraints.

Prunedale continues to be unserved even though two cemeteries districts are immediately adjacent to the community. Based on staff's analysis, there are also portions of Prunedale that are not part of any sphere boundary. Santa Cruz LAFCO is recommending that the two cemetery districts, as well as the two affected LAFCOs, discuss how to property address this unserved community. A sphere amendment may result from these discussions. In the interim, staff is recommending that the current sphere boundary be reaffirmed.

Key Findings

The following are key findings of the 2020 Service and Sphere of Influence Review for the Pajaro Valley Public Cemetery District:

1. The District provides services in two counties.

PVPCD encompasses over 166 square miles in two separate counties and offers burial services through five different cemeteries. The cemeteries are all located within Santa Cruz County. It is estimated that approximately 94,000 residents currently live within PVPCD's jurisdiction, mostly in the Watsonville area.

2. Santa Cruz LAFCO is the principal LAFCO for the district.

State law allows cemetery districts to be located within multiple counties as long as the lands are contiguous. When multiple counties are involved, State law assigns authority to the principal county's LAFCO. Santa Cruz LAFCO is the principal LAFCO for PVPCD. Santa Cruz LAFCO is statutorily responsible for any changes of organization related to the District. In the event that a proposed boundary change involves Monterey County, Santa Cruz LAFCO will coordinate with Monterey LAFCO before, during, and after the process is completed.

3. The District is facing financial constraints.

PVPCD has experienced multiple annual deficits over the past six years. Financial statements from Fiscal Years 2014 to 2020 indicate that the annual shortage has ranged from approximately \$12,000 to \$120,000. LAFCO staff projects that this negative trend may continue unless internal operations or budgetary practices improve.

4. The District does not have a capital improvement plan in place.

The purpose of a Capital Improvement Plan (CIP) is to identify and prioritize needs and project costs for planned improvements to the District's infrastructure. At present, the District does not have a CIP in place. The adoption of a long-term maintenance plan, such as a CIP, would help budget for future improvements and provide more transparency to its constituents.

5. The District is complying with website requirements under State law.

State law now requires all independent special districts to maintain and operate a website by January 1, 2020. PVPCD recently created a website and is currently uploading various documents and information to fulfill the state mandate. LAFCO staff encourages the District to continue this effort.

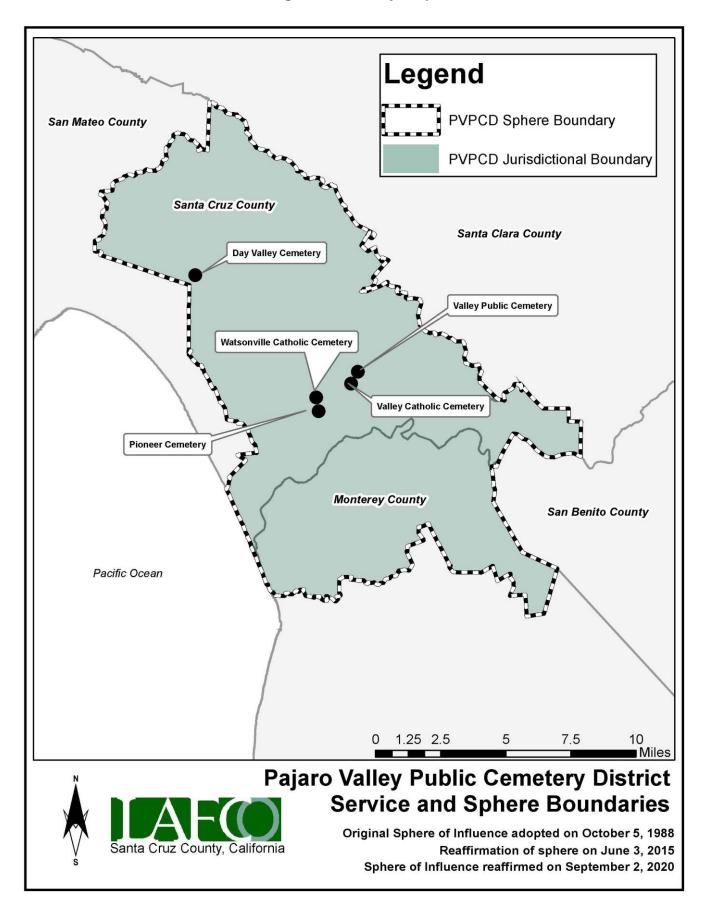
6. The District's sphere of influence is coterminous with its jurisdictional limits.

The Commission adopted a multi-county sphere of influence back in October 1988. PVPCD's multi-county sphere is coterminous with its jurisdictional boundary. In June 2015, Santa Cruz LAFCO reaffirmed this sphere boundary. Staff is recommending that the current sphere boundary be reaffirmed as part of this review.

Recommended Actions

Based on the analysis and findings in the 2020 Service and Sphere of Influence Review for the Pajaro Valley Public Cemetery District, the Executive Officer recommends that the Commission:

- Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO determined that the sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
- 2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the Pajaro Valley Public Cemetery District, and review and update, as necessary;
- 3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
- 4. Adopt a Resolution (LAFCO No. 2020-22) approving the 2020 Service and Sphere of Influence Review for Pajaro Valley Public Cemetery District with the following conditions:
 - a. Reaffirm the District's current sphere of influence;
 - b. Coordinate with Monterey LAFCO to analyze a possible annexation and/or sphere amendment to include the unserved Prunedale community in either Castroville or Pajaro Valley Public Cemetery Districts; and
 - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Pajaro Valley Public Cemetery District and any other interested or affected parties, including but not limited to Monterey LAFCO as the affected LAFCO.



DISTRICT OVERVIEW

History

The Pajaro Valley Public Cemetery District, formed in 1955, serves communities in the southern portion of Santa Cruz County, such as Aptos and the City of Watsonville. The District also serves a portion of Monterey County, including Pajaro, Los Lomas, and Aromas. PVPCD operates pursuant to the California Public Cemetery District Law (Health and Safety Code Sections 9000 – 9093). The District's service area encompasses 165.71 square miles: Santa Cruz County consists of 117.61 square miles and the remaining 48.10 square miles are located in Monterey County.

Services and Operations

The District provides burial spaces, maintenance of cemetery grounds, and opening and closing services through five different cemeteries, as shown in **Table 1**. Maps depicting the location of each cemetery are shown in **Appendix A**. These cemeteries average a total of 175 to 200 burials a year. Only one cemetery, Valley Public Cemetery, has traditional gravesites available for purchase, and the District anticipates approximately 15 years of remaining capacity at Valley Public. The District's ability to acquire additional property adjacent to existing facilities is limited, so the District is seeking an additional cemetery site in south Santa Cruz County or north Monterey County.

| Cemetery | Size & Availability | Location | | | | | |
|-------------------------------|--|--|--|--|--|--|--|
| Day Valley Cemetery | 0.5 acres; No availability | 206 Meadow Road Aptos, CA 95003 | | | | | |
| Watsonville Catholic Cemetery | 6 acres; No availability | 1456 Freedom Blvd. Watsonville, CA 95076 | | | | | |
| Pioneer Cemetery | 15 acres; 70 cremation lots, 110 cremation niches, and no burial lots | 66 Marin Street, Watsonville, CA 95076 | | | | | |
| Valley Catholic Cemetery | nolic Cemetery 5 acres; No availability | | | | | | |
| Valley Public Cemetery | 9 acres; XX burial lots and 572 cremation graves | 2445 East Lake Avenue Watsonville, CA 95076 | | | | | |

Table 1: Cemetery Overview

Note: FY 2020-21 Services and Costs are shown in Appendix B.

Population and Growth

Based on staff's analysis, the population of PVPCD in 2020 is estimated to be 94,424. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next fifteen years. **Table 2** shows the anticipated population for each local agency within PVPCD. The average rate of change within both counties is approximately 1.30%.

Population Projection

Based on the projections for the cities and counties within the District's service area, LAFCO staff was able to develop a population forecast for PVPCD. Staff increased the District's 2020 population amount by 1.30% each year. Under this assumption, LAFCO staff projects that the entire population of PVPCD will be approximately 95,648 by 2040.

| Area | 2020 | 2025 | 2030 | 2035 | 2040 | Average |
|---|------------|------------|---------|---------|---------|---------|
| City of Watsonville | 53,536 | 55,187 | 56,829 | 58,332 | 59,743 | 2.78% |
| Monterey County (Unincorporated) | 105,361 | 105,682 | 106,007 | 106,323 | 106,418 | 0.25% |
| Santa Cruz County (Unincorporated) | 136,891 | 137,896 | 139,105 | 140,356 | 141,645 | 0.86% |
| | Rate of Ch | nange (Ave | erage) | | | 1.30% |
| Pajaro Valley Public Cemetery District | 94,424 | 95,648 | 95,648 | 95,648 | 95,648 | 1.30% |

Table 2: Projected Population

Disadvantaged Unincorporated Communities

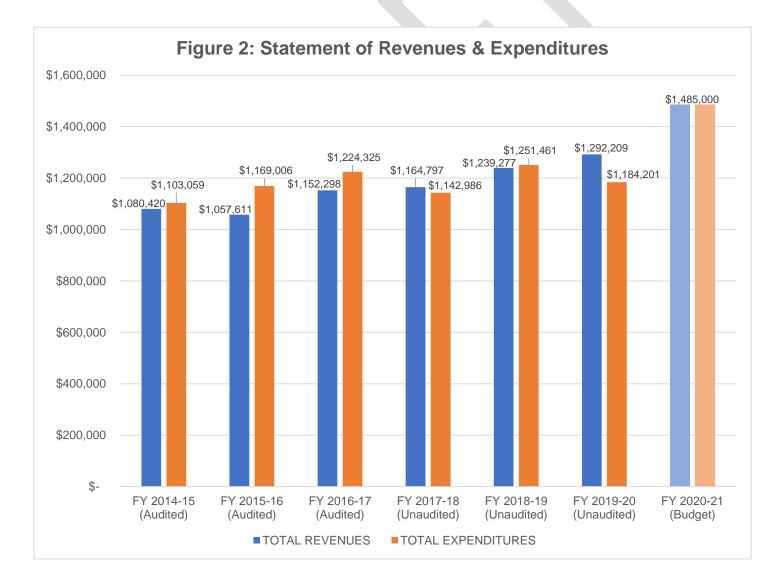
State law requires LAFCO to identify and describe all "disadvantaged unincorporated communities" (DUCs) located within or contiguous to the existing spheres of influence of cities and special districts that provide fire protection, sewer, and/or water services. DUCs are defined as inhabited unincorporated areas within an annual median household income that is 80% or less than the statewide annual median household income.

In 2017, the California statewide median household income was \$67,169, and 80% of that was \$53,735. Based on the criteria set forth by SB 244, staff's analysis indicates that there is one area in PVPCD designated as a disadvantaged unincorporated community. This area is located within the Freedom County Sanitation District. However, PVPCD is not subject to SB 244 because it does not provide water, sewer, or fire service, and therefore, not subject to further staff analysis.

FINANCES

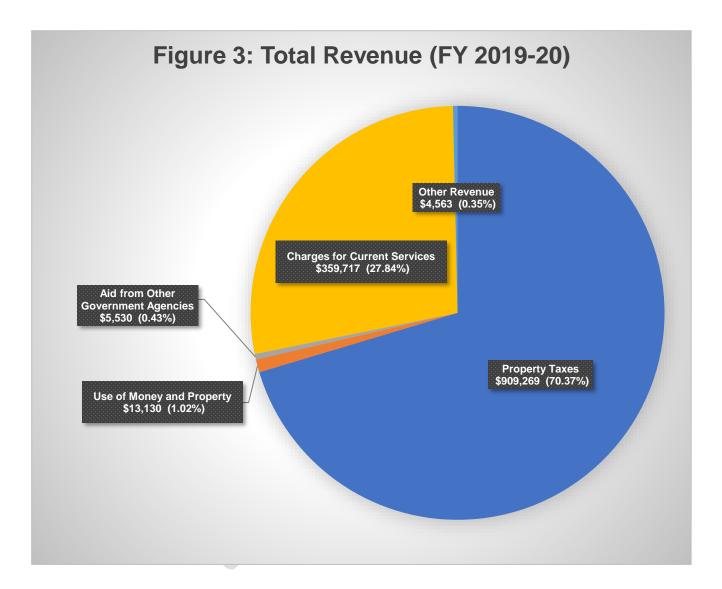
This section will highlight the District's financial performance during the most recent fiscal years. Fiscal Year 2016-17 is the latest audited financial statement available. However, LAFCO will evaluate PVPCD's financial health from 2014 to 2020, including the recently adopted FY 2020-21 budget. A comprehensive analysis of the District's financial performance during the past six years is shown in **Table 4** on page 12. The sources used by LAFCO are available in **Appendix B**.

At the end of Fiscal Year 2019-20, total revenue collected was approximately \$1.3 million, representing a 4% decrease from the previous year (\$1.2 million in FY 18-19). Total expenses for FY 2019-20 were approximately \$1.2 million, which decreased from the previous year by 70% (\$4 million in FY 18-19). Unlike this past fiscal year, the District has ended with a deficit four times since 2014 (FYs 14-15, 15-16, 16-17, and 18-19), as shown in **Figure 2**. LAFCO staff believes this negative trend will continue unless operational and/or budgetary changes are made.



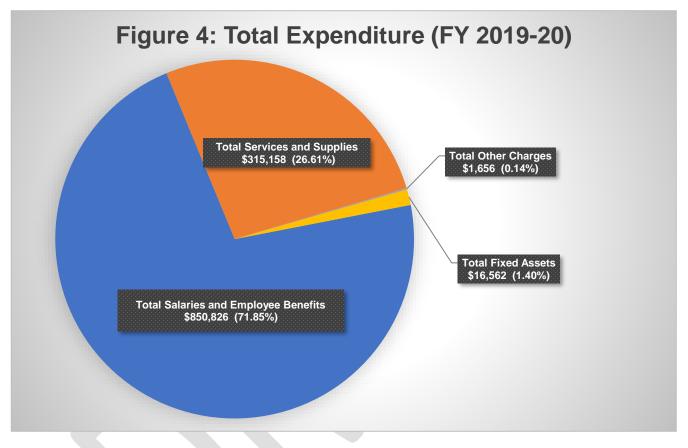
Revenues

The District's primary source of revenue is from Property Taxes. In FY 2018-19, Property Taxes totaled approximately \$910,000 which represents 70% of the District's entire revenue stream. Other revenue sources include Charges for Services (\$360,000 or 28%), Use of Money and Property (\$13,000 or 1%), Aid from Other Government Agencies (\$5,500 or less than 1%), and Other Revenue (\$4,600 or less than 1%). **Figure 3** provides a breakdown each revenue stream.



Expenditures

PVPCD's total expenditures can be categorized into four budgetary groups: Salaries and Benefits, Services and Supplies, Fixed Assets, and Other Charges. **Figure 4** shows that in FY 2019-20, Salaries and Benefits represent approximately 72% of the District's entire operational expenses. The remaining expenditures are based on the costs associated with operational tasks (Services and Supplies), and buildings and infrastructure (Fixed Assets).



Fund Balance / Net Position

As of June 30, 2020, the total net position balance ended with approximately \$108,000. The following table highlights the net position balance from 2014 to 2020. As shown in the table below, the District's fund balance has fluctuated each year. Only two of the last six fiscal years ended with a net surplus.

| | FY 14-15 | FY 15-16 | Y 15-16 FY 16-17 | | FY 18-19 | FY 19-20 | | | | |
|---|------------|-------------|------------------|-------------|-------------|-------------|--|--|--|--|
| | (Audited) | (Audited) | (Audited) | (Unaudited) | (Unaudited) | (Unaudited) | | | | |
| Ending Balance | (\$22,639) | (\$118,332) | (\$72,027) | \$21,811 | (\$12,184) | \$108,008 | | | | |
| Change from Previous Year (\$) | | -\$95,693 | \$46,306 | \$93,838 | -\$33,995 | \$120,192 | | | | |

Table 3: Fund Balance

Table 4: Total Revenues & Expenditures

| | F | Y 2014-15 | F | 2015-16 | FY | 2016-17 | F۱ | 2017-18 | F | Y 2018-19 | F١ | (2019-20 | FY | 2020-21 |
|--|----------------|--------------------|----------------|--------------------|----------------|-------------------|----------------|-------------------|----------|--------------------|----------------|------------------|------------|-----------------|
| | (| Audited) | (| Audited) | (/ | Audited) | (U | naudited) | (U | Inaudited) | (U | naudited) | (1 | Budget) |
| REVENUE | | | | | | | | | | | | | | |
| Property Taxes | | 674.470 | | | | | | 70.0 007 | | | | 040.004 | | |
| Current Secured Residual Distribution | \$ \$ | 671,179 | \$ \$ | 655,119 32,739 | \$ \$ | 702,395 35.800 | \$ \$ | 736,697 34,671 | \$ \$ | 774,615 | \$ \$ | 810,884 | \$ \$ | 950,000 |
| Current Unsecured | \$ | 36,950 14,970 | \$ \$ | 15,296 | \$ \$ | 16,397 | \$ \$ | 16,797 | \$ \$ | 69,461 17,876 | \$ \$ | 61,041 18,706 | \$ \$ | - 15,000 |
| Current Secured - Supplemental | \$ | 7,665 | \$ | 12,953 | \$ | 11,871 | \$ | 14.938 | \$ | 20,283 | \$ | 13,542 | ې \$ | 7,500 |
| Penalties | \$ | 343 | \$ | 657 | \$ | 141 | \$ | 208 | \$ | 108 | \$ | 199 | \$ | - |
| Prior Year | \$ | 3,091 | \$ | 4,565 | \$ | 3,705 | \$ | 3,198 | \$ | 3,385 | \$ | 4,207 | \$ | - |
| Other | \$ | 527 | \$ | 574 | \$ | 6,170 | \$ | 654 | \$ | 684 | \$ | 690 | \$ | - |
| Total Property Taxes | \$ | 734,725 | \$ | 721,903 | \$ | 776,479 | \$ | 807,163 | \$ | 886,413 | \$ | 909,269 | \$ | 972,500 |
| Use of Money and Property | | | | | | | | | | | | | | |
| Interest (General Fund) | \$ | 5,924 | \$ | 7,130 | \$ | 8,004 | \$ | 9,339 | \$ | 14,921 | \$ | 13,130 | \$ | 7,500 |
| Rents and Concessions | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| Total Use of Money and Property | \$ | 5,924 | \$ | 7,130 | \$ | 8,004 | \$ | 9,339 | \$ | 14,921 | \$ | 13,130 | \$ | 7,500 |
| Aid from Other Government Agencies | 1. | | | | L + | | 1 | | 4 | | 1. | | | |
| Homeowner Property Tax Relief | \$ | 4,576 | \$ | 4,535 | \$ | 4,549 | \$ | 4,691 | \$ | 4,056 | \$ | 4,403 | \$ | 2,000 |
| Contributions from Other Government Agencies | \$ \$ | 1,500 | \$ \$ | - 894 | \$ \$ | - 623 | \$ \$ | - 847 | \$ \$ | - 754 | \$ \$ | - 1,127 | \$ \$ | - |
| RDA Pass-through Total Aid from Other Government Agencies | \$ | 6,076 | <u>\$</u> | 5,429 | \$ | 5,173 | <u>\$</u> | 5,538 | \$ | 4,810 | \$ | 5,530 | <u>ې</u> | 2,000 |
| Charges for Current Services | Ş | 0,070 | Ş | 5,429 | Ş | 5,175 | Ş | 5,556 | Ş | 4,810 | Ş | 5,550 | Ş | 2,000 |
| Grave Opening and Closing | \$ | 157,471 | \$ | 149.864 | \$ | 175,445 | \$ | 177,068 | \$ | 173,761 | \$ | 188,405 | \$ | 200,000 |
| Burial Services | \$ | 8,475 | \$ | 149,804 | \$ | 13,050 | \$ | 6,825 | \$ | 173,701 | \$ | 4,275 | \$ | 5,000 |
| Endowment Care | \$ | - | \$ | | \$ | - | \$ | - | \$ | - | \$ | 3,650 | \$ | - |
| Sales - Cemetery Plots | \$ | 97,018 | \$ | 100,855 | \$ | 96,320 | \$ | 94,140 | \$ | 84,515 | \$ | 102,780 | \$ | 185,000 |
| Sales - Vaults, Crypts, and Liners | \$ | 65,065 | \$ | 58,747 | \$ | 73,701 | \$ | 58,300 | \$ | 59,741 | \$ | 60,607 | \$ | 110,000 |
| Total Charges for Current Services | \$ | 328,029 | \$ | 321,041 | \$ | 358,516 | \$ | 336,333 | \$ | 330,167 | \$ | 359,717 | \$ | 500,000 |
| Other Revenue | | | _ | | _ | | | | | | | | | |
| Other Revenue | \$ | 5,666 | \$ | 2,108 | \$ | 4,126 | \$ | 6,424 | \$ | 2,965 | \$ | 4,563 | \$ | 3,000 |
| Total Other Revenue | \$ | 5,666 | \$ | 2,108 | \$ | 4,126 | \$ | 6,424 | \$ | 2,965 | \$ | 4,563 | \$ | 3,000 |
| TOTAL REVENUES | \$ | 1,080,420 | \$ | 1,057,611 | \$1 | 1,152,298 | \$ 1 | L,164,797 | \$ | 1,239,277 | \$1 | 1,292,209 | \$1 | ,485,000 |
| EXPENDITURES | | | | | | | | | | | | | | |
| Salaries and Employee Benefits | | | | | | | | | | | | | | |
| Salaries | \$ | 361,227 | \$ | 403,169 | \$ | 444,570 | \$ | 419,177 | \$ | 472,787 | \$ | 512,597 | \$ | 530,000 |
| Retirement - Social Security and CalPERS | \$ | 93,614 | \$ | 108,901 | \$ | 70,919 | \$ | 68,105 | \$ | 78,264 | \$ | 92,781 | \$ | 89,000 |
| Employee Insurance and Benefits | \$ | 113,409 | \$ | 142,543 | \$ | 195,635 | \$ | 140,162 | \$ | 187,020 | \$ | 230,419 | \$ | 210,000 |
| Workers' Compensation Insurance | \$ | 24,163 | \$ | 24,923 | \$ | 19,088 | \$ | 16,056 | \$ | 15,369 | \$ | 15,029 | \$ | 15,000 |
| Total Salaries and Employee Benefits | \$ | 592,413 | \$ | 679,536 | \$ | 730,213 | \$ | 643,500 | \$ | 753,440 | \$ | 850,826 | \$ | 844,000 |
| Services and Supplies | | | | | | | | | | | | | | |
| Clothing and Personal Supplies | \$ | 4,144 | \$ | 4,709 | \$ | 5,175 | \$ | 6,164 | \$ | 5,758 | \$ | 8,188 | \$ | 8,000 |
| Telephone and Telegraph | \$ | 1,916 | \$ | 1,698 | \$ | 1,892 | \$ | 1,942 | \$ | 2,525 | \$ | 3,041 | \$ | 4,000 |
| Other Insurance | \$ | 17,105 | \$ | 14,666 | \$ | 10,671 | \$ | 11,366 | \$ | 11,477 | \$ | 13,525 | \$ | 14,000 |
| Maintenance - Other Equipment - Services Maintenance - Other Equipment - Supplies | \$ \$ | 3,936 | \$ | 2,463 4,247 | \$ \$ | 4,002 | \$ \$ | 2,879 3,762 | \$ \$ | 4,694 5,982 | \$ \$ | 14,701 20.308 | \$ \$ | 11,000 8,000 |
| Maintenance - Structure and Grounds - Services | \$ | 22,818 | ې \$ | 21,032 | \$ \$ | 30,177 | \$ \$ | 25,413 | \$ \$ | 18,675 | \$ \$ | 68,841 | ې \$ | 43,000 |
| Maintenance - Structure and Grounds - Supplies | \$ | 16,330 | \$ | 13,658 | \$ | 17,144 | \$ | 16,483 | \$ | 18,336 | \$ | 24,706 | \$ \$ | 20,000 |
| Miscellaneous Expense - Services | \$ | 800 | \$ | 1,047 | \$ | 1,150 | \$ | 800 | \$ | 300 | \$ | 5,950 | \$ | 5,000 |
| Office Expense - Postage and Supplies | \$ | 1,735 | \$ | 2,238 | \$ | 1,677 | \$ | 1,480 | \$ | 1,353 | \$ | 2,036 | Ś | 3,500 |
| Accounting and Auditing | \$ | 19,346 | \$ | 22,695 | \$ | 22,490 | \$ | 17,879 | \$ | 26,446 | \$ | 19,710 | \$ | 37,500 |
| Directors Fees | \$ | 8,330 | | 9,220 | \$ | 5,750 | | 9,300 | | 8,100 | \$ | 12,400 | | 9,500 |
| Professional and Special Services | \$ | 33,443 | \$ | 30,424 | \$ | 25,353 | \$ | 30,691 | \$ | 29,816 | \$ | 68,470 | \$ | 40,000 |
| Legal Notices | \$ | 1,170 | \$ | 999 | \$ | 1,190 | \$ | 999 | \$ | 609 | \$ | - | \$ | 2,000 |
| Equipment Lease and Rent | \$ | - | \$ | - | \$ | 124 | \$ | 492 | \$ | - | \$ | - | \$ | 1,000 |
| Small Tools and Instruments | \$ | 1,316 | \$ | 1,048 | \$ | 1,835 | \$ | 1,100 | | - | \$ | - | \$ | 5,000 |
| Cost of Supplies Reissued | \$ | 2,423 | \$ | 23,842 | \$ | 7,155 | \$ | 7,444 | \$ | 8,360 | \$ | 2,132 | \$ | 6,000 |
| Special Miscellaneous Expense - Services | \$ | 7,014 | \$ | 6,403 | \$ | 7,000 | \$ | 10,179 | \$ | 7,147 | \$ | 12,192 | \$ | 13,500 |
| Travel | \$ | 8,298 | \$ | 7,520 | \$ | 6,817 | \$ | 8,955 | \$ | 10,894 | \$ | 6,481 | \$ | 8,000 |
| Utilities | \$ | 13,759 | \$ | 9,361 | \$ | 18,369 | \$ | 22,089 | \$ | 30,035 | \$ | 32,475 | \$ | 30,000 |
| Total Services and Supplies | \$ | 168,000 | \$ | 177,270 | \$ | 173,374 | \$ | 179,416 | \$ | 190,509 | \$ | 315,158 | \$ | 269,000 |
| Other Charges | 4 | 1.000 | | 2 5 2 5 | | 6.10 | ć | | | | L ć | | ć | |
| Taxes and Licenses | \$ \$ | 4,968 | \$ \$ | 3,529 | \$ \$ | 6,134 | \$ \$ | 1 500 | \$ \$ | - | \$ \$ | 1 65 6 | \$ \$ | - |
| Contributions to Other Agencies | 1 ÷ | 1,300 | <u> </u> | 1,331 | - | 1,311 | - | 1,588 | - | 1,485 | <u> </u> | 1,656 | - | 2,000 |
| Total Other Charges | \$ | 6,268 | \$ | 4,860 | \$ | 7,445 | \$ | 1,588 | \$ | 1,485 | \$ | 1,656 | \$ | 2,000 |
| Fixed Assets Building and Improvements | \$ | 33,195 | \$ | 7,340 | \$ | 12,610 | \$ | 17,511 | \$ | 1,190 | \$ | 5,394 | \$ | 30,000 |
| Equipment | \$ \$ | 33,195 | \$ \$ | 7,340 | \$ \$ | 683 | \$ \$ | 971 | \$ \$ | 4,836 | \$ \$ | 5,394 | \$ \$ | 25,000 |
| Total Fixed Assets | <u>ې</u> \$ | 36,378 | <u>ې</u> \$ | 7,340 | <u>ې</u> \$ | 13,293 | <u>ې</u> \$ | 18,481 | - | 6,027 | <u>ې</u> \$ | 16,562 | ې \$ | 55,000 |
| Other Financing Uses | ļ | 30,378 | Ş | 7,340 | ډ ا | 13,293 | ډ ا | 10,401 | د ا | 0,027 | د ا | 10,302 | ç | 33,000 |
| Operating Transfers Out* | \$ | 300,000 | \$ | 300,000 | \$ | 300,000 | \$ | 300,000 | \$ | 300,000 | \$ | - | \$ | 300,000 |
| Total Other Financing Uses | \$ | 300,000 300,000 | \$ | 300,000 300,000 | \$ | 300,000 | \$ | 300,000 | \$ | 300,000 300,000 | \$ | - | \$ | 300,000 |
| Appropriations for Contingencies | ļŞ | 300,000 | Ş | 300,000 | Ş | 300,000 | Ş | 300,000 | Ş | 300,000 | Ş | - | ç | 300,000 |
| Appropriations for Contingencies | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 15,000 |
| Total Appropriations for Contingencies | \$ | | \$ | | \$ | | \$ | | \$ | - | \$ | | \$ | 15,000 |
| | - · | - 1,103,059 | | - 1,169,006 | - · | - 1,224,325 | | - L,142,986 | | - 1,251,461 | | - 1,184,201 | | ,485,000 |
| TOTAL EXPENDITURES | 2 | 1,103,039 | 2 | 1,109,000 | . | 1,224,323 | <u>ې</u> | .,142,300 | 2 | 1,231,401 | 3 . | .,104,201 | 41 | ,405,000 |
| Sumelue //Deficit) | | (22.525) | | 1444 205 | | (72.02-) | ć | 24.047 | | 142 405 | | 100.000 | ć | |
| Surplus/(Deficit) | \$ | (22,639) | Ş | (111,395) | \$ | (72,027) | \$ | 21,811 | \$ | (12,184) | \$ | 108,008 | \$ | - |
| | | | | | | | | | | | | | | |

Pajaro Valley Public Cemetery District – Administrative Draft

GOVERNANCE

The Pajaro Valley Public Cemetery District is governed by a five-member Board of Trustees, which is appointed by the Santa Cruz County Board of Supervisors. District boundaries straddle the Santa Cruz-Monterey County line, and its Sphere of Influence is coterminous with the current boundaries. The District maintains five cemeteries, all of which are located in Santa Cruz County.

Local Accountability & Structure

The current Board is as follows:

| Board Member | Term of Office | |
|-------------------------|--|--|
| Bob Tanner, Chair | Appointed: March 26, 2019 Term Limit Ends: December 31, 2021 | |
| Jo Ann Vear, Vice-Chair | Appointed: January 23, 2018 Term Limit Ends: December 31, 2021 | |
| Ed Banks | Appointed: January 23, 2018 Term Limit Ends: December 31, 2021 | |
| Steven George | Appointed: November 22, 2016 Term Limit Ends: December 31, 2023 | |
| Violet Lucas | Appointed: January 14, 2020 Term Limit Ends: December 31, 2023 | |

Table 5: Board of Trustees

The Chair and Vice-Chair designations are rotated on an annual basis. Board meetings are held on the second and fourth Wednesday of the month at 2:00 pm. These Board meetings are typically held at the District's administrative office in Watsonville which are open to the public. Public hearing notices are provided through online posting.

Management Efficiencies

PVPCD recently appointed a new general manager to oversee the leadership role for the cemetery district. Susie Miller became the District Manager on March 1, 2020. Ms. Miller originally started with PVPCD in April 2019. She was born and raised in Watsonville. Her career includes nursing services, Doctor office management and home office coordination.

Challenges and Opportunities

State laws increase in number and complexity each year. Compliance is a challenge for all districts, especially small agencies such as PVPCD. The District responds to legal requirements to the extent that their resources permit them to do so. Levels of compliance vary from district to district, and some implement best management practices that go above and beyond the basics. Smaller districts have particular difficulty keeping up with current requirements for financial and audit reporting, transparency and accountability, the conduct of meetings, personnel practices, insurances, contracting provisions, and trustee and staff required training. Some cemetery districts also have difficulty finding residents to fill trustee positions. The following section discusses current challenges and identifies possible opportunities to ensure the delivery of services in a more efficient and effective manner.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. The District developed a website to fulfill the state mandate earlier this year. The website is still a work in progress. It is LAFCO staff's understanding that all independent special districts within Santa Cruz County now have a website.

SB 929 states that the Internet Web Site, maintained by the independent special district, shall conform with various laws in Government Code Sections 6270.5, 53893, 53908, 54954.2, and Section 32139 of the Health and Safety Code. In summary, the District's Internet Website is required to have the following:

- Contact information;
- Adopted budgets;
- List of current board members;
- Information regarding public meetings (Brown Act);
- Service Reviews adopted by LAFCO;
- Recipients of grant funding or assistance provided by the district, if any;
- Audits (pursuant to GCS 26909);
- Adopted annual policies; and
- > Any other information the board deems relevant

LAFCO Staff Recommendation: The District should continue updating its website to fulfill the legal requirements under SB 929.

Capital Improvement Plan

The purpose of a Capital Improvement Plan (CIP) is to identify and prioritize needs and project costs for planned improvements to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner over the next five-plus years of growth and change. At present, the District does not have a CIP in place. The adoption of a long-term maintenance plan, such as a CIP, would help budget for future improvements and provide more transparency to its constituents.

LAFCO Staff Recommendation: The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

Local and Regional Collaborations

The District is an active member of both the California Association of Public Cemeteries (CAPC) and the Public Cemetery Alliance (PCA). Based on staff's analysis, more opportunities are available for sharing resources and expertise among cemetery districts. Many nearby cemetery districts already take advantage of efficiency and cost-sharing measures, including the shared use of equipment, staff and contracted services. Those districts with more resources are generous with their assistance to districts with fewer resources. PVPCD is encouraged to work with neighboring special districts, nearby cities and private cemeteries to explore new ways of reducing costs and increasing efficiencies where possible. Below are two opportunities identified by LAFCO:

- Utilization of Nearby Board Chambers: The District's board meetings are typically conducted at their administrative office in Watsonville. While the District does not experience large audiences during public meetings, their current meeting room is limited in size. It may be beneficial to utilize the City of Watsonville's chambers or a nearby agency's board chambers. Benefits under this potential collaboration is two-fold: (1) it establishes a more transparent board meeting procedure under the Brown Act, and (2) it helps build additional partnerships with neighboring municipalities.
- Utilization of Santa Cruz LAFCO: Small districts often have limited access to resources. LAFCO could be used as an additional resource to the agency. LAFCO staff is willing to provide PVPCD with a summary of State requirements and best practices for the operation of a public agency. LAFCO may can also share information about professional development training and technical assistance resources available to special districts. This type of collaboration may be useful for the Board and staff members in the short and long-run.

LAFCO Staff Recommendation: The District should consider collaborating with other local agencies to maximize efficiencies, improve internal operations, and/or explore cost-saving opportunities.

SPHERE OF INFLUENCE

Cortese-Knox-Hertzberg Act

City and special district spheres of influence define the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code Section 56076). The law requires that spheres be updated at least once every five years either concurrently or subsequently to the preparation of Municipal Service Reviews. Spheres are determined and amended solely at the discretion of the Commission. In determining the sphere of influence for each local agency, the Commission is required by Government Code Section 56425(e) to consider certain factors, including:

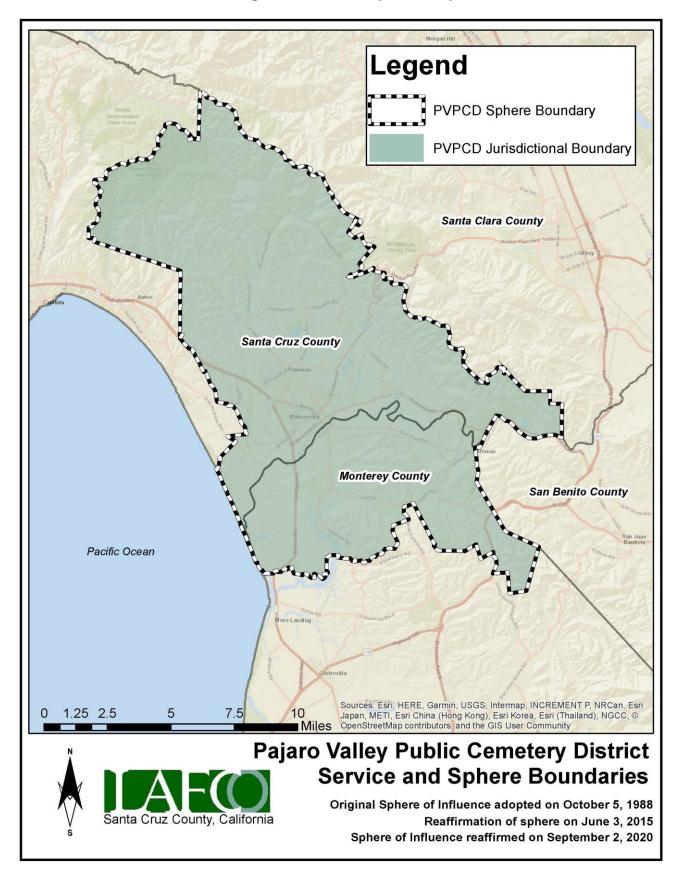
- The present and planned uses in the area, including agricultural and open-space lands;
- > The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

Current Sphere Boundary

Santa Cruz LAFCO adopted a multi-county sphere of influence for the District back in October 1988. PVPCD's multi-county sphere is coterminous with its jurisdictional boundary. In June 2015, Santa Cruz LAFCO reaffirmed this sphere boundary.

Unserved Community

In 2015, Santa Cruz LAFCO's service review noted that a community in northern Monterey County, known as Prunedale, is unserved by any cemetery district. Prunedale sits between Castroville Cemetery District (CCD) and PVPCD, as shown in **Appendix C**. The report also suggested that Monterey LAFCO would explore annexation possibilities with CCD. As part of Monterey LAFCO's 2015 service review, the Castroville Cemetery District was consulted but chose not to pursue expansion due to feasibility constraints. Prunedale continues to be unserved even though two cemeteries are immediately adjacent to the community. Based on staff's analysis, there are also portions of Prunedale that are not part of any sphere boundary. Santa Cruz LAFCO is recommending that the two cemetery districts, as well as the two affected LAFCOs, discuss how to property address this unserved community. A sphere amendment may result from these discussions. In the interim, staff is recommending that the current sphere boundary be reaffirmed, as shown in **Figure 5** on page 17.



District Summary

| Pajaro Valley Public Cemetery District | |
|--|---|
| Formation | Health & Safety Code §9000 et seq. (Public Cemetery District Law) |
| Board of Trustees | Governed by a five-member Board of Trustees. Board members are appointed to four-year terms by the Santa Cruz County Board of Supervisors. |
| Contact Person | Susie Miller, General Manager |
| Employees | 6 full-time crew members |
| Facilities | The District owns and manages 5 cemeteries: (1) Day Valley Cemetery, (2) Watsonville Catholic Cemetery, (3) Pioneer Cemetery, (4) Valley Catholic Cemetery, and (5) Valley Public Cemetery. |
| District Area | The District's entire boundary consists of nearly 117 square miles and encompasses two counties – Monterey and Santa Cruz. The majority of the District is within Santa Cruz County. |
| Sphere of Influence | The sphere boundary is coterminous with the District's jurisdictional limits and includes lands from both counties. |
| FY 2020-21 Budget | Total Revenue = \$1,485,000 |
| | Total Expenditure = \$1,485,000 |
| | Projected Net Position (Beginning Balance) = \$108,008 |
| Contact Information | Mailing Address: 66 Marin Street Watsonville, CA 95076 |
| | Phone Number: 831-722-0310 |
| | Email Address: pvcemetery@cruzio.com |
| | Website: https://pajarocemetery.specialdistrict.org/ |
| Public Meetings | Meetings are typically held on the second and fourth Wednesday of the month, at 2:00 pm. These Board meetings are typically held at the District's administrative office in Watsonville and are open to the public. |
| Mission Statement | To provide efficient, cost effective burial services for the community, and provide maintenance to the cemeteries in a respectable, clean and safe manner that honors the loved ones of family, friends and the community at large. |

SERVICE AND SPHERE REVIEW DETERMINATIONS

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere boundary. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

PVPCD encompasses over 166 square miles. It is estimated that approximately 94,000 residents currently live within PVPCD's jurisdiction, mostly in the Watsonville area. LAFCO staff projects that the District's population may reach 96,000 by 2040.

- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence. Staff's analysis indicates that there is one area in PVPCD designated as a disadvantaged unincorporated community. This area is located within the Freedom County Sanitation District. However, PVPCD is not subject to SB 244 because it does not provide water, sewer, or fire service.
- 3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

PVPCD provides burial services through five different cemeteries. Only the Valley Public Cemetery has traditional gravesites available for purchase, and the District anticipates approximately 15 years of remaining capacity at Valley Public. The District's ability to acquire additional property adjacent to existing facilities is limited, and so PVPCD is seeking an additional cemetery site within its jurisdictional limits.

4. Financial ability of agencies to provide services.

PVPCD's primary source of revenue is from property taxes. The District has experienced a deficit four times between 2014 to 2020. This negative trend may continue unless operational and budgetary changes are made.

5. Status of, and opportunities for, shared facilities.

The District is an active member of both the California Association of Public Cemeteries and the Public Cemetery Alliance. LAFCO encourages more collaborative efforts with neighboring cemetery districts and local agencies, such as the City of Watsonville.

6. Accountability for community service needs, including governmental structure and operational efficiencies.

The District recently created a website to fulfill the requirements under SB 929. LAFCO encourages PVPCD to continue updating the website for more transparency.

7. Any other matter related to effective or efficient service delivery, as required by commission policy.

No additional local LAFCO policies are specifically relevant to this service review.

Sphere of Influence Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and openspace lands.

The present and planned land uses are based on the general plans from the County and the City of Watsonville, which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. Land use designations within most of the five cemeteries are zoned as Public Facilities or Open Space. The area within Day Valley Cemetery is zoned as Residential-Suburban by the County.

- 2. The present and probable need for public facilities and services in the area. The service needs in the area are the maintenance of the five cemeteries, and the expansion of cemetery facilities within 10 years.
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The District owns and maintains five cemeteries covering a total of 36 acres. Four of the cemeteries have no spaces remaining for sale, but they do have room for interments in previously sold plots. The District has less than 10 years' worth of space remaining at the Valley Public Cemetery. The District recognizes this infrastructure need and is looking to acquire land for a new cemetery.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The District provides service to the Pajaro Valley. This is a social and economic community of interest which is relevant to the provision of public services provided by the Pajaro Valley Public Cemetery District.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The District does not provide services related to sewers, municipal and industrial water, or structural fire protection. Therefore, this determination is not applicable.

APPENDICES

Appendix A: Cemetery Maps (3 in total)

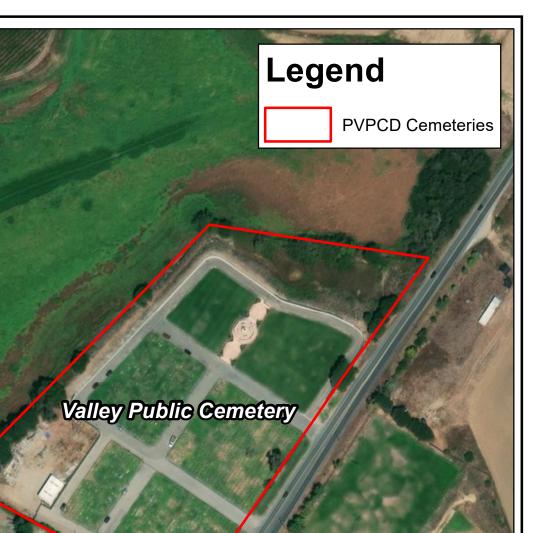
Appendix B: FY 2020-21 Services & Costs

Appendix C: Financial Sources (2014 – 2020)

Appendix D: Unserved Prunedale Map

APPENDIX A:

PVPCD Cemetery Maps (3 in total)



Valley Catholic Cemetery

0.12 Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS Miles USDA, USCS, AeroGRID, IGN, and the GIS. User Community



0.06

0.09

Pajaro Valley Public Cemetery District (District Cemeteries: 5 in total) Map of Valley Public and

Valley Catholic Cemeteries





aro Valley Public Cemetery District (District Cemeteries: 5 in total) Map of Watsonville Catholic and Pioneer Cemeteries





(District Cemeteries: 5 in total)

Map of Day Valley Cemetery

43 of 113

APPENDIX B:

PVPCD Services & Costs (FY 2020-21)

| | | X | 1111 2020 |) |
|-------------------------|--------------|----------|--------------------------------------|------------------|
| | | 2 | ung 2020 | · |
| PRICE INCREASES FOR | -2020 - 3021 | | ADDITIONAL OPENING & CLOSING | |
| PRICE INCREASES FOR | | | FINAL | |
| SINGLE DEPTH | FINAL | | Underground Vaults | 500.00 |
| Plot | 850.00 | | For Cremains | 450.00 |
| Endowment Care | 650.00 | 1,500.00 | Large Headstone | TBD |
| Opening & Closing | 625.00 | | Cut Concrete 400.00 (crs) 650.00 Tra | aditional |
| Garden Crypt | 425.00 | | ABOVE GROUND VAULT | |
| Installation | 410.69 | | 1st & 2nd Tier | 450.00 |
| Sales Tax | 39.31 | 1,500.00 | Basement & 3rd Tier | 550.00 |
| Total | 3,000.00 | | | |
| | | | COUCH TYPE SHUTTERS | |
| Double Depth | | | 1st & 2nd Tier | 800.00 |
| Plot | 950.00 | | 3rd Tier | 900.00 |
| Endowment Care | 700.00 | 1,650.00 | 4th Tier | TBD |
| Opening & Closing | 700.00 | | | |
| Garden Crypt | 650.00 | | MISCELLANEOUS CHARGES | 050.00 |
| Installation | 539.87 | | Shutters & Floor | 350.00 |
| Sales Tax | 60.13 | 1,950.00 | Marker Placement | 275.00 |
| Total 1st Open | 3,600.00 | | Payment Plan Fee | 50.00 |
| 2nd open & Closing | 700.00 | | Saturday Receiving Vault | 450.00 |
| Total | 4,300.00 | | Vases (9.22 Tax83) | 10.05 |
| | | | Flower Stands | 1.50 |
| OVERSIZE REGULAR | | | | |
| Plot | 800.00 | | NON-RESIDENT FEES | 450.00 |
| Endowment Care | 700.00 | 1,500.00 | Adult | 450.00 |
| Open & Closing | 650.00 | | Child | 400.00 |
| Garden Crypt | 650.00 | | Baby | 350.00 350.00 |
| Installation | 539.87 | | Cremains | 350.00 |
| Sales Tax | 60.13 | 1,900.00 | a | |
| Total | 3,400.00 | | DINTERMENT FEES | 3500.00 |
| | | | Single Depth Ground | 4000.00 |
| CREMAINS | | | Double Depth Ground | 1750.00 |
| Plot | 300.00 | | Underground Vault (center) | 2000.00 |
| Endowment Care | 325.00 | 625.00 | Underground Vault (side) | 1750.00 |
| Open & Closing | 425.00 | | Above Ground Vault | 2500.00 |
| Urn | 183.07 | | Above Ground Couch | 1500.00 |
| Sales Tax | <u>16.93</u> | 625.00 | Baby Ground | 1000.00 |
| Total | 1,250.00 | | Baby Vault | 600.00 |
| | | | Cremains- Ground | 400.00 |
| BABY | | | Cremains- Vault | |
| Plot, stag | 150.00 | | OUTSIDE SOURCE VAULT WITH A | PPROVAL |
| Endowment Care | 100.00 | | Single | 400.00 |
| Open & Closing | 250.00 | | Double | 500.00 |
| Total | 500.00 | | Double | |
| Nicho | | | | |
| Niche | 650.00 | | | |
| Plot | 250.00 | | | |
| Endowment Care | 150.00 | | End niche 150.00 additional | |
| Open & Closing Niche | 336.14 | | | |
| Sales Tax | 33.86 | | | |
| Jaics Lay | 1 300 00 | | | |

1,300.00

APPENDIX D:

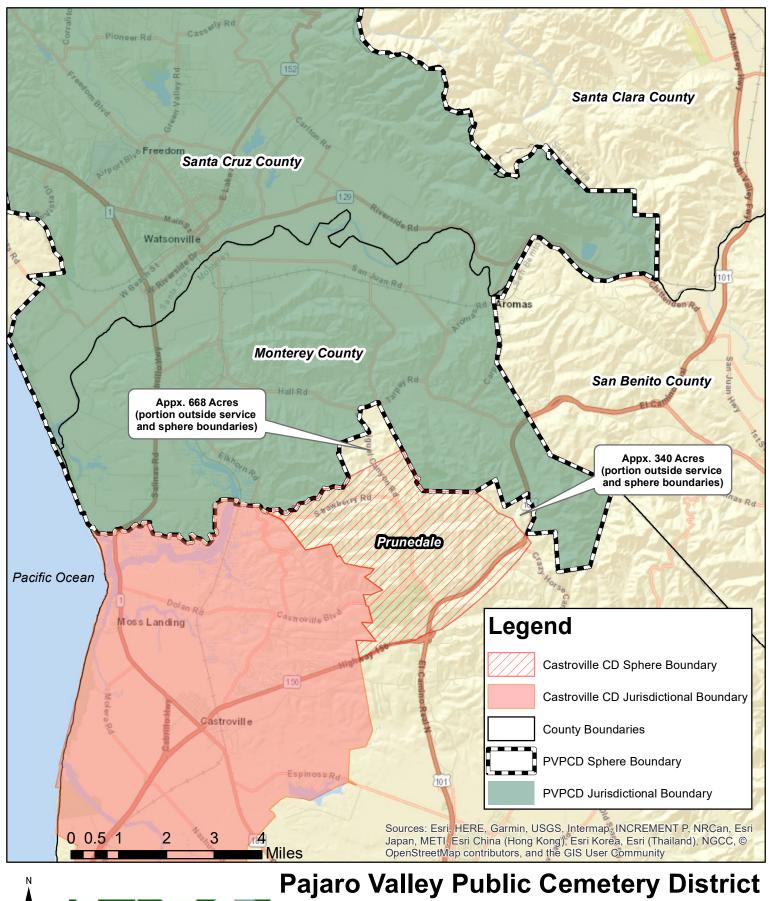
PVPCD FINANCIAL SOURCES (2014 to 2019)

| Ohiaat | Title | 6/30/2015 Year-To-Date | 6/30/2016 Year-To-Date | 6/30/2017 Year-To-Date | 6/30/2018 Year-To-Date | 6/30/2019 Year-To-Date |
|---------------|--------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Title | Actual | Actual | Actual | Actual | Actual |
| | CEMETERY DIST | | | | | |
| Revenues | | | | | | |
| Character 01 | | 074 470 04 | 055 440 00 | 700.004.00 | 700.000.00 | 774 045 40 |
| 40100 | PROPERTY TAX-CURRENT SEC-GEN | 671,179.04 | 655,118.66 | 702,394.63 | 736,696.92 | 774,615.13 |
| 40101 | PROP 1A ST SUSP BORROWING | - | - | - | - | - |
| 40106 | RESIDUAL DISTRIBUTION | 36,950.22 | 32,739.11 | 35,799.84 | 34,671.00 | 69,461.18 |
| 40110 | PROPERTY TAX-CURRENT UNSEC-GEN | 14,969.57 | 15,296.23 | 16,396.84 | 16,796.83 | 17,875.75 |
| 40120 | PROPERTY TAX-PRIOR SEC-GEN-GEN | 878.90 | 1,950.71 | 1,860.39 | 1,768.00 | 1,764.11 |
| 40130 | PROPERTY TAX-PRIOR UNSEC-GEN | 1,159.48 | 1,744.66 | 1,185.59 | 725.08 | 1,150.93 |
| 40142 | PENALTIES FOR DEL TAXES-SEE441 | 139.07 | 241.19 | 56.71 | 70.04 | - |
| 40143 | REDMPTN PNLT -DELTXS-SEE 44143 | 204.30 | 415.97 | 84.77 | 137.82 | - |
| 40150 | SUPP PROP TAX-CURRENT SEC | 7,536.17 | 12,289.07 | 11,530.58 | 14,719.48 | 19,556.42 |
| 40151 | SUPP PROP TAX-CURRENT UNSEC | 128.34 | 664.46 | 340.34 | 218.74 | 726.57 |
| 40160 | SUPP PROP TAX-PRIOR SEC | 1,019.50 | 560.68 | 379.94 | 574.06 | 289.89 |
| 40161 | SUPP PROP TAX-PRIOR UNSEC | 33.44 | 308.09 | 279.36 | 130.49 | 180.41 |
| 40197 | IN-LIEU TAXES OTHER | 527.13 | 574.07 | 6,170.33 | 654.46 | 684.35 |
| Total Charact | ter 01 | 734,725.16 | 721,902.90 | 776,479.32 | 807,162.92 | 886,304.74 |
| Character 07 | FINES, FORFEITURES & ASSMNTS | | | | | |
| 44142 | PENALTIES FOR DELINQUENT TAXES | - | - | - | - | 42.16 |
| 44143 | REDMPTN PNLTIES FOR DELINQ TXS | | - | - | - | 65.96 |
| Total Charact | ter 07 | - | - | - | - | 108.12 |
| Character 10 | REV FROM USE OF MONEY & PROP | | | | | |
| 40430 | INTEREST | 5,924.48 | 6,929.81 | 8,004.02 | 9,339.41 | 14,921.46 |
| 40435 | INTEREST-NON COUNTY TREASURER | - | - | - | - | - |
| 40440 | RENTS & CONCESSIONS | - | - | - | - | - |
| Total Charact | ter 10 | 5,924.48 | 6,929.81 | 8,004.02 | 9,339.41 | 14,921.46 |
| Character 15 | INTERGOVERNMENTAL REVENUES | | | | | |
| 40830 | ST-HOMEOWNERS' PROP TAX RELIEF | 4,575.96 | 4,535.18 | 4,549.34 | 4,691.32 | 4,055.93 |
| 41150 | CONTR FR OTHER GOVT AGENCIES | - | - | - | - | - |
| 41159 | AID FROM OTH GOV-RDA | - | - | - | - | - |
| 41162 | RDA PASS-THROUGHS | 1,500.09 | 893.66 | 623.49 | 847.07 | 754.44 |
| Total Charact | ter 15 | 6,076.05 | 5,428.84 | 5,172.83 | 5,538.39 | 4,810.37 |
| Character 19 | CHARGES FOR SERVICES | | | | | · |
| 42032 | GRAVE OPENING & CLOSING | 157,471.00 | 147,557.75 | 175,445.34 | 177,068.01 | 173,760.53 |
| 42200 | BURIAL SERVICES | 8,475.00 | 10.825.00 | 13.050.00 | 6,825.00 | 12,150.00 |
| Total Charact | | 165,946.00 | 158,382.75 | 188,495.34 | 183,893.01 | 185,910.53 |
| | MISC. REVENUES | , | , | , | , | , |
| 42330 | SALES-CEMETERY PLOTS | 97,017.50 | 93,440.00 | 96,320.00 | 94,140.00 | 84,515.00 |
| 42336 | SALES-VAULTS, CRYPTS & LINERS | 65,065.02 | 54,887.60 | 73,701.10 | 58,299.64 | 59,741.02 |
| 42384 | OTHER REVENUE | 5,665.86 | 2,606.12 | 4,125.62 | 6,423.63 | 2,965.46 |
| Total Charact | | 167,748.38 | 150,933.72 | 174,146.72 | 158,863.27 | 147,221.48 |
| Total Revenu | | 1,080,420.07 | 1,043,578.02 | 1,152,298.23 | 1,164,797.00 | 1,239,276.70 |
| Expenditures | | 1,000,420.07 | 1,040,070.02 | 1,102,200.20 | 1,104,737.00 | 1,200,210.10 |
| • | | | | | | |
| | SALARIES AND EMPLOYEE BENEF | 264 006 00 | 102 100 10 | 111 570 17 | | 170 707 00 |
| 51000 | | 361,226.89 | 403,169.40 | 444,570.17 | 419,176.55 | 472,787.26 |
| 51005 | | - | - | - | - | - |
| 52010 | OASDI-SOCIAL SECURITY | 28,042.11 | 31,311.74 | 34,194.96 | 32,544.37 | ^{36,553.73} |
| 52015 | PERS | 65,572.22 | 36,452.19 | 36,724.12 | 35,561.08 4 | 7 of 1143 710.62 |

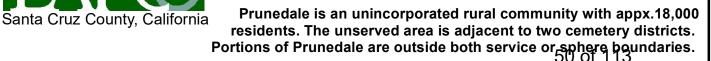
| Object | Title | 6/30/2015 Year-To-Date Actual | 6/30/2016 Year-To-Date Actual | 6/30/2017 Year-To-Date Actual | 6/30/2018 Year-To-Date Actual | 6/30/2019 Year-To-Date Actual |
|----------------|---------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 53010 | EMPLOYEE INSURANCE & BENEFITS | 113,409.17 | 195,866.36 | 195,635.28 | 140,162.29 | 187,019.63 |
| 53010 | UNEMPLOYEE INSURANCE & BENEFITS | 115,409.17 | 195,000.50 | 195,055.26 | 140, 102.29 | 107,019.03 |
| 54010 | WORKERS COMPENSATION INSURANCE | - 24,163.00 | - 24,923.00 | - 19,088.00 | - 16,056.00 | - 15,369.00 |
| Total Characte | | 592,413.39 | 691,722.69 | 730,212.53 | 643,500.29 | 753,440.24 |
| | SERVICES AND SUPPLIES | 552,415.55 | 091,722.09 | 750,212.55 | 043,300.29 | 755,440.24 |
| 61110 | CLOTHING & PERSONAL SUPPLIES | 4,144.18 | 5,092.36 | 5,175.22 | 6,164.14 | 5,757.91 |
| 61221 | TELEPHONE-NON TELECOM 1099 | 1,916.48 | 1,742.57 | 1,891.73 | 1,942.31 | 2,525.30 |
| 61535 | OTHER INSURANCE | 17,105.00 | 14,666.00 | 10,671.00 | 11,366.00 | 11,477.00 |
| 61730 | MAINT-OTH EQUIP-SERVICES | 3,936.25 | 2,463.39 | 4,002.08 | 2,878.91 | 4,694.30 |
| 61731 | MAINT-OTH EQUIP-SUPPLIES | 4,115.57 | 4,895.15 | 5,403.89 | 3,762.28 | 5,982.49 |
| 61840 | FACILITIES MAINT-PLUMBING-SERV | - | 89.95 | - | - | - |
| 61845 | MAINT-STRUCT/IMPS/GRDS-OTH-SRV | 22,818.26 | 22,419.25 | 30,176.94 | 25,413.10 | 18,675.43 |
| 61846 | MAINT-STRCT/IMPS/GRDS-OTH-SUPP | 16,330.24 | 13,966.09 | 17,144.43 | 16,482.95 | 18,335.82 |
| 62111 | MISCELLANEOUS EXPENSE-SERVICES | 800.00 | 1,047.00 | 1,150.00 | 800.00 | 300.00 |
| 62221 | POSTAGE | - | - | - | - | - |
| 62223 | SUPPLIES | 1,734.55 | 2,237.59 | 1,676.96 | 1,480.37 | 1,353.06 |
| 62301 | ACCOUNTING AND AUDITING FEES | 19,346.04 | 18,794.46 | 22,489.87 | 17,878.81 | 26,446.48 |
| 62327 | DIRECTORS' FEES | 8,330.00 | 9,220.00 | 5,750.00 | 9,300.00 | 8,100.00 |
| 62380 | POSCS SERVICES | | - | - | - | -, |
| 62381 | PROF & SPECIAL SERV-OTHER | 33,443.11 | 31,568.00 | 25,353.00 | 30,690.50 | 29,815.95 |
| 62420 | LEGAL NOTICES | 1,170.10 | 999.00 | 1,189.83 | 999.00 | 608.78 |
| 62500 | EQUIPMENT LEASE & RENT | - | - | 124.00 | 491.57 | - |
| 62715 | SMALL TOOLS & INSTRUMENTS | 1,316.22 | 1,047.55 | 1,834.86 | 1,099.65 | - |
| 62815 | COST OF SUPPLIES REISSUED | 2,423.11 | 1,651.82 | 7,154.61 | 7,443.83 | 8,360.34 |
| 62856 | SPECIAL MISC EXPENSE-SERVICES | 876.28 | - | - | , _ | 122.50 |
| 62888 | SPEC DIST EXP-SERVICES | 6,137.23 | 6,402.59 | 7,000.01 | 10,178.58 | 7,024.87 |
| 62928 | TRAVEL-OTHER(NON-REPT) | 8,298.49 | 7,995.87 | 6,817.20 | 8,955.26 | 10,894.40 |
| 63070 | UTILITIES | 13,759.28 | 10,414.11 | 18,368.76 | 22,088.72 | 30,034.59 |
| Total Characte | er 60 | 168,000.39 | 156,712.75 | 173,374.39 | 179,415.98 | 190,509.22 |
| Character 70 | OTHER CHARGES | | | | | |
| 74850 | TAXES AND LICENSES | 4,968.00 | 4,794.00 | 6,134.00 | - | - |
| 75231 | CONTRIB TO OTHER AGENCIES-OTH | 1,299.74 | 1,330.98 | 1,310.64 | 1,588.11 | 1,484.61 |
| Total Characte | er 70 | 6,267.74 | 6,124.98 | 7,444.64 | 1,588.11 | 1,484.61 |
| Character 80 | FIXED ASSETS | | | | | |
| 86110 | BUILDINGS AND IMPROVEMENTS | 33,195.33 | 7,340.00 | 12,609.87 | 17,510.71 | 1,190.39 |
| 86204 | EQUIPMENT | 3,182.55 | - | 683.46 | 970.77 | 4,836.36 |
| Total Characte | er 80 | 36,377.88 | 7,340.00 | 13,293.33 | 18,481.48 | 6,026.75 |
| Character 90 | OTHER FINANCING USES | | | | | |
| 90000 | OPERATING TRANSFERS OUT | 300,000.00 | 300,000.00 | 300,000.00 | 300,000.00 | 300,000.00 |
| Total Characte | er 90 | 300,000.00 | 300,000.00 | 300,000.00 | 300,000.00 | 300,000.00 |
| Character 98 | APPROP FOR CONTINGENCIES | | | | | |
| 98700 | APPROP FOR CONTINGENCIES | - | - | - | - | - |
| Total Characte | er 98 | - | - | - | - | - |
| Total Expendit | tures | 1,103,059.40 | 1,161,900.42 | 1,224,324.89 | 1,142,985.86 | 1,251,460.82 |
| Total GL Key | | (22,639.33) | (118,322.40) | (72,026.66) | 21,811.14 | (12,184.12) |
| | | | | | | |

APPENDIX D:

PVPCD Prunedale Map



Pajaro Valley Public Cemetery District Unserved Community





Notice of Exemption

| To: | Office of Planning and Research 1400 Tenth Street, Room 121 Sacramento CA 95814 | From: (Public Agency) Santa Cruz Local Agency Formation Commission 701 Ocean Street, Room 318-D Santa Cruz CA 95060 |
|-----|---|--|
| To: | Clerk of the Board County of Santa Cruz 701 Ocean Street, Room 500 Santa Cruz CA 95060 | |

Project Title: Service and Sphere of Influence Review for the Pajaro Valley Public Cemetery District

Project Location: The cemetery was formed in 1955 to serve the communities in the southern portion of Santa Cruz County, such as Aptos and the City of Watsonville. The District also serves a portion of Monterey County, including Pajaro, Los Lomas, and Aromas. PVPCD operates pursuant to the California Public Cemetery District Law (Health and Safety Code Sections 9000 - 9093). The District's service area encompasses 165.71 square miles: Santa Cruz County consists of 117.61 square miles and the remaining 48.10 square miles are located in Monterey County. A vicinity map depicting the District's jurisdictional and sphere boundaries is attached (refer to Attachment A).

Project Location City: N/A Project Location County: Santa Cruz & Monterey Counties

Description of Nature, Purpose, and Beneficiaries of Project: The report is for use by the Local Agency Formation Commission in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of spheres of influence of all cities and districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code section 56430). Santa Cruz LAFCO has prepared a municipal service review, and sphere of influence update for the Pajaro Valley Public Cemetery District. The purpose of the report is to ensure the effectiveness and efficiency in the delivery of public services by the cemetery district, in accordance with the statutory requirements outlined in the Cortese-Knox-Hertzberg Act.

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County. The LAFCO public hearing on this proposal is scheduled for 9:00 a.m. on September 2, 2020.

Name of Person or Agency Carrying Out Project: Santa Cruz Local Agency Formation Commission

Exempt Status: (check one)

- Ministerial (Sec. 21080(b)(1); 15268); Declared Emergency (Sec. 21080(b)(3); 15269(a)); Emergency Project (Sec. 21080(b)(4); 15269 (b)(c));
 - Categorical Exemption: State type and section number
 - Statutory Exemptions: State code number
 - **x** Other: The activity is not a project subject to CEQA.

Reason Why Project is Exempt: The LAFCO action does not change the services or the planned service area of the Pajaro Valley Public Cemetery District. There is no possibility that the activity may have a significant impact on the environment--State CEQA Guidelines Section 15061(b)(3).

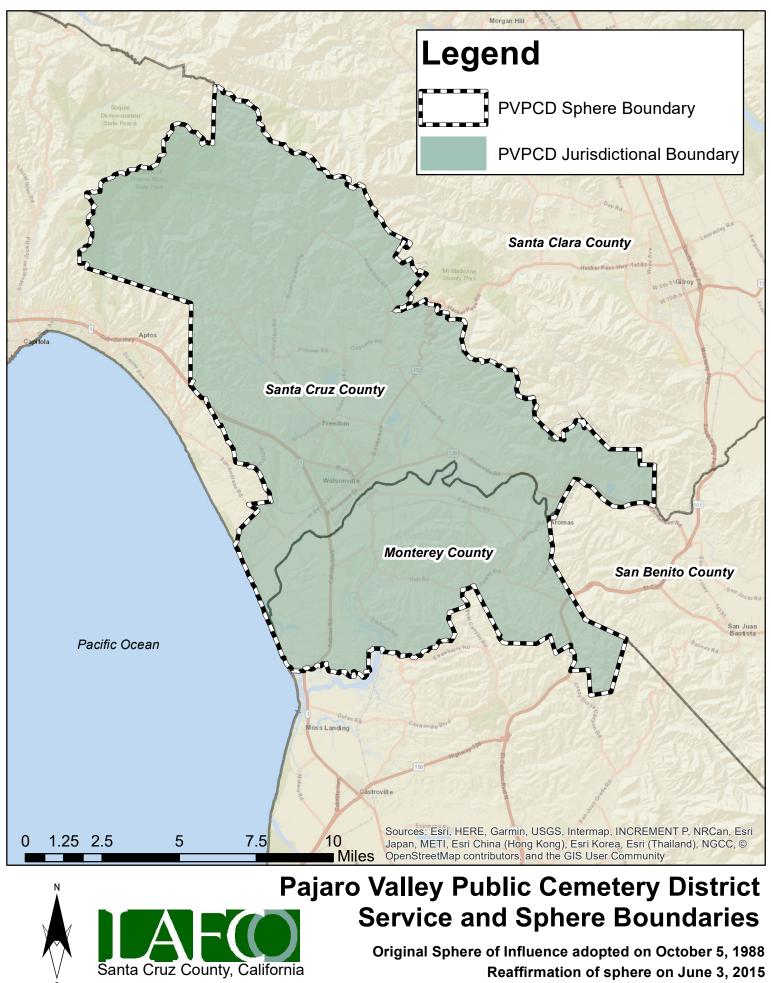
Lead Agency Contact Person: Joe A. Serrano

Area Code/Phone Extension: 831-454-2055.

Signature:

Joe A. Serrano, Executive Officer

Date: August 7, 2020



Sphere of Influence reaffirmed on September 2, 2020

01113



NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, September 2, 2020, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following:

- Pajaro Valley Public Cemetery District (PVPCD) Service and Sphere of Influence Review: Consideration of a service and sphere review for the PVPCD. In compliance with the California Environmental Quality Act (CEQA), LAFCO staff has prepared a Categorical Exemption for the service and sphere review.
- Policy Updates Consideration of proposed modifications to LAFCO's Indemnification Agreement, Certificate of Filing, and Protest Proceedings Policies. The proposed changes include several non-substantive changes, removal of outdated language, and minor clarifications to reflect the Commission's current practices.

Due to COVID-19, this meeting will be conducted as a teleconference pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, which suspend certain requirements of the Ralph M. Brown Act. Members of the public are encouraged to observe the shelter-in-place order and participate remotely. Instructions to participate remotely are available in the September 2nd Agenda and Agenda Packet.

During the meeting, the Commission will consider oral or written comments from any interested person. Maps, written reports, environmental review documents and further information can be obtained by contacting LAFCO's staff at (831) 454-2055 or from LAFCO's website at <u>www.santacruzlafco.org</u>. LAFCO does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. If you wish to attend this meeting and you will require special assistance in order to participate, please contact the LAFCO office at least 48 hours in advance of the meeting to make arrangements.

tes

Joe A. Serrano Executive Officer Date: August 11, 2020

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2020-22

On the motion of Commissioner duly seconded by Commissioner the following resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION APPROVING THE 2020 SERVICE AND SPHERE OF INFLUENCE REVIEW FOR THE PAJARO VALLEY PUBLIC CEMETERY DISTRICT

The Local Agency Formation Commission of Santa Cruz County (the "Commission") does hereby resolve, determine, and order as follows:

- In accordance with Government Code sections 56425, 56427, and 56430, the Commission has initiated and conducted the 2020 Service and Sphere of Influence Review for the Pajaro Valley Public Cemetery District ("PVPCD").
- 2. The Commission's Executive Officer has given notice of a public hearing by this Commission of the service and sphere of influence review in the form and manner prescribed by law.
- 3. The Commission held a public hearing on September 2, 2020, and at the hearing, the Commission heard and received all oral and written protests, objections, and evidence that were presented.
- 4. Pursuant to the California Environmental Quality Act ("CEQA") Guidelines section 15061(b)(3), this Commission action does not change the services or the planned service area of the subject agency. There is no possibility that the activity may have a significant impact on the environment. This action qualifies for a Notice of Exemption under CEQA.
- 5. The Commission hereby approves the 2020 Service and Sphere of Influence Review for PVPCD.
- 6. The Commission hereby approves the Service Review Determinations, as shown on Exhibit A.
- 7. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibit B.
- 8. The Commission hereby maintains the Sphere of Influence Map for PVPCD, without amendments, as shown in Exhibit C.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 2nd day of September 2020.

AYES:

NOES:

ABSENT:

ROGER W. ANDERSON, CHAIRPERSON

Attest:

Joe A. Serrano Executive Officer

Approved as to form:

Daniel H. Zazueta LAFCO Counsel

EXHIBIT A PAJARO VALLEY PUBLIC CEMTERY DISTRICT 2020 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

PVPCD encompasses over 166 square miles. It is estimated that approximately 94,000 residents currently live within PVPCD's jurisdiction, mostly in the Watsonville area. LAFCO staff projects that the District's population may reach 96,000 by 2040.

 The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
 Staff's analysis indicates that there is one area in PVPCD designated as a

disadvantaged unincorporated community. This area is located within the Freedom County Sanitation District. However, PVPCD is not subject to SB 244 because it does not provide water, sewer, or fire service.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

PVPCD provides burial services through five different cemeteries. Only the Valley Public Cemetery has traditional gravesites available for purchase, and the District anticipates approximately 10 years of remaining capacity at Valley Public. The District's ability to acquire additional property adjacent to existing facilities is limited, and so PVPCD is seeking an additional cemetery site within its jurisdictional limits.

4. Financial ability of agencies to provide services.

PVPCD's primary source of revenue is from property taxes. The District has experienced a deficit four times between 2014 to 2020. This negative trend may continue unless operational and budgetary changes are made.

5. Status of, and opportunities for, shared facilities.

The District is an active member of both the California Association of Public Cemeteries and the Public Cemetery Alliance. LAFCO encourages more collaborative efforts with neighboring cemetery districts and local agencies, such as the City of Watsonville.

6. Accountability for community service needs, including governmental structure and operational efficiencies.

The District recently created a website to fulfill the requirements under SB 929. LAFCO encourages PVPCD to continue updating the website for more transparency.

7. Any other matter related to effective or efficient service delivery, as required by commission policy.

No additional local LAFCO policies are specifically relevant to this service review.

1. The present and planned land uses in the area, including agricultural and open-space lands.

The present and planned land uses are based on the general plans from the County and the City of Watsonville, which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. Land use designations within most of the five cemeteries are zoned as Public Facilities or Open Space. The area within Day Valley Cemetery is zoned as Residential-Suburban by the County.

2. The present and probable need for public facilities and services in the area.

The service needs in the area are the maintenance of the five cemeteries, and the expansion of cemetery facilities within 10 years.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

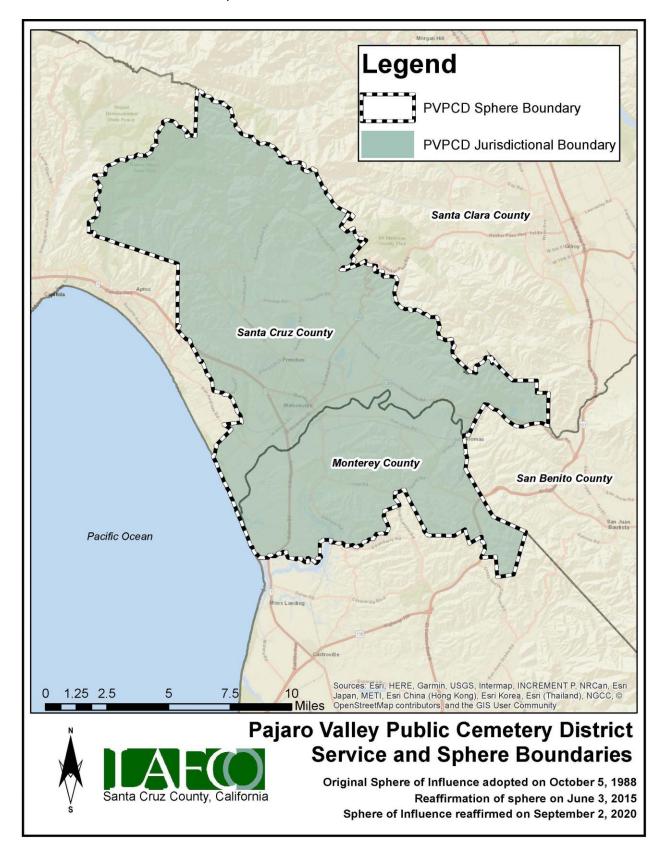
The District owns and maintains five cemeteries covering a total of 36 acres. Four of the cemeteries have no spaces remaining for sale, but they do have room for interments in previously sold plots. The District has approximately 10 years' worth of space remaining at the Valley Public Cemetery. The District recognizes this infrastructure need and is looking to acquire land for a new cemetery.

- 4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency. The District provides service to the Pajaro Valley. This is a social and economic community of interest which is relevant to the provision of public services provided by the Pajaro Valley Public Cemetery District.
- 5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The District does not provide services related to sewers, municipal and industrial water, or structural fire protection. Therefore, this determination is not applicable.

EXHIBIT C PAJARO VALLEY PUBLIC CEMTERY DISTRICT SPHERE OF INFLUENCE MAP

LAFCO maintains the Sphere of Influence for PVPCD with no amendments.





Santa Cruz Local Agency Formation Commission

| Date: | September 2, 2020 |
|----------|--|
| To: | LAFCO Commissioners |
| From: | Joe Serrano, Executive Officer |
| Subject: | Proposed Policy Updates |
| - | (LAFCO Project Nos. CPP 20-23, 20-24, and 20-25) |

SUMMARY OF RECOMMENDATION

The Commission has adopted several distinctive policies when reviewing a boundary change request. These policies include the Indemnification Agreement, Certificate of Filing, and Protest Proceedings. Based on staff's analysis, these three policies require modifications to reflect the Commission's current practices.

It is recommended that the Commission adopt the draft resolutions (LAFCO Nos. 2020-23, 2020-24, and 2020-25) approving the amendments to the three policies.

EXECUTIVE OFFICER'S REPORT:

This Commission began reviewing LAFCO's existing policies earlier in the year. Over half of the policies have already been reviewed and updated. The following table shows when the remaining policies are scheduled for Commission consideration. This report evaluates three additional policies, listed as #14-16, as shown below.

| LAFCO Policies (Updated List) | Commission Hearing Date | |
|---|-------------------------|--|
| 1. Personnel Policy | February F | |
| 2. Financial Policy | February 5 | |
| 3. Meeting Rules Policy | March 4 | |
| 4. Records Management Policy | | |
| 5. Conflict of Interest Policy | | |
| 6. Disclosure Laws Policy | Mov 6 | |
| 7. Public Member Selection Policy | May 6 | |
| 8. Special Districts Selection Policy | | |
| 9. Employment Policy | June 3 | |
| 10. Extraterritorial Policy | June 3 | |
| 11. Proposal Evaluation Policy | | |
| 12. Environmental Review Policy | August 5 | |
| 13. Fee Schedule Policy | | |
| 14. Indemnification Agreement Policy | | |
| 15. Certificate of Filing Policy | September 2 | |
| 16. Protest Proceedings Policy | | |
| 17. Special Districts Governance Policy | October 7 | |
| 18. City Incorporation Policy | | |
| 19. Sphere of Influence Policy | November 4 | |
| 20. Water Policy | | |

Indemnification Agreement Policy

This policy was first introduced in September 1995 to establish guidelines that require all applicants to indemnify the Commission if a boundary change is legally challenged. The Commission has updated the policy only once since its original adoption. The last review occurred in April 2015. The current version is attached to this report (see **Attachment 1**). Staff believes that the overall policy required a complete renovation. Proposed amendments include adding background and procedural information, revising outdated language, developing an indemnification agreement form, and implementing the new standard format. The proposed edits are shown in tracked changes (see **Attachment 2**). A clean version of the revised policy is included as an exhibit to the draft resolution (see **Attachment 3**).

Certificate of Filing Policy

This policy was originally adopted in December 1981 to ensure that all proposals are deemed complete before Commission consideration. It is staff's understanding that this policy has not been updated since its original adoption. The current version is attached to this report (see **Attachment 4**). Staff believes it would be beneficial to clarify how a proposal is deemed complete and what to do if an application is considered inactive. The proposed edits are shown in tracked changes (see **Attachment 5**). A clean version of the revised policy is included as an exhibit to the draft resolution (see **Attachment 6**).

Protest Proceedings Policy

This policy was originally adopted in March 2001 to ensure that LAFCO follows all the necessary steps as a conducting authority over voter protest on a boundary change. It is staff's understanding that this policy has not been updated since its original adoption. The current version is attached to this report (see **Attachment 7**). Staff believes that it would be beneficial to add more context to the current policy. Proposed amendments include clarifying LAFCO's role as a conducting authority, identifying the process of a protest proceeding for any type of boundary change, clarifying the protest thresholds, and implementing the new standard format. The proposed edits are shown in tracked changes (see **Attachment 8**). A clean version of the revised policy is included as an exhibit to the draft resolution (see **Attachment 9**).

STAFF RECOMMENDATION

The Commission has established significant policies that help staff be more productive and efficient. It is also important to regularly review these policies, and update when necessary. Staff is recommending that the Commission review these three policies and adopt the resolutions approving the proposed edits (refer to **Attachments 3, 6, and 9**).

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachments:

Indemnification Agreement Policy

- 1. Indemnification Agreement Policy (Current Version)
- 2. Indemnification Agreement Policy (Proposed Version with tracked changes)
- 3. Draft Resolution No. 2020-23 (with "clean version" of the policy as Exhibit A)

Certificate of Filing Policy

- 4. Certificate of Filing Policy (Current Version)
- 5. Certificate of Filing Policy (Proposed Version with tracked changes)
- 6. Draft Resolution No. 2020-24 (with "clean version" of the policy as Exhibit A)

Protest Proceedings Policy

- 7. Protest Proceedings Policy (Current Version)
- 8. Protest Proceedings Policy (Proposed Version with tracked changes)
- 9. Draft Resolution No. 2020-25 (with "clean version" of the policy as Exhibit A)

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION RESOLUTION NO. 2015-6

On the motion of Commissioner Leopold duly seconded by Commissioner Coffman-Gomez the following resolution is adopted:

RESOLUTION OF THE SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION AMENDING POLICY AND PROCEDURE FOR OBTAINING INDEMNIFICATION AND DEFENSE FROM APPLICANTS

WHEREAS, on September 6, 1995, the Santa Cruz Local Agency Formation Commission adopted Resolution 141-QQQ adopting a policy and procedure for obtaining indemnification from applicants; and

WHEREAS, the Santa Cruz Local Agency Formation Commission now desires to amend its existing policy and procedure in order to minimize its future expenses relating to responding to lawsuits that challenge the Commission's actions on applications filed with the Commission pursuant to State law,

NOW, THEREFORE, the Santa Cruz Local Agency Formation Commission does hereby resolve, determine and order as follows:

- 1. It is the policy of this Commission that the applicants for LAFCO actions shall bear the costs of defending any litigation that challenges the Commission's action on an application.
- 2. Prior to the Executive Officer deeming an application complete, the applicant shall deliver an executed Indemnification and Defense Agreement in a form that is acceptable to the Commission and suitable for recordation.
- 3. The Executive Officer is authorized to sign Indemnification and Defense Agreements that are prepared on the attached standard form (attached as Exhibit A) or are equally or more protective of the Commission's interests based upon advice of the LAFCO Counsel.
- 4. Application forms shall be revised to inform applicants that indemnification is required as a condition of the application.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz this 1st day of April, 2015 by the following vote:

AYES: Commissioners J. Anderson, Smith, Lind, Coffman-Gomez, Coonerty, R. Anderson NOES: None ABSENT: Commissioners Friend, Bottorff SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION RESOLUTION NO.-2015-6

> On the motion of Commissioner Leopold duly seconded by Commissioner Coffman-Gomez the following resolution is adopted:

RESOLUTION OF THE SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION AMENDING POLICY AND PROCEDURE FOR OBTAINING INDEMNIFICATION AND DEFENSE FROM APPLICANTS

** WHEREAS, on September 6, 1995, the Santa Cruz Local Agency Formation Commission adopted Resolution 141-QQQ adopting a policy and procedure for obtaining indemnification from applicants; and

WHEREAS, the Santa Cruz Local Agency Formation Commission now desires to amend its existing policy and procedure in order to minimize its future expenses relating to responding to lawsuits that challenge the Commission's actions on applications filed with the Commission pursuant to State law,

NOW, THEREFORE, the Santa Cruz Local Agency Formation Commission does hereby resolve, determine and order as follows:

- 1. It is the policy of this Commission that the applicants for LAFCO actions shall bear the costs of defending any litigation that challenges the Commission's action on an application.
- 2. Prior to the Executive Officer deeming an application complete, the applicant shall deliver an executed Indemnification and Defense Agreement in a form that is acceptable to the Commission and suitable for recordation.
- 3. The Executive Officer is authorized to sign Indemnification and Defense Agreements that are prepared on the attached standard form (attached as Exhibit A) or are equally or more protective of the Commission's interests based upon advice of the LAFCO Counsel.
- 4. Application forms shall be revised to inform applicants that indemnification is required as a condition of the application.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz this 1st day of April, 2015 by the following vote:

AYES: Commissioners J. Anderson, Smith, Lind, Coffman-Gomez, Coonerty, R. Anderson NOES: None ABSENT: Commissioners Friend, Bottorff



INDEMNIFICATION AGREEMENT POLICY

Adopted on September 6, 1995 (Resolution No. 141-QQQ) Previous Revision on April 1, 2015 (Resolution No. 2015-6) Last Revision on September 2, 2020 (Resolution No. 2020-23)

1. OVERVIEW

The purpose of this policy is to establish guidelines that require all applicants to indemnify the Commission, its agents, officers, attorneys, and employees from any action brought to challenge the discretionary approvals of proposals by the Commission.

2. BACKGROUND

Applicants to the Commission for discretionary approvals of proposals for changes of organization are typically the real parties in interest and therefore have financial interest in the Commission's decisions on their applications. Applicants who are not the real parties in interest also have interest in the outcome of their applications. Therefore, LAFCO believes that it is fair and equitable for all applicants to indemnify LAFCO from suits brought to challenge the discretionary approvals of their applications by the Commission. LAFCO also believes that indemnifying LAFCO furthers good government practices and public policy by providing applicants with an incentive to assist the Commission in complying with all laws, including those intended to ensure public rights.

3. PROCESS

In order to fulfill this practice, and to protect the integrity of the Commission's ability to make good government decisions, it is the policy of this Commission that:

- a) As part of any application submitted to the Commission, the applicant(s) shall be required to submit a signed agreement to indemnify the Commission, its agents, officers, attorneys, and employees from any action brought to challenge the Commission's discretionary approvals related to the application in the form provided in Exhibit "A";
- b) In the event that an action is brought to challenge the discretionary approval of a proposal by the Commission, the Commission shall promptly notify the applicant(s) and real party(ies) in interest of the existence of the legal challenge; and
- c) The Executive Officer shall not issue a Certificate of Filing for an application if an indemnification agreement in the form provided in Exhibit "A" has not been executed and submitted to the Executive Officer by the applicant(s).

Local Agency Formation Commission of Santa Cruz County Governmental Center 701 Ocean St. #318 D Santa Cruz CA 95060



INDEMNIFICATION AND DEFENSE

The undersigned applicant for the above-referenced application ("Applicant"), as a condition of submission of this application, approval of the application and any subsequent amendment of the approval which is requested by the Applicant, hereby agrees to defend, using counsel reasonably acceptable to the Local Agency Formation Commission of Santa Cruz County ("LAFCO"), indemnify, and hold harmless LAFCO, its officers, employees, and agents, from and against any claim, demand, damages, costs or liability of any kind (including attorneys' fees) against LAFCO arising from or relating to this application or any approval or subsequent amendment to the approval thereof, subject to the conditions set forth below.

A) Notification and Cooperation

LAFCO shall notify the Applicant of any claim, action, or proceeding against which LAFCO seeks to be defended, indemnified, or held harmless. LAFCO shall reasonably cooperate in such defense.

B) Fees and Costs:

Nothing contained herein shall prohibit LAFCO from participating in the defense of any claim, action, or proceeding if either of the following occur:

- 1) LAFCO bears its own attorneys' fees and costs; or
- 2) LAFCO and the Applicant agree in writing to the Applicant paying part or all of the Commission's attorneys' fees and costs.
- C) Settlement:

When representing LAFCO, the Applicant shall not enter into any stipulation or settlement modifying or affecting the interpretation or validity of any of the terms or conditions of the approval without the prior written consent of LAFCO.

D) Successors Bound:

The obligations of the Applicant under this Indemnity and Defense agreement are specifically associated with and shall run with the land that is the subject of the application and/ or approval and shall be binding upon the applicant and the successor(s) in interest, transferee(s), and assign(s) of the applicant in the land.

E) Recordation:

At any time after submission of the application, LAFCO may, at its sole option, record in the office of the Santa Cruz County Recorder a memorandum of agreement which incorporates the provisions of this condition, or this approval shall become null and void.

(Signature of LAFCO Executive Officer)

(Signature of Applicant)

Joe A. Serrano (Printed Name)

(Printed Name)

(Date)

(Date)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2020-23

On the motion of Commissioner duly seconded by Commissioner the following resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION APPROVING THE AMENDMENTS TO INDEMNIFICATION AGREEMENT POLICY

WHEREAS, on September 6, 1995, the Local Agency Formation Commission of Santa Cruz County ("LAFCO" or "Commission") adopted a policy and procedure for obtaining indemnification from applicants; and

WHEREAS, the Commission previously reviewed and updated its Indemnification Agreement Policy on April 1, 2015; and

WHEREAS, on September 2, 2020, the Commission determined that amendments to the existing policy are warranted.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby approves amendments to its Indemnification Agreement Policy, as shown in Exhibit A, to update the policy and clearly indicate the responsibility of legal expenses relating to lawsuits that challenge the Commission's action on applications filed with the Commission pursuant to State law.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 2nd day of September 2020.

AYES:

NOES:

ABSENT:

ROGER W. ANDERSON, CHAIRPERSON

Attest:

Approved as to form:

Joe A. Serrano Executive Officer Daniel H. Zazueta LAFCO Counsel



LOCAL AGENCY FORMATION COMISSION OF SANTA CRUZ COUNTY

INDEMNIFICATION AGREEMENT POLICY

Adopted on September 6, 1995 (Resolution No. 141-QQQ) Previous Revision on April 1, 2015 (Resolution No. 2015-6) Last Revision on September 2, 2020 (Resolution No. 2020-23)

1. OVERVIEW

The purpose of this policy is to establish guidelines that require all applicants to indemnify the Commission, its agents, officers, attorneys, and employees from any action brought to challenge the discretionary approvals of proposals by the Commission.

2. BACKGROUND

Applicants to the Commission for discretionary approvals of proposals for changes of organization are typically the real parties in interest and therefore have financial interest in the Commission's decisions on their applications. Applicants who are not the real parties in interest also have interest in the outcome of their applications. Therefore, LAFCO believes that it is fair and equitable for all applicants to indemnify LAFCO from suits brought to challenge the discretionary approvals of their applications by the Commission. LAFCO also believes that indemnifying LAFCO furthers good government practices and public policy by providing applicants with an incentive to assist the Commission in complying with all laws, including those intended to ensure public rights.

3. PROCESS

In order to fulfill this practice, and to protect the integrity of the Commission's ability to make good government decisions, it is the policy of this Commission that:

- a) As part of any application submitted to the Commission, the applicant(s) shall be required to submit a signed agreement to indemnify the Commission, its agents, officers, attorneys, and employees from any action brought to challenge the Commission's discretionary approvals related to the application in the form provided in Exhibit "A";
- b) In the event that an action is brought to challenge the discretionary approval of a proposal by the Commission, the Commission shall promptly notify the applicant(s) and real party(ies) in interest of the existence of the legal challenge; and
- c) The Executive Officer shall not issue a Certificate of Filing for an application if an indemnification agreement in the form provided in Exhibit "A" has not been executed and submitted to the Executive Officer by the applicant(s).

Local Agency Formation Commission of Santa Cruz County Governmental Center 701 Ocean St. #318 D Santa Cruz CA 95060



Exhibit A

PROJECT NUMBER:_____ TITLE: _____

INDEMNIFICATION AND DEFENSE

The undersigned applicant for the above-referenced application ("Applicant"), as a condition of submission of this application, approval of the application and any subsequent amendment of the approval which is requested by the Applicant, hereby agrees to defend, using counsel reasonably acceptable to the Local Agency Formation Commission of Santa Cruz County ("LAFCO"), indemnify, and hold harmless LAFCO, its officers, employees, and agents, from and against any claim, demand, damages, costs or liability of any kind (including attorneys' fees) against LAFCO arising from or relating to this application or any approval or subsequent amendment to the approval thereof, subject to the conditions set forth below.

A) Notification and Cooperation

LAFCO shall notify the Applicant of any claim, action, or proceeding against which LAFCO seeks to be defended, indemnified, or held harmless. LAFCO shall reasonably cooperate in such defense.

B) Fees and Costs:

Nothing contained herein shall prohibit LAFCO from participating in the defense of any claim, action, or proceeding if either of the following occur:

- 1) LAFCO bears its own attorneys' fees and costs; or
- 2) LAFCO and the Applicant agree in writing to the Applicant paying part or all of the Commission's attorneys' fees and costs.

C) Settlement:

When representing LAFCO, the Applicant shall not enter into any stipulation or settlement modifying or affecting the interpretation or validity of any of the terms or conditions of the approval without the prior written consent of LAFCO.

D) <u>Successors Bound:</u>

The obligations of the Applicant under this Indemnity and Defense agreement are specifically associated with and shall run with the land that is the subject of the application and/ or approval and shall be binding upon the applicant and the successor(s) in interest, transferee(s), and assign(s) of the applicant in the land.

E) Recordation:

At any time after submission of the application, LAFCO may, at its sole option, record in the office of the Santa Cruz County Recorder a memorandum of agreement which incorporates the provisions of this condition, or this approval shall become null and void.

(Signature of LAFCO Executive Officer)

(Signature of Applicant)

Joe A. Serrano (Printed Name)

(Printed Name)

5B: ATTACHMENT 4

SETTING A TIME LIMIT FOR ISSUANCE OF A CERTIFICATE OF FILING

- A time limit of one year is hereby set between the time an application is received in the Commission's office and the issuance of Certificate of Filing. If the Executive Officer cannot issue a Certificate of Filing by the end of that time period, he shall close the file (without prejudice) and refund to the applicant any portion of the application fee not already used to cover staff time and other processing costs.
- 2. This resolution shall become effective on January 12, 1982 and shall apply to all applications received before, on, or after that date.

Adopted by Resolution No. 97-M December 2, 1981



CERTIFICATE OF FILING POLICY

Adopted on December 2, 1981 (Resolution No. 97-M) Last Revision on September 2, 2020 (Resolution No. 2020-24)

1. OVERVIEW

Pursuant to Government Code Section 56020.6, a Certificate of Filing is a document issued by the Executive Officer that confirms an application for a change of organization has met submission requirements and is ready for Commission consideration.

2. INACTIVE APPLICATIONS

Applicants for a change of organization or reorganization must meet submission requirements established in the Cortese-Knox-Hertzberg Act as well as Commission policies and procedures. Once these requirements are met, a Certificate of Filing will be issued by the Executive Officer deeming the application complete. Any application not deemed complete will be found incomplete and the applicant notified of missing requirements. If the application remains incomplete for a period of twelve (12) months without substantial progress being made towards its completion, the Executive Officer will notify the applicant and affected agencies that the application is deemed inactive will be closed without prejudice, and may be subject to a refund if any portion of the application fee has not already been used to cover staff time and other processing costs. If the applicant chooses to refile at a later date, a new application and filing fees will be required.

3. COMPLETE APPLICATIONS

Once a Certificate of Filing has been issued, the application officially becomes a proposal (Government Code Section 56069) and is scheduled for consideration by the Commission. When a proposal has been scheduled for hearing, no additional modification or amendment may be made to the proposal unless requested by Commission staff or the Commission's board by majority vote. However, an applicant may withdraw its application prior to the closing of the scheduled hearing. Withdrawal of an application must be submitted in writing to the Executive Officer. If an application is withdrawn and resubmitted, the applicant must file a completely new application and associated fee.

SETTING A TIME LIMIT FOR ISSUANCE OF A CERTIFICATE OF FILING

1. A time limit of one year is hereby set between the time an application is received in the Commission's office and the issuance of Certificate of Filing. If

the Executive Officer cannot issue a Certificate of Filing by the end of that timeperiod, he shall close the file (without prejudice) and refund to the applicantany portion of the application fee not already used to cover staff time and other processing costs.

2. This resolution shall become effective on January 12, 1982 and shall apply to all applications received before, on, or after that date.

Adopted by Resolution No. 97-M December 2, 1981

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2020-24

On the motion of Commissioner duly seconded by Commissioner the following resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION APPROVING THE AMENDMENTS TO CERTIFICATE OF FILING POLICY

WHEREAS, on December 2, 1981, the Local Agency Formation Commission of Santa Cruz County ("LAFCO" or "Commission") adopted a policy and procedure to set a time limit for an application to be deemed complete and ready for Commission consideration; and

WHEREAS, on September 2, 2020, the Commission determined that amendments to the existing policy are warranted.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby approve amendments to its Certificate of Filing Policy, as shown in Exhibit A, to clearly indicate when and how a Certificate of Filing will be signed by the Executive Officer.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 2nd day of September 2020.

AYES:

NOES:

ABSENT:

ROGER W. ANDERSON, CHAIRPERSON

Attest:

Approved as to form:

Joe A. Serrano Executive Officer Daniel H. Zazueta LAFCO Counsel



CERTIFICATE OF FILING POLICY

Adopted on December 2, 1981 (Resolution No. 97-M) Last Revision on September 2, 2020 (Resolution No. 2020-24)

1. OVERVIEW

Pursuant to Government Code Section 56020.6, a Certificate of Filing is a document issued by the Executive Officer that confirms an application for a change of organization has met submission requirements and is ready for Commission consideration.

2. INACTIVE APPLICATIONS

Applicants for a change of organization or reorganization must meet submission requirements established in the Cortese-Knox-Hertzberg Act as well as Commission policies and procedures. Once these requirements are met, a Certificate of Filing will be issued by the Executive Officer deeming the application complete. Any application not deemed complete will be found incomplete and the applicant notified of missing requirements. If the application remains incomplete for a period of twelve (12) months without substantial progress being made towards its completion, the Executive Officer will notify the applicant and affected agencies that the application is deemed inactive will be closed without prejudice, and may be subject to a refund if any portion of the application fee has not already been used to cover staff time and other processing costs. If the applicant chooses to refile at a later date, a new application and filing fees will be required.

3. COMPLETE APPLICATIONS

Once a Certificate of Filing has been issued, the application officially becomes a proposal (Government Code Section 56069) and is scheduled for consideration by the Commission. When a proposal has been scheduled for hearing, no additional modification or amendment may be made to the proposal unless requested by Commission staff or the Commission's board by majority vote. However, an applicant may withdraw its application prior to the closing of the scheduled hearing. Withdrawal of an application must be submitted in writing to the Executive Officer. If an application is withdrawn and resubmitted, the applicant must file a completely new application and associated fee.

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION RESOLUTION NO. 2001-6

On the motion of Commissioner Gualtieri Duly seconded by Commissioner Rapoza The following resolution is adopted:

WHEREAS, Assembly Bill 2838 of the 2000 Legislative Session; made significant amendments to the Local Government Reorganization Act, effective January 1, 2001; and

WHEREAS, the new version of the act shifts the responsibility for conducting the protest proceedings for reorganizations and changes of organization to the Local Agency Formation Commission in each county; and

WHEREAS, protest proceedings only occur after a public hearing and a resolution of approval by the Local Agency Formation Commission; and

WHEREAS, protest proceedings are misisterial duties including noticing property owners and registered voters, tabulating property owner and registered voter protests, and holding public hearings to make findings on the value of the protests; and

WHEREAS, Government Code Section 57000(c) allows a Local Agency Formation Commission to delegate any functions of the protest proceedings to its Executive Officer;

NOW, THEREFORE, BE IT RESOLVED that the Santa Cruz Local Agency Formation Commission hereby delegates its functions during the protest proceedings (Government Code Sections 57000-57179) for any reorganization or change of organization to its Executive Officer.

BE IT FURTHER RESOLVED that the Commission may withhold this delegation of authority for any reorganization or change of organization by stating so in its resolution approving the reorganization or change of organization.

BE IT FURTHER RESOLVED that any interested person may appeal the Executive Officer's final findings valuing protests for a reorganization or change of organization. The appeal must be filed in writing no later than seven (7) calendar days after execution of the findings. The appeal must include a reason for the appeal and must propose alternate findings that the appellant is petitioning the Commission to enact. The Commission shall consider any appeal on the next agenda and in no case later than 70 days after the appeal is filed.

PASSED AND ADOPTED by the Local Agency Formation Commission in the County of Santa Cruz this seventh day of March, 2001 by the following vote:

AYES: Commissioners Rapoza. Levy, Ebey, Gualtieri, Ainsworth, and Wormhoudt

NOES: None

ABSENT: None

MARDI WORMHOUDT, CHAIRPERSON Santa Cruz Local Agency Formation Commission

Attest:

Approved as to form:

Patrick M. McCormick, Executive Officer

Jane M. Scott, LAFCO Counsel

2001-6 2 of 2

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION RESOLUTION NO. 2001-6

On the motion of Commissioner Gualtieri Duly seconded by Commissioner Rapoza The following resolution is adopted:

DELEGATING TO THE EXECUTIVE OFFICER THE RESPONSIBILITY TO ACT ON BEHALF OF THE COMMISSION DURING PROTEST PROCEEDINGS

WHEREAS, Assembly Bill 2838 of the 2000 Legislative Session; made significant amendments to the Local Government Reorganization Act, effective January 1, 2001; and

WHEREAS, the new version of the act shifts the responsibility for conducting the protest proceedings for reorganizations and changes of organization to the Local Agency Formation Commission in each county; and

WHEREAS, protest proceedings only occur after a public hearing and a resolution of approval by the Local Agency Formation Commission; and

WHEREAS, protest proceedings are misisterial duties including noticing property owners and registered voters, tabulating property owner and registered voter protests, and holding public hearings to make findings on the value of the protests; and

WHEREAS, Government Code Section 57000(c) allows a Local Agency Formation Commission to delegate any functions of the protest proceedings to its Executive Officer;

NOW, THEREFORE, BE IT RESOLVED that the Santa Cruz Local Agency Formation Commission hereby delegates its functions during the protest proceedings (Government Code Sections 57000-57179) for any reorganization or change of organization to its Executive Officer.

BE IT FURTHER RESOLVED that the Commission may withhold this delegation of authority for any reorganization or change of organization by stating so in its resolution approving the reorganization or change of organization.

BE IT FURTHER RESOLVED that any interested person may appeal the Executive Officer's final findings valuing protests for a reorganization or change of organization. The appeal must be filed in writing no later than seven (7) calendar days after execution of the findings. The appeal must include a reason for the appeal and must propose alternate findings that the appellant is petitioning the Commission to enact. The Commission shall consider any appeal on the next

agenda and in no case later than 70 days after the appeal is filed.

Page 1 of 2

PASSED AND ADOPTED by the Local Agency Formation Commission in the Countyof Santa Cruz this seventh day of March, 2001 by the following vote:

AYES: Commissioners Rapoza. Levy, Ebey, Gualtieri, Ainsworth,

and Wormhoudt NOES: None

ABSENT: None

MARDI WORMHOUDT, CHAIRPERSON Santa Cruz Local Agency Formation Commission

Attest:

Approved as to form:

Patrick M. McCormick, Executive Officer Jane M. Scott, LAFCO-Counsel

<u>Page 3 of 8</u>



PROTEST PROCEEDINGS POLICY

Adopted on March 7, 2001 (Resolution No. 2001-6) Last Revision on September 2, 2020 (Resolution No. 2020-25)

1. OVERVIEW

Prior to January 1, 2000, LAFCO would designate an affected agency as the "conducting authority" to approve a change of organization or reorganization and direct that agency to conduct protest proceedings pursuant to Government Code Section 57000 et seq. With the passage of AB 2838 (Hertzberg – Chapter 761, Statutes of 2000), the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code § 56000 et seq.) established LAFCO as the "conducting authority" for protest proceedings.

The purpose of this policy is to carry out LAFCO's functions and responsibilities as a conducting authority pursuant to Government Code Section 57000 et seq. Protest proceedings for changes of organization and reorganization shall be conducted by the Commission in accordance with the following guidelines.

2. PROTEST PROCEEDING GUIDELINES

The Commission will adopt a resolution that makes findings and determinations when approving a change of organization or reorganization. The resolution will contain terms and conditions, which include a condition that addresses the protest proceedings.

2.1 Protest Proceeding Timeframe: The Commission shall specify a timeframe between twenty-one (21) and sixty (60) days for the collection and filing of written protests pursuant to Government Code Section 56886(o), and that timeframe shall be included in the terms and conditions of an approval for a change of organization or reorganization for which protest proceedings are not waived pursuant to Government Code Section 56663.

2.2 Public Noticing: Within thirty (35) days of the adoption of the Commission's resolution making determinations and approving a change or organization or reorganization, the Executive Officer shall notice a protest hearing and, in the notice, set the hearing date as prescribed by the Commission in its terms and conditions.

2.3 Types of Public Noticing: Notice of the hearing shall be provided pursuant to Government Code Section 56150 et seq., and as follows:

a) Notice must be published, posted, and mailed to affected agencies, proponents, and any persons requesting special notice;

- b) Mailed notice must be provided to all landowners affected by the proposal;
- c) The time, date, and location of the hearing shall be specified in the notice as determined by the Executive Officer; and
- d) The protest hearing must be held in the affected territory if the hearing is a proposal initiated by the Commission pursuant to Government Code Section 56375(a) for a district consolidation, dissolution, or merger, or the establishment of a subsidiary district.

2.4 Protest Hearing: At the protest hearing, the Executive Officer, or designee, shall (1) summarize the Commission's resolution, and (2) hear and receive any oral or written protests, objections, or evidence. Written protests may be filed by any affected landowner or registered voter. The Executive Officer, or designee, may continue the protest, but for no more than sixty (60) days from the date specified in the notice.

2.5 Protest Hearing Results: At the conclusion of the protest hearing:

- a) If no written protests have been filed, the Executive Officer, or designee, shall adopt a form of resolution ordering the change of organization or reorganization without an election; or
- b) If written protests have been filed, the Executive Officer, or designee, shall within thirty (30) days after the conclusion of the hearing, make determinations on the value of written protests filed and not withdrawn; and
- c) To determine the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall cause the names of the signers on the protests to be compared with the voters' register in the County Elections Department pursuant to Government Code Section 56707 and/or the names of the owners of land on the most recent assessment roll pursuant to Government Code Sections 56708 and 56710.

2.6 LAFCO Actions after Protest Proceedings: Upon determination of the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall take one of the following actions, depending on the nature of the change of organization or reorganization:

- a) If less than 25% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted without an election;
- b) If 25% to 50% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted subject to confirmation by the voters; or
- c) If more than 50% of the affected registered voters or landowners oppose the proposal, then a Certificate of Termination will be issued, which ends the LAFCO proceedings.

2.7 Election Process: If an election is required, the Executive Officer or designee, pursuant to Government Code Section 57000(d), shall inform the legislative body of the affected agency of LAFCO's determination and request the legislative body to direct the elections official to conduct the election.

3. LAFCO AS A CONDUCTING AUTHORITY

Pursuant to Government Code Section 57000(c), the Commission has the option of delegating any or all of the functions and responsibilities of the conducting authority to the Executive Officer. Any references made to the "Commission" or "LAFCO" in the following discussion also pertains to the Executive Officer for any functions they will perform on behalf of the Commission. It should also be noted that, pursuant to Government Code Section 57008, the Commission or Executive Officer is required to hold the protest hearing in the affected territory if the proposal was initiated by the Commission pursuant to Government Code Section 56375(a) (district consolidation, dissolution, merger, establishment of a subsidiary district, or a reorganization that includes any of the previous).

Following summarization of the Commission's resolution at the protest hearing, the Commission hears and receives any oral or written protests, objections, or evidence. Anyone who has filed a written protest can withdraw that protest prior to the conclusion of the hearing. Within thirty (30) days after the hearing, LAFCO makes a finding on the value of written protests filed and not withdrawn. The percentage thresholds for LAFCO to terminate or order the change of organization or reorganization with or without an election is consistent with existing law. LAFCO, however, does not have statutory authority to conduct an election if one is required. Therefore, if LAFCO's determination on a proposal is subject to confirmation by the voters and an election must be conducted, LAFCO, pursuant to Government Code Section 57000(d), is required to inform the board of supervisors or city council of the affected city of the Commission's determination and request the board or council to direct the elections official to conduct the election.

4. PROTEST THRESHOLD FOR OTHER BOUNDARY CHANGES

The percentage protest thresholds for a dissolution, consolidation, merger, or the establishment of a subsidiary district differ from the previous changes of organization discussed in the previous sections. While Government Code Section 57077 addresses the requirements for these changes of organization, Government Code Section 56854 supersedes those provisions. The provisions of Government Code Section 56854 (previously Government Code Section 56839.1) was the product of legislation passed in 1997. Pursuant to Government Code Section 56854(a), LAFCO is required to order a dissolution, consolidation, merger, or the establishment of a subsidiary district without an election unless certain protest requirements are met. Those requirements are enumerated in the outline below. However, pursuant to Government Code Section 56854(b), the Commission is prohibited from ordering a merger or the establishment of a subsidiary district without the consent of the affected city.

The Commission is required to order a dissolution, consolidation, merger, or the establishment of a subsidiary district subject to confirmation of the voters, only if the following written protest thresholds are reached.

4.1 Not Initiated by the Commission: Where the proposal was not initiated by the Commission, and where an affected city or district has not objected by resolution to the proposal:

a) In the case of inhabited territory, a petition signed by:

- i. At least 25% of the registered voters residing, or owning land, within the affected territory; or
- ii. At least 25% of the number of landowners who own at least 25% of the assessed value of land within the affected territory.

b) In the case of a landowner-voter district, and the territory is uninhibited, a petition signed by:

i. At least 25% of the number of landowners owning at least 25% of the assessed value of the land within the affected territory.

Note: In the case of a proposal for the dissolution of one or more districts and the annexation of all or substantially all of their territory to another district, the voter requirements outlined above do not apply if each affected district has consented to the proposal by a resolution adopted by a majority of its board of directors (Government Code Section 57114b).

4.2 Initiated by the Commission: Where the proposal was initiated by the Commission, and regardless of whether an affected city or district has objected to the proposal by resolution:

- a) In the case of inhabited territory where there are 300 or more landowners or registered voters within the affected territory, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory; or
 - ii. At least 10% of the registered voters residing, or owning land, within the affected territory.

b) In the case of inhabited territory where there are less than 300 landowners or registered voters within the affected territory, a petition signed by:

- i. At least 25% of the number of landowners who own at least 25% of the assessed value of land within the affected territory; or
- ii. At least 25% of the registered voters residing, or owning land, within the affected territory.
- c) In the case of a landowner-voter district where the territory is uninhabited and there are 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory.

- d) In the case of a landowner-voter district where the territory is uninhabited and there are less than 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 25% of the landowner voters entitled to vote.

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2020-25

On the motion of Commissioner duly seconded by Commissioner the following resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION APPROVING THE AMENDMENTS TO PROTEST PROCEEDINGS POLICY

WHEREAS, on September 6, 1995, the Local Agency Formation Commission of Santa Cruz County ("LAFCO" or "Commission") adopted a policy and procedure for conducting protest proceedings involving changes of organization or reorganizations adopted by the Commission; and

WHEREAS, protest proceedings only occur after a public hearing and approval of a resolution by the Commission; and

WHEREAS, protest proceedings are ministerial duties including noticing property owners and registered voters, tabulating property owner and registered voter protests, and holding public hearings to make findings on the value of the protests; and

WHEREAS, on September 2, 2020, the Commission determined that amendments to the existing policy are warranted.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby approves amendments to its Protest Proceedings Policy, as shown in Exhibit A, and delegates its functions during the protest proceedings (Government Code Sections 57000-57179) for any reorganization or change of organization to its Executive Officer.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 2nd day of September 2020.

AYES:

NOES:

ABSENT:

ROGER W. ANDERSON, CHAIRPERSON

Attest:

Approved as to form:



PROTEST PROCEEDINGS POLICY

Adopted on March 7, 2001 (Resolution No. 2001-6) Last Revision on September 2, 2020 (Resolution No. 2020-25)

1. OVERVIEW

Prior to January 1, 2000, LAFCO would designate an affected agency as the "conducting authority" to approve a change of organization or reorganization and direct that agency to conduct protest proceedings pursuant to Government Code Section 57000 et seq. With the passage of AB 2838 (Hertzberg – Chapter 761, Statutes of 2000), the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code § 56000 et seq.) established LAFCO as the "conducting authority" for protest proceedings.

The purpose of this policy is to carry out LAFCO's functions and responsibilities as a conducting authority pursuant to Government Code Section 57000 et seq. Protest proceedings for changes of organization and reorganization shall be conducted by the Commission in accordance with the following guidelines.

2. PROTEST PROCEEDING GUIDELINES

The Commission will adopt a resolution that makes findings and determinations when approving a change of organization or reorganization. The resolution will contain terms and conditions, which include a condition that addresses the protest proceedings.

2.1 Protest Proceeding Timeframe: The Commission shall specify a timeframe between twenty-one (21) and sixty (60) days for the collection and filing of written protests pursuant to Government Code Section 56886(o), and that timeframe shall be included in the terms and conditions of an approval for a change of organization or reorganization for which protest proceedings are not waived pursuant to Government Code Section 56663.

2.2 Public Noticing: Within thirty (35) days of the adoption of the Commission's resolution making determinations and approving a change or organization or reorganization, the Executive Officer shall notice a protest hearing and, in the notice, set the hearing date as prescribed by the Commission in its terms and conditions.

2.3 Types of Public Noticing: Notice of the hearing shall be provided pursuant to Government Code Section 56150 et seq., and as follows:

- a) Notice must be published, posted, and mailed to affected agencies, proponents, and any persons requesting special notice;
- b) Mailed notice must be provided to all landowners affected by the proposal;

- c) The time, date, and location of the hearing shall be specified in the notice as determined by the Executive Officer; and
- d) The protest hearing must be held in the affected territory if the hearing is a proposal initiated by the Commission pursuant to Government Code Section 56375(a) for a district consolidation, dissolution, or merger, or the establishment of a subsidiary district.

2.4 Protest Hearing: At the protest hearing, the Executive Officer, or designee, shall (1) summarize the Commission's resolution, and (2) hear and receive any oral or written protests, objections, or evidence. Written protests may be filed by any affected landowner or registered voter. The Executive Officer, or designee, may continue the protest, but for no more than sixty (60) days from the date specified in the notice.

2.5 Protest Hearing Results: At the conclusion of the protest hearing:

- a) If no written protests have been filed, the Executive Officer, or designee, shall adopt a form of resolution ordering the change of organization or reorganization without an election; or
- b) If written protests have been filed, the Executive Officer, or designee, shall within thirty (30) days after the conclusion of the hearing, make determinations on the value of written protests filed and not withdrawn; and
- c) To determine the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall cause the names of the signers on the protests to be compared with the voters' register in the County Elections Department pursuant to Government Code Section 56707 and/or the names of the owners of land on the most recent assessment roll pursuant to Government Code Sections 56708 and 56710.

2.6 LAFCO Actions after Protest Proceedings: Upon determination of the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall take one of the following actions, depending on the nature of the change of organization or reorganization:

- a) If less than 25% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted without an election;
- b) If 25% to 50% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted subject to confirmation by the voters; or
- c) If more than 50% of the affected registered voters or landowners oppose the proposal, then a Certificate of Termination will be issued, which ends the LAFCO proceedings.

2.7 Election Process: If an election is required, the Executive Officer or designee, pursuant to Government Code Section 57000(d), shall inform the legislative body of the affected agency of LAFCO's determination and request the legislative body to direct the elections official to conduct the election.

3. LAFCO AS A CONDUCTING AUTHORITY

Pursuant to Government Code Section 57000(c), the Commission has the option of delegating any or all of the functions and responsibilities of the conducting authority to the Executive Officer. Any references made to the "Commission" or "LAFCO" in the following discussion also pertains to the Executive Officer for any functions they will perform on behalf of the Commission. It should also be noted that, pursuant to Government Code Section 57008, the Commission or Executive Officer is required to hold the protest hearing in the affected territory if the proposal was initiated by the Commission pursuant to Government Code Section 56375(a) (district consolidation, dissolution, merger, establishment of a subsidiary district, or a reorganization that includes any of the previous).

Following summarization of the Commission's resolution at the protest hearing, the Commission hears and receives any oral or written protests, objections, or evidence. Anyone who has filed a written protest can withdraw that protest prior to the conclusion of the hearing. Within thirty (30) days after the hearing, LAFCO makes a finding on the value of written protests filed and not withdrawn. The percentage thresholds for LAFCO to terminate or order the change of organization or reorganization with or without an election is consistent with existing law. LAFCO, however, does not have statutory authority to conduct an election if one is required. Therefore, if LAFCO's determination on a proposal is subject to confirmation by the voters and an election must be conducted, LAFCO, pursuant to Government Code Section 57000(d), is required to inform the board of supervisors or city council of the affected city of the Commission's determination and request the board or council to direct the elections official to conduct the election.

4. PROTEST THRESHOLD FOR OTHER BOUNDARY CHANGES

The percentage protest thresholds for a dissolution, consolidation, merger, or the establishment of a subsidiary district differ from the previous changes of organization discussed in the previous sections. While Government Code Section 57077 addresses the requirements for these changes of organization, Government Code Section 56854 supersedes those provisions. The provisions of Government Code Section 56854 (previously Government Code Section 56839.1) was the product of legislation passed in 1997. Pursuant to Government Code Section 56854(a), LAFCO is required to order a dissolution, consolidation, merger, or the establishment of a subsidiary district without an election unless certain protest requirements are met. Those requirements are enumerated in the outline below. However, pursuant to Government Code Section 56854(b), the Commission is prohibited from ordering a merger or the establishment of a subsidiary district without the consent of the affected city.

The Commission is required to order a dissolution, consolidation, merger, or the establishment of a subsidiary district subject to confirmation of the voters, only if the following written protest thresholds are reached.

4.1 Not Initiated by the Commission: Where the proposal was not initiated by the Commission, and where an affected city or district has not objected by resolution to the proposal:

- a) In the case of inhabited territory, a petition signed by:
 - i. At least 25% of the registered voters residing, or owning land, within the affected territory; or
 - ii. At least 25% of the number of landowners who own at least 25% of the assessed value of land within the affected territory.
- b) In the case of a landowner-voter district, and the territory is uninhibited, a petition signed by:
 - i. At least 25% of the number of landowners owning at least 25% of the assessed value of the land within the affected territory.

Note: In the case of a proposal for the dissolution of one or more districts and the annexation of all or substantially all of their territory to another district, the voter requirements outlined above do not apply if each affected district has consented to the proposal by a resolution adopted by a majority of its board of directors (Government Code Section 57114b).

4.2 Initiated by the Commission: Where the proposal was initiated by the Commission, and regardless of whether an affected city or district has objected to the proposal by resolution:

- a) In the case of inhabited territory where there are 300 or more landowners or registered voters within the affected territory, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory; or
 - ii. At least 10% of the registered voters residing, or owning land, within the affected territory.
- b) In the case of inhabited territory where there are less than 300 landowners or registered voters within the affected territory, a petition signed by:
 - i. At least 25% of the number of landowners who own at least 25% of the assessed value of land within the affected territory; or
 - ii. At least 25% of the registered voters residing, or owning land, within the affected territory.
- c) In the case of a landowner-voter district where the territory is uninhabited and there are 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory.
- d) In the case of a landowner-voter district where the territory is uninhabited and there are less than 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 25% of the landowner voters entitled to vote.

Agenda Item No. 6a



Santa Cruz Local Agency Formation Commission

Date:September 2, 2020To:LAFCO CommissionersFrom:Joe Serrano, Executive OfficerSubject:Inactive Applications

SUMMARY OF RECOMMENDATION

State law delegates LAFCOs with regulatory and planning duties to coordinate the logical formation and development of local governmental agencies. These actions are taken when an application is initiated, by either residents or public agencies, and submitted to LAFCO. In some cases, applications become inactive and are never considered by the Commission. When this occurs, the applications are officially closed in accordance with the Commission's policies. This report will review applications that have been inactive for several years now.

It is recommended that the Commission approve the attached letters notifying the applicants of the termination of the inactive proposal in accordance with the Commission's adopted policies.

EXECUTIVE OFFICER'S REPORT:

During the May 6th LAFCO Meeting, the Commission inquired whether there are any inactive proposals on file. Based on staff's research, a total of three applications are on file but have been inactive for quite some time. **Attachment 1** provides an overview of each application, which are also summarized below.

- 1. LAFCO Project No. 928: This application was initiated by resolution in October 2008 and requested a sphere amendment for the City of Santa Cruz to include the northern portion of the University's campus. The proposal encompassed 374 acres. The last activity in the LAFCO process occurred back in December 2011. Therefore, this application has been inactive for almost 9 years.
- 2. LAFCO Project No. 929: This application was initiated by landowner petition in October 2008 and requested extraterritorial service from the City of Santa Cruz for water and sewer service. The proposal involved the northern portion of the University's campus and encompassed 241 acres. The last activity in the LAFCO process occurred back in December 2011. Therefore, this application has been inactive for almost 9 years.
- 3. LAFCO Project No. 959: This application was initiated by landowner petition in January 2016 and requested extraterritorial service from the City of Watsonville for water service. The proposal involved one parcel and encompassed 13 acres. The last activity in the LAFCO process occurred back in March 2016. Therefore, this application has been inactive for over 4 years.

STAFF RECOMMENDATION

The Commission adopted the Certificate of Filing Policy back in December 1981 that provides direction when an application becomes inactive. Below is an excerpt from the policy:

"A time limit of one year is hereby set between the time an application is received in the Commission's office and the issuance of Certificate of Filing. If the Executive Officer cannot issue a Certificate of Filing by the end of that time period, he shall close the file (without prejudice) and refund to the applicant any portion of the application fee not already used to cover staff time and other processing costs."

In accordance with the Commission's policy, staff has drafted letters to each of the original applicants indicating that their proposal has been closed due to inactivity (refer to **Attachments 2-4**). These applicants have the ability to request for the same or similar boundary change in the future, however, that will require a new application. Staff is recommending that the Commission approve the draft letters.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachments:

- 1. List of Inactive Applications
- 2. LAFCO Project No. 928 Draft Letter
- 3. LAFCO Project No. 929 Draft Letter
- 4. LAFCO Project No. 959 Draft Letter
- cc: Ken Thomas, City of Santa Cruz Cynthia Larive, UC Santa Cruz Lisa Burgstrom & Charlie Eadie

Inactive Applications (as of September 2, 2020)

| LAFCO PROJECT NUMBER | TITLE | AREA | APPLICATION RECEIVED | APPLICANTS | LOCATION (ASSESSED PARCEL NUMBERS) | ACREAGE | AFFECTED AGENCIES | TYPE OF CHANGE / ORGANIZATION | LAST COMMISSION ACTION/DISCUSSION |
|----------------------------|--|---------------------|-------------------------|-----------------------------------|--|---------|----------------------|----------------------------------|--------------------------------------|
| 928 | City of Santa Cruz SOI Amendment to Include Area North of Existing UCSC Boundary | North of UCSC | 10/28/2008 | Santa Cruz City, Ken Thomas | North of existing UCSC campus incl. Colleges 9 & 10 plus Crown Merrill Apts. | | City of Santa Cruz | SOI Amendment | 12/7/2011 |
| 929 | UC Santa Cruz Extraterritorial Water & Sewer Service from City of Santa Cruz | North of UCSC | 10/28/2008 | UC Santa Cruz | 061-321-40 & 062-041-49 | 241 | City of Santa Cruz | Extraterritorial (GCS 56133) | 12/7/2011 |
| 959 | Blakeridge Lane Extraterritorial Water Service | 525 Blakeridge Lane | 1/13/2016 | Lisa Burgstrom & Charlie Eadie | Corralitos behind Meat Market; 108-291-09 | 13 | City of Watsonville | Extraterritorial (GCS 56133) | 3/2/2016 |



Santa Cruz Local Agency Formation Commission 701 Ocean Street # 318D Santa Cruz CA 95060 Phone: (831) 454-2055 Email: info@santacruzlafco.org Website: www.santacruzlafco.org

September 2, 2020

Ken Thomas, Principal Planner City of Santa Cruz 809 Center Street, Room 107 Santa Cruz, CA 95060

Subject: LAFCO Project No. 928 (Inactive Application)

Dear Mr. Thomas:

My name is Joe Serrano and I am the new Executive Officer for the Local Agency Formation Commission of Santa Cruz County ("LAFCO"). Back in October 2008, the City submitted an application to amend its sphere of influence boundary to include the northern portion of the University's campus. The last time the Commission discussed this request was on December 7, 2011.

However, it is my understanding that no further action or discussion has occurred since 2011. Our records show that this application has remained inactive for almost 9 years now. Based on the Commission's adopted policies, I am officially closing this application as of today. If the City would like to re-apply for a sphere amendment, a new application will be required.

I am available if you have any questions about this letter or the LAFCO process. I can be reached by phone (831-454-2055) or via email (joe@santacruzlafco.org).

Sincerely.

Joe A. Serrano Executive Officer



Santa Cruz Local Agency Formation Commission 701 Ocean Street # 318D Santa Cruz CA 95060 Phone: (831) 454-2055 Email: info@santacruzlafco.org Website: www.santacruzlafco.org

September 2, 2020

Cynthia Larive, Chancellor UC Santa Cruz 1156 High Street (Kerr Hall) Santa Cruz, CA 95064

Subject: LAFCO Project No. 929 (Inactive Application)

Dear Chancellor Larive:

My name is Joe Serrano and I am the new Executive Officer for the Local Agency Formation Commission of Santa Cruz County ("LAFCO"). Back in October 2008, the University submitted an application to receive water and sewer service from the City of Santa Cruz under Government Code Section 56133. The last time the Commission discussed this request was on December 7, 2011.

However, it is my understanding that no further action or discussion has occurred since 2011. Our records show that this application has remained inactive for almost 9 years now. Based on the Commission's adopted policies, I am officially closing this application as of today. If the University would like to re-apply for water and sewer service, a new application will be required.

I am available if you have any questions about this letter or the LAFCO process. I can be reached by phone (831-454-2055) or via email (joe@santacruzlafco.org).

Sincerely.

Joe A. Serrano Executive Officer



Santa Cruz Local Agency Formation Commission 701 Ocean Street # 318D Santa Cruz CA 95060 Phone: (831) 454-2055 Email: info@santacruzlafco.org Website: www.santacruzlafco.org

September 2, 2020

Lisa Burgstrom 525 Blakeridge Lane Watsonville, CA 95076

Subject: LAFCO Project No. 959 (Inactive Application)

Dear Ms. Burgstrom:

My name is Joe Serrano and I am the new Executive Officer for the Local Agency Formation Commission of Santa Cruz County ("LAFCO"). Back in January 2016, you submitted an application to receive water service from the City of Watsonville under Government Code Section 56133. The Commission approved this proposal on March 2, 2016.

However, it is my understanding that connection to the City's water infrastructure did not occur following LAFCO's action. Since then, this application has remained inactive for over 4 years now. Based on the Commission's adopted policies, I am officially closing this application as of today. If you would like to re-apply for water service, you will need to submit a new application.

I am available if you have any questions about this letter or the LAFCO process. I can be reached by phone (831-454-2055) or via email (joe@santacruzlafco.org).

Sincerely.

Joe A. Serrano Executive Officer

cc: Charlie Eadie



Santa Cruz Local Agency Formation Commission

Date:September 2, 2020To:LAFCO CommissionersFrom:Joe Serrano, Executive OfficerSubject:Grand Jury Report – LAFCO Response

SUMMARY OF RECOMMENDATION

The Santa Cruz County Civil Grand Jury was established to help hold local governments accountable. This goal is accomplished by developing several reports on an annual basis. The latest report titled "Ready? Aim? Fire! Santa Cruz County on the Hot Seat" focuses on the external and internal aspects of fire service providers throughout the county. The Grand Jury has asked LAFCO to provide comments on this fire report.

It is recommended that the Commission approve the draft comments and direct the Executive Officer to distribute the attached comment letter to the Grand Jury before the October 1, 2020 deadline.

EXECUTIVE OFFICER'S REPORT:

The Civil Grand Jury is part of the judicial branch of government. Consisting of Santa Cruz County citizens, it is an arm of the court, yet is an entirely independent body. The primary function of the Civil Grand Jury is to examine all aspects of local governments (ex. the County, cities, special districts and joint power authorities) to see that the monies are handled judiciously and that all accounts are properly audited. In general, the Civil Grand Jury seeks to assure honest, efficient government in the best interest of the people.

The Santa Cruz County Civil Grand Jury issues several reports each year. In FY 2019-20, ten reports were conducted. One of them, titled "Ready? Aim? Fire! Santa Cruz County on the Hot Seat" includes a request for LAFCO comments. Identified agencies are required to respond to the reports within 90 days, according to the California Penal Code. The deadline for LAFCO to submit comments is October 1, 2020.

Attachment 1 includes a draft comment letter for Commission consideration. This letter addresses four key findings and 3 recommendations identified by the Grand Jury. Staff is recommending that the Commission approve the draft comments and direct the Executive Officer to submit the attached letter before October 1st.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachment: Draft Comment Letter



Santa Cruz Local Agency Formation Commission 701 Ocean Street # 318D Santa Cruz CA 95060 Phone: (831) 454-2055 Email: info@santacruzlafco.org Website: www.santacruzlafco.org

September 2, 2020

The Honorable Judge John Gallagher Santa Cruz Courthouse 701 Ocean Street Santa Cruz, CA 95060

Subject: LAFCO Response to the Grand Jury's "Ready? Aim? Fire! Santa Cruz County on the Hot Seat" Report

Dear Honorable Judge Gallagher:

Thank you for this opportunity to comment on the Grand Jury's report titled "Ready? Aim? Fire! Santa Cruz County on the Hot Seat." This report reviewed the external and internal aspects of the fire protection districts within Santa Cruz County and requested that the Local Agency Formation Commission ("LAFCO") provide comments. LAFCO's statutory authority is derived from the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code section 56000, et seq.).

Among LAFCO's purposes are: Discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (Government Code Section 56301). The Cortese-Knox-Hertzberg Act identifies factors that must be considered, and determinations that must be made, as part of LAFCO's review of boundary changes and service reviews.

These provisions of law are the legislative basis for LAFCO's locally adopted Policies and Procedures Relating to Spheres of Influence and Changes of Organization. These policies establish guidelines for the Commission and staff. The adopted policies are available on LAFCO's website: https://www.santacruzlafco.org/policies-rules/.

In order to fulfill the request to provide comments on the Grand Jury's report, LAFCO's comments will be based on the direction found in the Cortese-Knox-Hertzberg Act and the Commission's adopted policies.

1. Finding (F23): No single organization in the County is assuming a leadership role in Fire Hazard Mitigation. It is not clear whose responsibility it is to minimize this County wide risk.

PARTIALLY DISAGREE: There are several fire service providers throughout Santa Cruz County, including 2 cities, 10 fire districts, and 1 county service area. It is LAFCO's understanding that the County of Santa Cruz adopted a five-year Local Hazard Mitigation Plan in September 2015. Based on LAFCO's research, similar mitigation plans have been adopted by other fire protection service providers, as shown in **Table A**. While there is no single countywide hazard mitigation plan, various local agencies have taken steps to develop guidelines within their jurisdiction to address any potential emergencies throughout Santa Cruz County.

| Local Agency | Hazard Mitigation Plan | Source |
|----------------|---|---|
| County | | |
| Santa Cruz | Local Hazard Mitigation Plan (2015-2020) | http://www.co.santa- cruz.ca.us/Portals/0/Local%20Haza rd%20Mitigation%20Plan%202015- 2020.pdf |
| Cities | | |
| Capitola | Local Hazard Mitigation Plan (2013) | https://www.cityofcapitola.org/sites/ default/files/fileattachments/commu nity_development/page/1463/local_ hazard_mitigation_plan.pdf |
| Santa Cruz | Local Hazard Mitigation Plan (2018-2023) | https://www.cityofsantacruz.com/ho me/showdocument?id=77162 |
| Scotts Valley | Emergency Operations Plan (2015) | http://scottsvalley.org/DocumentCe nter/View/975/Scotts-Valley- Emergency-Operations-Plan-PDF |
| Watsonville | Local Hazard Mitigation Plan (2020) | https://www.cityofwatsonville.org/D ocumentCenter/View/13999/00_Pu blic-Review-Draft-Watsonville- LHMP?bidId= |
| Fire Districts | | |
| Aptos/La Selva | Emergency Services Master Plan (2017) | https://www.aptosfire.com/Docume ntCenter/View/377/Emergency- Services-Master-PlanVolume-1- of-2-Technical-Report?bidId= |
| Central | Standards of Coverage and Management/Administrative Assessment (2017) | https://www.centralfpd.com/Docum entCenter/View/1139/Standards-of- Coverage-and- ManagementAdministrative- Assessment?bidId= |

2. Finding (F26): Reporting data, statistics, and formats utilized by fire agencies throughout the County are highly inconsistent, uncoordinated, and therefore not readily evaluated and compared. The standard Insurance Services Office (ISO) rating system would be useful to adopt. Response time data are not well described or consistently reported by the jurisdictions, making accurate assessment difficult, especially by other agencies or by the public.

PARTIALLY AGREE: State law requires LAFCO to periodically review and update the services and spheres of all cities and special districts in Santa Cruz County (Government Code Section 56425 and 56430). These reports include an analysis of the agencies' ongoing operations, current financial performance, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The service reviews conclude with determinations required under the Cortese-Knox-Hertzberg Act. It is staff's goal that these reports be used as a resource, not only by the Commission to fulfill a state mandate, but by the agency to use as a platform to consider new levels of efficiency, and also by the public to better understand the agency's purpose, past achievements, areas of improvement, and its overall future. The Commission has recently restructured the service review format, which now offers more analysis and recommendations.

3. Finding (F28): The 2016 LAFCO Municipal Service Review of Fire Districts report and its 2006 predecessor do not adequately address district performance in the areas of Fire Risk Reduction (specifically: inspections, vegetation management, and education).

PARTIALLY AGREE: As previously mentioned, Government Code Section 56430 requires LAFCOs to conduct service reviews for each city and special district within the County. Typically, these reports are conducted every five years. Unlike the previous service reviews, the next round of reports will include a more in-depth analysis with additional key findings and determinations. The Commission has adopted a Multi-Year Work Program to ensure that all 81 local agencies under LAFCO's jurisdiction will have a service review completed in a timely fashion (see **Attachment 1**). It is staff's goal to develop a comprehensive service review for all the fire districts within Santa Cruz County. This report is tentatively scheduled for consideration by the Commission in October 2021.

4. Finding (F29): The Grand Jury finds that formally specified baseline and target performance statements, in alignment with the Center for Public Safety Excellence Assessment Process, neither currently exist nor are they reported by fire departments in the County as required by best practice standards. There are no goals set or measures made of progress for review by the Board of Supervisors regarding County Fire/CAL FIRE performance. Other fire districts in the County are similarly remiss in reporting to their governing bodies. Appropriate goals would include progress on response times, vegetation management, and code inspection progress, all of which are necessary to properly quantify the budget and resources required for full-time, volunteer, and prison inmate workforces, in appropriate, affordable proportions.

PARTIALLY AGREE: As previously mentioned, the Commission will consider a comprehensive service review for all the fire districts in October 2021. This report will analyze several factors, including but not limited to, average response times, types of calls, mutual and automatic aid agreements, office management and operation efficiencies, ISO ratings, and determinations identified under LAFCO law.

5. Recommendation (R1): Santa Cruz County, under the auspices of the Emergency Management Council (EMC) with LAFCO support, should study a governing structure that would tie all fire agencies in the County together with common leadership, objectives, sharing of data, and maximized use of resources. (F23, F25).

HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE: As previously mentioned, the Commission will consider a comprehensive service review for all the fire districts in October 2021. It is staff's goal to develop a thorough report that highlights best practices, evaluates areas of improvement, identifies ways to maximize resources, and explores opportunities to improve levels of efficiency. Examples of recently adopted service reviews are available on LAFCO's website: https://www.santacruzlafco.org/reviews/. Staff recommends reviewing reports adopted from August 2019 to present in order to observe the new analytical format.

6. Recommendation (R13): LAFCO review of County fire districts should include the review of fire risk reduction plans and achievements, and LAFCO should perform this specific and focused review for all districts by June 2021. (F2, F28).

HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE: As previously mentioned, State law requires LAFCOs to conduct service reviews for each city and special district every five years. The Commission's Multi-Year Work Program identifies when a service review will be conducted between 2020 to 2024. It is staff's goal to develop a comprehensive service review for all the fire districts by next year. The report will include a review of fire risk reduction and achievements, as well as best practices and lessons learned from the recent fires.

7. Recommendation (R14): LAFCO should increase its comprehensive review of County fire district services from once every 10 years to once every five years. (F23, F25).

HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE: LAFCO staff agrees with the Grand Jury that service reviews should be conducted in a timely fashion. That is why the Commission has adopted a work program that identifies each service review for the next five years, as shown in Attachment 1.

Sincerely.

5

Joe A. Serrano Executive Officer

Attachment: LAFCO Multi-Year Work Program

cc: Fire Protection Agencies within Santa Cruz County (13 in total)



Santa Cruz Local Agency Formation Commission

Date:September 2, 2020To:LAFCO CommissionersFrom:Joe Serrano, Executive OfficerSubject:Legislative Update

SUMMARY OF RECOMMENDATION

LAFCO staff tracks bills during the legislative session and provides periodic updates. The Commission may take a position on any tracked bill. This agenda item is for informational purposes only and does not require any action at this time. Therefore, it is recommended that the Commission receive and file the Executive Officer's report.

EXECUTIVE OFFICER'S REPORT:

The California Legislature originally reconvened the second year of a two-year cycle on January 6. However, the pandemic halted legislative activity for several months. After returning from their extended recess on July 27, the Legislature's focus was on high-priority bills. At present, all bills must pass through both houses by August 31 with a 30-day period for the Governor to either sign or veto passed bills. The website with additional bill information is <u>http://leginfo.legislature.ca.gov/.</u>

Tracked Bills

The California Association of LAFCOs (CALAFCO) monitors legislative matters that may impact the Commission's ability to effectively administer its regulatory responsibilities. At present, there are 11 bills that directly or indirectly impact LAFCOs. An overview of each of the 11 tracked bills is attached (refer to **Attachment 1**). Staff is currently watching these bills as well as AB 1140, which is not identified in CALAFCO's Legislative Report.

 AB 1140 (Stone), CALPERS – Fire Consolidation: This bill was authored and coauthored by Assembly Member Mark Stone and Senator Bill Monning. AB 1140 allows the successor agency of a proposed consolidation between Central and Aptos/La Selva Fire Protection Districts to provide the employees from the consolidating fire districts the defined benefit retirement plan those employees have with their current respective employers after consolidation.

Latest Status – Read third time. Passed. Ordered to the Assembly on August 24 with Ayes 39 and Noes 0.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachment: Tracking Sheet of LAFCO-related Bills (as of August 25, 2020)

cc: Central and Aptos/La Selva Fire Protection Districts

CALAFCO Daily Legislative Report as of Tuesday, August 25, 2020

1

<u>AB 1751</u> (Chiu D) Water and sewer system corporations: consolidation of service.

Current Text: Amended: 7/5/2019 html pdf

Introduced: 2/22/2019

Last Amended: 7/5/2019

Status: 8/21/2020-Failed Deadline pursuant to Rule 61(b)(15). (Last location was S. 2 YEAR on 8/30/2019)

| Desk | Policy | Fiscal | Floor | Desk | Dead | Fiscal | Floor | Conf. | Enrolled | Conf. Enrolled | Vetoed | Chaptered |
|------|--------|--------|-------|------|------|--------|-------|-------|----------|----------------|-----------|-----------|
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Summary:

The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board related responsibilities and duties. Current law authorizes the state board to order consolidation of public water systems where a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water, as provided. This bill, the Consolidation for Safe Drinking Water Act of 2019, would authorize a water or sewer system corporation to file an application and obtain approval from the commission through an order authorizing the water or sewer system corporation to consolidate with a public water system or state small water system that has fewer than 3,300 service connections and serves a disadvantaged community, or to implement rates for the subsumed water system.

Position: Watch

Subject: Water

CALAFCO Comments: This bill would authorize a water or sewer system corporation to file an application and obtain approval from the PUC through an order authorizing the water or sewer system corporation to consolidate with a public water system or state small water system that has fewer than 3,300 service connections and serves a disadvantaged community, or to implement rates for the subsumed water system. The bill would require the commission to approve or deny the app. Unless the commission designates a different procedure because it determines a consolidation warrants a more comprehensive review, the bill would authorize a water or sewer system corporation to instead file an advice letter and obtain approval from the commission through a resolution authorizing the water or sewer system corporation to consolidate with a public water system or state small water system that has fewer than 3,300 service connections and serves a disadvantaged community, or to implement rates for the subsumed water system.

<u>SB 414</u> (<u>Caballero</u> D) Small System Water Authority Act of 2019.

Current Text: Amended: 6/25/2019 html pdf

Introduced: 2/20/2019

Last Amended: 6/25/2019

Status: 8/21/2020-Failed Deadline pursuant to Rule 61(b)(15). (Last location was A. APPR. SUSPENSE FILE on 8/18/2020)

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Summary:

Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.

Attachments:

LAFCO Template Oppose Pending Amendment to Author CALAFCO Oppose Pending Amendments to AESTM CALAFCO Oppose Pending Amendments to Author CALAFCO Oppose Pending Amendments to SGFC CALAFCO Oppose Pending Amendments to SEQ LAFCO Template Oppose Pending Amendments to Assm Appropriations CALAFCO Oppose Pending Amendments to ALGC CALAFCO Oppose Pending Amendments to Assm Appropriations **Position:** Oppose Pending Amendments **Subject:** Water

CALAFCO Comments: UPDATE AS OF 8/10/20. After discussions with the author's staff and sponsors regarding CALAFCO's concerns, additional amendments are expected that address some but not all of our concerns. The primary concerns of LAFCo exclusion from the formation process, LAFCo exclusion from the dissolution process, and unclear funding language are still cause for great concern and CALAFCO will retain an OPPOSE position. Further, CALAFCO has not yet reviewed the pending amendments to ensure they are as stated by the sponsors. Changes specific to LAFCo are to be as follows:

o Added language clarifying that LAFCos are on the list of notified entities under Section 78033(a)(1) when the State Board intends to form a SSWA;

o Added language in 78033(a)(2)(A) to make sure the LAFCo is notified when an entity wishes to voluntarily join a SSWA;

o Added language in 78033(a)(2)(B) to notify a LAFCo when the public issues a petition to join a SSWA; o Added language in 78033(b) to notify a LAFCo when a dependent special district wishes to opt-in to an authority;

o Added language identifying the "interim operator" in 78037 (a)(4) as the entity to whom the service, assets and liabilities should be transferred;

o Added language in 78035(c) requiring comments received by the LAFCo be considered by the SWRCB and formation coordinator on the draft conceptual formation plan prior to the document being made public; o Added language in Section 78038 requiring the State board to respond to the contents of the report; and o Removed reference to "extraordinary" costs to all allow all LAFCo costs to be funded by the SWRCB and added language in the Safe Drinking Water Fund Expenditure Plan clarifying that these costs are an eligible expense.

UPDATE AS OF 07/23/20. There are currently proposed pending amendments not yet in print being negotiated by the author and sponsors with Assm. Appropriations that remove LAFCo authority in the formation of the new water authority and give that quasi-legislative authority to the SWRCB. Further LAFCO will no longer have any authority in the dissolution of a public water supplier as part of the formation of the new authority, and all LAFCo funding for what is required to be done by LAFCo is being eliminated. There are numerous other issues with the pending amendments, all of which are detailed in our opposition letter.

This bill is very similar to AB 2050 (Caballero) from 2018. Several changes have been made. This bill is sponsored by Eastern Municipal Water District and the CA Municipal Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water authority. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency.

LAFCo will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB's appointed Administrator will act as the applicant on behalf of the state. LAFCo will have ability to approve with modifications the application, and the new agency will have to report to the LAFCo annually for the first 3 years.

<u>SB 928</u> (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/5/2020 html pdf

Introduced: 2/5/2020

Status: 8/12/2020-Read second time. Ordered to consent calendar.

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8/25/2020 #149 ASSEMBLY CONSENT CALENDAR 2ND DAY-SENATE BILLS

Summary:

This bill would enact the First Validating Act of 2020, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Position: Support

CALAFCO Comments: This is the first of three annual validating acts.

<u>SB 929</u> (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/5/2020 html pdf

Introduced: 2/5/2020

Status: 8/12/2020-Read second time. Ordered to consent calendar.

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Calendar:

8/25/2020 #150 ASSEMBLY CONSENT CALENDAR 2ND DAY-SENATE BILLS

Summary:

This bill would enact the Second Validating Act of 2020, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Position: Support

CALAFCO Comments: This is the second of three annual validating acts.

<u>SB 930</u> (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/5/2020 html pdf

Introduced: 2/5/2020

Status: 8/12/2020-Read second time. Ordered to consent calendar.

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8/25/2020 #151 ASSEMBLY CONSENT CALENDAR 2ND DAY-SENATE BILLS

Summary:

This bill would enact the Third Validating Act of 2020, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Position: Support

CALAFCO Comments: This is the third of three annual validating acts.

<u>AB 213</u> (<u>Reyes</u> D) Local government finance: property tax revenue allocations: vehicle license fee adjustments. **Current Text:** Introduced: 1/15/2019 <u>html</u> <u>pdf</u>

2

Introduced: 1/15/2019

Status: 8/21/2020-Failed Deadline pursuant to Rule 61(b)(15). (Last location was S. 2 YEAR on 8/30/2019)

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Summary:

Would, for the 2019–20 fiscal year, require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018–19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018–19 fiscal year to the 2018–19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17.

Attachments:

CALAFCO Support Letter

Position: Support

Subject: Tax Allocation

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for inhabited annexations. This bill is the same as AB 2268 (Reyes) from 2018.

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AB 134 (Bloom D) Safe Drinking Water Restoration.

Current Text: Amended: 5/20/2019 <u>html</u> pdf Introduced: 12/5/2018

Last Amended: 5/20/2019

Status: 8/18/2020-Failed Deadline pursuant to Rule 61(b)(13). (Last location was E.Q. on 6/12/2019)

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Summary:

Would require the State Water Resources Control Board to report to the Legislature by July 1, 2025, on its progress in restoring safe drinking water to all California communities and to create an internet website that provides data transparency for all of the board's activities described in this measure. The bill would require the board to develop metrics to measure the efficacy of the fund in ensuring safe and affordable drinking water for all Californians.

<u>AB 2370</u> (Limón D) Ventura Port District: aquaculture plots: federal waters.

Current Text: Amended: 3/16/2020 <u>html</u> pdf Introduced: 2/18/2020 Last Amended: 3/16/2020

Status: 3/17/2020-Re-referred to Com. on L. GOV.

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Summary:

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, a city or district may only provide new or extended services by contract or agreement outside of its jurisdictional boundary if it requests and receives written approval, as provided, from the local agency formation commission in the county in which the extension of service is proposed. This bill would, notwithstanding the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, authorize the Ventura Port District, to the extent permitted by federal law, to construct, maintain, operate, lease, and grant permits to others for the installation, maintenance, and operation of aquaculture plots in federal waters off the coast of California the County of Ventura, as prescribed, in order to aid in the development or improvement of navigation or commerce to the port district.

Position: Watch

Subject: Special District Powers

CALAFCO Comments: This is a local bill authorizing Ventura Port District to extend operations into federal waters. CALAFCO will work with Ventura LAFCo.

UPDATE: CALAFCO learned that the author has pulled the bill for 2020.

AB 3312 (Gray D) Local agency formation: annexation: City of Merced.

Current Text: Amended: 8/13/2020 html pdf

Introduced: 2/21/2020

Last Amended: 8/13/2020

Status: 8/24/2020-Read third time. Passed. Ordered to the Assembly. (Ayes 40. Noes 0.). In Assembly. Concurrence in Senate amendments pending. May be considered on or after August 26 pursuant to Assembly Rule 77.

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Calendar:

8/25/2020 #64 ASSEMBLY CONCURRENCE IN SENATE AMENDMENTS

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 generally requires that a territory to be annexed be contiguous to the city at the time the proposal is initiated. The act also requires each commission to develop and determine the sphere of influence of each city and special district within the county. The act defines sphere of influence, for purposes of these provisions, as a plan for the probable physical boundaries and service area of the local agency, as determined by the commission. This bill would authorize the annexation of territory comprising the main campus of the University of California, Merced, as specified, and the road strip, as defined, to the City of Merced, notwithstanding the requirement that the territory be contiguous with the city, if other conditions are met, including that the territory is within the city's sphere of influence. The bill would prohibit the commission from approving a subsequent annexation to the road strip pursuant to these provisions unless the territory proposed to be annexed is contiguous to the property comprising the main campus of California, Merced or the boundaries of the City of Merced as it existed on January 1, 2021.

Attachments:

CALAFCO Removal of Opposition CALAFCO Oppose as amended

Position: Watch

Subject: Annexation Proceedings

CALAFCO Comments: UPDATE AS OF AUGUST 14, 2020 - As amended on 8/13, the bill addressed the necessary technical correction and CALAFCO has removed our opposition and moved back to Watch.

UPDATE AS OF AUGUST 1, 2020. The bill was amended on the Senate floor, however there was an error in the language. The amendments prohibited annexations of road strips subsequent to the original annexation allowed in this bill. However, this provision was intended to prohibit subsequent annexations to the road strip to prevent so-called checkerboard annexations that undermine orderly growth and development patterns. With this correction, we will remove our opposition.

UPDATE: The amendments of 7/23/20 change the bill so that all territory adjacent to the road 4rof(h) that that

just tot he campus) are eligible for annexation. This will create a wide swath of checkerboard annexations and sets a precedent. Further, the City has been working on an annexation feasibility study for 2 years that is supposed to be presented to the City Council within the next month or two, so this legislation is premature to that study. CALAFCO is now opposed to the bill as amended.

This is a local bill for Merced. It allows a defined section of the UC Merced campus and access road to be annexed if certain conditions are met and keeps the LAFCo process intact. CALAFCO will watch the bill to ensure the LAFCo process remains protected and work with Merced LAFCo.

<u>SB 625</u> (<u>Bradford</u> D) Central Basin Municipal Water District: receivership.

Current Text: Amended: 6/8/2020 html pdf

Introduced: 2/22/2019 Last Amended: 6/8/2020 Status: 6/18/2020-Re-referred to Com

Status: 6/18/2020-Re-referred to Com. on RLS. pursuant to Senate Rule 29.10(d).

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Summary:

Would dissolve the board of directors of the Central Basin Municipal Water District (CBMWD) and would provide that the November 3, 2020, election for directors of CBMWD shall not occur. The bill would require the Water Replenishment District of Southern California (WRD) to act as the receiver for CBMWD, would vest WRD with all necessary powers under the Municipal Water District Law of 1911 to take control of CBMWD, and would transfer all powers vested in the board of directors of CBMWD to the board of directors of WRD, except as specified. The bill would require CBMWD's board of directors to surrender all control of CBMWD and its resources to WRD.

Attachments:

LAFCo Support letter template CALAFCO Support June 12, 2020

Position: Support **Subject:** Municipal Services

<u>SB 806</u> (Grove R) Worker status: employees: independent contractors.

Current Text: Amended: 4/29/2020 html pdf Introduced: 1/9/2020

Last Amended: 4/29/2020

Status: 5/18/2020-May 14 set for first hearing. Failed passage in committee. (Ayes 1. Noes 4.) Reconsideration granted.

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Summary:

Would establish a new test that, for purposes of specific provisions of the Labor Code governing the relationship of employer and employees, a person providing labor or services for remuneration is considered an employee rather than an independent contractor, unless the hiring entity demonstrates that the person is (1) free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact, determined by a preponderance of factors, with no single factor of control being determinative, and either that (2) the person performs work that is outside the usual course of the hiring entity's business, or the work performed is outside the place of business of the hiring entity, or the worker is responsible for the costs of the place of the business where the work is performed, or that (3) the person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

Position: Watch

Subject: Other

CALAFCO Comments: This bill proposes amendments to AB 5 in terms of the exemption tests which may impact the contractual/employee relationship of CALAFCO and its two primary contractors.

Total Measures: 11 Total Tracking Forms: 11

8/25/2020 9:40:34 AM



Santa Cruz Local Agency Formation Commission

Date:September 2, 2020To:LAFCO CommissionersFrom:Joe Serrano, Executive OfficerSubject:Press Articles during the Month of August

SUMMARY OF RECOMMENDATION

LAFCO staff monitors local newspapers, publications, and other media outlets for any news affecting local agencies or LAFCOs around the state. Articles are presented to the Commission on a periodic basis. This agenda item is for informational purposes only and does not require any action. Therefore, it is recommended that the Commission receive and file the Executive Officer's report.

EXECUTIVE OFFICER'S REPORT

The following is a summary of recent press articles. Full articles are attached.

- <u>"Aptos La Selva Fire Chief To Depart"</u>: The article, dated August 3, announces that August 13 will be the last day for Fire Chief Aaron Lowe. Chief Lowe was instrumental in the ongoing consolidation efforts between Aptos/La Selva and Central Fire. Don Jarvis has been named the Interim Fire Chief.
- <u>"San Lorenzo Valley Water District Appoints Two Public Members to Its Budget</u> <u>& Finance Committee"</u>: The article, dated August 12, indicates that two members of the public have been selected to be part of the Water District's Budget & Finance Committee. This is an opportunity for constituents to participate in the District's budgetary process.
- 3. <u>"Public Law Newsletter Summer 2020 Edition":</u> LAFCO staff receives periodic newsletters from Colantuono, Highsmith & Whatley PC, a law firm familiar with LAFCO and the Cortese-Knox-Hertzberg Act. This edition focuses on a number of interesting topics including revenue case law and limitation of local control over cell towers.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachments:

- 1. "Aptos La Selva Fire Chief Lowe To Depart"
- 2. "San Lorenzo VWD Appoints Two Public Members to Its Budget & Finance Committee"
- 3. "Public Law Newsletter Summer 2020 Edition"

Aptos La Selva Fire Chief Lowe To Depart – Times Publishing Group, Inc.

by Michael Oppenheimer

By Jondi Gumz

Aptos La Selva Fire Chief Aaron Lowe, who has been helping guide the consolidation with the Central Fire Protection District, is departing after 28 months for Carson City, Nevada, where he will be deputy fire chief.



His last day here will be Aug. 13 when the fire board may announce an

interim chief.

"It's hard to leave," Lowe said. "I can't say enough good things about Aptos."

He thanked Karen and John Hibble of the Aptos Chamber of Commerce for their support.

Lowe, 52, is leaving before his three-year contract expires due to personal reasons. He declined to elaborate but he said he loves backpacking, fly-fishing and snowboarding.



Aaron Lowe

He came to the Aptos La Selva Fire Protection District in April 2018 during a time of tumult.

The prior chief, Jon Jones, got a vote of no confidence by Firefighters Local 3535. Firefighters contended he lacked leadership skills. After that, the board voted not to extend his contract.

In 2019, Aptos La Selva firefighters responded to 1,598 emergency medical calls, 43 structure fires, 32 car fires and 17 wildland fires.

Lowe prioritized operational efficiencies, increasing staffing of community risk reduction and creating an academy to train aspiring captains.

Under Lowe's leadership, the two fire agencies have been working collaboratively under agreements for mid-management, administrative services, training, community risk reduction and logistics.

Best Record

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Last month, the Santa Cruz County grand jury investigated whether fire agencies had conducted mandated safety inspections of apartments, hotels, schools and preschools and found that Aptos La Selva and Central, operating as one agency, had the best track record in terms of citations and re-inspections to fix problems.

Lowe said consolidation is "fiscally sound and operationally sound" and "the right thing to do, but you have to have the right people — we have the right people."

Firefighters are passionate about how it should be done, he added, explaining that the process requires collaboration to find compromises.

Last year, the two fire district aligned budgets, conducted briefing meetings for all employees and worked with the labor groups on issues such as seniority, vacation and station assignments.

Not all the tasks were completed by the July 1 target date, but the work is ongoing.

"That was a target date to strive for," said Aptos La Selva board president George Lucchesi. "[We] still have some unfinished business to complete for LAFCO (Local Agency Formation Commission)."

The Aug. 5 LAFCO hearing has been postponed until that business is complete.

Be Patient

Lowe said one task on the list is working through the differences in CalPERS retirement packages, which he said is "lengthy but not insurmountable."



Another is working with labor groups, reviewing

differences in their contracts and finding common ground.

"We need to collaborate and trust the process," Lowe said. "The key is to be patient."

The merger is not a new issue; the idea goes back 20 years.

This time, the focus is on getting it right.

Quoting one of his fire captains, Lowe said, "It's not the velocity, it's the trajectory."

The more efficient the operation is, the more ability to be proactive in terms of reducing the risk of a wildfire — which Lowe is all too familiar with, having spent his career in Chico and seeing the devastating fire that leveled Paradise.

That work will continue under Deputy Fire Marshal Marco Mack and the local FireWise organization.

"I am very sorry to see Chief Lowe leave our area," said Aptos resident Becky Steinbruner, who is active in FireWise. "He has done an excellent job of rebuilding the trust from within the Aptos/La Selva Fire Protection District personnel and throughout the community. He always showed great respect for all members of the public and worked diligently to address concerns we raised. He came at a time of great turmoil, but successfully and skillfully brought things around to be whole again. I will miss his kindness, great sense of humor, and his deep sense of integrity. I wish him all the best."

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For information about the Aptos La Selva Fire Protection District, see <u>https://tinyurl.com</u>/<u>aptosfire-report</u>

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San Lorenzo Valley Water District Appoints Two Public Members to Its Budget & Finance Committee

The San Lorenzo Valley Water District has appointed two members of the public to its Budget & Finance standing committee.

FOR IMMEDIATE RELEASE / PRURGENT

Boulder Creek, CA, August 12, 2020 — The San Lorenzo Valley Water District has appointed two members of the public to its Budget & Finance standing committee.

Boulder Creek residents Rivka Lund and Stephanie Winegarden were appointed to the committee by the Board of Directors at its Aug. 6, 2020, meeting.

Committee member Steve Architzel resigned as a public member of the committee on June 25, 2020, and the District advertised the opening from July 13-20. The Budget and Finance Committee is responsible for the review of District finances, including rates, fees, charges, and other sources of revenue; budget and reserves; audits; insurance; and other financial matters.

Rivka is currently the Program Manager for Devices & Services, Business Intelligence and Automation for Google, LLC, and has experience in budget building/tracking. She is a graduate of UC Santa Barbara with a bachelor's degree in business economics. She was previously head of Finance & Administration at Noon Home, Inc.

Winegarden, who has lived in Boulder Creek for 14 years, has a background in banking, including eight years as Vice President of Operations at Santa Cruz Community Credit Union. She has also worked with Wells Fargo Bank In Santa Cruz, LaSalle Bank and National City Bank, both in Grand Rapids, Michigan. She has a degree in business management from Davenport University in Grand Rapids.

The Budget and Finance Committee Meeting meets the first Tuesday of the Month. Join September's meeting on Tuesday, 9/1. Agendas are published the week prior to the meeting. View the District's calendar for all meeting dates & details here.

For more information, call (831) 338-2153, or go to www.slvwd.com.

About the District

The San Lorenzo Valley Water District was established in 1941 as an independent special district. The District is governed by a five-member Board of Directors, elected at-large from within the District's service area. A special district is a local government agency formed by voters to perform a needed service, such as water or sewer. The District's boundaries comprise approximately 60 square miles and 190 miles of pipeline. The District currently provides service to approximately 7,900 residential, commercial, and institutional connections. The District relies on both surface water and groundwater resources, including nine currently active stream diversions, one groundwater spring, and eight active groundwater wells. The District owns, operates, and maintains two water systems from separate water sources. These sources are derived solely from rainfall within the San Lorenzo River watershed.

The District owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates, which serves approximately 56 homes.

Website: slvwd.com Phone: (831) 338-2153 Fax: (831) 338-7986

Emergency Numbers: After-hour emergencies: (831) 338-2153

Address: San Lorenzo Valley Water District 13060 Hwy 9 Boulder Creek, CA 95006

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PASADENA | GRASS VALLEY

COLANTUONO, HIGHSMITH & WHATLEY PC

Newsletter | Summer 2020

Busy Time for Revenue Case Law

By Michael G. Colantuono

We have a spate of important new cases regarding governments' revenue authority.

San Francisco v. All Persons holds that special taxes proposed by initiative, rather than by government officials, can be approved by a simple majority of voters – not 2/3. If the case withstands (or avoids) Supreme Court review, it will be the most significant change in local taxing authority since 2010's Prop. 26.

San Francisco voters approved Measure C in 2018 to raise a business license tax to fund homeless services by a 61% margin and the City sued to test its validity. Business interests opposed and the trial court ruled for the City, citing *California Cannabis Coalition v. City of Upland*, a 2017 Supreme Court decision suggesting many of Prop. 218's rules might not apply to initiatives. The appellate court affirmed, concluding that none of Prop. 13, Prop. 218 or San Francisco's charter were intended to impose the 2/3-approval requirement on initiatives.

Howard Jarvis Taxpayers Association v. Bay Area Toll Authority upheld 2018's Regional Measure 3, authorizing a \$3 hike in Bay Area bridges tolls to fund transportation programs. HJTA argued this was a special tax requiring 2/3-voter approval (it got 55% at the polls) or 2/3legislative approval (it got two-thirds in the Senate, but not the Assembly). The trial court ruled for the government and the Court of Appeal affirmed, concluding the fees were for use of government property and therefore not subject to a cost-of-service limit.

Zolly v. Oakland overturned that City's trial court win in a challenge to solid waste franchise fees. The trial court concluded the plaintiff trash customers lacked standing to sue because they did not directly pay the fees — haulers did. The Court of Appeal cited *Jacks v. City of*

(Continued on page 2)

COLANTUONO HIGHSMITH WHATLEY, PC

We're Blogging!

CHW is now blogging on issues of interest to California local government officials. The California Public Law Report is available here: <u>www.CaliforniaPublicLaw</u> <u>Report.com</u>.

We provide frequent updates on legal and other developments of interest to local government leaders. Readers can visit when they wish, or subscribe to the blog via an RSS (really simple syndication) feed or email notices.

Check it out!

COLANTUONO, HIGHSMITH & WHATLEY F

PASADENA | GRASS VALLEY

More Time for Map Act Disputes

By Gary B. Bell

Land use regulators and developers often interpret land use conditions of approval differently. When must something be done? What, exactly, is required? Who must comply? The answers to these questions affect the agency's regulatory goals and the costs, timeline, and successful project completion for developers. Disagreements are to be expected.

Honchariw v. County of Stanislaus involves a longrunning dispute over a proposed subdivision lacking an adequate water supply. Honchariw applied for a vesting tentative map in 2006, which the County's Planning Commission denied, but which the Board of Supervisors upheld on appeal. Courts had earlier required the Board to reconsider the application and to justify renewed denial by specific findings.

Map approval was subject to 42 conditions, requiring, among other things, that Honchariw establish water service and extend fire hydrants to serve his new houses. A small community services district served the land, but could not provide required fire flows. Honchariw submitted a proposed final map, including plans his civil engineers prepared for the CSD.

The County informed Honchariw his plans violated the conditions of approval because, among other things, the fire hydrants had to work, not just be installed. County staff and Honchariw debated the requirements via email.

Honchariw sued five years after the Board conditionally approved his tentative map but shortly after the email exchange. The County contended his suit challenged conditions of approval and was therefore barred by Government Code section 66499.37, which requires suit "within 90 days after the date of the decision." The Court of Appeal held the "date of the decision" was that of emails establishing the County's "final position" on the conditions.

Disputes regarding conditions of approval are common. Thus, interpretation disputes as to conditions — even years after approval — may commonly trigger a new opportunity to sue. This suggests project approvals which may be litigated require very careful drafting and, likely, legal review. *For more information, contact Gary at*

GBell@chwlaw.us, or (530) 208-5346.

Revenue Law (cont.)

Santa Barbara, a 2017 Supreme Court decision upholding a franchise fee on electric utilities as a fee for use of government property not limited to cost, but only if the fee was reasonably related to the value of the franchise rights. *Zolly* concludes the plaintiffs there adequately alleged a lack of such a relationship and remanded the case for trial.

HJTA v. BATA disagreed with *Zolly*, arguing it erred to apply a cost-of-service standard to a fee for use of government property.

Petitions for review by the Supreme Court are pending in *Zolly* and likely in the other two cases. We'll have action on those petitions by late summer. A productive time for local finance law!

For more information, contact Michael at <u>MColantuono@chwlaw.us</u>, or (530) 432-7357.

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FCC Limits Local Control of Cell Towers

By Matthew T. Summers

In June, the Federal Communications Commission adopted, on a divided vote, a new Declaratory Ruling and Notice of Proposed Rulemaking that expands wireless carriers' rights to install cell towers and other wireless facilities. It adopted this ruling to "facilitate the deployment of 5G networks" by expanding federal preemption of local controls.

The ruling stems from wireless industry petitions to narrow the test whether a proposed modification of an existing wireless facility is a "substantial change" triggering broader local authority.

Section 6409 of the Spectrum Act of 2012 imposes a "shot clock" which sets a deadline for city or county action on an application to modify a facility. This ruling starts the clock when an applicant takes the first objectively verifiable step required to submit an application and documents the application is subject to Section 6409 (i.e., proposes to modify an existing facility). This may be earlier than a formal application. Cities may wish to evaluate their application processes to eliminate steps that might start the clock prematurely, such as a required staff meeting or design review. Section 6409 allows no more than four new equipment cabinets for a modification proposal. The ruling narrows "equipment cabinets," to exclude smaller electronic components and allows four for each request. This allows successive expansions of a wireless facility, four cabinets at a time, without apparent limit. Section 6409 does not protect an application that defeats existing concealment elements (e.g., "mono-palms" or "mono-pines"). The ruling limits "concealment element" to features that make a wireless facility look like something else, not building details (such as parapets or steeples). Last, the ruling proposes a new federal regulation, which

if approved after notice and comment, will limit a protected application to the boundaries of a wireless site as it exists upon an application — validating previous, unpermitted expansions.

The ruling continues FCC preemption of local land use control. Litigation is likely. In the meantime, local governments may wish to evaluate their ordinances to maintain what local control remains.

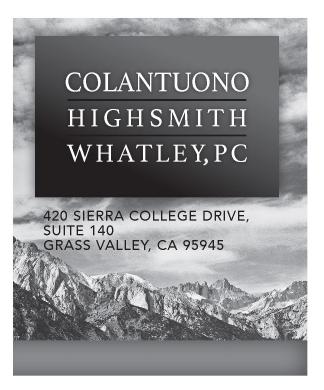
For more information, contact Matt at <u>MSummers@chwlaw.us</u>, or (213) 542-5719.

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