



**LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY**

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

REGULAR MEETING AGENDA

**Wednesday, November 4, 2020
9:00 a.m.**

Attend Meeting by Internet: <https://us02web.zoom.us/j/86066365658?pwd=ZWVhXaiFTcUZ6TlpQd0pTdE9lQlhud309>
(Webinar ID: 860 6636 5658)

Attend Meeting by Conference Call: **Dial 1-669-900-6833 or 1-253-215-8782**
(Passcode is 510041)

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) Commission Quorum: 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) Public Comments: 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) Accommodations for Persons with Disabilities: 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 October 7th 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.

Page 14

a. "Central & Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)

The Commission will consider the consolidation of two independent special districts under Government Code Section 56853(a) and the Cortese-Knox-Hertzberg Act.

Recommended Action: Adopt the draft resolution (No. 2020-30) approving the consolidation of Central and Aptos/La Selva Fire Protection Districts.

b. Service and Sphere Review for the San Lorenzo Valley Water District

Page 321

The Commission will consider the adoption of a service and sphere of influence review for the San Lorenzo Valley Water District.

Recommended Actions:

- 1) 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 the 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. 2020-31) approving the 2020 Service and Sphere of Influence Review for the San Lorenzo Valley Water District.

- c. **Proposed Policy Updates** Page 687
The Commission will consider the proposed modifications to LAFCO's Sphere of Influence and Water Policies.

Recommended Action: Adopt the draft resolutions (No. 2020-32 and 2020-33) 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. **CALAFCO Election Results** Page 758
The Commission will receive an update on the recent CALAFCO elections.

Recommended Action: No action required; Informational item only.

- b. **Comprehensive Quarterly Report – First Quarter (FY 2020-21)** Page 761
The Commission will receive an update on active proposals, the Commission's work program and adopted budget, recent and upcoming meetings, and other staff activities.

Recommended Action: No action required; Informational item only.

- c. **Work Program Review** Page 766
The Commission will review the scheduled 2021 service reviews outlined in the adopted multi-year work program.

Recommended Action: Approve the scheduled service and sphere reviews.

- d. **LAFCO Meeting Schedule** Page 769
The Commission will consider the adoption of next year's meeting schedule.

Recommended Action: Adopt the 2021 LAFCO Meeting Schedule.

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 October** Page 771
The Commission will receive an update on recent LAFCO-related news occurring around the county and throughout California.

Recommended Action: 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 agenda 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, January 6, 2021 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: www.fppc.ca.gov. 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 www.santacruzlafco.org. 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.



PROCEEDINGS OF THE
LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

**Agenda
Item
No. 3**

Wednesday, October 7, 2020
9:00 a.m.

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

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The October 7, 2020 Santa Cruz LAFCO meeting is called to order by declaration of Chairperson Roger Anderson.

ROLL CALL

Present and Voting:	Commissioners Jim Anderson, Cummings, Estrada, Friend, Lather, Leopold, and Chairperson Roger Anderson
Absent:	None
Alternates Present:	Banks, Brooks
Alternates Absent:	Coonerty, Hunt
Staff:	Joe A. Serrano, Executive Officer Daniel H. Zazueta, LAFCO Counsel Debra Means, Commission Clerk

For the record, there is a quorum.

EXECUTIVE OFFICER'S MESSAGE

Mr. Serrano reminds Commissioners that they have complete control over their webcams and microphones. The public's webcams and microphones have been disabled but they have the ability to view and hear the meeting. They will have an opportunity to address the Commission on any agenda item by either sending an email to the Commission Clerk which she will read on their behalf or they can raise their hand on Zoom. For those joining this meeting via conference call, they can raise their hand by pressing *9.

Any Commission action will have a roll call vote administered by the Commission Clerk.

MINUTES

MOTION

Motion: Leopold Second: Friend	To approve September 2 nd minutes. Motion carries with a unanimous voice vote.
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PUBLIC HEARINGS

NAVARRA DRIVE / BELLFLOWER WAY EXTRATERRITORIAL SERVICE AGREEMENT

Mr. Serrano reports that this application was submitted by a landowner for sewer service from the City of Scotts Valley. It involves a single parcel that is just under one acre, immediately adjacent to City limits, and within Scotts Valley's sphere of influence.

Typically, LAFCO encourages annexation when a municipal service is requested. In unique circumstances, connections without annexation may occur under Government Code Section 56133. This can be initiated by the affected agency or when a health and safety issue occurs in which the affected resident(s) can submit the request.

This application addresses a health and safety issue which is the failure of a septic system. State law allows the City to provide services outside its jurisdictional and sphere boundaries when there is a health risk to the landowner or the surrounding residents. The City evaluated the area and concluded that the system failure will impact the residents and the environment.

This Commission has also adopted a policy that requires further analysis to determine whether annexation is practical. The annexation process takes about four to eight months depending on the complexity of the application. This health issue needs immediate action, and the City supports this connection and has the capacity to provide the service.

Commissioner Lather asks where the existing public sewer is located.

Mr. Serrano answers that there is a sewer line immediately adjacent to the property. The City supports this proposal because there is a sewer line nearby.

Commissioner Jim Anderson thinks that LAFCO has processed several similar proposals in the same area. He wonders if it would be prudent for the City of Scotts Valley to consider annexation.

Mr. Serrano supports annexations rather than out of area service agreements, but these are case by case situations. During the next round of service reviews, he plans to identify the locations of all extraterritorial service agreements and raise the question to the City of Scotts Valley.

Commissioner Jim Anderson remembers that a septic system has to fail before property owners can request a sewer connection from Scotts Valley. It seems to add another layer of expense and time to an inevitable outcome.

Mr. Serrano adds that a community could oppose annexation, or the City may not be capable to provide the service due to financial restraints. If there are a number of extraterritorial service agreements, annexation could be appropriate.

Becky Steinbruner, an Aptos resident, wonders when the system failed and why the property owner does not repair the system. She asks if the leach field is not able to be expanded due to soil issues or if this is a cost saving. She thinks annexing the entire area affected might be worthwhile.

Mr. Serrano says that when septic systems fail, the landowner has the opportunity to fix or replace the septic system or to connect to a nearby sewer agency. This would help minimize any type of contamination to the environment. LAFCO encourages annexations or connections to public agencies and discontinuing failing septic systems.

Ken Winters, the applicant, says the system is over 50 years old. When his residence was built, it was concluded that septic was not feasible on the property. He has a legal easement that pipes his septic over a neighboring property down to another legal easement at another property where the leach field exists. His septic system spans three properties. The existing leach field fails in the winter due to seasonal rains. He went to the County with the hopes of repairing the leach field on the neighboring property that they have title to own and operate and the County said they were not allowed to.

The placement of this leach field 50 years ago was done with poor consideration. The leach field is at the base of a very steep 80-foot slope. All of the runoff from the neighboring properties inundates the leach field and fills it up every rainy season. Over the years, it ultimately failed. He had no choice but to look to the City sewer connection. There is a will serve letter on file. It is extremely expensive to connect to sewer. It probably triple what it would have cost to put in a brand new system and it would have to be paid for by the landowner.

Commissioner Jim Anderson adds that it has not been a failure of the system for some of the past annexations in that area, it is the effluent generated by the leach field which does not permeate into the ground like normal. It runs down sandstone and surfaces on other people's property downhill. It is a common problem in that area.

Commissioner Lather thinks there is a law to connect to sewer if a property owner has a failed septic and they are within 300 feet of a sewer line.

Chairperson Roger Anderson asks if the other two parcels the easement runs over is occupied and will they have to replace their own lines as well.

Mr. Winters replies that one parcel is an acre lot, but half of the acre is an unbuildable hillside. That parcel has a single family home on it but part of the parcel where the pipe runs over and down the hillside will never be buildable. The home that exists is on a level building pad. The other parcel which is off Old Coach Road is unique where it has been seen as unbuildable but the owner sold off the top easement which is under consideration for developing an expensive home. The current neighbors are concerned how it will fit on the lower parcel. The County told him to get his septic off that parcel so that the new development could get its own septic.

Chairperson Roger Anderson asks if the neighbor is asking for extraterritorial service so it would be a separate application to LAFCO.

Mr. Winters says there are three other property owners who want to join, but they cannot because their septic systems have not failed. Assuming approval, he will be running a \$100,000 pipe to connect to sewer, and he will bear that cost alone. If the neighboring properties were able to join, the cost per property owner would be significantly cut by a third or fourth. Environmentally, several septic systems would be discontinued. It is disappointing that property owners cannot do what is right for the environment and financially wise.

Commissioner Lather says she has more information about the possibility of getting repaid in the future if someone connects.

Mr. Serrano adds that Mr. Winters can provide the inquiry to him and he will forward it to Commissioner Lather.

MOTION AND ACTION

Motion: Leopold Second: Lather	To adopt the draft Resolution No. 2020-26 approving the extraterritorial service agreement involving the City of Scotts Valley. Motion passes with a unanimous voice vote.
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SERVICE AND SPHERE REVIEW FOR THE RESOURCE CONSERVATION DISTRICT

Mr. Serrano reports that the Resource Conservation District (RCD) was formed in 1977 to help people protect, conserve and restore natural resources. RCD has integrated a countywide network offering different types of services and programs ranging from permit assistance to financial support, and from road improvements to watershed restoration.

RCD provides an array of services which is made possible through several collaborations with local, state and federal agencies. The District has over 60 strategic partnerships that helps them provide these services throughout Santa Cruz County.

One of the services offered involves fire, particularly fire prevention and recovery. Many county residents have been affected by recent fires. RCD has been available to provide assistance. For example, RCD staff surveyed an area in Bonny Doon to explain to residents how the surrounding vegetation may affect the existing homes now that recent fires have gone through.

The District has an ended in a financial deficit since 2014. The primary source of revenue is not from property taxes or service charges like a typical special district but from grants. It is operating similar to a non-profit organization with a goal of helping communities and the environment. Their staff is already implementing changes to address their finances.

He thinks RCD has the best special district website that he has reviewed this year. It is user friendly, easy to navigate and has very useful information.

RCD's sphere of influence is countywide. He is not recommending any changes however the District should consider annexing the remaining three cities in the foreseeable future. Capitola is the only city currently within the service area. RCD provides services within the other three cities through their strategic partnerships. Annexation would simply reflect that collaboration already in place.

Commissioner Jim Anderson asks if a future annexation of the three cities enhance their finances.

Mr. Serrano answers that if any or all of the cities are annexed, their revenue source from property taxes is less than 1% of their entire budget. They rely heavily on state and federal grants. It may help them financially, but it will not increase their revenue stream dramatically.

Commissioner Jim Anderson thinks it may be revenue positive if they are still working in those three cities.

Commissioner Lather thinks they are a great agency. She worked with them a lot when she worked for the County Public Works Department. They convinced her to do several sewer projects to help clean the environment such as getting rid of a sewer system in Aptos Creek that was exposed.

Clerk Means adds that RCD has educated and assisted her family's property over the years. Most recently, her family's property in Boulder Creek was devastated by the recent fire and RCD had representatives come out to their neighborhood to discuss potential future flooding and erosion issues as a result of the fire.

Commissioner Estrada asks what a game changer would be for RCD financially.

Mr. Serrano replies that they are trying to find a way to have their revenue sources offset their expenses. For example, one of the reasons they saw spikes in their special district expenses is because they have been working on capital improvement projects and construction. Their staff is looking to find how they could align their revenue source with current and future expenses so they can be financially sound at the end of each fiscal year. More prudent budgetary management would be a game changer.

Commissioner Estrada wonders about forming a Joint Powers Agreement (JPA).

Mr. Serrano says he identified that as a governance option because there are some surrounding Resource Conservation Districts (RCDs) which could help maximize efficiencies. Just because they are one public entity does not restrict them from going beyond collaborative efforts within the County. They could take advantage of this by having a JPA or other form of regional purview. There are additional options that can help them improve their goal of helping the community and the environment such as a JPA or boundary changes, such as annexation.

Chairperson Roger Anderson wonders about the large increase in the 2019-20 expenditures and revenues. He suspects a large grant became available for a project. Whenever there is an organization funded by a grant, there is the possibility of indirect costs. He notices their special district expense has increased substantially in the last few years.

Mr. Serrano says the special district expense involved construction, permits, project materials, signage, and soil testing. They were working on project construction activities over that time.

John Ricker has been on the RCD board for many years. He has dealt with the finances over that time. Their finances have been similar from year to year. He thinks close to 80% of their funding comes from grants most of the time. They receive a limited amount of funding from property tax. The County has provided some funding through their special district augmentation fund. Those sources have been pretty static over the years. The RCD has been able to leverage the local funding by bringing in substantial grants.

The special district expenditure may be more of a function of how they are showing it in different budget categories. Their overall budget has been pretty similar for at least the last five years. Their budget does fluctuate depending on the timing of the grants and the construction projects.

Long term funding is a statewide issue for RCDs. They have been working with their State organization and the State Department of Conservation to carve out long term dependable funding sources for RCDs since they provide similar types of services throughout the State and they are valued by many of their partners.

Many of these grants put a limit on indirect costs and they are not able to recover the full cost of providing some of these services. That is why their fund balance has been currently declining. They have worked with auditors to complete a cost analysis so they can justify charging a higher level of administrative cost with some of these grants which is allowed if they have gone through the full accounting process. Some of the grants still have a cap on them and they are not able to fully recover their grants' administrative costs.

They are considering charging fees for some of their services instead of being free. If there is substantial benefit to the property owner, they may be willing to help pay for it. When working with

the cities and some of the other partners, they do provide significant services to the city in terms of watershed protection for their water supply areas. They are exploring options of entering agreements with the cities where they could help fund some of these ongoing efforts that directly benefit their population or water supplies.

They recently completed their strategic plan update addressing the financing issue.

Ms. Steinbruner thanks staff for the good report. RCD is one of her favorite organizations. She was on the Fire Safe Santa Cruz Council board and they have been keeping the good effort going. Because of RCD, rural neighborhoods like her own is able to get free chipping service so they can keep their fire defensible space.

RCD has done an enormous amount of work during the recent fires. She hopes their services can remain free.

MOTION AND ACTION

Motion: J. Anderson Second: Leopold	To approve staff's recommendation to approve the Resource Conservation District's service and sphere review, Motion carries with a unanimous voice vote.
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PROPOSED POLICY UPDATES

Mr. Serrano reports there are only four policies remaining that need to be reviewed. The final two policies will be presented at LAFCO's November meeting. In January, staff will combine all the policies into one Policies and Procedures Handbook which will make it easier for the Commission to review all of the policies at once to ensure they are updated in a timely fashion.

The Special Districts Governance Policy was adopted back in 1994 and has not been updated since. The purpose of this policy is to clarify the laws regarding a district's authority and power. The adoption of this policy was important because prior to 2000, these laws were found in three different acts. After 2000, those three acts were merged into one which is known as the Cortese-Knox-Hertzberg Act. As a result, all the code sections within the policy are no longer in existence.

Staff revamped the entire policy. It still clarifies a district's authority and power but goes a step further by defining the districts' governance outlined in their principal acts. It also discusses board composition and the election process. All this information is available in a comprehensive table within the policy.

The City Incorporation Policy was adopted back in 1989 and it has not been updated since. This policy identifies the necessary steps to form a new city. Staff is not recommending any substantial changes other than implementing the new standard format.

He believes this policy is necessary, but he does not think there will be any successful incorporation in Santa Cruz County or the State in a long time. It is very expensive to become a city and vehicle license fee funds are no longer available for proposing new cities. That revenue source was a key component in past incorporations. The last incorporation attempt in this County occurred in 1988 involving Aptos.

Commissioner Leopold says during his time on the CALAFCO Board, he knows how difficult it was to get the Vehicle License Fees for the most recently incorporated cities. Before the recession, it was a major issue for those cities to stay in existence.

Ms. Steinbruner thinks the policy updates are important. She asks if there is wording about the impacts that a special district could endure. She wonders what happens if impacts caused by a special district affect neighboring areas and what recourse those areas not within the district could take. She wonders about the impacts of the Soquel Creek Water District's proposed Pure Water Soquel Project where they want to inject treated sewage water into the aquifer that other neighboring water agencies and private well owners depend on but have no say in what would happen.

Mr. Serrano replies that there is no specific language in this policy regarding a district's actions or projects that affect the community. The goal of this policy was to clarify a district's governance, their authority, how they are governed, and how they all relate to LAFCO's purview of special districts in this County.

The specifics of what the recourse would be is not covered in this policy. Such evaluation would occur if an application was submitted to LAFCO, at which point staff would be able to answer that question. This policy focuses on the code sections within LAFCO law.

MOTION AND ACTION

Motion: Leopold Second: J. Anderson	To adopt draft Resolutions No. 2020-28 and 2020-29 approving the proposed amendments to the Special Districts Governance and City Incorporation Policies.
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OTHER BUSINESS

RECRUITMENT PROCESS – EMPLOYMENT CONTRACT

Mr. Serrano reports that staff continues to move forward with the recruitment of a new Commission Clerk. They are now in the hiring phase. Staff developed a contract which was reviewed by LAFCO Counsel as well as the candidate, Chris Carpenter. If approved, this contract may be used as a template for any future employment.

The Commission earmarked about \$15,000 for an overlap between the two Commission Clerks during the transition phase. Based upon the current budget and Mr. Carpenter's starting salary, he may be able to start working with LAFCO in mid-December without surpassing the earmarked amount.

MOTION AND ACTION

Motion: Leopold Second: Cummings	To approve the draft Contractual Agreement between LAFCO and the new Commission Clerk, outlining the starting salary, benefits and starting date, as recommended by staff. Motion carries with a unanimous voice vote.
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WRITTEN CORRESPONDENCE

Mr. Serrano reports that a letter was sent by LAFCO staff to the two fire districts regarding Assembly Bill 1140 which was approved and signed by the Governor last month. The letter was to inform the districts and their union representatives that the bill passed and will go into effect January 1st, 2021.

This bill allows the existing benefit and pension plans to be transferred over and live under the successor agency. The employees of both districts will not see any change to their pension under CalPERS.

Supervisors Leopold and Friend conducted a virtual town hall meeting last week to discuss the fire consolidation with the community. Representatives from both fire districts attended. They discussed the purpose and benefits of the consolidation and that it will be presented to the Commission in November.

One of the remaining documents needed to deem the project complete was a Plan for Service. The document outlines what will transpire under this consolidation and how will the services be provided once the successor agency is formed. This document was received by LAFCO last week. After reviewing this and the application, he deemed this project ready for Commission consideration. He signed a Certificate of Filing which legally allows him to put this item on the next Commission meeting's agenda which will be November 4th.

He thanks Supervisors Leopold and Friend for hosting that town hall meeting which had over 70 people in attendance. It is good to know the residents have an opportunity to discuss this item before it comes to LAFCO.

Commissioner Leopold thanks Mr. Serrano for participating in that town hall meeting. He also thanks the fire chiefs for encouraging them to have a meeting. The meeting was posted on YouTube and available on the Districts' websites. It is a good way for the community to learn about this fire consolidation.

Commissioner Friend says he learned a lot from some of the questions asked at the meeting. He appreciated Mr. Serrano's willingness to ensure that his report addresses some of the questions raised. There were questions about levels of service, where the savings would be realized, whether stations would continue to stay open or be closed, and the governance model. This level of engagement was a good sign that people are satisfied currently with the level of service, and they just want to know why a consolidation would make it better. It is good to have a consolidation proposed not because there is an issue but because it can enhance the situation. He thinks people are happy with both Central and Aptos / La Selva FPDs. Both fire chiefs did a good job helping to explain why this is a good move.

Chief John Walbridge from Central FPD thanks the Commission and Mr. Serrano. Chief Jarvis mentioned if this was easy, consolidation would have happened already. It has been quite the effort to get this far.

Ms. Steinbruner commends Chief Walbridge for his work and for recommending the town hall meeting. She participated in the September 30th town hall meeting and it was very well attended. She was happy to hear the consolidated district will have board members elected from districts within the consolidated district area.

She thinks seven board members is better than five. Some say more than five members would be unwieldy, but she does not think so. Many governing boards in the area such as the City of Watsonville have seven board members.

She also thinks there should be a transition board while the consolidation is happening. There are five board members that have been appointed in lieu of election. Those people will not be involved if their positions go away when the consolidation is finalized. Of the ten board members, she thinks

seven random names should be chosen to serve as the transition consolidation board. In 2022, when the census is updated, an election could be held.

Mr. Serrano understands that the board composition is based on the fire districts Principle Act. Under State law, the successor agency may have three, five, seven, nine or eleven board members in accordance with Health and Safety Code 13800. This is an item that will be discussed in staff's analysis and it will be addressed in the draft resolution as a condition. Both districts discussed this at a public meeting and adopted resolutions which is not required in the LAFCO process.

To be more transparent, they adopted separate but similar resolutions indicating the board composition for the new successor agency. They wanted to have some equality having representatives from both districts once they are consolidated. Two board members from Aptos / La Selva and three from Central FPD are going to be under the successor agency board until their term limit ends. Then there will be an election. The fire districts have been considering having at-large elections changed to district or zoned-based elections which may be implemented after the consolidation.

PRESS ARTICLES

Ms. Steinbruner says that her legal challenge to the inadequate Environmental Impact Report (EIR) for the Pure Water Soquel project is moving forward in the 6th District Court of Appeal. She has filed her opening brief. She finds it concerning that the EIR did not address the issue of impacts to future growth. Water has been an inhibiting factor to development in the Mid-County area. She has challenged it with the Coastal Commission who approved a consolidated use permit for the project in March. She thinks it is imperative that better environmental analysis be done for this project. If this project goes forward, it will affect neighboring water agencies and private well owners. The Live Oak community was left out of the CEQA process for the placement of a treatment plant in their community, and not within the Soquel Creek Water District.

ADJOURNMENT

The next LAFCO meeting is scheduled for 9:00 a.m. Wednesday, November 4, 2020.

CHAIRPERSON ROGER W. ANDERSON

Attest:

Joe A. Serrano, Executive Officer



Santa Cruz Local Agency Formation Commission

Date: November 4, 2020
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **“Central & Aptos/La Selva Fire Consolidation” (Project No. DC 20-02)**

SUMMARY OF RECOMMENDATION

A consolidation is being proposed by Central and Aptos/La Selva Fire Protection Districts following the adoption of two substantially similar resolutions. The proposal area involves the existing jurisdictional boundaries of both fire districts, which encompasses an estimated 25,000 acres, over 30,000 parcels, and approximately 90,000 residents. The purpose of the application is to facilitate the efficient delivery of fire protection to the communities within the affected territory. If approved, the consolidation will preserve the current levels of service, maintain local demand expectations, and continue the existing funding sources.

Staff is recommending that the Commission adopt the draft resolution (No. 2020-30) approving the consolidation of Central and Aptos/La Selva Fire Protection Districts.

EXECUTIVE OFFICER’S REPORT:

The State Legislature gave LAFCOs broad authority when it comes to considering boundary changes for cities and special districts. LAFCO powers are delineated in the Cortese-Knox-Hertzberg Act. Under this Act, the Commission can deny or approve, with or without conditions, a wide range of boundary changes to local governments, including annexations, dissolutions, detachments, formations, consolidations, and mergers. Consolidation is the type of action that the Aptos/La Selva and Central Fire Protection Districts (FPDs) have requested for Commission consideration. The Commission has also adopted a policy to implement the State law in the manner that best encourages orderly growth based upon local conditions within Santa Cruz County (refer to **Attachment 1**).

Consolidation Overview

Pursuant to Government Code Section 57500, on and after the effective date of a consolidation, the newly-consolidated district succeeds to all of the powers, rights, duties, obligations, functions, and properties of all predecessor districts which have been united or joined into the consolidated district. The territory of a consolidated district, all inhabitants within that territory, and all persons entitled to vote by reason of residing or owning land within the territory are subject to the jurisdiction of the consolidated district and have the same rights and duties as if the consolidated district had been originally formed under the principal act. In other words, a consolidation is legally two actions rolled into one: the dissolution of two or more special districts, and the subsequent formation of a new, single district that encompasses the entirety of the service areas of the dissolved agencies. This is an important characteristic to note because of what it means legally to the impacted districts. Only special districts under the same principal act are eligible for consolidation. This report will analyze the proposed consolidation, provide an overview of the LAFCO process, and include a detailed resolution for consideration. **Table A** summarizes the effects of the proposed consolidation.

Table A – Before & After Consolidation

Type	Current	Proposed	Change
Governance	Two Boards of Directors <u>Aptos/La Selva FPD:</u> 5 Board Members <u>Central FPD:</u> 5 Board Members	One Board of Directors <u>Successor Agency:</u> 5 Board Members	Removal of Overlapping Governance Change from 2 separate boards to 1 comprehensive board.
Level of Service	Separate ISO Ratings <u>Aptos/La Selva FPD:</u> Developed Areas = Class 2 Rural Areas = Class 4 & 8B <u>Central FPD:</u> Developed Areas = Class 2 Rural Areas = Class 10	Comprehensive ISO Ratings <u>Successor Agency:</u> Developed Areas = Class 2 Rural Areas = Class 4 & 8B	No Change to the Level of Service State law requires the same or improved level of service to be delivered to the communities.
Fire Chief	Two Fire Chiefs <u>Aptos/La Selva FPD:</u> Don Jarvis, Interim Fire Chief <u>Central FPD:</u> John Walbridge, Interim Fire Chief	One Fire Chief <u>Successor Agency:</u> John Walbridge, Interim Fire Chief	Removal of Overlapping Position Change from 2 separate fire chiefs to 1 fire chief.
Employees	Two Personnel Departments <u>Aptos/La Selva FPD:</u> 41 Active Employees <u>Central FPD:</u> 62 Active Employees (Plus 15 Paid-Call FFs)	One Personnel Department <u>Successor Agency:</u> 103 Active Employees (Plus 15 Paid Call Firefighters)	No Change in Firefighters or Non-Managerial Staffing All personnel of Aptos/La Selva and Central FPDs will become employees of the successor agency.
Pension Benefits	Existing Pension Plans <u>Aptos/La Selva FPD:</u> Pension Plan under CalPERS <u>Central FPD:</u> Pension Plan under CalPERS	Existing Pension Plans <u>Successor Agency:</u> Current Pension Plans under CalPERS for both Aptos/La Selva and Central FPDs with no change	No Change to Existing Pension Plans Pursuant to Assembly Bill 1140, the existing pension plans under CalPERS will be transferred over to the successor agency.
Fire Stations & Equipment	Two Inventory Lists <u>Aptos/La Selva FPD:</u> 3 fire stations <u>Central FPD:</u> 4 fire stations	One Inventory List <u>Successor Agency:</u> 7 fire stations	No Change to Existing Fire Stations or Equipment All apparatuses, facilities, and buildings will be transferred over to the successor agency.
Assets & Liabilities Revenues & Expenditures	Two Budgets <u>Aptos/La Selva FPD (FY18-19):</u> Total Assets = \$18.7 Million Total Liabilities = \$20.5 Million Fund Balance = \$8.7 Million Total Revenue = \$13.4 Million Total Expense = \$12.1 Million <u>Central FPD (FY18-19):</u> Total Assets = \$34.6 Million Total Liabilities = \$48.5 Million Fund Balance = \$10.7 Million Total Revenue = \$19.2 Million Total Expense = \$16.1 Million	One Budget <u>Successor Agency (FY 21-22):</u> Total Assets = \$53.3 Million Total Liabilities = \$69.0 Million Fund Balance = \$19.4 Million Total Revenue = \$37.4 Million Total Expense = \$36.7 Million <i>*Note – this is an estimated amount</i>	Removal of Overlapping Governance Change from 2 separate budgets to 1 comprehensive budget with potential cost-savings in the near future and going forward. All existing revenue sources will be transferred over to the successor agency. Residents will see no change in existing service costs.

Reason for Request

A consolidation was initiated by Central and Aptos/La Selva FPDs following the adoption of two substantially similar resolutions, as shown in **Attachment 2**. LAFCO received the application, with the adopted resolutions, on December 30, 2019. The affected fire districts did not propose any additional changes to their boundaries other than consolidating both districts into a new, single successor agency. **Figures A and B** depict the current and proposed boundaries. While the application was submitted in December 2019, the idea of consolidation has been explored and analyzed for several years by the two fire districts. In fact, the two affected fire districts are results of past consolidations.

Aptos/La Selva Fire Protection District Consolidation

In 1985, the Boards of Directors for the Aptos Fire Protection District and the La Selva Fire Protection District passed resolutions requesting consolidation to create a single, new district to be known as the “Aptos/La Selva Fire Protection District.” The proposal was analyzed by LAFCO staff and deemed complete once all the required steps were met. The Commission held a public meeting on April 2, 1986 to consider and ultimately approve the proposed consolidation. At present, Aptos/La Selva FPD serves the residents, businesses, and visitors in Aptos, Rio Del Mar, and La Selva Beach. The 27 square mile service area is home to approximately 30,000 residents.

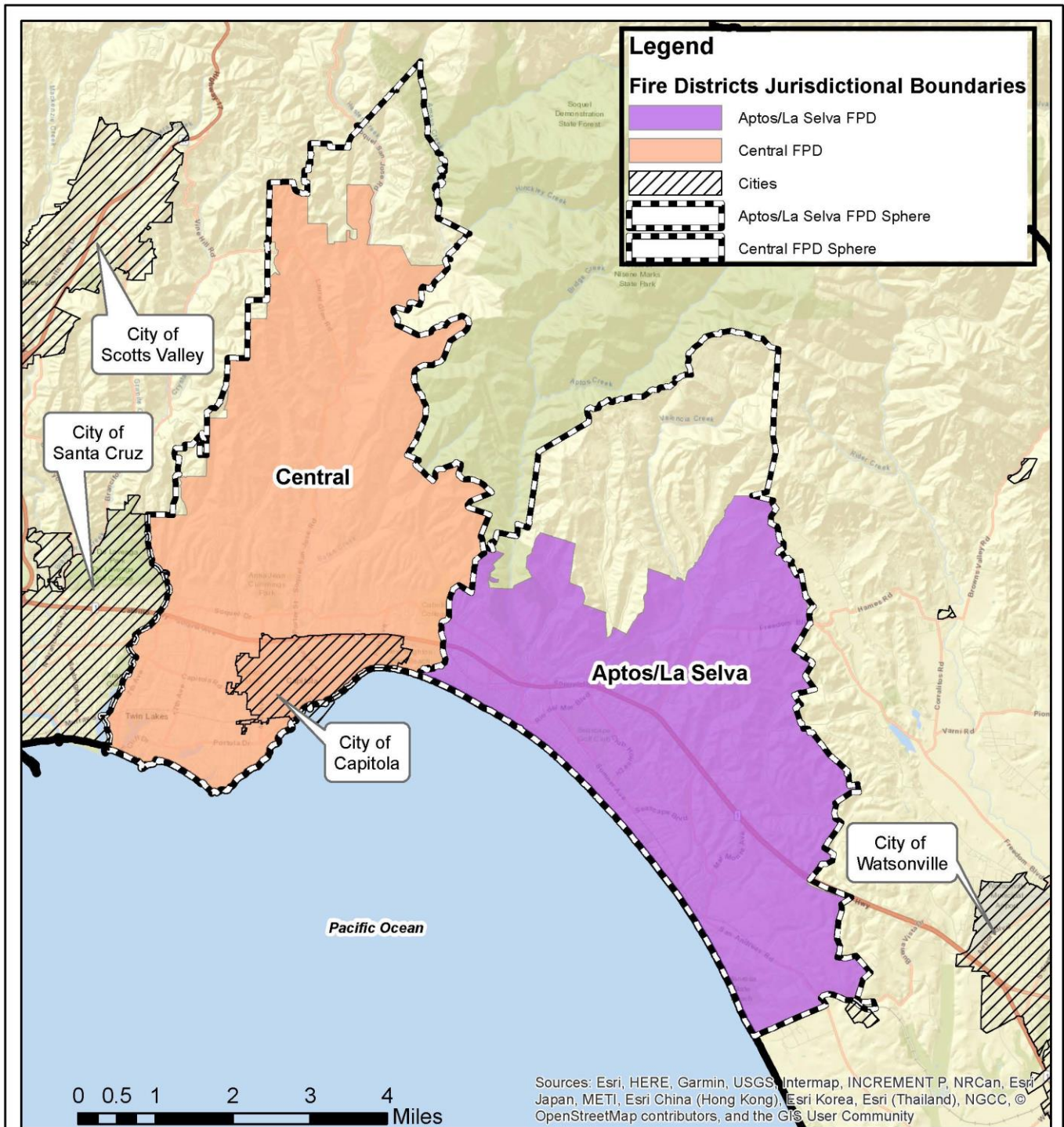
Central Fire Protection District Consolidation

In 1982, the Boards of Directors for the Live Oak Fire Protection District and the Soquel Fire Protection District passed resolutions requesting consolidation to create a single, new district to be known as the “Central Fire Protection District of Santa Cruz County.” A public hearing was held on October 5, 1983 in which the Commission evaluated the application and approved the consolidation. In 1987, a subsequent consolidation also occurred. The Boards of Directors for the Capitola Fire Protection District and Central Fire Protection District passed resolutions requesting consolidation. Following the similar LAFCO process, and after a public hearing was held on May 6, 1987, the Commission approved the consolidation. The new fire district was also named the “Central Fire Protection District of Santa Cruz County.” At present, Central FPD serves 28 square miles and encompasses the City of Capitola and the communities of Live Oak and Soquel. The District’s population is estimated to be around 60,000.

Feasibility Study & Service Review

Since the 1980s, several reports have been compiled looking at how Central and Aptos/La Selva FPDs could work more efficiently together through either a joint powers authority, shared services agreement, or consolidation. In 2017, the Board of Directors from both fire districts opened discussion of these options, and what they would entail. Partnering with LAFCO, a request for proposal was distributed to consultants specializing in this type of evaluation. During the month of July (2017), an ad-hoc committee was established, consisting of representatives from LAFCO and the Districts’ boards, staff, and labor groups. The ad-hoc committee came to consensus in September 2017 selecting Emergency Services Consulting International (ESCI) to spearhead a feasibility study, which also acted as a service review for both fire districts. Over the next 8 months, the consultants worked with all three entities in preparing their report. Interviews were conducted with the management, staff, line personnel, local government officials, and community members of both districts. In August 2018, the report was presented at a town hall meeting at Cabrillo College hosted by the fire districts and LAFCO. The Commission subsequently adopted the report on November 7, 2018. Due to the size of the report, the 2018 Feasibility Study and Service Review is available on LAFCO’s website: https://www.santacruzlafco.org/wp-content/uploads/2018/09/Mid-County-Final_Sept-2018.pdf

Figure A – Current Districts' Boundaries (Before Consolidation)

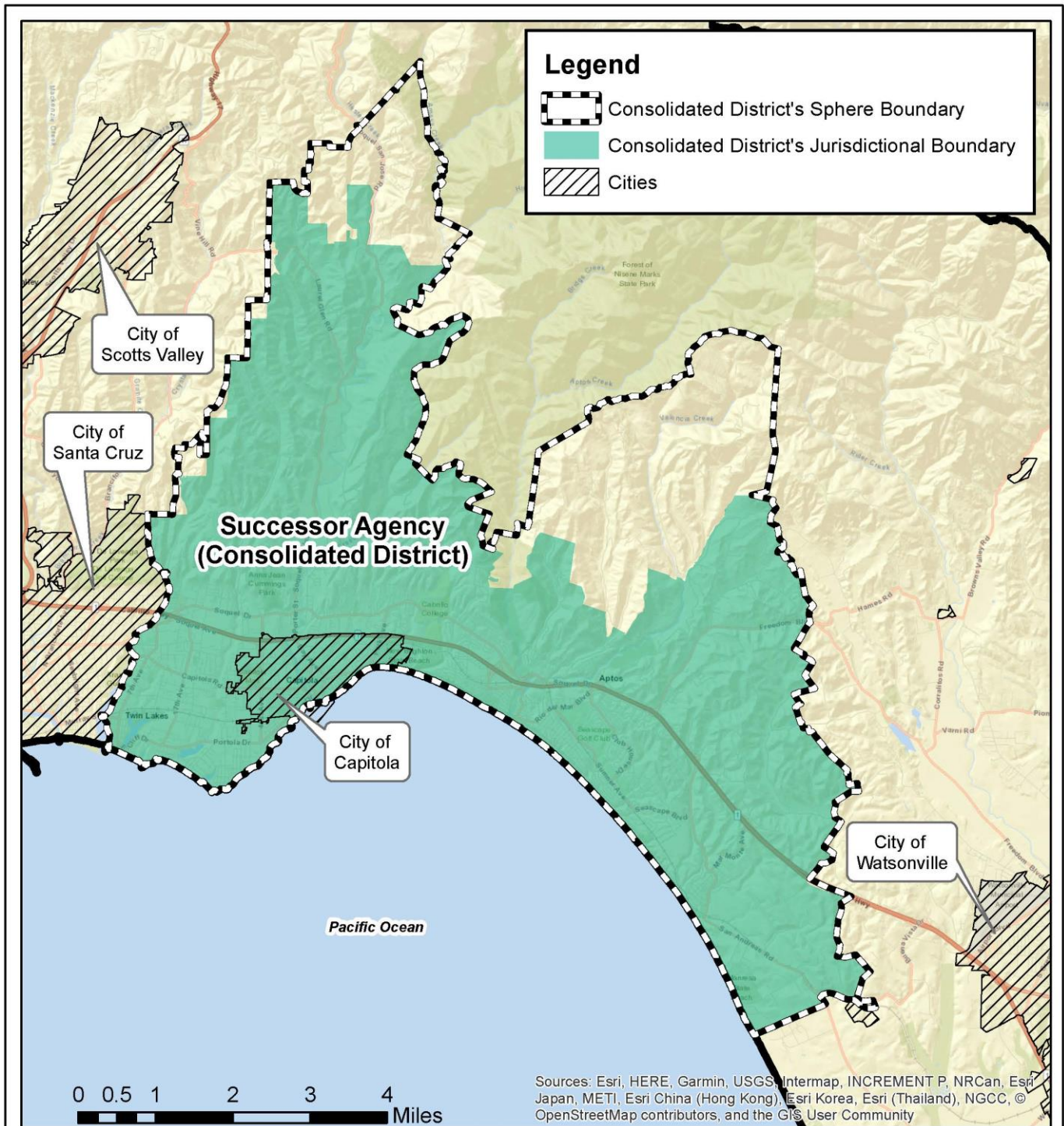


Proposed "Central & Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)



Last sphere reaffirmation for both Aptos/La Selva and Central FPDs occurred on November 7, 2018

Figure B – Proposed District Boundaries (After Consolidation)



Proposed "Central & Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)



Joint Application for Consolidation submitted
on December 30, 2019

Proposed Consolidation and Sphere Designation
considered on November 4, 2020

LAFCO Application

The 2018 Feasibility Study and Service Review identified an array of benefits in joint coordination and offered the necessary information for the two fire districts to further explore the option of consolidation. As a result, the two fire districts began the preliminary steps for consolidation in mid-2019 through various actions during publicly held meetings. An official application was submitted to LAFCO in December 2019. The following section discusses each component within the joint application packet submitted by Central and Aptos/La Selva FPDs.

Initiating Resolutions

State law requires a boundary change, including consolidation, to be initiated by resident petition or by an adopted resolution(s) from the affected agency(ies). Pursuant to Government Code Section 56853(a), if substantially similar resolutions are adopted making proposals for consolidation, the Commission shall approve, or conditionally approve, the proposal. The Board of Directors for Aptos/La Selva and Central Fire Protection Districts adopted similar initiating resolutions on July 16, 2019 and July 23, 2019, respectively (refer to **Attachment 2**).

Board Composition Resolutions

Designation of the governance structure is typically identified in the LAFCO Resolution as a term and condition. Based on the Fire Districts' Principal Act, the successor agency may have 3, 5, 7, 9, or 11 board members in accordance with the Health & Safety Code (§13800 et seq.) While not required by State law, both Aptos/La Selva and Central FPDs adopted resolutions indicating which of their board members will serve under the successor agency's 5-member board following consolidation. Consideration of these resolutions at separate public meetings offered an additional opportunity for community awareness and discussion. As a result, the Board of Directors for Central and Aptos/La Selva Fire Protection Districts adopted similar resolutions regarding the successor agency's board on November 12, 2019 and November 14, 2019, respectively. These resolutions are shown as an exhibit in the LAFCO Resolution (refer to Exhibit C of Attachment 15).

Filing Fee & Indemnification Agreement

Commission Policy requires a fee deposit of \$2,100 for any consolidation request. A deposit was included with the application packet. Following the completion of the LAFCO process, staff will conduct a cost analysis and refund any remaining balance, if available. Commission Policy also requires a signed indemnification agreement in the event that a lawsuit is filed against LAFCO's action. The filing fee and signed indemnification agreement was submitted on December 30, 2019 as part of the application packet (refer to **Attachment 3**).

General Plan/Zoning Designation

The vast majority of the proposal area is within unincorporated county territory and involves the following communities: Aptos, La Selva Beach, Live Oak, Rio Del Mar, and Soquel. The City of Capitola is also within Central Fire Protection District's current service and sphere boundaries. The proposal area encompasses approximately 55 square miles. The consolidation does not change the existing land use designations found in the general plans for Capitola or the County of Santa Cruz.

Other Municipal Services

No other change of organization is required as part of the consolidation. The consolidated area will continue to receive water from the existing service providers, including but not limited to Central Water District, Soquel Creek Water District, and the City of Santa Cruz.

Sphere Designation

Pursuant to Government Code Section 56425, the Commission designates a sphere of influence for cities and special districts. The sphere boundary for Aptos/La Selva and Central FPDs were last updated on November 7, 2018 as part of the 2018 service review. The current sphere of influence of both fire districts will be combined and will represent the sphere of influence boundary for the successor agency (refer to **Figure B**).

Map & Legal Description

Typically, the State Board of Equalization (BOE) requires a map and legal description when a boundary change is approved by the Commission. The metes and bounds help the BOE update the upcoming year's tax rolls. When consolidation occurs, the BOE accepts vicinity maps created by LAFCO. The proposed jurisdictional and sphere boundaries for the successor agency are shown in **Figure B** on page 5. As previously stated, the consolidated area encompasses 55 square miles and includes the communities of Capitola, Live Oak, Soquel, Aptos, Rio Del Mar, and La Selva Beach.

LAFCO Process (Pre-Commission Action)

Once an application is submitted to LAFCO, State law requires several steps to be completed before a proposal is presented to the Commission for consideration. These steps include notifying the applicants whether the application is missing items, informing affected and interested agencies about the consolidation, requesting the consideration of a property tax exchange agreement, recording an environmental document, and conducting LAFCO staff's analysis of the consolidation.

Status Letter

Pursuant to Government Code Section 56658(c), the LAFCO Executive Officer needs to determine within 30 days of receiving an application whether the application is complete and acceptable for filing or whether the application is incomplete. A letter was sent to the two fire districts on January 13, 2020 (see **Attachment 4**). This letter indicated the "status" of the application and outlines which steps were needed before the application could be deemed complete and ready for Commission consideration.

Referral Letter (Agency Comments)

Pursuant to Government Code Section 56658(b)(1), immediately after receiving an application and before issuing a certificate of filing, the LAFCO Executive Officer needs to give mailed notice that the application has been received to each affected local agency, the county committee on school district organization, and each school superintendent whose school district overlies the affected territory. The referral letter, shown as **Attachment 5**, was sent to the interested and affected agencies on January 13, 2020 which included a summary of the proposal and a supporting map. During this time, LAFCO staff also requested additional information from different County Departments regarding existing registered voters, number of parcels, and total land value within the proposal area. Due to the confidential information, such as resident names and addresses, the provided information is not attached to this report. However, the information is available for review at the LAFCO Office. The requested information is discussed below and summarized in **Figure C** on page 9.

County Elections Office – LAFCO staff requested a list of the most recent registered voters within the two fire districts. The Elections Department identified approximately 52,000 registered voters within the proposal area as of July 7, 2020.

County Assessor Office – LAFCO staff requested a list of all the parcels within the two fire districts as well as the assessed value for those parcels. The Assessor's Office

identified approximately 30,000 parcels within the proposal area. The total land value within the proposal area is approximately \$11 billion.

County Auditor-Controller Office – LAFCO staff requested a list of all the tax rate areas (TRAs) within the two fire districts. The Auditor-Controller identified 54 different TRAs with a property tax value of approximately \$75 million, as shown in **Attachment 6**. This information was used to help determine the percentage the two fire districts currently receive from the total property tax value. The current percentage would then be transferred over to the successor agency through a property tax exchange agreement.

County Administrative Office – LAFCO staff requested that a property tax exchange agreement be placed on a future agenda for adoption by the County Board of Supervisors. The County Administrative Office scheduled the proposed tax agreement on March 24, 2020, as discussed in the next segment.

Property Tax Exchange Agreement

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement involving the affected agencies before LAFCO can consider a jurisdictional change. The Board of Supervisors acting as the authorizing body for the two fire districts regarding property tax adjustments adopted a property tax exchange agreement on March 24, 2020. A copy of the adopted resolution is available in **Attachment 7**.

Plan for Service

Pursuant to Government Code Section 56653, the applicants shall submit a plan for providing services within the affected territory. The Plan for Service includes all of the following information and any additional information required by LAFCO: (1) An enumeration and description of the services currently provided or to be extended to the affected territory, (2) The level and range of those services, (3) An indication of when those services can feasibly be extended to the affected territory, if new services are proposed, (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed, and (5) Information with respect to how those services will be financed.

An administrative copy of the Plan for Service was provided to LAFCO on October 1, 2020. While not required by State law, both Aptos/La Selva and Central FPDs adopted the Plan for Service during separate public meetings. Consideration and adoption of the plan offered an additional opportunity for community input and discussion. As a result, the Board of Directors for Aptos/La Selva and Central Fire Protection Districts adopted the Plan for Service on October 8, 2020 and October 13, 2020, respectively. **Attachment 8** provides a copy of the adopted Plan for Service.

Environmental Review

Commission Policy indicates that all matters that are reviewable pursuant to environmental regulations are subject to the applicable provisions of the California Environmental Quality Act (CEQA). LAFCO, as the Lead Agency, recorded a Notice of Exemption pursuant to State CEQA Guidelines Section 15320, Class 20(b): Changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised, including but not limited to consolidation of two or more districts having identical powers. The Notice of Exemption was recorded on October 8, 2020, as shown in **Attachment 9**.

Figure C – Summary of Information Requested from Santa Cruz County

Registered Voters

	Total Number
Aptos/La Selva FPD	18,045
Central FPD	<u>33,991</u>
Registered Voters	52,036

Parcel List

	Total Number
Aptos/La Selva FPD	12,380
Central FPD	<u>17,840</u>
Parcels	13,476

Total Acres

	Total Number
Aptos/La Selva FPD	11,924
Central FPD	<u>13,476</u>
Acres	25,400

Assessed Land Value

	Total Number
Aptos/La Selva FPD	\$4,656,179,388
Central FPD	<u>\$6,115,305,575</u>
Land Value	\$10,771,484,963

Local & Statutory Factors

Pursuant to Government Code Section 56668, several factors are considered when reviewing a proposal. Additionally, the Commission has adopted a policy to implement the State law in the manner that best encourages orderly growth based upon local conditions within Santa Cruz County. These analyzed factors are shown in **Table D** on pages 14-15. In addition to these statutory factors, the following section examines additional local factors identified by LAFCO staff:

Shared Services Agreement

Aptos/La Selva and Central FPDs merged their operations in April 2019. The internal “consolidation” allowed the two fire districts to share space and resources under a shared services agreement adopted by both District Boards. This partnership was an effort to combine services and cut costs at the internal level and viewed as a precursor to consolidation based on its ongoing success.

Population Projection

Official growth projections are typically not available for special districts. 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. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. The average rate of change is expected to be 0.96%. Based on staff’s analysis, the population within the two fire districts is approximately 90,000 and may reach to 94,000 by 2040. The following table shows the anticipated population within the successor agency under this slow growth assumption.

Table B: Population Projection

	2020	2025	2030	2035	2040	Average Rate of Change
Aptos/La Selva FPD	27,268	27,530	27,794	28,061	28,330	0.96%
Central FPD	63,109	63,715	64,327	64,944	65,568	0.96%
Successor Agency (Consolidated District)	90,377	91,245	92,121	93,005	93,898	0.96%

Level of Service

The Commission requires that the successor agency provide the same or better level of service following consolidation. The two fire districts have indicated that operations will remain the same as a result of the consolidation. 9-1-1 calls will continue to be handled by the same firefighters, using the same equipment, responding from the same fire stations. The Districts’ analysis also indicates that operations will improve by maximizing current personnel and eliminating procedural barriers that limit flexibility in deploying scarce resources. Based on LAFCO staff’s analysis, operations will be streamlined with improved management oversight, which may result in a higher level of service in the near future.

Governance

The current management structure for the Fire Districts is a Fire Chief and an elected governing board. Each District currently has an Interim Fire Chief, as well as a publicly elected Board of Directors consisting of five members, who are elected to four-year, staggered terms. Central Fire Chief John Walbridge has been identified as the Interim Fire Chief for the successor agency until a permanent Fire Chief is hired. In accordance with the adopted resolutions by each fire district, the successor agency will be governed by a five (5) member board, initially comprised of current board members: three (3) from Aptos/La Selva Fire Protection District and two (2) from Central Fire Protection District, as shown in the table below. For better representation, and in conformance with the California Voting Rights Act, the newly-consolidated district will transition to a system of elections by district effective with the 2022 general election.

Table C: Successor Agency's Board Composition

Board Member	Current Term of Office	District of Origin
John Lucchesi	First Elected: 2016 Next Election: General 2020	Central FPD
Barry Franchi	First Elected: 2017 Next Election: General 2022	Central FPD
George Lucchesi	First Elected: 2016 Next Election: General 2020	Aptos/La Selva FPD
Orbrad Darbro	First Elected: 2018 Next Election: General 2022	Aptos/La Selva FPD
John Scanlon	First Elected: 2018 Next Election: General 2022	Aptos/La Selva FPD

In-Lieu of Election

It is LAFCO's understanding that the November 2020 election cycle was going to address a number of open seats on both fire district boards. However, the County Elections Department has indicated that the number of candidates equaled the number of seats available. As a result, an election was not required. The appointed board members will be officially seated on December 8 for Central FPD and December 10 for Aptos/La Selva FPD. The new board members should be well aware of the ongoing consolidation effort. It is important to note that these appointments, in-lieu of election, do not affect the successor agency's board composition as outlined by the Districts' adopted resolutions. These resolutions are shown as an exhibit in the LAFCO Resolution (refer to Exhibit C).

Personnel

All personnel of the Aptos/La Selva and Central FPDs will become employees of the successor agency, under the salary schedule and benefits subject to the current contracts for each bargaining group. Current employees will not be adversely impacted by the consolidation process. Commitments made to retirees in terms of post-employment benefits will be honored. Consolidation will eliminate the need for one Fire Chief Position. Additionally, a consolidation of administrative staff would eliminate 1.5 administrative positions. A reduction in these positions would also reduce costs for various benefit programs. Any reduction in the number of positions will be accomplished through attrition or reassignment. No employees of either fire district will be laid off as a result of the consolidation. All labor-related contracts are included as a condition within the LAFCO Resolution (refer to Exhibit D of Attachment 15).

Pension Obligations

One of the most critical components analyzed when considering a consolidation is the transition of pension obligations. Current laws allow public agencies to participate in the California Public Employees' Retirement System (CalPERS) by contract to provide retirement benefits to its employees (Government Code Section 20460). Both fire districts currently have separate contracts with CalPERS with different pension benefits. Since the enactment of the California Public Employees' Pension Reform Act of 2013 (PEPRA), only formations of joint powers authority (JPA) can transfer over the same defined benefit plan or formulate that they received from their respective employer prior to the JPA formation rather than the benefit required under PEPRA.

In order to ensure that the existing employees from both fire districts maintain the same pension plans, Assembly Bill 1140 was introduced by Assemblymember Mark Stone and Senator Bill Monning. After coordination between CalPERS, the two Legislators, the two fire districts, and LAFCO, Governor Gavin Newsom signed AB 1140 in September 2020. **Attachment 10** provides a copy of the legislative language under AB 1140. Enactment of this bill will allow the existing pension obligations for Central and Aptos/La Selva FPDs to be successfully transferred over to the newly-consolidated district without any changes to the defined benefit plans or formulas currently in place.

Financial Projections

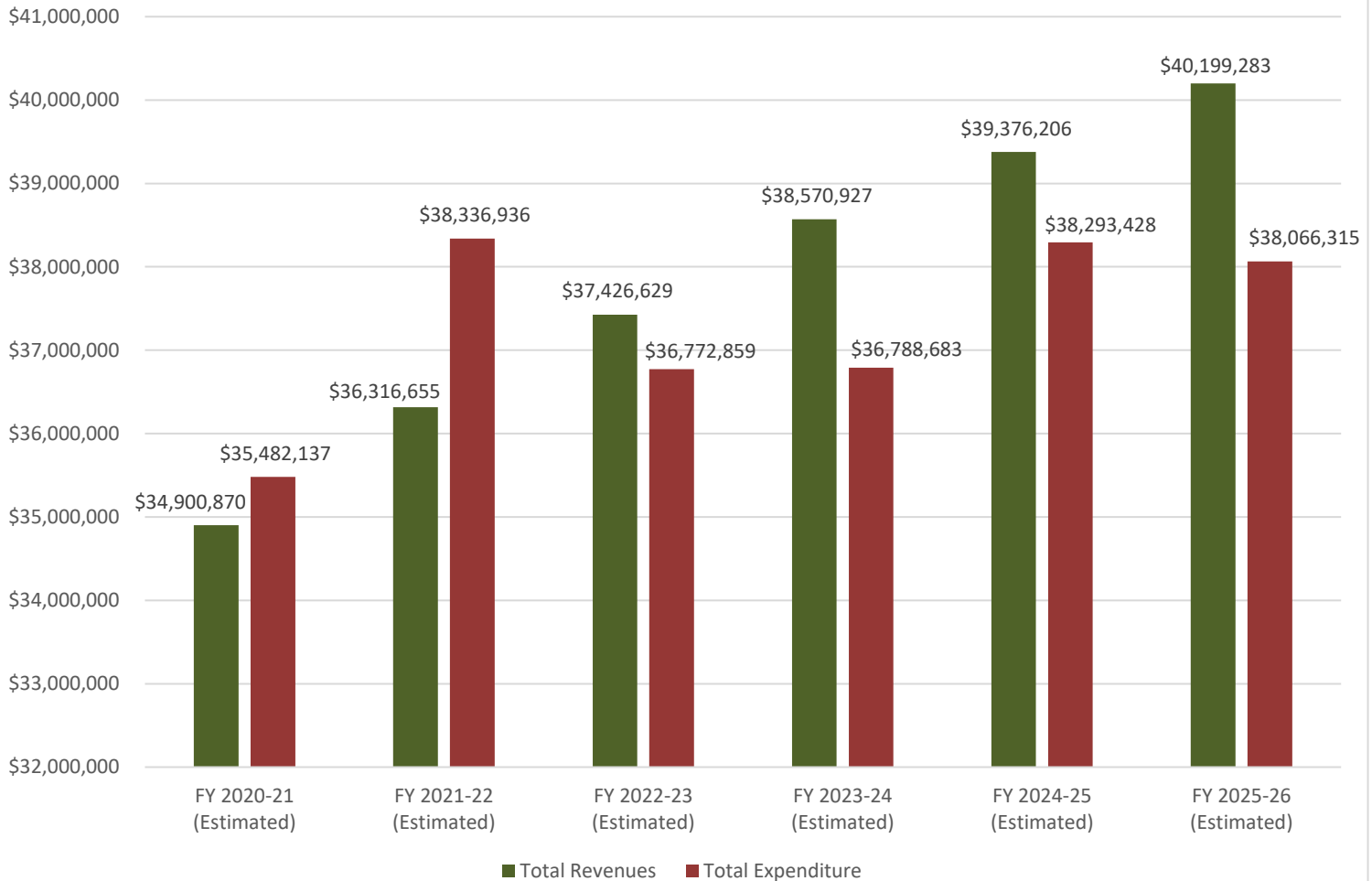
Figures D and E highlight the District's projected financial performance during the next six fiscal years. A full fiscal impact report was completed in the 2018 Feasibility Study and the 2020 Plan for Service. Based on LAFCO staff's analysis, the consolidation will result in an overall financial surplus of approximately \$3 million by 2026. The net balance is projected to grow from \$26 million in 2020 to \$29 million in 2026. This is a result from the collective cost-savings earned at the end of each year.

Figure D: Financial Analysis (2020 to 2026)

	FY 2020-21 (Estimated)	FY 2021-22 (Estimated)	FY 2022-23 (Estimated)	FY 2023-24 (Estimated)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)
REVENUE						
Property Taxes	\$ 32,419,913	\$ 33,716,710	\$ 34,728,211	\$ 35,770,057	\$ 36,485,458	\$ 37,215,167
Other Revenue	\$ 2,480,957	\$ 2,599,945	\$ 2,698,418	\$ 2,800,870	\$ 2,890,748	\$ 2,984,116
Total Revenues	\$34,900,870	\$36,316,655	\$37,426,629	\$38,570,927	\$39,376,206	\$40,199,283
EXPENDITURE						
Salaries & Benefits	\$ 28,830,546	\$ 29,934,112	\$ 30,798,803	\$ 31,745,847	\$ 32,664,467	\$ 33,606,749
Services & Supplies	\$ 5,896,508	\$ 4,144,182	\$ 4,265,948	\$ 4,381,750	\$ 4,500,528	\$ 4,622,842
Capital	\$ 1,135,496	\$ 4,690,387	\$ 2,143,280	\$ 1,099,710	\$ 1,570,536	\$ 282,332
Contingency	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Net Costs (Savings) of Consolidation	\$ (580,413)	\$ (631,745)	\$ (635,172)	\$ (638,624)	\$ (642,103)	\$ (645,608)
Total Expenditure	\$35,482,137	\$38,336,936	\$36,772,859	\$36,788,683	\$38,293,428	\$38,066,315
Surplus/(Deficit)	\$ (581,267)	\$ (2,020,281)	\$ 653,770	\$ 1,782,244	\$ 1,082,778	\$ 2,132,968
NET CASH FLOW						
Beginning Cash on Hand	\$ 26,028,172	\$ 25,446,905	\$ 23,426,624	\$ 24,080,394	\$ 25,862,638	\$ 26,945,416
Ending Cash on Hand	\$25,446,905	\$23,426,624	\$24,080,394	\$25,862,638	\$26,945,416	\$29,078,384

Footnote: FY 2020-21 and 2021-22 will experience capital projects as part of the transition following consolidation

Figure E: Financial Projections (FY 2020-21 to FY 2025-26)



Based on LAFCO staff's analysis, the first two years of the successor agency may experience a financial deficit. This is primarily due to anticipated capital costs. A majority of these capital costs are based on each fire district's existing replacement schedules. In 2021, there will be aging apparatus from both fire districts that need to be replaced at the same time. It is important to note that these are scheduled replacements, and the two fire districts have capital outlay funds allocated for these replacements. While the projections show a deficit, the two districts have already earmarked the necessary funds to address the upcoming capital costs. In summary, the consolidation is projected to have cost-savings in the short and long-run.

Certificate of Filing

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. The Executive Officer deemed the application complete and signed the certificate of filing on October 6, 2020 as shown in **Attachment 11**. Following the issuance of the certificate of filing, the Executive Officer shall proceed to set the proposal for hearing and give published notice. The date of the hearing shall be no more than 90 days after issuance of the certificate of filing or after the application is deemed to have been accepted, whichever is earlier. Notwithstanding Government Code Section 56106, the date for conducting the hearing is mandatory.

Table D – Summary of Statutory and Policy Considerations

Factors to Consider	LAFCO Staff Comment
1. Population, density, growth, likelihood of growth in, and in adjacent areas, over 10 years (GCS 56668[a] and Commission Policy 3.4)	Consistent. The Coastal Region is expected to have a slow growth. Staff's analysis indicates that the successor agency will have the capacity to meet the demands from the existing and future population.
2. Effect of proposal on cost & adequacy of service in area and adjacent areas (GCS 56668[b][1])	Consistent. The existing revenue source will continue under the newly consolidated district. The consolidation may lead to cost-savings in the short and long-run.
3. Need for organized services, probable future needs (GCS 56668[b][2])	Consistent. The existing two fire districts have earmarked adequate funds to address future apparatus replacements and services.
4. Effect of alternative courses of action on cost & adequacy of service in area and adjacent areas (GCS 56668[c])	Consistent. The two fire districts have compared the status quo with consolidation and their findings showed benefits in shared services through a change of organization. Such consolidation will not result in any additional costs to the residents. These findings are disclosed in the 2018 Feasibility Study & Service Review and the 2020 Plan for Service.
5. Conformity of the proposal and anticipated effects with the Commission's adopted policies (GCS 56668[d])	Consistent. The consolidation is encouraged by the Commission pursuant to adopted policies.
6. Physical and economic integrity of agriculture lands and open space (GCS 56668[e])	Consistent. The consolidation will not change the economic integrity of agricultural or open space lands. The existing land use designations will remain the same.
7. Boundaries: logical, contiguous, not difficult to serve, definite and certain (GCS 56668[f] and Commission Policy 4.3 and 4.11)	Consistent. The successor agency's jurisdictional and sphere boundaries will be coterminous with the existing jurisdictional and sphere boundaries of each fire district.
8. Regional Transportation Plan (GCS 56668[g])	Consistent. The consolidation will not change the transportation plans set forth by the City of Capitola or Santa Cruz County. The existing land use designations will remain the same.
9. Consistency with city or county general and specific plans (GCS 56668[h] and Commission Policy 3.1)	Consistent. The consolidation will not change the General Plans or pre-zone designations set forth by the City of Capitola or Santa Cruz County. The existing land use designations will remain the same.
10. Consistency of the existing sphere boundaries (GCS 56668[i] and Commission Policy 2.1)	Consistent. The successor agency's jurisdictional and sphere boundaries will be coterminous with the existing jurisdictional and sphere boundaries of each fire district.
11. Comments from affected local agency or other public agency (GCS 56668[j])	Consistent. In accordance with State law, LAFCO staff solicited comments from interested and affected agencies. LAFCO did not receive any written opposition.

12. Ability of the newly formed entity to provide services (GCS 56668[k] and Commission Policy 3.7)	Consistent. The two fire districts have compared the status quo with consolidation and their findings showed benefits in shared services through a change of organization. Such consolidation will not result in any additional costs to the residents. These findings are disclosed in the 2018 Feasibility Study & Service Review and the 2020 Plan for Service.
13. Timely availability of adequate water supply (GCS 56668[l])	Consistent. No other change of organization is required as part of the consolidation. The consolidated area will continue to receive water from the existing service providers, including but not limited to Central Water District, Soquel Creek Water District, and the City of Santa Cruz.
14. Regional Housing Needs Allocation (GCS 56668[m])	Consistent. The consolidation will not change regional housing needs allocation identified by the City of Capitola or Santa Cruz County. The existing land use designations will remain the same.
15. Any information or comments from the affected landowners, registered voters, and/or residents (GCS 56668[n])	Consistent. LAFCO advertised the public notice in two newspapers (Sentinel and Aptos Times), outside the LAFCO Office and County building, and on the LAFCO website. LAFCO did not receive any written opposition.
16. Any information relating to existing land use designations (GCS 56668[o] and Commission Policy 3.2)	Consistent. The consolidation will not change the General Plans or pre-zone designations set forth by the City of Capitola or Santa Cruz County. The existing land use designations will remain the same.
17. Promotion of environmental justice (GCS 56668[p] and Commission Policy 4.10)	Consistent. The two fire districts held multiple public meetings regarding the consolidation effort between 2018 to 2020. LAFCO staff encourages public participation when changes of organization, such as consolidation, is being considered.
18. Promotion of consolidation proposals (Commission Policy 4.2)	Consistent. The consolidation is encouraged by the Commission pursuant to adopted policies. Staff's analysis determines various benefits from consolidation.
19. Consideration of other boundaries (Commission Policy 4.4, 4.6, 4.7, and 4.9)	Consistent. The Commission encourages shared services and joint efforts from existing public agencies.
20. Prevention of "Islands" (Commission Policy 4.8)	Consistent. The consolidation will not create an "island" or area in which it is substantially surrounded by the successor agency and excluded from the service area.

LAFCO Process (Commission Action)

Pursuant to State law, LAFCO is required to advertise the consideration of the proposed consolidation in a newspaper at least 21-days prior to the hearing date (Government Code Section 56157[h]). After deeming the proposal complete, the Executive Officer advertised the consolidation in the Santa Cruz Sentinel on October 7, 2020 as well as in the Aptos Times on October 15, 2020. The public notice was also uploaded on LAFCO's website and circulated to interested agencies and individuals. The public notices indicated that the consolidation was scheduled for Commission consideration on November 4, 2020, included a vicinity map and provided answers to frequently asked questions. Information on how to participate in the LAFCO Meeting was also included in the public notice. A copy of the public notice is shown in **Attachment 12**. Additionally, LAFCO participated in a virtual town-hall meeting hosted by Supervisors John Leopold and Zach Friend on September 30, 2020. The purpose of the virtual meeting was to continue the ongoing public-forum discussion about the fire consolidation and its benefits.

Commission Hearing

Pursuant to Government Code Section 56666, a hearing is required when considering a change of organization. At the hearing, the Commission shall hear and receive any oral or written protests, objections, or evidence that shall be made, presented, or filed, and consider the report of the Executive Officer and the plan for providing services to the proposal area. As previously mentioned, if substantially similar resolutions are adopted making proposals for consolidation, the Commission shall approve, or conditionally approve, the proposal.

LAFCO Process (Post-Commission Action)

If the Commission approves the consolidation, State law requires the commencement of a request for reconsideration period and a protest proceeding. These two periods are summarized below. **Attachment 13** provides a complete overview of the entire LAFCO process schedule – from the day the application was submitted to the proposed completion date (assuming the consolidation effort is successful).

Request for Reconsideration

Pursuant to Government Code Section 56895, when the Commission adopts a resolution making determinations regarding a change of organization, any person or affected agency may file a written request with the Executive Officer requesting amendments to or reconsideration of the resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration. Individuals or agencies have up to 30 days after adoption of the resolution to submit a written request. The request for reconsideration period is scheduled for November 5 to December 4.

Protest Proceedings

Pursuant to Government Code Section 57000, when the Commission adopts a resolution making determinations regarding a change of organization, affected residents within the proposal area will have an opportunity to voice their opposition during the protest period. 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. Within thirty (35) days of the adoption of the Commission's resolution, 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. LAFCO staff has set forth a 30-day protest proceeding. The protest period is scheduled for December

4, 2020 to January 6, 2021. A protest hearing will be held on January 6, 2021 to collect the final petitions and hear any resident feedback. A public notice for the protest hearing will be advertised no later than December 4, 2020.

Protest Results

Upon determination of the value of written protests filed and not withdrawn, the Executive Officer shall take one of the following actions:

- 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.

For additional transparency, and to clarify the statutory requirements outlined in the Cortese-Knox-Hertzberg Act, the Commission adopted a Protest Proceedings Policy (refer to **Attachment 14**).

Certificate of Completion

A certificate of completion is the document prepared by the Executive Officer and recorded with the County Recorder that confirms the final successful completion of a change of organization, in this case the fire consolidation. Pursuant to Government Code Section 57200, the Executive Officer will prepare and execute a certificate of completion when the following are completed:

- 1) Completion of the Request for Reconsideration and Protest Periods; and
- 2) Satisfaction of any conditions contained in the adopted resolution that required to be completed prior to filing a certificate of completion.

Pursuant to Government Code Section 57001, if a certificate of completion for a change of organization has not been filed within one year after the commission approves a proposal for that proceeding, the proceeding shall be deemed terminated unless prior to the expiration of that year the Commission authorizes an extension of time for that completion. The extension may be for any period deemed reasonable to the Commission for completion of necessary prerequisite actions by any party.

STAFF RECOMMENDATION

Over the years, the State Legislature, the Little Hoover Commission and several grand juries have encouraged LAFCOs throughout California to be more proactive in initiating consolidations. There are many significant actions that need to come to fruition when considering consolidation, including conformity between the unions, staff and district boards, dedication to the analysis and findings, assurance to the affected communities, commitment to the efficient delivery of fire protection, and devotion to the idea of “good government” by all affected parties. Good government in the sense that the two fire districts adopt a mindset of “serving beyond borders” by focusing on how to effectively provide a critical municipal service, such as fire protection, to the communities of Capitola, Live Oak, Soquel, Aptos, Rio Del Mar, and La Selva Beach.

This collaborative effort will preserve the current levels of service, maintain local demand expectations, and continue the existing funding sources while maximizing economies of scale, combining best practices, and ultimately lead to cost-savings. Therefore, staff is recommending that the Commission adopt the draft resolution, as shown in **Attachment 15**. The effective date of this consolidation, if approved, is subject to completion of terms and conditions outlined in this resolution as authorized by Government Code Sections 56886(p) and 57202 and will be effective upon issuance of the certificate of completion. Based on the attached consolidation schedule created by LAFCO staff, the effective date may occur around February-March 2021.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. Proposal Evaluation Policy
2. Initiating Resolutions
3. Indemnification Agreement
4. LAFCO Status Letter
5. LAFCO Referral Letter
6. Tax Rate Areas
7. Property Tax Exchange Agreement
8. Plan for Service
9. Notice of Exemption
10. CalPERS Pension Plans (AB 1140)
11. Certificate of Filing
12. Notice of Public Hearing
13. Consolidation Schedule
14. Protest Proceedings Policy
15. Draft Resolution No. 2020-30

cc: Craig Scholer, Assembly Member Mark Stone's Office
Maureen McCarty, Assembly Member Mark Stone's Office
Rachel Bickert, Senator Bill Monning's Office
Barry Franchi, Central FPD, Board Chair
John Walbridge, Central FPD, Interim Fire Chief
George Lucchesi, Aptos/La Selva FPD, Board President
Don Jarvis, Aptos/La Selva FPD, Interim Fire Chief
Carl Steinmetz, Local 3535, Union President
Michael Botill, Local 3605, Union President



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

PROPOSAL EVALUATION POLICY

Adopted on September 21, 1966 (Resolution No. 97)

Previous Revision on February 2, 2011 (Resolution No. 2011-1)

Last Revision on August 5, 2020 (Resolution No. 2020-19)

1. OVERVIEW

Pursuant to Government Code Section 56375, Santa Cruz LAFCO has established standards for the evaluation of proposals. The Commission uses these standards when reviewing and acting upon proposals for annexations and other boundary changes.

2. CONSISTENCY WITH SPHERE OF INFLUENCE

All changes of organization shall be consistent with adopted spheres of influence of affected agencies.

2.1 Sphere Consistency

Consistency shall be determined by a LAFCO finding of consistency with the sphere of influence maps and policies adopted by LAFCO for the affected agencies.

3. INITIAL PROPOSAL EVALUATION

Any proposal involving annexations, incorporations, and formations shall not be approved unless it demonstrates a need for the additional services to be provided to the area; while all proposals involving detachments, disincorporations, and dissolutions shall not be approved unless the proponent demonstrates that the subject services are not needed or can be provided as well by another agency or private organization.

3.1 Rezoning & General Plan Updates

For proposals concerning cities, need shall be established by (a) an adopted rezoning, consistent with the city general plan, that shows current or future development at a density that will require urban services such as sanitary sewer and water, and (b) a city growth rate and pattern that the subject area will be developed within 5 years.

The Commission shall require rezoning for all city annexations so that the potential effects of the proposals can be evaluated by the Commission and known to the affected citizens.

3.2 Existing Land Use Designations

For proposals concerning the extension of other services by annexation, incorporation, or district formation, need shall be established by the applicable general plan land use designations and the service levels specified for the subject area in the applicable general plan.

Generally, LAFCO will presume to favor a city's general plan inside the sphere of influence adopted for the city by LAFCO, and the county's general plan elsewhere. It is the proponent's responsibility to prove any exception by referring to the policies of the Local Government Reorganization Act.

3.3 Divestiture of Services

For proposals involving the discontinuation of services, lack of need shall be established by (a) no serious effects on the current users of the service due to discontinuation, and (b) no projected serious effects on the uses that can be expected to occur in the next 5 years based upon the applicable general plan and projected growth rates and patterns.

3.4 Population Analysis

In reviewing proposals, LAFCO shall consider: (1) the "population" in the proposal area to be the population recorded in the last biennial or special census unless the proponent or affected agency can present updated or more detailed information which LAFCO determines to be more accurate, (2) the "population density" to be the population divided by the acreage, and (3) the "per capita assessed valuation" to be the full cash value of all the property in a proposal area (as set by the last secured property tax roll) divided by the population.

3.5 Overlapping Plans

In cases of overlapping plans, LAFCO shall make a determination of which general plan best carries out the policies of the Local Government Reorganization Act.

3.6 In-Fill Development

In order to avoid further urban sprawl, LAFCO shall encourage in-fill development in urban areas and annexations of areas inside the city sphere of influence.

3.7 Provision of Services

In order for LAFCO to approve a change of organization, the proponent shall demonstrate that the subject services can be provided in a timely manner and at a reasonable cost.

3.8 Proposals exceeding 50 acres

For proposals involving the extension of general municipal services to proposal areas greater than 50 acres, the proponent shall either: (a) plan staged growth beginning closest to an existing urban area, or (b) demonstrate why such a plan does not promote urban sprawl and an inefficient pattern of services.

4. AFFECTED AGENCIES AND BOUNDARIES

Proposals, where feasible, should minimize the number of local agencies and promote the use of multi-purpose agencies.

4.1 Ranking Different Boundary Changes

New or consolidated service shall be provided by one of the following agencies in the descending order of preference:

- a) Annexation to an existing city;
- b) Annexation to an existing district of which the Board of Supervisors is the governing body;
- c) Annexation to an existing multi-purpose district;
- d) Annexation to another existing district;
- e) Formation of a new county service area;
- f) Incorporation of a new city;
- g) Formation of a new multi-purpose district; or
- h) Formation of a new single-purpose district.

4.2 Consolidation Proposals

The Commission will promote and approve district consolidations, where feasible.

4.3 Logical Boundaries

LAFCO shall promote more logical agency boundaries.

4.4 Political Boundaries

To the greatest possible extent, boundaries shall follow existing political boundaries, natural features (such as ridges and watercourses), and constructed features (such as railroad tracks).

4.5 Roads and Streets (Right-of-Way)

Boundary lines shall be located so that entire rights-of-way are placed within the same jurisdiction as the properties fronting on the road.

4.6 Community Boundaries

Boundaries should avoid dividing an existing identifiable community, commercial district, or other area having social or economic homogeneity. Where such divisions are proposed, the proponents shall justify exceptions to this standard.

4.7 Parcel Boundaries

The creation of boundaries that divide assessment parcels shall be avoided whenever possible. If the proposed boundary divides assessment parcels, the proponents must justify to the Commission the necessity for such division. If the Commission approves the proposal, the Commission may condition the approval upon obtaining a boundary adjustment or lot split from a city or county.

4.8 Prevention of “Islands”

Boundaries should not be drawn so as to create an island or strip either within the proposed territory or immediately adjacent to it. Where such an island or strip is proposed, the proponent must justify reasons for nonconformance with this standard.

4.9 Prevention of Irregular Boundaries

Where feasible, city and related district boundary changes should occur concurrently to avoid an irregular pattern of boundaries.

4.10 Social & Economic Interests

The Commission shall consider the effects of a proposed action on adjacent areas, mutual social and economic interests, and on local governmental structure.

4.11 Metes & Bounds

A map of any proposed boundary change shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall assure that any approved boundary changes are definite and certain. The Commission may approve a proposal conditioned on the proponent preparing a new boundary map and description.

4.12 Timely LAFCO Actions

LAFCO will review each proposal and take actions needed to encourage timely annexations to discourage agencies from extending services by agreement without annexing to the agency.

4.13 Financially Desirable Areas

The sole inclusion of financially desirable areas in a jurisdiction shall be avoided. The Commission shall amend or reject any proposal that, in its estimation, appears to select principally revenue-producing properties for inclusion in a jurisdiction.

4.14 City Jobs & Housing

For city annexation proposals, if the city has more jobs than places for workers to live (jobs to employed residents ratio greater than 1.00) then a proposal which will directly result in urban development including new permanent employment may only be approved if sufficient land is designated for residential uses in the city's general plan to create a jobs/ housing balance.

The Commission will consider and may grant waivers to this standard in cases where all of the following situations exist:

- a) The territory being annexed is an island of incorporated territory and consistent with the definition of "island" in Government Code Section 56375;
- b) The proposal is consistent with the spheres of influence of all affected agencies; and
- c) The proposal has been initiated by resolution of the city which includes the subject property in its adopted sphere of influence.

5. AGRICULTURAL LANDS

Urban growth shall be guided away from prime agricultural lands, unless such action would not promote planned, orderly, efficient development of an area.

5.1 Smart Growth

A change of organization is considered to promote the planned, orderly, and efficient development of an area when:

- a) It is consistent with the spheres of influence boundaries and policies adopted by LAFCO for the affected agencies; and
- b) It conforms to all other policies and standards contained herein.

5.2 Infill Development

LAFCO shall encourage the urbanization of vacant lands and non-prime agricultural lands within an agency's jurisdiction and within an agency's sphere of influence before the urbanization of lands outside the jurisdiction and outside the sphere of influence, and shall encourage detachments of prime agricultural lands and other open space lands from cities, water districts, and sewer districts if consistent with the affected agency's adopted sphere of influence.

5.3 Ranking Urban Development on Open Spaces and/or Farmlands

The priorities for urbanization are:

- a) open-space lands within existing boundaries;
- b) open-space lands within an adopted sphere of influence;
- c) prime agricultural lands within existing boundaries; and
- d) prime agricultural lands within an adopted sphere of influence.

5.4 Urbanization of Prime Agricultural Lands

Proposals involving urbanization of prime agricultural lands within adopted spheres of influence shall not be approved, unless it can be demonstrated that: (a) there is insufficient land in the market area for the type of land use proposed, and (b) there is no vacant land in the subject jurisdiction available for that type of use.

6. WATER AND SEWER RESOURCES

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing boundary change applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

6.1 Supply of Water

In any proposal requiring water service, the Commission requires that the agency that will provide the water will need to demonstrate the availability of an adequate, reliable and sustainable supply of water.

- a) In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources;
- b) In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase;
- c) In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668(k)); and

- d) In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

6.2 Service Limitations

It is the general policy of the Commission to disapprove annexations to water and sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:

- a) To replace a private water source that has failed, such as a well that has gone dry. New service connections shall not be sized to accommodate more intensive development;
- b) To replace a septic system that has failed. New service connections shall not be sized to accommodate more intensive development;
- c) To implement a transfer of service between two existing agencies in a manner that is consistent with the adopted Spheres of Influence of those agencies; and/or
- d) To change a boundary, in a manner consistent with an adopted Sphere of Influence, so that an agency boundary does not divide a property that could only be conveyed under a single deed.

Between January 1, 1986, and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986.

An additional criterion, not subject to the 1% cumulative impact limitation, is as follows:

- e) To provide facilities or funding that will allow the agency to lift its service limitation.

6.3 Urban Land uses

For proposals concerning water and sewer district annexations, the need shall be established by lack of services to existing urban land uses, or a building permit application or the allocation for a single-family dwelling or, for a larger project, by: (a) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water or sewer service, and (b) a growth rate and pattern that the subject area will be developed within 5 years.

6.4 Commission Approval

The Commission will only approve boundary change applications when the Commission determines that it is unlikely that water resources will be degraded. The Commission will review each application to assure that, by implementing project-specific mitigations, participating in agency water conservation programs, or both if applicable, the project will not adversely affect sustainable yields in groundwater basins, flows in rivers and streams, water quality in surface water bodies and groundwater basins, and endangered species.

6.5 Multiple Service Providers

When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.

BEFORE THE BOARD OF DIRECTORS
OF THE APTOS-LA SELVA FIRE PROTECTION DISTRICT

RESOLUTION 10-19

A RESOLUTION TO INITIATE APPLICATION BY THE APTOS-LA SELVA FIRE PROTECTION DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY TO PURSUE PROCEEDINGS FOR THE CONSOLIDATION OF THE APTOS-LA SELVA FIRE PROTECTION DISTRICT WITH THE CENTRAL FIRE PROTECTION DISTRICT.

WHEREAS, the Board of Directors of the Aptos-La Selva Fire Protection District ("Aptos-La Selva") desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 *et. seq.*, concurrently with the Central Fire Protection District ("Central") for the consolidation of Aptos-La Selva with Central; and,

WHEREAS, notice of intent to adopt this Resolution of Application has been given to each interested and each affected local agency; and,

WHEREAS, the affected territory proposed to be consolidated is inhabited, and is constituted by the respective boundaries of Aptos-La Selva and Central; and,

WHEREAS, Aptos-La Selva and Central exercise identical powers as authorized by the Fire Protection District Law of 1987 (California Health and Safety Code Section 13800 *et. seq.*); and,

WHEREAS, this proposal is consistent with the Sphere of Influence of Aptos-La Selva and Central; and,

WHEREAS, it is desired that the proposed consolidation of Aptos-La Selva and Central be subject to the following terms and conditions, among others:

- (1) The specific provisions of the Service Plan jointly initiated by Aptos-La Selva and Central for the affected territory;
- (2) The completed Service Plan, as jointly finalized by Aptos-La Selva and Central; and,
- (3) The paid employees and the active volunteer firefighters of Aptos-La Selva and Central will become a portion of the Successor District.
- (4) All Tax Rate Areas will be maintained and all revenue mechanisms currently existing in Aptos-La Selva and Central will be maintained post-consolidation.
- (5) Such other provisions as required by applicable law or as may be agreed by the parties.

WHEREAS, the reasons for the proposed consolidation of Aptos-La Selva Fire Protection District with Central Fire Protection District are as follows:

- (1) It will facilitate the efficient delivery of life and property saving services to individuals and property owners within the affected territory; and,

- (2) It will facilitate the continued provision of the current levels of service provided by paid and paid-call firefighters and staff of the respective districts, constant local demand expectations and available financing.

WHEREAS, this Board anticipates that the consolidation proposal is categorically exempt from review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines section 15320(b), which exempts special district consolidations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised, such as here; and,

NOW, THEREFORE BE IT RESOLVED that this Resolution of Initiation of reorganization proceedings as described is adopted and approved by the Board of Directors of the Aptos-La Selva Fire Protection District.

PASSED and ADOPTED by the Board of Directors of the Aptos-La Selva Fire Protection District at a regular meeting thereof held on the 16th of July, 2019, by the following vote:

AYES: Dubro, Foster, Lucchesi, Saylor, Sprunk


NOES:

ABSENT:

ABSTAIN:


Dated:

ATTEST:


John Lucchesi, Board Chair

George

APPROVED AS TO FORM:


William Ross, Special District Counsel


APPROVED AS TO CONTENT:

Aaron Lowe, Fire Chief

BEFORE THE BOARD OF DIRECTORS
OF THE CENTRAL FIRE PROTECTION DISTRICT

RESOLUTION 2019-06

A RESOLUTION TO INITIATE APPLICATION BY THE CENTRAL FIRE PROTECTION DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY TO PURSUE PROCEEDINGS FOR THE CONSOLIDATION OF THE CENTRAL FIRE PROTECTION DISTRICT WITH THE APTOS-LA SELVA FIRE PROTECTION DISTRICT.

WHEREAS, the Board of Directors of the Central Fire Protection District ("Central") desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 *et. seq.*, concurrently with the Aptos-La Selva Fire Protection District ("Aptos-La Selva") for the consolidation of Central and Aptos-La Selva; and,

WHEREAS, notice of intent to adopt this Resolution of Application has been given to each interested and each affected local agency; and,

WHEREAS, the affected territory proposed to be consolidated is inhabited, and is constituted by the respective boundaries of Central and Aptos-La Selva; and,

WHEREAS, Central and Aptos-La Selva exercise identical powers as authorized by the Fire Protection District Law of 1987 (California Health and Safety Code Section 13800 *et. seq.*); and,

WHEREAS, this proposal is consistent with the Sphere of Influence of Central and Aptos-La Selva; and,

WHEREAS, it is desired that the proposed consolidation of the Central with Aptos-La Selva be subject to the following terms and conditions, among others:

- (1) The specific provisions of the Service Plan jointly initiated by Central and Aptos-La Selva for the affected territory;
- (2) The completed Service Plan, as jointly finalized by Central and Aptos-La Selva; and,
- (3) The paid employees and the active paid-call firefighters of Central and Aptos-La Selva will become a portion of the Successor District.
- (4) All Tax Rate Areas will be maintained and all revenue mechanisms currently existing in Central and Aptos-La Selva will be maintained post-consolidation.
- (5) Such other provisions as required by applicable law or as may be agreed by the parties.

WHEREAS, the reasons for the proposed consolidation of Central Fire Protection District with Aptos-La Selva Fire Protection District are as follows:

- (1) It will facilitate the efficient delivery of life and property saving services to individuals and property owners within the affected territory; and,
- (2) It will facilitate the continued provision of the current levels of service provided by paid and paid-call firefighters and staff of the respective districts, constant local demand expectations and available financing.

WHEREAS, this Board anticipates that the consolidation proposal is categorically exempt from review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines section 15320(b), which exempts special district consolidations where changes in organization of local

governmental agencies do not change the geographical area in which the previously existing powers are exercised, such as here; and,

NOW, THEREFORE BE IT RESOLVED that this Resolution of initiation of reorganization proceedings as described is adopted and approved by the Board of Directors of Central Fire Protection District.

PASSED and ADOPTED by the Board of Directors of the Central Fire Protection District at a regular meeting thereof held on the 23rd of July, 2019, by the following vote:

AYES: MILLER, WALTER, FRANCO, LUCCHESI

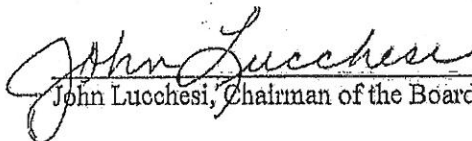
NOES:

ABSENT: Burnham

ABSTAIN:

Dated:

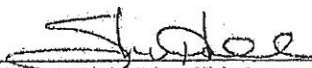
ATTEST:


John Lucchesi, Chairman of the Board

APPROVED AS TO FORM:


William Ross, Special District Counsel

APPROVED AS TO CONTENT:


Steven Hall, Fire Chief

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



APPLICATION NO. DC 20-02

TITLE: Consolidation of Central Fire Protection of Santa Cruz County and Aptos/La Selva Fire Protection District

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, indemnify, and hold harmless the LOCAL AGENCY FORMATION COMMISSION, its officers, employees, and agents, from and against any claim, demand, damages, costs or liability of any kind (including attorneys fees) against the LOCAL AGENCY FORMATION COMMISSION 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

- 1) The LOCAL AGENCY FORMATION COMMISSION shall notify the Applicant of any claim, action, or proceeding against which the LOCAL AGENCY FORMATION COMMISSION seeks to be defended, indemnified, or held harmless.
- 2) The LOCAL AGENCY FORMATION COMMISSION shall reasonably cooperate in such defense.

B) Fees and Costs:

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

- 1) The LOCAL AGENCY FORMATION COMMISSION bears its own attorneys' fees and costs;
- OR
- 2) The LOCAL AGENCY FORMATION COMMISSION and the Applicant agree in writing to the Applicant paying part or all of the Commission's attorneys' fees and costs.

C) Settlement:

- 1) When representing the LOCAL AGENCY FORMATION COMMISSION, 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 the LOCAL AGENCY FORMATION COMMISSION.

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.

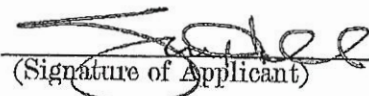
E) Recordation:

At any time after submission of the application, the LOCAL AGENCY FORMATION COMMISSION 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)

Joe Serrano
 (Printed Name)

12/30/19
 (Date)


 (Signature of Applicant)

Steven Hall

(Printed Name)

12-30-2019
 (Date)

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



APPLICATION NO. DC 20-02

TITLE: Consolidation between Aptos/La Selva Fire Protection District and Central Fire Protection District of Santa Cruz County

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, indemnify, and hold harmless the LOCAL AGENCY FORMATION COMMISSION, its officers, employees, and agents, from and against any claim, demand, damages, costs or liability of any kind (including attorneys' fees) against the LOCAL AGENCY FORMATION COMMISSION 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

- 1) The LOCAL AGENCY FORMATION COMMISSION shall notify the Applicant of any claim, action, or proceeding against which the LOCAL AGENCY FORMATION COMMISSION seeks to be defended, indemnified, or held harmless.
- 2) The LOCAL AGENCY FORMATION COMMISSION shall reasonably cooperate in such defense.

B) Fees and Costs:

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

- 1) The LOCAL AGENCY FORMATION COMMISSION bears its own attorneys' fees and costs;
- OR
- 2) The LOCAL AGENCY FORMATION COMMISSION and the Applicant agree in writing to the Applicant paying part or all of the Commission's attorneys' fees and costs.

C) Settlement:

- 1) When representing the LOCAL AGENCY FORMATION COMMISSION, 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 the LOCAL AGENCY FORMATION COMMISSION.

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.

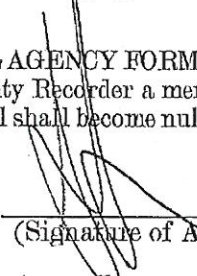
E) Recordation:

At any time after submission of the application, the LOCAL AGENCY FORMATION COMMISSION 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)

Joe Serrano
(Printed Name)

12/30/19
(Date)


(Signature of Applicant)

Aaron Lowe
(Printed Name)

12-30-19
(Date)



Santa Cruz Local Agency
Formation Commission
701 Ocean Street, Room 318-D
Santa Cruz, California 95060
Phone: (831) 454-2055

Email: info@santacruzlafco.org
Website: www.santacruzlafco.org

January 13, 2020

Aaron Lowe, Fire Chief, Aptos/La Selva Fire Protection District
6934 Soquel Drive, Aptos, CA 95003

Steven Hall, Fire Chief, Central Fire Protection District
930 17th Avenue, Santa Cruz, CA 95062

**Subject: Status of Application for the proposed "Central & Aptos/La Selva Fire Consolidation"
(DC 20-02)**

Dear Fire Chiefs:

LAFCO staff has reviewed the application and accompanying documents for the above-referenced proposal. This notice is to advise you whether your application is complete or whether additional information is required.

The application is **incomplete**, and the following information or action is required:

1. COMMENTS FROM AFFECTED AND OTHER PUBLIC AGENCIES: Several factors must be considered when reviewing a proposal, including comments from any affected or interested local agencies (Government Code Section 56668[j]). Attached is a letter sent to the public agencies within the area requesting comments on this proposal. Comments from these local agencies are due to LAFCO by Friday, February 14.
2. ENVIRONMENTAL REVIEW: Santa Cruz LAFCO will serve as the lead agency for assessing impacts under the California Environmental Quality Act (CEQA). Staff believes the underlying action qualifies as a project under CEQA. Therefore, an environmental review is underway.
3. PROPERTY TAX EXCHANGE AGREEMENT: California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCO can consider a jurisdictional change. The Board of Supervisors (BOS) acts as the authorizing body for the two districts regarding property tax adjustments. LAFCO staff will coordinate with the County Administrative Office to schedule this item at an upcoming BOS meeting.
4. COMMUNITY OUTREACH: The proposed consolidation involves over 25,000 acres and has approximately 30,000 parcels. It may be beneficial to make the affected residents aware of the benefits involving consolidation. Please indicate how the districts have, or are planning to, inform the residents about this proposed change in governance.

If you have any questions regarding this notification, please contact me at (831) 454-2055 or by email at Joe.Serrano@santacruzcounty.us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joe A. Serrano', written over a horizontal line.

JOE A. SERRANO
Executive Officer

Enclosure



REFERRAL LETTER TO AFFECTED/INTERESTED AGENCIES

Project Title: "Central & Aptos/La Selva Fire Consolidation"
Project Number: DC 20-02
APNs: 30,220 parcels (APN List available upon request)
Date Rec'd by LAFCO: December 30, 2019
Submitted by: Resolutions (Central & Aptos La/Selva Board of Directors)
Subject Agencies: Central and Aptos/La Selva Fire Protection Districts

Sphere Adoption/Amendment: Yes
Contractual Service Agreement: No

Executive Officer Message: A proposed consolidation, involving Central and Aptos/La Selva Fire Protection Districts (FPDs), has been initiated by the two affected districts as a joint application. In accordance to the Cortese-Knox-Hertzberg Act, if substantially similar resolutions are adopted making proposals for consolidation, the Commission shall approve, or conditionally approve, the proposal (Government Code Section 56853[a]).

If you have any comments on this application, please provide your feedback to the LAFCO office no later than **Friday, February 14**.

Description/Justification: A consolidation is being proposed by Central and Aptos/La Selva FPDs following the adoption of two substantially similar resolutions. The proposal area involves the existing jurisdictional boundaries of both fire districts, which encompasses approximately 25,000 acres and includes over 30,000 parcels. The applicants are not proposing any additional changes to their boundaries other than consolidating both districts into a new single "successor" agency.

The purpose of the application is to facilitate the efficient delivery of fire protection to individual and property owners within the affected territory. If approved, the consolidation will preserve the current levels of service, maintain local demand expectations, and continue the existing funding sources.

General Plan/Zoning: The vast majority of the proposal area is within unincorporated county territory. The City of Capitola is also within Central FPD's service and sphere boundaries. The application does not propose any changes to the existing land use designations found in the general plans for Capitola or the County.

Location: The proposal area is inhabited and is located east of the City of Santa Cruz and west of the City of Watsonville. Attached is a vicinity map of the subject territory. Please note that the districts' sphere boundaries will be amended to reflect the consolidation, if approved.

Other Municipal Services: No other change of organization is required. The proposal area will continue to receive water from the existing service providers, including but not limited to Central Water District, Soquel Creek Water District, and the City of Santa Cruz.

Environmental Review: The project site is subject to an environmental review. Santa Cruz LAFCO will serve as the lead agency for assessing impacts under CEQA. Staff believes the underlying action – i.e., consolidation and sphere amendment of the project site – qualifies as a project under CEQA. Therefore, an environmental review is underway.

Tax Negotiations: California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement involving the affected local agencies before LAFCO can consider a jurisdictional change. The Board of Supervisors (BOS) acts as the authorizing body for the two districts regarding property tax adjustments.

Referrals:

Affected Agencies: Central Fire Protection District and Aptos/La Selva Fire Protection District.

Interested Agencies:

Cities – Capitola; Santa Cruz

County Departments – Administrative Office; Elections Office; Supervisorial District 1; Supervisorial District 2; Supervisorial District 3

County Service Areas – CSA 2; CSA 3; CSA 5; CSA 9; CSA 9a; CSA 9b; CSA 9c; CSA 9d; CSA 11; CSA 12; CSA 16; CSA 20; CSA 25; CSA 26; CSA 33; CSA 36; CSA 38; CSA 41; CSA 43; CSA 48; CSA 52; CSA 53

School Districts – Happy Valley; Live Oak; Pajaro Valley; Soquel Union

Water Districts – Central; Soquel Creek

Other Local Agencies: Branciforte FPD; Pajaro Valley Public Cemetery District; Pajaro Valley Water Management Agency; Resource Conservation District; Santa Cruz Port District; Santa Cruz Sanitation District.

Terms and Conditions: The LAFCO resolution will outline several terms and conditions including but not limited to the following: specific provisions of the Service Plan jointly initiated by Central and Aptos/La Selva FPD; paid employees and the active paid-call firefighters of Central and Aptos/La Selva FPD will become a portion of the Successor District; all tax rate areas will be maintained and all revenue mechanisms currently existing in Central and Aptos/La Selva FPD will be maintained post-consolidation; such other provisions as required by applicable law or as may be agreed by the parties.

Public Hearing: Yes (hearing date: TBD)

Date File Opened: 12/30/19

Filing Fee Deposit: \$2,100

Date Paid: 12/30/19

Date Status Letter Sent: 1/13/20 (Incomplete)

Attachments: Vicinity Map

TAX RATE AREAS (Proposal Area)

TRA	Value	TRA	Value
69013	\$791,134	69226	\$147,794
69020	\$196,584	69228	\$133,446
69023	\$759,705	69250	\$2,832,094
69029	\$603,966	69251	\$62,188
69032	\$264,825	69258	\$7,328
69038	\$372,982	69265	\$10,293
69071	\$66	69267	\$8,796,161
69077	\$780,175	69268	\$2,454,520
69089	\$275,494	69270	\$7,134,510
69106	\$29,850	69271	\$161,956
69108	\$1,158,517	69272	\$575,675
69117	\$60,931	69273	\$33,006,812
69131	\$7,230	69274	\$523,824
69132	\$206,259	69275	\$3,703,933
69135	\$304,188	69277	\$319,510
69136	\$52,910	69278	\$1,919,754
69141	\$126,723	69279	\$412,546
69150	\$22,325	69280	\$3,078,058
69165	\$89,108	69281	\$841,981
69167	\$102,149	69282	\$57,706
69169	\$30,418	69289	\$87,437
69180	\$1,512	69290	\$229,091
69193	\$2,193	69291	\$361,937
69215	\$137,175	69293	\$216,682
69220	\$1,379,196	96062	\$80,166
69221	\$191,342	96064	\$252,553
69223	\$5,511	96115	\$153,135
Total	\$7,952,468	Total	\$67,561,090

Total Property Tax Value = \$75,513,558 (\$7,952,468+\$67,561,090)

X

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

Adopted 03/24/2020
Board of Supervisors
DOC-2020-257

RESOLUTION NO. 44-2020

On the motion of Supervisor Leopold
Duly seconded by Supervisor Coonerty
The following resolution is adopted

**RESOLUTION ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX
REVENUES PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE SECTION 99**

**LAFCO DC 20-02 – Central and Aptos/La Selva Fire Protection Districts
Consolidation**

WHEREAS, California Revenue and Taxation Code Section 99 requires that each city or county or the county on behalf of special districts included in a governmental reorganization or jurisdictional change accept a negotiated exchange of property tax revenues; and

WHEREAS, the governing bodies of all agencies whose service areas would be altered by the jurisdictional change referred to in Exhibit "A" have met to determine the allocation of property tax revenues; and

WHEREAS, the County of Santa Cruz agrees to accept the negotiated exchange of property tax revenue as provided for in Exhibit "A";

NOW, THEREFORE, BE IT RESOLVED that the County of Santa Cruz hereby accepts the negotiated exchange of property tax revenues as provided for in Exhibit "A" as required by California Revenue and Taxation Code Section 99; and

BE IT FURTHER RESOLVED AND ORDERED that the Clerk of the Board shall forward a copy of this Resolution to the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector; and

BE IT FURTHER RESOLVED AND ORDERED that the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector is directed to disperse property tax revenues as provided for in Exhibit "A" upon receipt of a copy of this Resolution and a concurring resolution of any affected cities, if any, and following recordation of a Certificate of Completion.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 24th day of March, 2020, by the following vote:

AYES:	SUPERVISORS	Leopold, Friend, Coonerty, McPherson, Caput
NOES:	SUPERVISORS	None
ABSENT:	SUPERVISORS	None

DocuSigned by:



Clerk of the Board of Supervisors
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ATTEST:

Susan Galloway

Clerk of Said Board

DocuSigned by:

Susan Galloway
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Greg Caput

Chair of Said Board

DocuSigned by:

Greg Caput

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APPROVED AS TO FORM:

Jim Heat 3/13/2020

County Counsel

Attachment: Resolution LAFCO DC 20-02 Fire Protection Consolidation (8710 : LAFCO DC 20-02 - Central and Aptos/La Selva Fire

cc: Local Agency Formation Commission of Santa Cruz County
Assessor-Recorder
Auditor-Controller-Treasurer-Tax Collector
Central Fire District
Aptos/La Selva Fire District

Attachment: Resolution LAFCO DC 20-02 Fire Protection Consolidation (8710 : LAFCO DC 20-02 - Central and Aptos/La Selva Fire

Exhibit A

Agenda: March 24, 2020

LAFCO DC 20-02 – Central and Aptos/La Selva Fire Protection Districts Consolidation

1. Description

DC 20-02 – Central and Aptos/La Selva Fire Protection Districts Consolidation
Assessor's Parcel Numbers attached.

2. Property Tax Exchange

- A. Base Year Full Cash Value: 100% Exchange to consolidated successor agency
- B. Incremental Full Cash Value: 100% Exchange to consolidated successor agency

Attachment: Resolution LAFCO DC 20-02 Fire Protection Consolidation (8710 : LAFCO DC 20-02 - Central and Aptos/La Selva Fire

Certificate Of Completion

Envelope Id: F77E099706E944E8AFD84DBF8E682BB7

Subject: Resolution 44-2020 adopted March 24 BOS (DOC-2020-257) eSignature

Source Envelope:

Document Pages: 3

Certificate Pages: 2

AutoNav: Enabled

EnvelopeId Stamping: Enabled

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Status: Completed

Envelope Originator:

Susan Galloway

2633 Camino Ramon Ste 500

San Ramon, CA 94583

susan.galloway@co.santa-cruz.ca.us

IP Address: 207.7.154.9

Record Tracking

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Holder: Susan Galloway

susan.galloway@co.santa-cruz.ca.us

Location: DocuSign

Signer Events

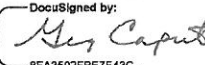
Greg Caput

Greg.Caput@co.santa-cruz.ca.us

eSign

Security Level: Email, Account Authentication
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Signature

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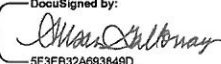
Not Offered via DocuSign

Susan Galloway

Susan.Galloway@co.santa-cruz.ca.us

Chief Deputy, Clerk of the Board of Supervisors
County of Santa Cruz

Security Level: Email, Account Authentication
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Signed: 3/25/2020 2:25:13 PM

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

CBD eSignature

CBD.eSignature@co.santa-cruz.ca.us

Clerk of the Board of Supervisors

County of Santa Cruz

Security Level: Email, Account Authentication
(None)

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Signature Adoption: Drawn on Device

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Signed: 3/26/2020 6:35:28 PM

Freeform Signing

Electronic Record and Signature Disclosure:

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In Person Signer Events

Signature

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Editor Delivery Events

Status

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Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

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Carbon Copy Events

Status

Timestamp

Carbon Copy Events

County Administrative Office
Nancy.Weitzel@santacruzcounty.us
Accela, Inc.

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Status**COPIED****Timestamp**

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Payment Events**Status****Timestamps**

DISTRICT PLAN FOR SERVICES

Prepared for

LAFCO of SANTA CRUZ COUNTY

Proposed

CENTRAL & APTOS/LA SELVA FIRE CONSOLIDATION (LAFCO Project No. DC 20-02)

A proposed consolidation involving Central and Aptos/La Selva Fire Protection Districts (FPDs) has been initiated by the two affected districts as a joint application. Following the conclusion of the LAFCO process, the consolidated district will be known as the "Central Fire Protection District of Santa Cruz County."



INDEX

PROPOSAL

INTRODUCTION

- 1 A description of the level and range of service to be provided to the affected territory.**
 - 1.01 General Background Information
 - 1.02 Management and Governance
 - 1.03 Operations
 - 1.04 Training and Safety
 - 1.05 Support Services
 - 1.06 Human Resources - Payroll
 - 1.07 Financial Services
 - 1.08 Community Risk Reduction
 - 1.09 Transfer of Assets
 - 1.10 Transfer of Fixed Assets
 - 1.11 Transfer of Personnel
- 2 An indication of when the service can feasibly be extended to the affected territory.**
 - 2.01 Geographic Risk Areas
 - 2.02 Deployment
 - 2.03 Expectations
 - 2.04 Staffing
 - 2.05 Timing for Extending Services
- 3 Identification of any improvement or upgrading of structures, roads, other infrastructure, or other conditions the affected agency would impose upon the affected territory.**
- 4 The estimated cost of extending service and a description of how the service or required improvement will be financed. A discussion of the sufficiency of revenues for anticipated service extensions and operations is also required.**
- 5 Inclusion of Existing Tax Revenue & Special Assessment Fees**

Plan for Services
"Central and Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)

EXHIBITS

Exhibit A - Proposed Sphere of Influence for Combined District

Exhibit B - Board of Supervisors Resolution 40-2020

Exhibit C - Fixed Assets for Central FPD and Aptos/La Selva FPD

Exhibit D - Apparatus and Equipment

Exhibit E - Financial Projections

Exhibit F - Maps of Affected Territory

Exhibit G - Proposed Organizational Chart for Combined District

Plan for Services
"Central and Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)

PROPOSAL

The Aptos/La Selva Fire Protection District and Central Fire Protection District of Santa Cruz County are petitioning the Local Agency Formation Commission (LAFCO) to reorganize by way of consolidation. The consolidation of the two districts will form the new Central Fire Protection District of Santa Cruz County, an independent fire protection District that will provide service to the areas of Live Oak, Capitola, Soquel, Aptos, Day Valley, Rio Del Mar and La Selva Beach. Approval of the consolidation is anticipated to create a more effective system to provide fire and emergency services to the region; more efficient utilization of local tax dollars; and provide local governance and control. This proposal was initiated by resolution from the Boards of both districts.

The affected territory of the proposed consolidated District includes the City of Capitola and unincorporated areas currently within the boundaries of the two districts. No additional territory is proposed for annexation, and no change is anticipated in the Sphere of Influence as currently adopted by LAFCO. The consolidation will not impact the current emergency response system, with mutual aid response provided by Cal Fire, Santa Cruz City FD and Watsonville FD - the agencies most proximal to the affected territory. Ambulance services will not change; currently provided by American Medical Response.

INTRODUCTION

Government Code Section 56653 requires that a Plan for Service in narrative form must be submitted with the application for a reorganization, annexation or detachment. This plan must respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

- 1 A description of the level and range of each service to be provided to the affected territory.
- 2 An indication of when the service can be feasibly extended to the affected territory.
- 3 An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.
- 4 The estimated cost of extending the service and a description of how service or required improvements will be financed. A discussion of sufficiency of revenues for anticipated service extensions and operations is also required.

Plan for Services
"Central and Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)

- 5 An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district or community facilities district.

1. A description of the level and range of service to be provided to the affected territory.

1.01 General Background Information

There are six geographic communities affected by this proposed consolidation: Live Oak, Capitola, Soquel, Aptos, Rio del Mar, and La Selva Beach.

Central Fire Protection District

In 1987, Central Fire Protection District was created from the consolidation of the Capitola, Live Oak and Soquel Fire Districts.

Central Fire Protection District serves 28 square miles and encompasses the communities of Capitola, Live Oak, and Soquel. The resident population is in excess of 63,000, with a seasonal influx during the summer. The District responds to over 6,000 requests for service annually for fire, rescue, emergency medical services, hazardous materials calls, and assorted alarms.

The District operates four fire stations, an Administrative Office, Community Risk Reduction Division, and Fleet Services/Logistics Facility. The District has several robust program areas including Community Risk Reduction, Community Education, Advanced Life Support, Water Rescue, Fire Investigation, Hazardous Materials, Urban Search and Rescue, and Training.

In 2018, the District began moving towards a consolidation with Aptos/La Selva Fire Protection District. To date, the two agencies have been working collaboratively under shared services agreements for mid-management, administrative services, training, community risk reduction, and logistics.

Aptos/La Selva Fire Protection District

The Aptos/La Selva Fire Protection District serves the residents, businesses, and visitors to the Aptos, Rio Del Mar, and La Selva Beach communities. The Aptos Fire Protection District, originally formed in 1930, merged with the La Selva Beach Fire Protection District in 1986, to become the Aptos/La Selva Fire Protection District. Since consolidating, the District has annexed the Day Valley area in 1988, Spring Valley area in 2006, and the Eastern Boundary area in 2007. The 27 square mile coverage area is home to

Plan for Services

“Central and Aptos/La Selva Fire Consolidation” (LAFCO Project No. DC 20-02)

nearly 30,000 permanent residents and features diverse natural features and attractions for both residents and tourists.

The District operates 3 fire stations and an administration office; and employs a workforce consisting of: 1 Interim Fire Chief, 1 Division Chief, 1 Battalion Chief, 10 Fire Captains, 9 Firefighters, 12 Firefighter Paramedics, 1 Deputy Fire Marshal, 3 Administrative Assistants, and 3 seasonal Defensible Space Inspectors.

Shared Services

The Aptos/La Selva and Central Shared Services agreement utilizes the resources of 1 Director of Human Resources, 1 Director of Finance, 1 Fire Marshal, 1 Deputy Fire Marshal, 3 Inspectors, 1 Community Risk Reduction Coordinator, 1 Payroll Specialist, 1 Accounting Specialist, 2 Division Chiefs, 4 Battalion Chiefs, 4 Administrative Assistants, and 1 Logistics Technician.

These personnel are distributed between the district's suppression personnel, Community Risk Reduction Division, executive management team, and the administrative staff.

Services

Both Aptos/La Selva FPD and Central FPD are all-hazards fire districts. Some examples of the services provided by both Districts to the community Fire suppression in structural, wildland, and urban interface are:

- Advanced Life Support Emergency Medical Services
- Community Risk Reduction Programs
- Aquatic Rescue
- Technical Rope Rescues
- Urban Search and Rescue services



Workforce

1.02 Management & Governance

The current management structure for the Fire Districts is a Fire Chief and an elected governing board. Each District currently has an Interim Fire Chief, as well as a publicly elected Board of Directors consisting of five members, who are elected to four-year, staggered terms.

In each District, the Board of Directors provides oversight to the District and represents the residents and businesses of the communities they serve.

The consolidated District will be governed by a five (5) member board, initially comprised of current board members: three (3) from Aptos/La Selva Fire Protection District and two (2) from Central Fire Protection District. Moving forward, Board Members will serve through their terms, after which an election will be held. In November 2019, both Boards approved resolutions determining the composition of the combined District Board to be as follows.

Board Member	Current Term of Office	District of Origin
John Lucchesi	2017-2020	Central
Barry Franchi	2017-2022	Central
George Lucchesi	2016-2020	Aptos/La Selva
Orbrad Darbro	2018-2022	Aptos/La Selva
John Scanlon	2018-2022	Aptos/La Selva

Based on the results of the November 2020 election cycle, changes to the above structure may be made, and new resolutions drafted and approved by both Boards. The board members' terms will also update, thus ensuring a staggered rotation of board members.

To avoid conflict with the California Voting Rights Act, the consolidated District will transition to a system of elections by district effective with the 2022 general election.

An Interim Fire Chief (agreed upon by both Boards) will initially be appointed to manage the consolidated district, after which a permanent Fire Chief shall be selected. The Fire Chief will be appointed by and answer to the five-member Board of Directors who are elected to four-year-staggered terms and represent more than 90,000 residents living within the consolidated Fire District. The District will operate under the authority of California Health and Safety Code Section 13800 et. seq (Fire Protection District Law of 1987) and be governed by the policies as approved and set forth by the Board of Directors.

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“Central and Aptos/La Selva Fire Consolidation” (LAFCO Project No. DC 20-02)

The consolidated Fire District Management Team will consist of a Fire Chief, Deputy or Assistant Chief, two Division Chiefs, four Battalion Chiefs, Fire Marshal, Deputy Fire Marshal, Director of Finance and a Director of Human Resources. For a complete Organizational Chart for the combined District, see Exhibit G.

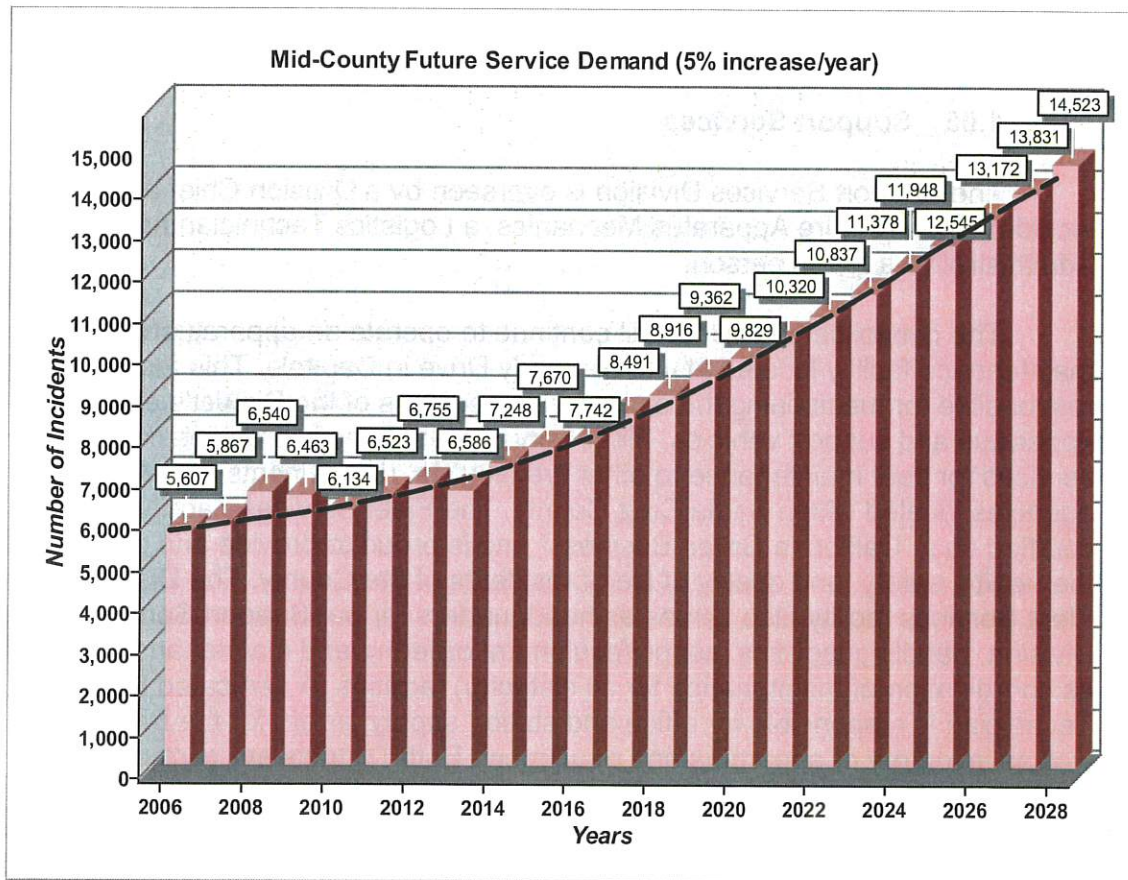
1.03 Operations

Emergency response capability will in no way be diminished by the consolidation of the fire districts. 9-1-1 calls will continue to be handled by the same firefighters, using the same equipment, responding from the same fire stations.

Operations will be streamlined with improved management oversight through the Operations Division Chief. Each of the three shifts (A, B and C) will be overseen by a Battalion Chief. Each of the District's seven (7) fire stations will be under the command of a Fire Captain on each shift, with either a 3-person or 4-person crew assigned 24/7. The more remote areas of the District, all of which are State Responsibility Areas (SRA), will continue to function with regular assistance from CalFIRE. Mutual aid and automatic aid will continue to be available with neighboring fire organizations such as Santa Cruz City Fire Department and Watsonville Fire Department.

Based on incident data provided from both fire departments, ESCI projects a 5% annual increase in calls through 2028, shown in the Mid-County Future Service Demand Table below. Using the 2017 incident data as a base, by 2028, the number of incidents will have doubled to approximately 14,000/year. The combined Operations will improve the capacity of the consolidated district to more efficiently respond to the increasing demands for service by eliminating procedural barriers that limit flexibility in deploying scarce resources. ESCI recommended that consideration be given to establishing a peak-hour Quick Attack Unit. The consolidated District will have the flexibility to implement a pilot program using existing staff and apparatus to evaluate the benefits of fielding such a unit.

Future Service Demand Projection



1.04 Training and Safety

The Training Division is a critical element of every fire service organization. It is the mission of the Training Division to provide the highest quality training, instruction, and evaluation to our members. This is intended to prepare our District to serve our community in the most efficient and effective means possible, and to ensure fire personnel safety.

The Training Division is responsible for developing and providing comprehensive fire suppression and emergency medical service instruction to all members of the District. This is with on-going training of all in-service companies and our paid-call firefighters. The Training Division coordinates training needed to comply with the National Fire Protection Association (NFPA), International Organization for Standardization (ISO), Occupational Safety and Health Administration (OSHA), American National Standards Institute (ANSI), and California Code of Regulations (CCR).

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One full-time Battalion Chief, two Training Captains and an Administrative Assistant serve as the staff for the Training Division. The Training Captain works with other Santa Cruz County Training Officers and their respective fire agencies to help provide a cohesive cooperative training plan.

1.05 Support Services

The Support Services Division is overseen by a Division Chief and includes three (3) Fire Apparatus Mechanics, a Logistics Technician and an Administrative support person.

The consolidated District will continue to operate an apparatus/vehicle maintenance facility located at 410 Kennedy Drive in Capitola. This facility is responsible for maintaining the operational readiness of the District's emergency apparatus and support vehicles. Fleet Services additionally provides contract services for fleet maintenance to other fire districts, departments and allied agencies located within Santa Cruz County. The Fleet Services Facility is certified as a "California Green Business" and is proud to provide and promote the health, safety, and quality of life of residents of the County. The District's Fleet Services facility also serves as headquarters for our Support Services Division, handling logistics, supply/equipment ordering and maintenance, as well as coordination of maintenance for all district(s) facilities. A dedicated Logistics Technician is responsible for office and station supply orders for the District, as well as inventory of apparatus and equipment. Both Districts are currently utilizing this facility and staff as part of the Shared Services Agreement.

1.06 Human Resources - Payroll

The most valuable asset of any organization is its people. The effective management of human resources requires a balance between the maximum utilization of the overall workforce and the experience of a high level of job satisfaction by individual workers. To achieve this goal consistently, management must combine reliability with a safe working environment, fair treatment, the opportunity to provide input, and recognition of the individual's commitment and sacrifice. Job satisfaction depends upon this combination of factors.

Currently, through the shared services agreement, the Human Resource Director and Personnel-Payroll Specialist (both Central employees) have the responsibility for maintaining all aspects of human resource-related needs of both district's personnel, assuring all applicable local, County, State and Federal laws and regulations are adhered to.

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1.07 Financial Services

The County of Santa Cruz shall serve as the treasury for the new District. The Fire Chief, coordinating with the District's Finance Director, will be responsible to the consolidated District's Board of Directors for preparing and managing the budget. Investment and pooled cash shall be held with the treasury. The District's currently share the services of a Finance Director and an Accounts Payable Specialist. The Board of Directors will contract annually with an auditing firm to comply with GASB regulations and required oversight of taxpayer funds.

1.08 Community Risk Reduction

The Community Risk Reduction Division is responsible for life safety inspections, community outreach, public information and plan reviews. Staffed with a combination of personnel from both Districts, this Division has worked well together in all aspects of their scope of responsibility. The Division includes a Fire Marshal, Deputy Fire Marshal, three Fire Inspectors, one Community Risk Reduction Coordinator, and seasonal Defensible Space inspectors during the Spring and Summer months. Moving forward, the Fire Marshal will oversee all Community Risk Reduction programs within their authority. Construction plan reviews will be conducted by District staff or through outside certified plan review professionals.

The Aptos/La Selva and Central Fire Protection Districts are also the combined recipients of the International Association of Fire Chief's "Ready-Set-Go" grant for 2020-2021. This grant will allow for expanded outreach to the public regarding wildland fire risk, as well as aid with future fuel reduction projects in key hazard areas and other important public safety efforts. We anticipate that the consolidated District will be well positioned to take advantage of future grant opportunities to reduce and mitigate risks associated with wildfire in the interface areas.

1.09 Transfer of Assets

The Central and Aptos/La Selva Fire Protection Districts (Applicants) have filed a joint application with the Local Agency Formation Commission (LAFCO) to consolidate the fire districts for the purpose of facilitating the efficient delivery of fire protection. The Board of Supervisors passed Resolution 44-2020, authorizing a 100% tax transfer to the consolidated successor entity, in accordance with Board of Supervisors Master Resolution No. 203-80, and consistent with the County's long-standing guidelines for property tax exchanges and negotiations.

All assets currently held by the Central Fire Protection District and the Aptos/La Selva Fire Protection District shall be transferred to the consolidated District. This includes cash balances and reserve accounts. The consolidated

Plan for Services

"Central and Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)

District shall assume all remaining debt service associated with equipment purchased by either the Central Fire Protection District or the Aptos/La Selva Fire Protection District. The County of Santa Cruz shall transfer all existing and future property tax revenue designated for fire protection services within the affected territory to the consolidated fire protection district.

The consolidated District will utilize various reserve funds for the replacement of apparatus, capital equipment and building improvements. These reserve funds are funded by an annual transfer from the General Fund based on a 10-year replacement schedule for capital items. These schedules identify a committed minimum transfer each fiscal year in order to meet projected expenditures.

Consolidation of the Districts will bring a reduction in duplicative costs that are currently paid by each District. The combined costs for auditing, legal representation, other professional fees, software costs, and Board of Director-related expenses will be significantly reduced by the consolidation. In addition, elimination of redundant supervisory and administrative positions will achieve significant savings over the projection period.

1.10 Transfer of Fixed Assets

All fixed assets including, but not limited to, fire stations and facilities, mobile fire equipment and specialized emergency equipment, will remain as currently assigned and be transferred as the real and personal property of the consolidated District. The proposed consolidation is intended to be transparent and seamless for all involved. Further information on fixed assets can be found in Exhibits C (detailing station Facilities) & D (list of current Apparatus & Vehicles).

1.11 Transfer of Personnel

All personnel of the Aptos/La Selva Fire Protection District and the Central Fire Protection District will become employees of the consolidated District, under the salary schedule and benefits as agreed upon under the current MOUs for each bargaining group. Current employees will not be adversely impacted by the consolidation process. Commitments made to retirees in terms of post-employment benefits will be honored.

Consolidation will eliminate the need for one Fire Chief Position. Additionally, a consolidation of administrative staff would eliminate 1.5 administrative positions. A reduction in these positions would also reduce costs for various benefit programs. ***Any reduction in the number of positions will be accomplished through attrition or reassignment. No employees of either district will be laid off as a result of the consolidation.*** Regardless of consolidation, an Assistant Chief position, previously vacated and unfunded by

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the Central FPD, will be restored and filled to ensure an adequate command structure is in place to manage a more complex organizational structure.

Consolidation will result in the creation of a new fire protection district and the absorption into the new district of all Aptos/La Selva and Central Fire District employees. Currently, the total compensation structure (salary plus benefits) between the two Districts is within 4% to 5%. Comparing salary scales alone, A/LSFPD is between 9% and 11% higher than that of the CFPD, depending on rank and time in grade. This illustrates that realignment of the labor contracts must include all items that make up total compensation, not just salary. ESCI recommended the Aptos/La Selva employees be held at their current pay amounts until the Central employees can, through the normal anticipated adjustments through COLA and the respective bargaining agreements, achieve salary increases sufficient to reach parity with the Aptos employees. This time period was estimated at 12 to 18 months.

2. An indication of when the service can feasibly be extended to the affected territory.

The application to be considered by LAFCO is the consolidation of two fire districts within Santa Cruz County. There is no anticipated change to the existing level or range of service currently provided. The existing Santa Cruz County Standards of Cover Service Levels and Deployment Goals shall remain in effect based on NFPA 1710 Standards “**NFPA 1710: STANDARD FOR THE ORGANIZATION AND DEPLOYMENT OF FIRE SUPPRESSION OPERATIONS, EMERGENCY MEDICAL OPERATIONS AND SPECIAL OPERATIONS TO THE PUBLIC BY CAREER FIRE DEPARTMENTS**”

2.01 Geographic Risk Areas

The proposed Central Fire Protection District of Santa Cruz County is made up of several geographic areas, all with their own unique risks:

Wilderness Area - An area of sparse population of usually less than ten persons per square mile in which its' general use is a conservation area for the protection of natural resources or limited low impact recreational use.

Rural Area - A rural area consists of all areas outside of urban areas or urban clusters and has a higher population density than that of a wilderness area.

Suburban Area – A mix of commercial and residential buildings with a higher population than wilderness or rural areas. This also includes the coastal residential areas.

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Suburban/Wildland Interface – Transitioning between the suburban and rural areas, these areas have both a larger population than rural and a large amount of trees, grassy areas and other high fire risk challenges.

Planned Unit Development – While there are currently few high-density commercial or industrial areas within the two Districts, there are several planned large commercial projects. The Capitola Mall is in the planning stages of a major remodel project. The Aptos Village project continues with a mix of commercial and residential construction, with one or two more buildings yet to be built. There is another commercial/residential project in the works in the Live Oak area that will be a mix of doctor’s offices/clinics and multi-unit residential. Kaiser Permanente is also considering building a facility in this area in the future.

2.02 Deployment

The deployment of equipment and personnel will not change from the current response structure. Calls for service come to the fire District by way of the Santa Cruz Regional 911 communication center (SCR911). Units are dispatched in accordance with the response matrix set up within the District’s emergency response zones (ESZ’s) and are dispatched according to the location of the incident. Emergency response units deploy from one or all of seven fire stations: Aptos, Rio Del Mar, La Selva, Capitola, Live Oak, Soquel, and Thurber Lane. Existing mutual and auto aid agreements with neighboring Districts and Departments will be updated upon successful formation of the consolidated District.

2.03 Expectations

Expectations are that there will be no reduction in service levels to the affected area due to this consolidation. Local governance and local control of revenue will be maintained. Streamlining of the management and administrative structure will free up resources to allow enhancement of current services levels, particularly in the areas of community risk reduction, wildfire preparedness, and emergency response. As expected efficiencies begin to reduce duplicative costs, the fund balance will increase, replacement equipment can be purchased, and additional resources may be added to enhance existing service levels.

2.04 Staffing

One of the primary responsibilities of a fire department’s administration is to ensure that the fiscal, infrastructure, and support elements are in place and functioning smoothly and effectively so that the core mission—responding to and mitigating emergencies—can be accomplished in a safe and efficient manner.

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Attached as Exhibit G is the current staffing model for the affected territory. The Aptos/La Selva FPD employs full-time paid firefighters and firefighter/paramedics, while the Central Fire Protection District currently utilizes both full-time paid firefighters and a cadre of paid-call firefighters. The consolidated district will utilize full-time career firefighters and paid-call firefighters to full advantage.

2.05 Timing for Extending Services

There will be no interruption of services provided to the affected territory. The County Assessor's office shall provide for the transfer of reserves and balance of the FY20-21 property tax revenue.

3. Identification of any improvement or upgrading of structures, roads, other infrastructure, or other conditions the affected agency would impose upon the affected territory.

The proposed action is a general reorganization of existing services and service levels. Any infrastructure “upgrading” will be limited to localized general impacts associated with the construction of future fire service facilities such as fire stations, administrative centers and support facilities. No infrastructure improvements are proposed at this time, although the ESCI 2018 Consolidation Feasibility Study and Service Review did recommend that the Soquel Fire Station be relocated out of the floodplain to a new site near Soquel Drive and Capitola Avenue. The 2017 Aptos/La Selva Fire District Master Plan recommended that the District further study the possibility of relocating the La Selva fire station closer to Highway 1 and San Andreas Road to improve overall response times.

Relocating a fire station is a major project for any fire agency, requiring much additional study and planning and as such extends far beyond the scope of this consolidation proposal.

4. The estimated cost of extending service and a description of how the service or required improvement will be financed. A discussion of the sufficiency of revenues for anticipated service extensions and operations is also required.

The cost of delivering services to the communities will not increase as a result of consolidation. All current revenue sources including property tax and special assessments will be transferred to the consolidated District. There will be no increase in taxes, and no increase in the existing Day Valley and La

Plan for Services

"Central and Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)

Selva Beach special assessments. In accordance with Proposition 218, taxes and/or assessments cannot be added or increased without a vote of the people.

Existing tax revenue, current reserves and grant funding opportunities will fund improvements, primarily equipment upgrades. Additional fiscal projections are included in Exhibit E.


5. Inclusion of Existing Tax Revenue & Special Assessment Fees

Existing property tax revenue that the two districts currently collect shall serve as the primary source of revenue for the consolidated District. Other revenue might include fees for service, reimbursements for contracts (strike team response, contracts with other entities) or grant funding.

In 1982, the Aptos Fire Protection District adopted a special tax for fire protection services pursuant to approval by District voters. Also in 1982, the La Selva Fire Protection District adopted a similar special assessment. When Aptos and La Selva FPDs consolidated in 1987, both assessments continued in effect for their respective areas. In 1987, the Aptos FPD special tax was applied to the Day Valley area as a Local Agency Formation Commission (LAFCO) condition of annexation to the consolidated fire district. In 2004, the Aptos special tax was also applied to the Spring Valley area as a condition of annexation. Neither the Aptos FPD special tax nor the La Selva FPD assessment ordinance contain language allowing for an increase in the annual assessment to offset inflation. These special assessments will generate approximately \$132,475 in FY 20/21. Central Fire Protection District has no special taxes or assessments.


It is anticipated that all fees, assessments, special taxes or other charges that were approved by the voters or imposed as a condition of prior annexations to either district will remain in effect post-consolidation.

Approval Signatures:



Board Chair
Central Fire Protection District

10/13/20
Date



Board President
Aptos/La Selva Fire Protection District

10-8-20
Date

Attachment A – Proposed Sphere of Influence



Plan for Services
"Central and Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)

Exhibit B - Board of Supervisors Resolution 40-2020

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BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

Adopted 03/24/2020
Board of Supervisors
DOC-2020-257

RESOLUTION NO. 44-2020

On the motion of Supervisor Leopold
Duly seconded by Supervisor Coonerty
The following resolution is adopted

**RESOLUTION ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX
REVENUES PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE SECTION 99**

**LAFCO DC 20-02 - Central and Aptos/La Selva Fire Protection Districts
Consolidation**

WHEREAS, California Revenue and Taxation Code Section 99 requires that each city or county or the county on behalf of special districts included in a governmental reorganization or jurisdictional change accept a negotiated exchange of property tax revenues; and

WHEREAS, the governing bodies of all agencies whose service areas would be altered by the jurisdictional change referred to in Exhibit "A" have met to determine the allocation of property tax revenues; and

WHEREAS, the County of Santa Cruz agrees to accept the negotiated exchange of property tax revenue as provided for in Exhibit "A";

NOW, THEREFORE, BE IT RESOLVED that the County of Santa Cruz hereby accepts the negotiated exchange of property tax revenues as provided for in Exhibit "A" as required by California Revenue and Taxation Code Section 99; and

BE IT FURTHER RESOLVED AND ORDERED that the Clerk of the Board shall forward a copy of this Resolution to the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector; and

BE IT FURTHER RESOLVED AND ORDERED that the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector is directed to disperse property tax revenues as provided for in Exhibit "A" upon receipt of a copy of this Resolution and a concurring resolution of any affected cities, if any, and following recordation of a Certificate of Completion.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 24th day of March, 2020, by the following vote:

AYES: SUPERVISORS Leopold, Friend, Coonerty, McPherson, Caput
NOES: SUPERVISORS None
ABSENT: SUPERVISORS None

DocuSigned by:



Clerk of the Board of Supervisors

ATTEST:

Susan Galloway

Clerk of Said Board

DocuSigned by:
Susan Galloway
SF3E632A863849D...

Greg Caput

Chair of Said Board

DocuSigned by:
Greg Caput
8FA3602F8E7F43C...

APPROVED AS TO FORM:

County Counsel

JM Heat 3/13/2020

Packet Pg. 199

Attachment: Resolution LAFCO DC 20-02 Fire Protection Consolidation (8710 : LAFCO DC 20-02 - Central and Aptos/La Selva Fire

Exhibit C - Facilities for Central FPD and Aptos/La Selva FPD

Community Risk Reduction Office

6934 Soquel Drive, Aptos, CA 95003

Constructed in 1968, remodeled 1992 to include an additional 4,428 square feet of Administrative offices. Seismic alterations done on front of station during roof work in 2008. Currently serves as CRR/Prevention Services office for both Districts. Total sq. ft. (including attached Station 1) 9,444



APT Station 1 – Aptos (Connected to CRR Office)

6934 Soquel Drive, Aptos, CA 95003

Includes Apparatus Bay, Living Quarters



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APT Station 2 - Rio Del Mar

300 Bonita Drive, Aptos, CA 95003

Includes engine bay, living quarters, and training room.
Constructed in 1973, Remodeled 1993 to include additional engine bay
and 2nd story, Seismic retrofit in 2008, 5,415 sq. ft.



APT Station 3 - La Selva Beach

312 Estrella Avenue, La Selva Beach, CA 95076

Includes engine bay, living quarters. Constructed in 1946, Remodeled in
2003 to remove 3rd engine bay for seismic retrofit. 3,255 sq. ft.



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Administration Office

930 17th Avenue - Santa Cruz, CA 95062

Currently serving as headquarters for both Districts. Includes office space, 2 meeting rooms, storage room. Constructed in 1999, 7,811 sq. ft.



CTL Station 1 - Live Oak

930 17th Avenue - Santa Cruz, CA 95062

Adjacent but not connected to main Administration Bldg. Constructed in 1947, with remodel in 1997 to add apparatus bay & bedrooms. 12,616 sq. ft.



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CTL Station 2 - Santa Cruz

3445 Thurber Lane - Santa Cruz, CA 95065

Constructed in 2000, Includes separate bunker rooms, 3 engine bays,
Captains office. 7,181 sq. ft.



CTL Station 3 – Soquel

4747 Soquel Drive - Soquel, CA 95073

Remodeled in 1962 to add 2 engine bays. Seismic retrofit in 2003. Includes living
quarters, 3 engine bays. 5,600 sq. ft.



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CTL Station 4 - Capitola

405 Capitola Avenue - Capitola, CA 95010

Constructed in 1955, remodeled in 1991 for seismic upgrades, had fire sprinkler retrofit in 1995, and sustained flood damage (which was repaired) in 2011. Includes living quarters, 2 apparatus bays, 3,862 sq. ft.



Fleet Services

410 Kennedy Drive - Capitola, CA 95010

Maintains fleet for Central FPD, Aptos/La Selva FPD and a number of other apparatus and support vehicles throughout the County of Santa Cruz. Constructed in 1972, remodeled in 2011 to repair water damage. 10,000 sq. ft.



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Exhibit D - Apparatus and Equipment

Central Fire Protection District Apparatus & Vehicle Inventory

Apparatus Designation	Type	Year	Make and Model	Pump Capacity	Tank Capacity
16-01	LD	2016	Chevy Tahoe	0	0
14-01	LT	2015	Chevy Tahoe	0	0
15-01	LT	2015	Ford 350 Crew Cab	0	0
13-01	HD	2013	Pierce Pumper	1250	500
18-01	LT	2018	Ford F250	0	0
18-02	LT	2018	Ford F250	0	0
18-03	MD	2018	Rosenbauer Type 6	500	200
18-04	HD	2018	Rosenbauer Type 1	1500	500
18-05	HD	2018	Rosenbauer Type 1	1500	500
19-01	LT	2019	Ford Escape	0	0
19-02	LT	2019	Ford Escape	0	0
19-03	LT	2019	Ford Escape	0	0
19-06	LT	2019	Ford F250	0	0
TBD	TBD	2009	Fire-Blast Burn Trailer	0	0
99	LD	2009	Ford Pickup	0	0
81	LD	2007	Ford PU	0	0
90	LD	2007	Ford PU w/equip	0	0
38	3	2007	Int'l Engine	500	500
37	3	2007	Int'l Engine	500	500
16	HD	2007	Pierce Pumper	1250	500
15	HD	2006	Pierce Pumper	1250	500
16-02	LD	2004	Kenworth T300	0	0
11	HD	2004	Pierce Pumper	1250	500
72	HD	2001	Pierce Dash Ladder	2000	500
18-06	HD	2018	Rosenbauer Platform	2000	300
60	HD	2000	Freightliner	0	0
F1	LD	1995	Daewoo Fork Lift	0	0
17-01	LD	1993	GMC Repair	0	0
19	HD	1992	Pierce Lance Pumper	1250	600
62	TR	1992	Wells Cargo Trailer w/ Search Rescue contents	0	0
50	HD	1991	Freightliner Tender	800	2000

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Central Fire Protection District Apparatus & Vehicle Inventory, Cont.

Apparatus Designation	Type	Year	Make and Model	Pump Capacity	Tank Capacity
61	LD	1987	Chevy Stake Bed Flatbed	0	0
18	P	1949	Mack 750 Antique Pumper (parade)	0	0

LD = Light Duty HD = Heavy Duty TR = Trailer P = Parade

Aptos/La Selva Fire Protection District Apparatus and Vehicle Inventory

Apparatus Designation	Type	Year	Make and Model	Pump Capacity	Tank Capacity
3512	1	2017	Rosenbauer Commander	1500	750
3511	1	2015	Rosenbauer Commander	1500	750
3513	1	2012	Pierce PUC	1500	500
3510	1	2007	Pierce Dash	1500	500
3536	3	2007	International	500	500
3550	HD	2018	International	1000	2000
3566	LD	2012	Ambulance	0	0
3560	HD	2007	Kenworth/Pierce Rescue T300 series	0	0
3595	LD	2009	Ford F450 Super Duty	0	0
3501	LD	2011	Ford F150 (OPS)	0	0
3502	LD	2011	Ford F150 (Logistics)	0	0
3504	LD	2013	Ford F150 (Training)	0	0
3505	LD	2013	Ford F150 (EMS Chief)	0	0
3596	LD	2015	Ford Focus Sedan	0	0
	TR	2009	Carry On Trailer	0	0
3597	LD	2011	Chevy Tahoe (Pool Veh.)	0	0
3580	LD	2009	Ford Escape Hybrid (Pool Veh.)	0	0
19-04-3581	LD	2019	Ford Escape (Prevention)	0	0
19-05-3582	LD	2019	Ford Escape (Prevention)	0	0
19-07-3501	LD	2019	Ford F250 (OPS)	0	0

LD = Light Duty HD = Heavy Duty TR = Trailer P = Parade

Apparatus Summary

Generally, fire agencies utilize a guideline as follows to establish capital equipment replacement programs:

Engines: 10 years frontline and 5 years reserve.

Truck Companies: 15 years frontline and 5 to 10 years in reserve.

Ambulance: 5 years front line 5 years in reserve.

The level of activity, topography, and other factors may influence these guidelines.



Plan for Services
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Exhibit E - Financial Projections

1: Combined District Five-Year Cash Flow Projection—As-Is Basis

The following figure combines the projected operating cash flows of the two Districts without recognizing the projected net savings resulting from the consolidation of the Districts.

CONSOLIDATED DISTRICT	Final Budget FY 2020-21	Projection FY 2021-22	Projection FY 2022-23	Projection FY 2023-24	Projection FY 2024-25	Projection FY 2025-26
REVENUE						
Property taxes	\$32,419,913	\$33,716,710	\$34,728,211	\$35,770,057	\$36,485,458	\$37,215,167
Other revenue	\$2,480,957	\$2,599,945	\$2,698,418	\$2,800,870	\$2,890,748	\$2,984,116
Total Revenues	\$34,900,870	\$36,316,655	\$37,426,629	\$38,570,927	\$39,376,206	\$40,199,284
EXPENDITURES						
Salary and employee benefits	\$28,830,546	\$29,934,112	\$30,798,803	\$31,745,847	\$32,664,467	\$33,606,749
Services and Supplies	\$ 5,896,508	\$ 4,144,182	\$ 4,265,948	\$ 4,381,750	\$ 4,500,528	\$ 4,622,842
Capital	\$ 1,135,496	\$ 4,690,387	\$ 2,143,280	\$ 1,099,710	\$ 1,570,536	\$ 282,332
Contingency	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Total Expenditures	\$36,062,550	\$38,968,681	\$37,408,030	\$37,427,307	\$38,935,530	\$38,711,923
Net Cash Flow (Deficit)	\$ (1,161,680)	\$ (2,652,026)	\$ 18,599	\$ 1,143,620	\$ 440,676	\$ 1,487,360
Beginning cash	\$26,028,172	\$24,866,492	\$22,214,466	\$22,233,065	\$23,376,685	\$23,817,360
Ending Cash	\$24,866,492	\$22,214,466	\$22,233,065	\$23,376,685	\$23,817,360	\$25,304,721

2: Schedule of Anticipated Cost Savings Resulting from Consolidation

The resulting adjustments identified in the schedule below are incorporated into the projections contained in the following figure.

COST REDUCTION	Final Budget FY 2020-21	Projection FY 2021-22	Projection FY 2022-23	Projection FY 2023-24	Projection FY 2024-25	Projection FY 2025-26
SALARY & BENEFITS						
1 FT position & 2 Reclasses						
Salary	\$340,910	\$373,675	\$376,478	\$379,301	\$382,146	\$385,012
Benefits	\$64,691	\$83,258	\$83,883	\$84,512	\$85,146	\$85,784
Total Salary & Benefits	\$ 405,602	\$ 456,934	\$ 460,361	\$ 463,813	\$ 467,292	\$ 470,797
SERVICES & SUPPLIES						
Audit & Accounting Fees	\$ 43,600	\$ 43,600	\$ 43,600	\$ 43,600	\$ 43,600	\$ 43,600
Professional	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
Directors Fees	\$ 13,892	\$ 13,892	\$ 13,892	\$ 13,892	\$ 13,892	\$ 13,892
Software	\$ 23,766	\$ 23,766	\$ 23,766	\$ 23,766	\$ 23,766	\$ 23,766
Education & Training	\$ 8,553	\$ 8,553	\$ 8,553	\$ 8,553	\$ 8,553	\$ 8,553
Total Expenditures	\$ 174,811	\$ 174,811	\$ 174,811	\$ 174,811	\$ 174,811	\$ 174,811
PROJECTED SAVINGS	\$ 580,413	\$ 631,745	\$ 635,172	\$ 638,624	\$ 642,103	\$ 645,608

Plan for Services

“Central and Aptos/La Selva Fire Consolidation” (LAFCO Project No. DC 20-02)

3: Consolidated District Projections with Anticipated Cost Savings

The ability for both Districts - individually or combined - to maintain an adequate cash reserve to fund operations between July and November is critical. The Consolidated District Cash Projections with Anticipated Cost Savings appear to satisfy this requirement.

CONSOLIDATED DISTRICT WITH SAVINGS	Final Budget	Projection	Projection	Projection	Projection	Projection
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
REVENUE						
Property taxes	\$32,419,913	\$33,716,710	\$34,728,211	\$35,770,057	\$36,485,458	\$37,215,167
Other revenue	\$2,480,957	\$2,599,945	\$2,698,418	\$2,800,870	\$2,890,748	\$2,984,116
Total Revenues	\$34,900,870	\$36,316,655	\$37,426,629	\$38,570,927	\$39,376,206	\$40,199,284
EXPENDITURES						
Salary and employee benefits	\$28,830,546	\$29,934,112	\$30,798,803	\$31,745,847	\$32,664,467	\$33,606,749
Services and Supplies	\$ 5,896,508	\$ 4,144,182	\$ 4,265,948	\$ 4,381,750	\$ 4,500,528	\$ 4,622,842
Capital	\$ 1,135,496	\$ 4,690,387	\$ 2,143,280	\$ 1,099,710	\$ 1,570,536	\$ 282,332
Contingency	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Net Cost (Savings) of Consolidation	\$ (580,413)	\$ (631,745)	\$ (635,172)	\$ (638,624)	\$ (642,103)	\$ (645,608)
Total Expenditures	\$35,482,138	\$38,336,936	\$36,772,859	\$36,788,683	\$38,293,428	\$38,066,316
Net Cash Flow (Deficit)	\$ (581,268)	\$ (2,020,282)	\$ 653,771	\$ 1,782,244	\$ 1,082,778	\$ 2,132,968
Beginning cash	\$26,028,172	\$25,446,905	\$23,426,623	\$24,080,394	\$25,862,638	\$26,945,416
Ending Cash	\$25,446,905	\$23,426,623	\$24,080,394	\$25,862,638	\$26,945,416	\$29,078,384

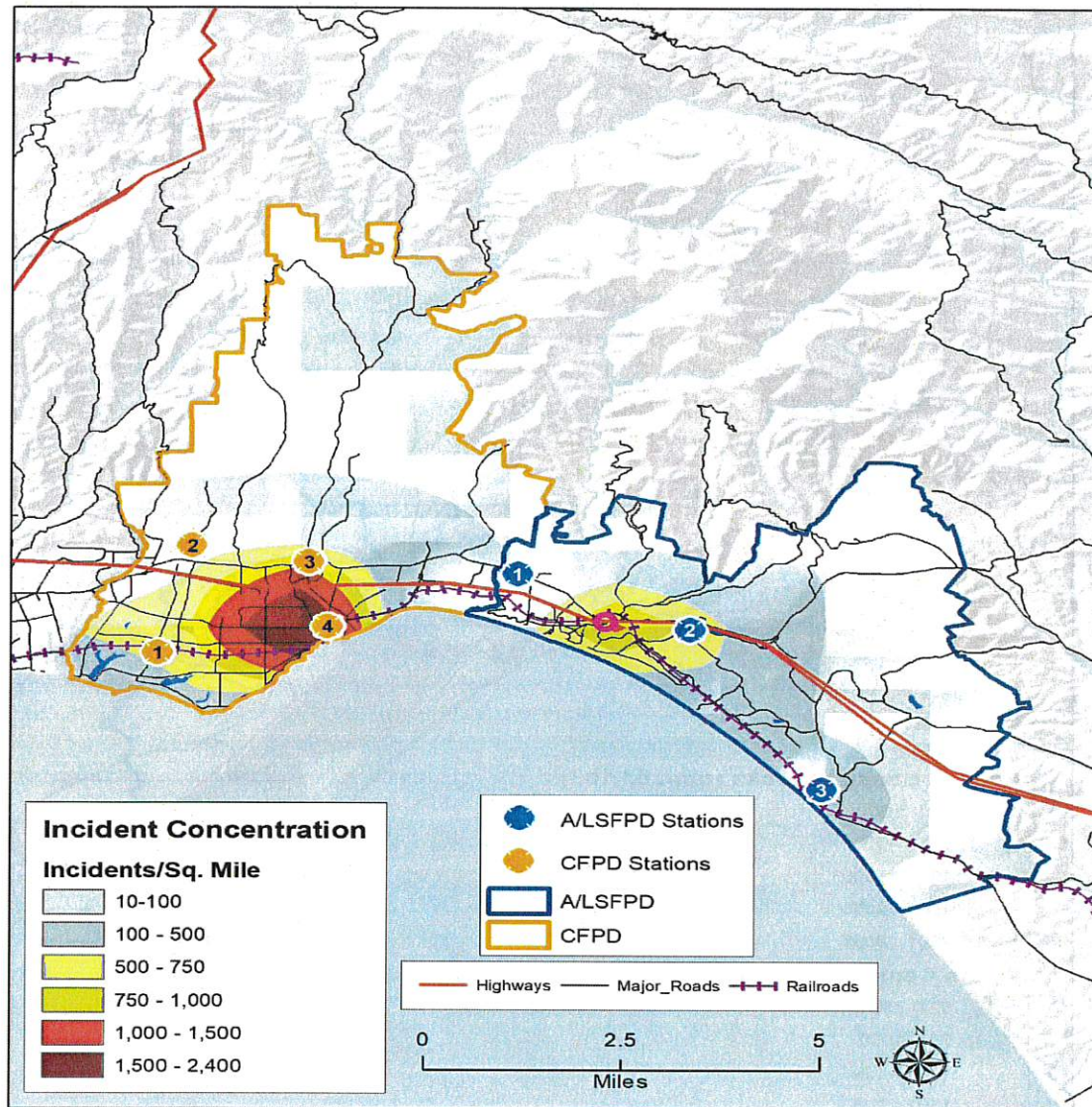
4: Consolidated Statement of Net Position

The following figures combine the two Districts assets and liabilities to reflect the total net position of the consolidated District as of Fiscal Year 2018-19. Figures were provided by the most recent audited financial statements for both Districts.

STATEMENT OF NET POSITION	APTOS	CENTRAL	CONSOLIDATED
	FY 2018-19	FY 2018-19	FY 2018-19
ASSETS			
Current assets	\$8,849,117	\$15,020,336	\$23,869,453
Capital assets, net of depreciation	\$5,465,362	\$11,936,836	\$17,402,198
Other Assets	\$4,409,147	\$7,665,374	\$12,074,521
Total Assets	\$ 18,723,626	\$ 34,622,546	\$ 53,346,172
LIABILITIES			
Current liabilities	\$ 385,789	\$ 1,866,329	\$ 2,252,118
Net pension liability	\$ 16,833,268	\$ 25,420,123	\$ 42,253,391
Net OPEB liability	\$ 1,712,316	\$ 16,975,800	\$ 18,688,116
Other liabilities	\$ 1,606,210	\$ 4,272,093	\$ 5,878,303
Total Liabilities	\$ 20,537,583	\$ 48,534,345	\$ 69,071,928
TOTAL NET POSITION	\$ (1,813,957)	\$ (13,911,799)	\$ (15,725,756)

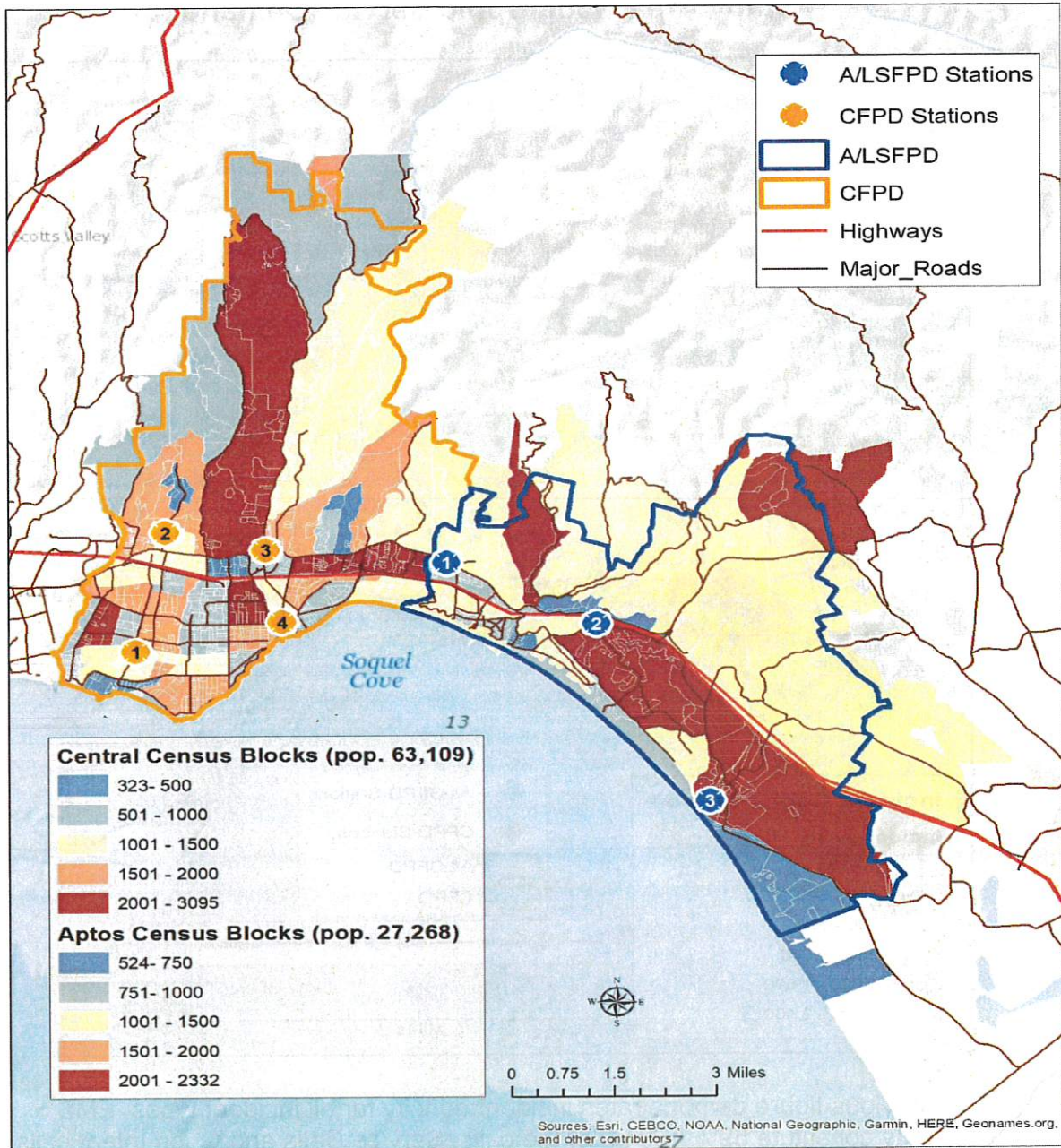
Exhibit F- Maps of Affected Territory

Study Area Geographic Service Demand



The previous figure demonstrates incident density for all incident types. EMS incidents constitute 59% (6,044) of the calls. Service Calls and Good Intent calls are 27% of the incident type, while Fires represent 2.2%.

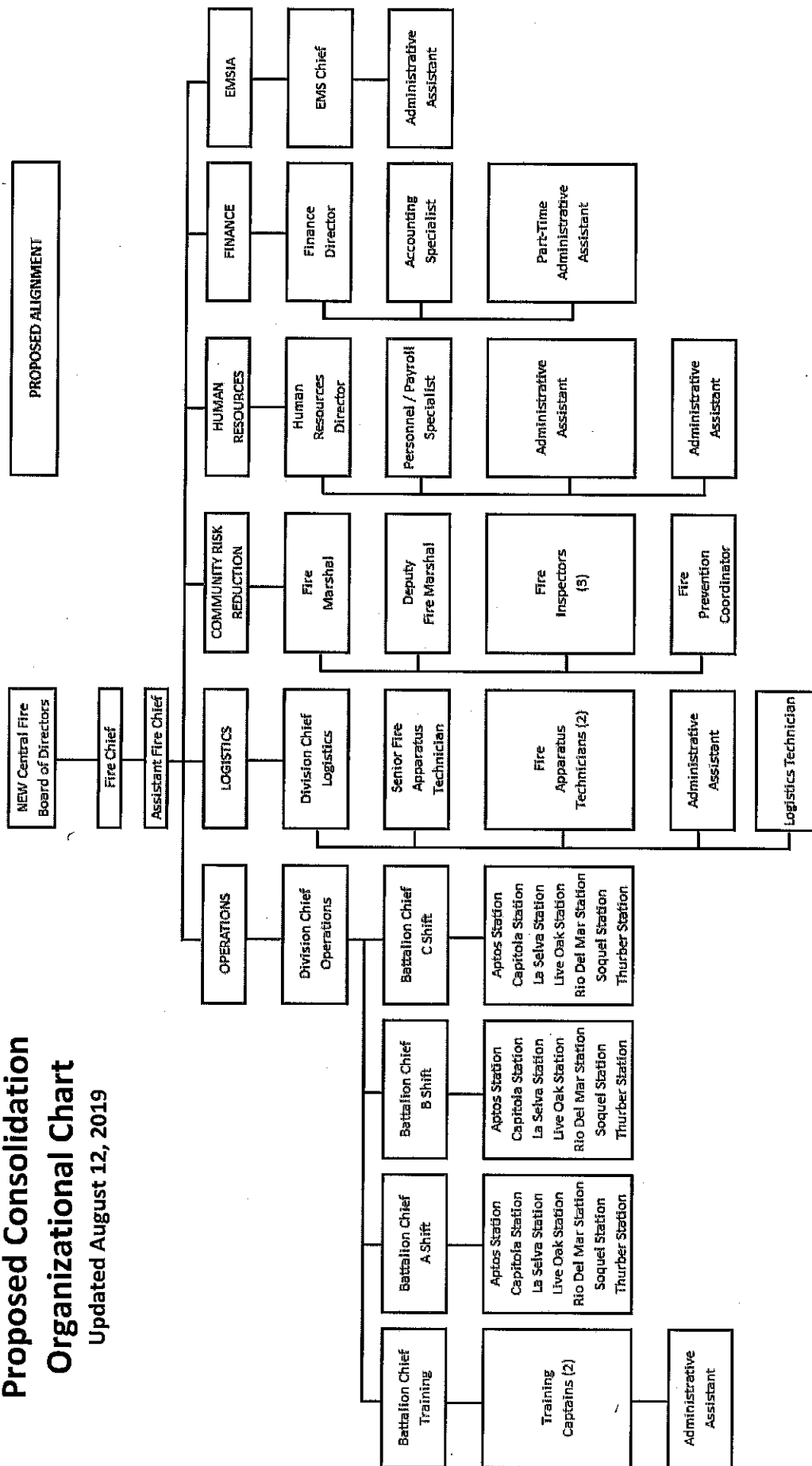
Study Area Population Density, 2010 Census Blocks



Note: Maps from ESCI 2018 Consolidation Feasibility Study and Service Review. Population estimates have not changed significantly since the 2017 Citygate Report.

Exhibit G – Organizational Chart for Combined District

Proposed Consolidation Organizational Chart Updated August 12, 2019



Notice of Exemption

To: ☐ Office of Planning and Research
1400 Tenth Street, Room 121
Commission
Sacramento CA 95814

From: (Public Agency)
Santa Cruz Local Agency Formation
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: "Central & Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)

Project Location: The subject area encompasses 55 square miles, is inhabited, and is located east of the City of Santa Cruz and west of the City of Watsonville. The consolidation including the communities of Capitola, Live Oak, Soquel, Aptos, Rio Del Mar, and La Selva Beach. Attached is a vicinity map of the subject territory. Attached is a vicinity map of the subject area (refer to **Attachment A**).

Project Location City: N/A **Project Location County:** Santa Cruz

Description of Nature, Purpose, and Beneficiaries of Project: A consolidation is being proposed by Central and Aptos/La Selva FPDs following the adoption of two substantially similar resolutions. The proposal area involves the existing jurisdictional boundaries of both fire districts, which encompasses approximately 25,000 acres and includes over 30,000 parcels. The applicants are not proposing any additional changes to their boundaries other than consolidating both districts into a new single "successor" agency.

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County ("Santa Cruz LAFCO"). A public hearing on this proposal is scheduled for 9:00 a.m. on November 4, 2020. Additional information on the upcoming meeting is available on the LAFCO website.

Name of Person or Agency Carrying Out Project: Santa Cruz LAFCO


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
☐ Other: The activity is not a project subject to CEQA.

Reason Why Project is Exempt: Pursuant to CEQA Guidelines Section 15320, Class 20(b): Changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised, including but not limited to consolidation of two or more districts having identical powers.

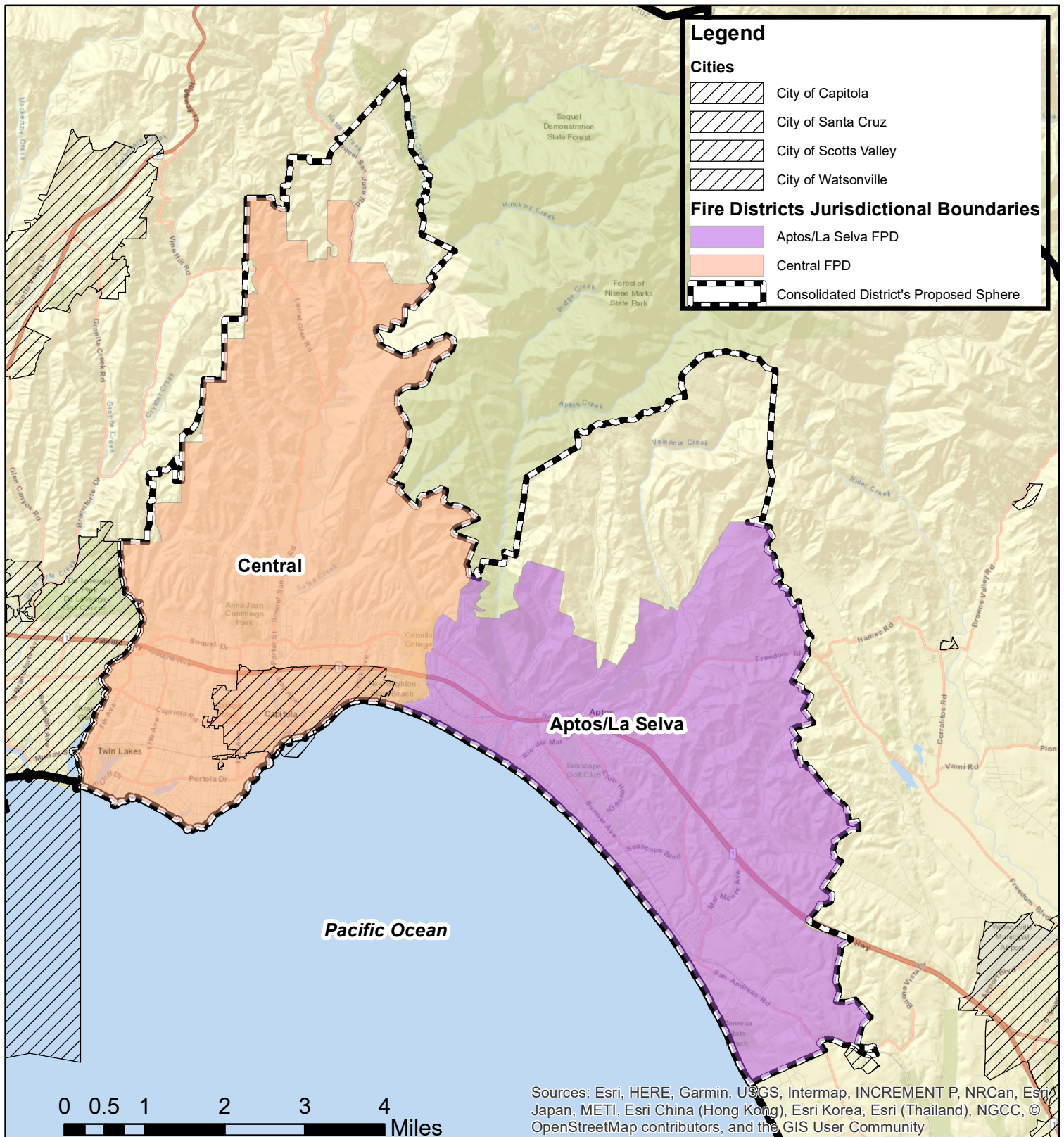
Lead Agency Contact Person: Joe A. Serrano

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

Signature: 
Joe A. Serrano, Executive Officer

Date: October 8, 2020

☒ Signed by Lead Agency



Proposed "Central & Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02)

Consolidation Application submitted on December 30, 2019

Vicinity Map developed on January 9, 2020

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Assembly Bill No. 1140

CHAPTER 65

An act to add Section 20508.5 to the Government Code, relating to public employees' retirement.

[Approved by Governor September 11, 2020. Filed with
Secretary of State September 11, 2020.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1140, Mark Stone. Public Employees' Retirement System: contracting agencies: consolidation.

Existing law, the Public Employees' Retirement Law (PERL), establishes the Public Employees' Retirement System (PERS), which provides a defined benefit to members of the system based on final compensation, credited service, and age at retirement, subject to certain variations. PERL authorizes any public agency to make its employees members of PERS by contract. Under existing law, when a contracting agency is succeeded by another agency, the successor agency may become a contracting agency of PERS. Existing law provides that if the successor agency contracts with PERS, the contract of the former agency shall merge with the contract of the succeeding agency.

This bill would authorize a successor agency for the Central Fire Protection District and the Aptos/La Selva Fire Protection District to provide employees the defined benefit plan or formula that those employees received from their respective employer prior to the consolidation.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Santa Cruz.

The people of the State of California do enact as follows:

SECTION 1. Section 20508.5 is added to the Government Code, to read:

20508.5. On and after June 30, 2020, a successor agency, pursuant to Section 20508, for the Central Fire Protection District and the Aptos/La Selva Fire Protection District may provide employees the defined benefit plan or formula that those employees received from their respective employer prior to the consolidation. The successor agency shall designate the surviving contract within 180 days of the consolidation.

SEC. 2. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique need to consolidate fire protection districts in the County of

Santa Cruz to remove redundancies while continuing fire and emergency response services.

O



CERTIFICATE OF FILING

Project Title: "Central & Aptos/La Selva Fire Consolidation"
Project Number: DC 20-02
APNs: 30,220 parcels (APN List available upon request)
Date Rec'd by LAFCO: December 30, 2019
Submitted by: Resolutions (Central & Aptos La/Selva Board of Directors)
Subject Agencies: Central and Aptos/La Selva Fire Protection Districts (FPDs)

CORTESE-KNOX-HERTZBERG ACT REQUIREMENTS

The application for the referenced proposal has been submitted to LAFCO and has been found to be in the form prescribed by the Local Agency Formation Commission of Santa Cruz County. Pursuant to Sections 56651 and 56658 of the Government Code, the Executive Officer is issuing this Certificate of Filing. Following the issuance of the Certificate of Filing, the Executive Officer shall proceed to set the proposal for hearing and give published notice thereof as provided in this part. The date of the hearing shall be not more than 90 days after issuance of the Certificate of Filing or after the application is deemed to have been accepted, whichever is earlier. Notwithstanding Section 56106, the date for conducting the hearing, as determined pursuant to this subdivision, is mandatory.

Pursuant to state law, the Certificate of Filing addresses the following:

1. The filing date for this proposal is October 6, 2020.
2. The Commission may consider this proposal on November 4, 2020 but not later than January 6, 2020.
3. This proposal is:
 - ☐ A 100 percent consent item.
 - ☒ An item requiring a noticed public hearing.



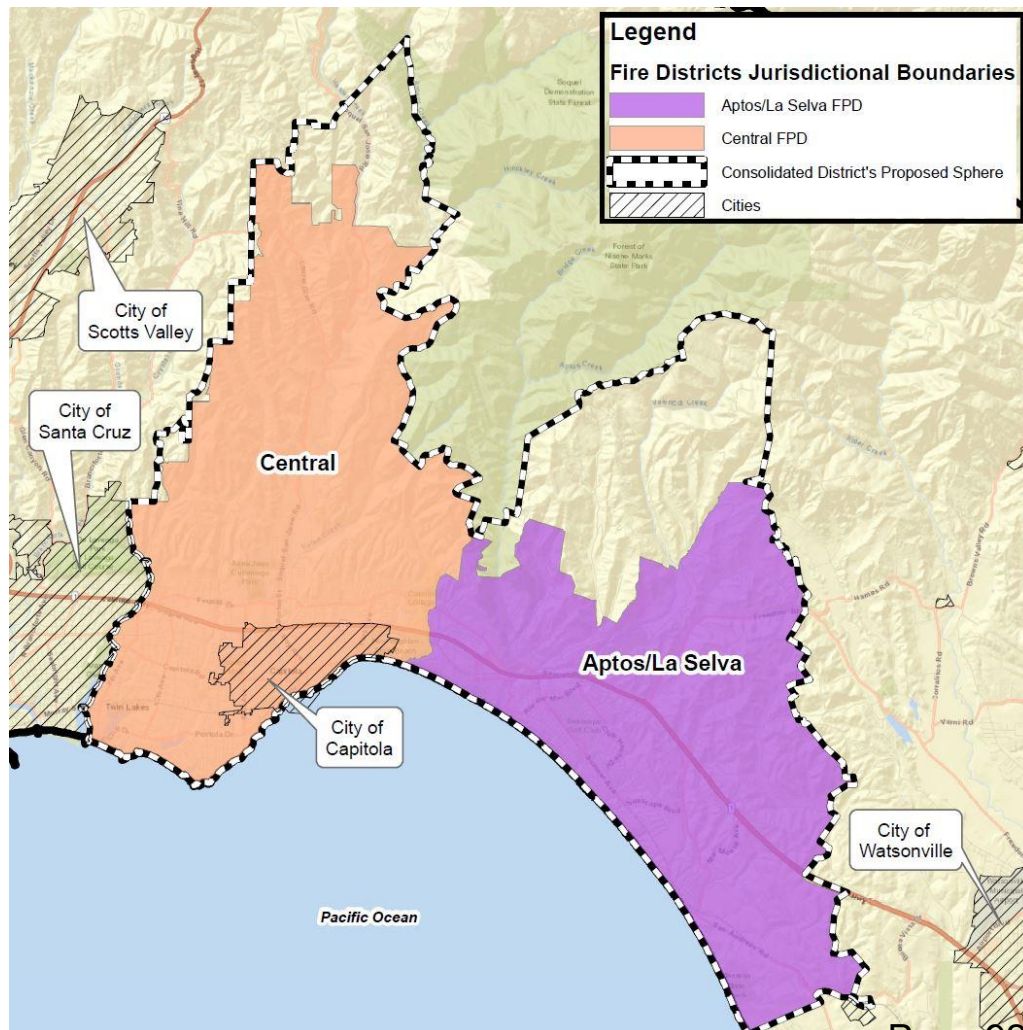
 Joe A. Serrano
 Executive Officer
 Local Agency Formation Commission of Santa Cruz County



NOTICE OF PUBLIC HEARING LOCAL AGENCY FORMATION COMMISSION

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, November 4, 2020, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following:

- **San Lorenzo Valley Water District (SLVWD) Service and Sphere of Influence Review:** Consideration of a service and sphere review for SLVWD. 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 Sphere of Influence and Water Policies. The proposed changes may include several non-substantive changes, removal of outdated language, and further clarifications to reflect the Commission’s current practices.
- **“Central & Aptos/La Selva Fire Consolidation” (LAFCO Project No. DC 20-02):** Consideration of a proposed consolidation of two fire districts, totaling approximately 55 square miles, as shown in the map below. The proposal area is located east of the City of Santa Cruz, west of Watsonville’s city limits, and includes the City of Capitola. If approved, the consolidation will preserve the current levels of service, maintain local demand expectations, and continue existing funding sources. In compliance with the California Environmental Quality Act (CEQA), LAFCO staff has prepared a Categorical Exemption for this proposal.



Frequently Asked Questions

- Will my property taxes go up when the consolidation is finalized? No. Residents will not incur any additional costs.
- Will levels of service decrease? No. Levels of service will remain the same and may improve over time following consolidation.
- Why consolidate? This strategic partnership will maximize economies of scale, eliminate operational redundancy, and combine best practices, which may all lead to possible cost-savings in the short and long run.

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 November 4th 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 www.santacruzlafco.org. 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.



Joe A. Serrano
Executive Officer
Date: October 14, 2020

Central & Aptos/La Selva Fire Protection Districts - Change of Organization Process			
Action	Responsible Agency	Target Date	Description
Pre-LAFCO Process			
Consultation between Affected Districts	CFPD & A/LSFPD	November 2019	Pending issues, including but not limited to pension liabilities and district rebranding, should be addressed prior to the submittal of a LAFCO application
Adoption of Initiating Resolution(s)	CFPD & A/LSFPD	December 2019	One or both of the affected fire districts may adopt a resolution of initiation as part of the LAFCO application. Dual resolutions of application are advised.
During LAFCO Process			
Submittal of LAFCO Application	CFPD & A/LSFPD	January 2020	A completed application must also include the following: 1) Initiating Resolution(s); 2) Environmental Document (CEQA requirement)*; 3) Map & Legal Description (SBE requirement); 4) Signed Indemnification Agreement; 5) LAFCO Filing Fee (Initial Deposit); 6) Plan for Services; and 7) CALPERS Agreement on Pension Contracts
Review and Notification of Application	LAFCO	January 2020	Pursuant to state law, LAFCO will identify any missing items to the applicant within 30 days. Concurrently, LAFCO will solicit comments from affected and interested agencies/parties.
Adoption of a Property Tax Exchange Agreement	Board of Supervisors	March 2020	The County of Santa Cruz, on behalf of the fire districts, will need to determine the transfer of ad valorem property tax revenues to fulfill the requirements of Section 99 of the Revenue and Taxation Code.
Discuss Application's Pending Items	CFPD, A/LSFPD, and LAFCO	June 10	Two key items are still pending: copy of the Plan for Service and agreement between CALPERS and the affected fire districts. These items must be resolved before LAFCO staff can deem this project complete and ready for Commission consideration.
Consolidation Update to Commission	LAFCO	August 5	LAFCO staff provided a verbal update on the ongoing consolidation efforts to the Commission during a public meeting. This was an information item, no Commission action was taken.
Virtual Town Hall Meeting	CFPD, A/LSFPD, BOS, and LAFCO	September 30	The fire consolidation will be discussed during a virtual town hall meeting hosted by Supervisors Leopold and Friend. This will be an opportunity for the residents to hear the benefits of consolidation.
Submittal of Pending Item(s)	CFPD and A/LSFPD	September to October 2020	Submittal of the Final Plan for Service Document to LAFCO
Complete Certificate of Filing	LAFCO	October 6	Pursuant to State law, LAFCO's Executive Officer will deem the project complete when a Certificate of Filing is signed. All required documents and actions need to be accomplished before this step is taken.
Record Environmental Document	LAFCO	October 9	Pursuant to State law, and based on local practices, LAFCO files an environmental document regarding the consolidation. LAFCO staff has determined that the service review is exempted from CEQA. A Notice of Exemption will be recorded prior to the LAFCO hearing date.
Advertise LAFCO Hearing in Newspaper(s)	LAFCO	October 14	Pursuant to State law, LAFCO will advertise the consideration of the proposed consolidation in a newspaper (Sentinel & Pajaronian) at least 21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper).
Conduct LAFCO Hearing (Consider Proposal)	LAFCO	November 4	The Commission will consider the proposed change of organization in a public forum. Affected/interested agencies and members of the public will have an opportunity to address the Commission on this matter.
Conduct 30-day Request for Reconsideration Period	LAFCO	November 5 to December 4	Pursuant to state law, the request for reconsideration period is 30 days. <u>Reconsideration:</u> If the consolidation is approved, any person or affected agency may file a written request with the executive officer requesting amendments to or reconsideration of the adopted resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration.
Advertise LAFCO Protest Hearing in Newspaper(s)	LAFCO	December 4	Pursuant to State law, LAFCO will advertise the protest proceedings for the consolidation in a newspaper (Sentinel & Aptos Times) at least 21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper)
Conduct Protest Proceedings	LAFCO	December 4 to January 6	Pursuant to state law, the date of the protest hearing shall not be less than 21 days or more than 60 days after the date the notice is given. This is an opportunity for affected residents/landowners to submit protest petitions against the Commission's action (i.e. approval of consolidation). If less than 25% oppose, then Commission action holds If 25%-50% oppose, then election is required If more than 50% oppose, then Commission action is terminated
Oath of Office for Newly-Elected District Members	CFPD & A/LSFPD	January 2021	At the beginning of the year, the new Board members within both districts will be officially seated during a public meeting.
AB 1140 Becomes Law	CFPD, A/LSFPD, and LAFCO	January 2021	Assuming AB 1140 is signed by the Governor in late-2020, the pension bill will be enacted on January 1, 2021
Conduct LAFCO Hearing (Collect Protest Petitions)	LAFCO	January 6, 2021	A protest hearing will be held to receive any final protest petitions from affected residents/landowners. This hearing will occur immediately after the 1/6 Regular LAFCO Meeting.
Conduct LAFCO Hearing (Adopt Protest Results)	LAFCO	February 3, 2021	Pursuant to state law, LAFCO will adopt a resolution acknowledging the results of the protest proceedings.
Completion of all Terms & Conditions	CFPD & A/LSFPD	February to March 2021	The adopted resolution from the November 4 LAFCO Meeting will list a number of terms and conditions. The fire districts will be responsible to fulfill such conditions prior to recordation.
Recordation of Proposal	CFPD, A/LSFPD, and LAFCO	March to April 2021	<u>LAFCO:</u> Recordation of the approved proposal with the County and the State Board of Equalization. <u>CFPD & A/LSFPD:</u> The effective date of the proposal may be the day of recordation or a specified date. The two fire districts may specify the effective date as a potential condition in the LAFCO resolution.
Post-LAFCO Process			
Certificate of Completion Distribution	LAFCO	March to April 2021	LAFCO will send a copy of the Certificate of Completion, which includes the adopted resolution, to all affected/interested parties
State Board of Equalization (SBE) Tax Roll Update	SBE	March to April 2021	Consolidation will be reflected in new tax roll



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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 of 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 uninhabited, 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. 2020-30

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND ORDERING THE
“CENTRAL AND APTOS/LA SELVA FIRE CONSOLIDATION”
(LAFCO PROJECT NO. DC 20-02)

WHEREAS, a joint application by Central Fire Protection District and Aptos/La Selva Fire Protection District (collectively, “fire districts” or “applicants”) for the proposed consolidation in the County of Santa Cruz (“County”) was filed with the Executive Officer of this Local Agency Formation Commission (“LAFCO” or “Commission”) in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.); and

WHEREAS, pursuant to Government Code Section 56853(a), if substantially similar resolutions are adopted making proposals for consolidation, the Commission shall approve, or conditionally approve, the proposal. The Board of Directors for Aptos/La Selva and Central Fire Protection Districts adopted similar initiating resolutions on July 16, 2019, and July 23, 2019, respectively; and

WHEREAS, the proposal involves the existing jurisdictional boundaries of both fire districts, which encompasses approximately 25,000 acres and includes over 30,000 parcels. The proposal is not proposing any additional changes to the fire districts’ boundaries other than consolidating both fire districts into a new single “successor” agency (“successor agency” or “newly-consolidated district”); and

WHEREAS, the purpose of the proposal is to facilitate the efficient delivery of fire protection to individuals and property owners within the affected territory. If approved, the consolidation will preserve the current levels of service, maintain local demand expectations, and continue to use existing funding sources; and

WHEREAS, the vast majority of the proposal area is within unincorporated county territory. The City of Capitola is within Central Fire Protection District’s service and sphere boundaries. The application does not propose any changes to the existing land use designations found in the general plans for Capitola or the County; and

WHEREAS, the proposal area is inhabited and is located east of the City of Santa Cruz and west of the City of Watsonville. A vicinity map of the subject territory is attached and identified as Exhibit A; and

WHEREAS, no other change of organization is required. The proposal area will continue to receive water from the existing service providers, including but not limited to Central Water District, Soquel Creek Water District, and the City of Santa Cruz; and

WHEREAS, the application consists of the following changes of organization: (1) consolidation of two existing fire districts into a new single successor agency; and (2) coterminous sphere determination to reflect the change of organization; and

WHEREAS, correspondence summarizing the proposed consolidation was sent to all affected and interested agencies requesting comments on January 13, 2020. LAFCO did not receive any opposition following the conclusion of the comment period; and

WHEREAS, California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement involving the affected agencies before LAFCO can consider a jurisdictional change. The County Board of Supervisors acting as the authorizing body for the two fire districts regarding property tax adjustments adopted a property tax exchange agreement on March 24, 2020; and

WHEREAS, the Executive Officer conducted an analysis of the proposal and prepared a report including staff's recommendations, and presented staff's findings for Commission consideration; and

WHEREAS, a public hearing by the Commission was held on November 4, 2020; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented; and

NOW, THEREFORE, the Local Agency Formation Commission of Santa Cruz County does HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The proposed consolidation of the Central Fire Protection District and Aptos/La Selva Fire Protection District is categorically exempt under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15320, Class 20(b) because the two fire protection districts have identical powers and the change in the organization or reorganization of the fire districts do not change the geographical area in which previously existing powers are exercised.

Section 3. The Commission considered the requirements set forth for consolidations in the Cortese-Knox-Hertzberg Act, Government Code Section 57500, and found the proposal to be consistent with those requirements as set forth below:

- a) Initiating Resolutions: Pursuant to Government Code Section 56853(a), if substantially similar resolutions are adopted making proposals for consolidation, the Commission shall approve, or conditionally approve, the proposal. The Board of Directors for Aptos/La Selva and Central Fire Protection Districts adopted similar initiating resolutions on July 16, 2019 and July 23, 2019, respectively.
- b) Application: A consolidation was initiated by Aptos/La Selva and Central Fire Protection Districts following the adoption of two substantially similar resolutions. LAFCO received the application on December 30, 2019. The applicants did not propose any additional changes to their boundaries other than consolidating both fire districts into a new single successor agency.

- c) Plan for Service: Pursuant to Government Code Section 56653, the applicants shall submit a plan for providing services within the affected territory ("Plan for Service"). The Plan for Service shall include all of the following information and any additional information required by LAFCO: (1) An enumeration and description of the services currently provided or to be extended to the affected territory; (2) The level and range of those services; (3) An indication of when those services can feasibly be extended to the affected territory, if new services are proposed; (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed; and (5) Information with respect to how those services will be financed. An administrative copy of the Plan for Service was provided to LAFCO on October 1, 2020. For additional transparency, the Aptos/La Selva and Central Fire Protection Districts Boards of Directors adopted the Plan for Service on October 8, 2020, and October 13, 2020, respectively. The adopted version was provided to LAFCO on October 14, 2020.
- d) Environmental Review: Compliance with CEQA has been met by a categorical exemption pursuant to CEQA Guidelines Section 15320, Class 20(b): Changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised, including but not limited to consolidation of two or more districts having identical powers.
- e) Sphere Determination: The current sphere of influence of both fire districts will be combined and will represent the sphere of influence boundary for the successor agency, as shown in Exhibit A.

Section 4. The Commission determined that the proposal is consistent with LAFCO's Policies and Procedures Relating to Proposals and Sphere Amendments as set forth below:

- a) Agency Endorsement: The Executive Officer shall not file the application unless the affected public agencies have submitted a written endorsement indicating its willingness to provide services if the Commission approves the request. The Boards of Directors for Aptos/La Selva and Central Fire Protection Districts adopted similar initiating resolutions on July 16, 2019 and July 23, 2019, respectively.
- b) Fee Deposit: The applicants shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. The two fire districts, as part of the joint application, submitted a fee deposit of \$2,100.
- c) Map & Legal Description: A map of any proposed boundary changes shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall assure that any approved boundary changes are definite and certain. The proposed jurisdictional and sphere boundaries for the successor agency are shown on Exhibit A. The consolidated area encompasses 55 square miles and includes the City of Capitola, and the communities of Live Oak, Soquel, Aptos, Rio Del Mar, and La Selva Beach.

- d) General Plan/Zoning Designation: The vast majority of the proposal area is within unincorporated county territory. The City of Capitola is within Central Fire Protection District's current service and sphere boundaries. The consolidation does not change the existing land use designations found in the general plans for Capitola or the County of Santa Cruz.
- e) Other Municipal Services: No other change of organization is required as part of the consolidation. The consolidated area will continue to receive water from the existing service providers, including but not limited to Central Water District, Soquel Creek Water District, and the City of Santa Cruz.
- f) Commission Hearing: The Commission shall consider the consolidation after it has been placed on an agenda of a Commission meeting. After deeming the proposal complete, the Executive Officer advertised the consolidation in the Santa Cruz Sentinel on October 7, 2020, and in the Aptos Times on October 15, 2020. The public notices indicated that the consolidation was scheduled for Commission consideration on November 4, 2020. Information on how to participate in the LAFCO Meeting was included in the public notices.

Section 5. The applicants shall agree, as a condition of the approval of the consolidation, to be bound by the LAFCO Indemnification and Defense Form signed on December 30, 2019.

Section 6. The Certificate of Completion for the consolidation shall not be issued until all of the following terms and conditions are met:

- a) Transfer of Functions and Responsibilities: Upon the effective date of the consolidation, the functions of the Central Fire Protection District and the Aptos/La Selva Fire Protection District will transfer to the newly-consolidated district as the successor agency. All laws, ordinances, resolutions, actions, contracts, agreements, rules and regulations, policies and procedures that have been enacted, adopted or passed by the affected fire districts for the successor agency prior to the effective date of consolidation shall remain in effect after the consolidation until superseded, amended, modified or deleted by the Board of Directors of the successor agency.
- b) Transfer of Assets & Liabilities: All equipment, assets, liabilities, debts, obligations, facilities, property, cash, fund balances or other fiscal matters of the affected fire districts shall accrue to the newly-consolidated district as the successor agency.
- c) Pension Obligations: Upon the effective date of the consolidation, and concurrent with Assembly Bill 1140, attached and identified as Exhibit B, the successor agency shall retain the existing obligations under CalPERS attributed to Central and Aptos/La Selva Fire Protection Districts or other contractual obligations related to retirement approved by the successor agency for all suppression, safety, prevention, and administrative employees.

- d) Board Action Prior to Consolidation: All decisions or actions affecting the proposed consolidation and made prior to the effective date of consolidation shall require the majority approval of the boards of directors of both fire districts.
- e) Current Staff Members: Upon the effective date of the consolidation, all employees of the two fire districts shall become employees of the successor agency without interruption in service, compensation, seniority, and benefits. Said employees shall be retained in their respective or equivalent capacities and shall be subject to the same terms and conditions of employment that governed the employees in their prior employment by the respective consolidated districts; provided however, that the successor agency may alter such terms and conditions of employment from time to time as provided by law. The successor agency shall follow the staffing structure in the Plan for Service until it is determined by the successor agency's board of directors that fiscal or service requirements justify staffing changes.
- f) Successor Agency Board Composition: Pursuant to Government Code Section 56886(n), the initial board of directors of the successor agency shall be comprised of board members from the two affected districts. Upon the effective date, and in accordance with the adopted resolutions shown in Exhibit C, the successor agency will be comprised of board members from both districts: three (3) from Aptos/La Selva Fire Protection District and two (2) from Central Fire Protection District. Such board members will serve their terms until their respective expiration dates, after which an election will be held accordingly. The successor agency, following consolidation, shall have full authority to modify the election process in accordance its Principal Act and state law (Health & Safety Code §13800 et seq.). This may include transitioning from at-large to district elections using Census Data (available June 2021) such that the five electoral districts may be in place by June 2022, in time for the November 2022 elections.
- g) Successor Agency Name: The newly-consolidated district, to be known as the "Central Fire Protection District of Santa Cruz County", shall operate under the provisions of the Fire Protection District Law of 1987 (commencing with Health and Safety Code Section 13800). The new district will make efforts to identify existing communities within the consolidated district on stations and apparatus.
- h) Successor Agency Fire Chief: John Walbridge will serve as the interim fire chief of the successor agency until otherwise determined by the newly-consolidated district's board of directors.
- i) Successor Agency Revenue Source: The successor agency will be financed by the property taxes, benefit assessments, special assessments, special taxes, fees, and charges currently in effect and being collected by each of the existing fire districts. Pursuant to Government Code Section 56886(t), all charges, fees, assessments, or taxes existing within the two districts shall be extended and shall continue to be levied and collected by the successor agency until otherwise determined by the successor agency's board of directors. The successor agency shall have full authority to impose, administer, and collect said special taxes and fire suppression benefit assessments in the same manner as the existing districts within the applicable portions of the successor agency.

- j) Santa Cruz County Financial Services: The County of Santa Cruz shall serve as the treasury for the successor agency. The Fire Chief for the successor agency, in coordination with the successor agency's Finance Director, will be responsible in preparing and managing the annual budgets. Investment and pooled cash shall be held with the treasury.
- k) Plan for Service: Upon the effective date, the successor agency shall serve the affected territory through the implementation of the Plan for Service until it is determined by the successor agency's board of directors that fiscal or service requirements justify changes to the Plan for Service.
- l) State Board of Equalization: The applicants shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
- m) LAFCO Processing Fees: The applicants shall pay any remaining processing fees in this Commission's Schedule of Fees and Deposits.

Section 7. The newly-consolidated district shall honor all memoranda of understanding, letters of understanding, side letters or related written agreements with any and all employees or bargaining groups (labor contracts), in effect when the LAFCO Certificate of Completion is recorded with the Santa Cruz County Recorder's Office, until such agreements expire on their own terms or are superceded by labor contracts negotiated through the collective bargaining process. Exhibit D identifies all existing employment contracts as of November 4, 2020. Any memoranda of understanding, letters of understanding, side letters or related written agreements with any and all employees or bargaining groups (labor contracts) adopted after November 4, 2020 but prior to the date of recordation shall be honored by the newly-consolidated district. All labor contracts shall remain in effect until expiration or until superceded by new labor contracts.

Section 8. The effective date of this consolidation is subject to completion of terms and conditions outlined in this resolution for approval as authorized by Government Code Sections 56886(p) and 57202 and will be effective upon recordation of the Certificate of Completion.

Section 9. Pursuant to Government Code Section 56853(a), if substantially similar resolutions are adopted making proposals for consolidation, the Commission shall approve, or conditionally approve, the proposal.

Section 10. The Executive Officer will hereby conduct a 30-day request for reconsideration in accordance with Government Code Section 56895. The reconsideration period is scheduled for November 5 to December 4, 2020.

Section 11. The Executive Officer will hereby conduct a 30-day protest proceeding as provided in Government Code Section 57000. The protest period is scheduled for December 4, 2020 to January 6, 2021. A protest hearing will be held on January 6, 2021.

Section 12. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Government Code Section 56882.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 4th day of November 2020.

AYES:

NOES: None

ABSENT:

ROGER W. ANDERSON, CHAIRPERSON

Attest:

Approved as to form:

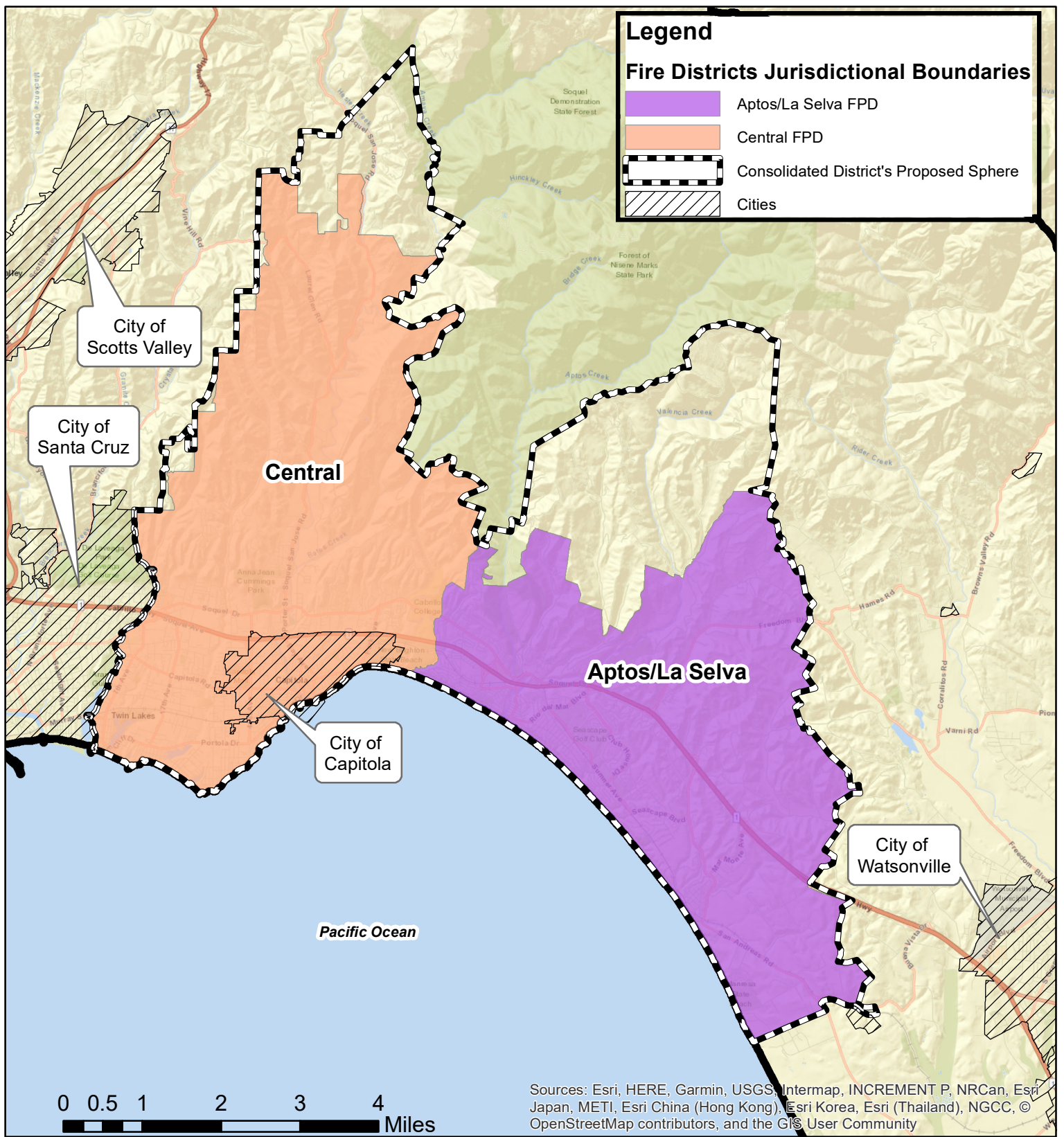
Joe A. Serrano
Executive Officer

Daniel H. Zazueta
LAFCO Counsel

EXHIBIT A

VICINITY MAP

DRAFT



Santa Cruz County, California

Proposed "Central & Aptos/La Selva Fire Consolidation" **(LAFCO Project No. DC 20-02)**

Consolidation Application submitted on December 30, 2019

Proposed Sphere of Influence Designation on November 4, 2020

Page 107 of 785

EXHIBIT B

ASSEMBLY BILL 1140 (PENSION OBLIGATIONS)

DRAFT

Assembly Bill No. 1140

CHAPTER 65

An act to add Section 20508.5 to the Government Code, relating to public employees' retirement.

[Approved by Governor September 11, 2020. Filed with
Secretary of State September 11, 2020.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1140, Mark Stone. Public Employees' Retirement System: contracting agencies: consolidation.

Existing law, the Public Employees' Retirement Law (PERL), establishes the Public Employees' Retirement System (PERS), which provides a defined benefit to members of the system based on final compensation, credited service, and age at retirement, subject to certain variations. PERL authorizes any public agency to make its employees members of PERS by contract. Under existing law, when a contracting agency is succeeded by another agency, the successor agency may become a contracting agency of PERS. Existing law provides that if the successor agency contracts with PERS, the contract of the former agency shall merge with the contract of the succeeding agency.

This bill would authorize a successor agency for the Central Fire Protection District and the Aptos/La Selva Fire Protection District to provide employees the defined benefit plan or formula that those employees received from their respective employer prior to the consolidation.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Santa Cruz.

The people of the State of California do enact as follows:

SECTION 1. Section 20508.5 is added to the Government Code, to read:
20508.5. On and after June 30, 2020, a successor agency, pursuant to Section 20508, for the Central Fire Protection District and the Aptos/La Selva Fire Protection District may provide employees the defined benefit plan or formula that those employees received from their respective employer prior to the consolidation. The successor agency shall designate the surviving contract within 180 days of the consolidation.

SEC. 2. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique need to consolidate fire protection districts in the County of

Santa Cruz to remove redundancies while continuing fire and emergency response services.

O

EXHIBIT C

BOARD COMPOSITION (ADOPTED RESOLUTIONS)

DRAFT

**BEFORE THE BOARD OF DIRECTORS
OF THE APTOS-LA SELVA FIRE PROTECTION DISTRICT**

RESOLUTION 15-19

A RESOLUTION TO DECLARATE THE INITIAL BOARD OF DIRECTORS OF THE SUCCESSOR DISTRICT OF THE CONSOLIDATION OF THE APTOS-LA SELVA FIRE PROTECTION DISTRICT WITH THE CENTRAL FIRE PROTECTION DISTRICT.

WHEREAS, the Board of Directors of the Aptos-La Selva Fire Protection District ("Aptos-La Selva") has initiated proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 *et. seq.*, concurrently with the Central Fire Protection District ("Central") for the consolidation of Aptos-La Selva with Central; and,

WHEREAS, the affected territory proposed to be consolidated is inhabited, and is constituted by the respective boundaries of Aptos-La Selva and Central; and,

WHEREAS, Aptos-La Selva and Central exercise identical powers as authorized by the Fire Protection District Law of 1987 (California Health and Safety Code Section 13800 *et. seq.*); and,

WHEREAS, this proposal is consistent with the Sphere of Influence of Aptos-La Selva and Central; and,

WHEREAS, Aptos-La Selva and Central agreed the proposed consolidation of Aptos-La Selva and Central would be subject to the following terms and conditions, among others:

- (1) The specific provisions of the Service Plan jointly initiated by Aptos-La Selva and Central for the affected territory;
- (2) The completed Service Plan, as jointly finalized by Aptos-La Selva and Central; and,
- (3) The paid employees and the active volunteer firefighters of Aptos-La Selva and Central will become a portion of the Successor District.
- (4) All Tax Rate Areas will be maintained and all revenue mechanisms currently existing in Aptos-La Selva and Central will be maintained post-consolidation.
- (5) Such other provisions as required by applicable law or as may be agreed by the parties.

WHEREAS, it is necessary for Aptos-La Selva and Central to agree upon the initial board of directors ("District Board") for the successor District.

WHEREAS, this Board anticipates that the declaration of initial board of directors for the successor District pursuant to consolidation is categorically exempt from review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines section 15320(b), which exempts special district consolidations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised, such as here; and,

NOW, THEREFORE BE IT RESOLVED that this Resolution of Declaration of Initial Board of Directors and terms of office for the successor District to the consolidation and reorganization of Aptos-La Selva and Central is adopted and approved by the Board of Directors of the Aptos-La Selva Fire Protection District as follows:

John Lucchesi – 2-year term

Barry Franchi – 2-year term

George Lucchesi – 2-year term

Obrad Darbo – 4-year term

John Scanlon – 4-year term

NOW, THEREFORE BE IT FURTHER RESOLVED THAT: (to be determ.) shall be the initial Chair of the Board of Directors for the successor District to the consolidation and reorganization of Aptos-La Selva and Central.

PASSED and ADOPTED by the Board of Directors of the Aptos-La Selva Fire Protection District at a regular meeting thereof held on the 14th of November, 2019, by the following vote:

AYES: 5


NOES: 0

ABSENT: 0


ABSTAIN: 0

Dated: 11-14-19

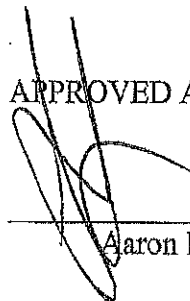
ATTEST:


George Lucchesi, Board Chair

APPROVED AS TO FORM:


William Ross, Special District Counsel

APPROVED AS TO CONTENT:


Aaron Lowe, Fire Chief

**BEFORE THE BOARD OF DIRECTORS
OF THE CENTRAL FIRE PROTECTION DISTRICT**

RESOLUTION 2019- 12

A RESOLUTION TO DECLARATE THE INITIAL BOARD OF DIRECTORS OF THE SUCCESSOR DISTRICT OF THE CONSOLIDATION OF THE APTOS-LA SELVA FIRE PROTECTION DISTRICT WITH THE CENTRAL FIRE PROTECTION DISTRICT.

WHEREAS, the Board of Directors of the Central Fire Protection District ("Central") has initiated proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 *et. seq.* for the consolidation of Central with the Aptos-La Selva Fire Protection District ("Aptos-La Selva"); and,

WHEREAS, the affected territory proposed to be consolidated is inhabited, and is constituted by the respective boundaries of Central and Aptos-La Selva; and,

WHEREAS, Central and Aptos-La Selva exercise identical powers as authorized by the Fire Protection District Law of 1987 (California Health and Safety Code Section 13800 *et. seq.*); and,

WHEREAS, the proposal is consistent with the Sphere of Influence of Central and Aptos-La Selva; and,

WHEREAS, Central and Aptos-La Selva agreed the proposed consolidation of Central and Aptos-La Selva would be subject to the following terms and conditions, among others:

- (1) The specific provisions of the Service Plan jointly initiated by Aptos-La Selva and Central for the affected territory;
- (2) The completed Service Plan, as jointly finalized by Aptos-La Selva and Central; and,
- (3) The paid employees and the active volunteer firefighters of Aptos-La Selva and Central will become a portion of the Successor District.
- (4) All Tax Rate Areas will be maintained and all revenue mechanisms currently existing in Aptos-La Selva and Central will be maintained post-consolidation.
- (5) Such other provisions as required by applicable law or as may be agreed by the parties.

WHEREAS, it is necessary for Central and Aptos-La Selva to agree upon the initial board of directors ("District Board") for the successor District.

WHEREAS, this Board anticipates that the declaration of initial District Board for the successor District pursuant to consolidation is categorically exempt from review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines section 15320(b), which exempts special district consolidations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised, such as here; and,

NOW, THEREFORE BE IT RESOLVED that this Resolution of Declaration of Initial Board of Directors and terms of office for the successor District to the consolidation and reorganization of Central and Aptos-La Selva is adopted and approved by the Board of Directors of the Central Fire Protection District as follows:

John Lucchesi -- 2-year term

Barry Franchi – 2-year term

George Lucchesi – 2-year term

Obrad Darbo – 4-year term

John Scanlon – 4-year term

NOW, THEREFORE BE IT FURTHER RESOLVED THAT: TRD shall be the initial Chair of the Board of Directors for the successor District to the consolidation and reorganization of Central and Aptos-La Selva.

PASSED and ADOPTED by the Board of Directors of the Central Fire Protection District at a regular meeting thereof held on the 12th of November, 2019, by the following vote:

AYES: MILLER, BURHAM, FRANCHI, WALTER

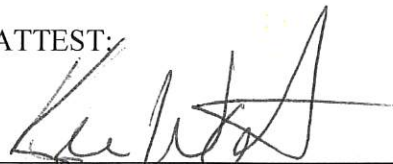
NOES:

ABSENT: LUCCHESI

ABSTAIN:

Dated:

ATTEST:

 ON BEHALF OF JOHN LUCCHESI
John Lucchesi, Board Chair

APPROVED AS TO FORM:


William Ross, Special District Counsel

APPROVED AS TO CONTENT:


Steven Hall, Fire Chief

EXHIBIT D

EMPLOYMENT CONTRACTS (LABOR AGREEMENTS)

DRAFT

**EXHIBIT D
(PART 1 OF 3)**

**EMPLOYMENT CONTRACTS
(APTOS/LA SELVA FPD)**

DRAFT



IAFF LOCAL 3535

LETTER OF UNDERSTANDING

REQUIREMENTS FOR FUTURE MERGERS, CONSOLIDATIONS OR JOINT POWERS AUTHORITIES

BETWEEN


IAFF LOCAL 3535

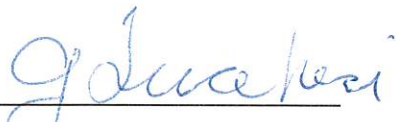
AND

THE APTOS/LA SELVA FIRE DISTRICT

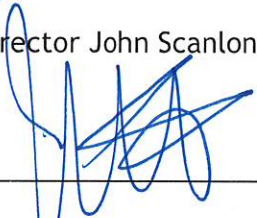
This Letter of Understanding (LOU) is entered into between IAFF Local 3535(Union) and the Aptos/La Selva Fire District prohibiting the District from entering into any merger, consolidation or joint powers authority agreement with any other agency, fire protection district, or provider of fire protection services without providing by contract with such agency, fire protection district, or provider of fire protection services for the continuation of retirement benefits and retirement defined benefit plans or formulas that employees of the District received from the District pursuant to the provisions of the California Government Code prior to the exercise of a power to contract for any merger, consolidation, or joint powers authority. Any dispute over the interpretation or application of this LOU will be resolved through arbitration pursuant to the Memorandum of Understanding in effect from January, 1, 2019 through December 31, 2021.

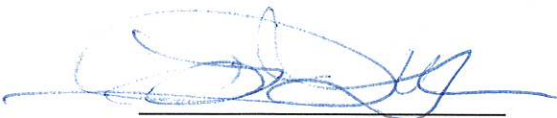
Aptos/La Selva Fire District Signatures


DONALD LEWIS for
Fire Chief Aaron Lowe


President George Lucchesi


Director John Scanlon


Director Joe Foster



Director Orbrad Darbro


Director Bob Spisak


President Carl Steinmetz


Vice President Dana Rayfield


Secretary Daniel Biagiotti


Treasurer Luke Carson

IAFF Local 3535 Signatures

MEMORANDUM
OF UNDERSTANDING

APTOS/LA SELVA FIRE PROTECTION DISTRICT
AND
THE ADMINISTRATIVE GROUP

JANUARY 1, 2020

Through

DECEMBER 31, 2022

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XXIII	Term

XXIV Signature Page

Appendix A Salary Schedule

MEMORANDUM OF UNDERSTANDING

I PREAMBLE

This Memorandum of Understanding (hereinafter referred to as "Agreement" or "MOU") is entered into by and between the Aptos/La Selva Fire Protection District (hereinafter referred to as "District" or "Employer") and the Administrative Group of the Aptos/La Selva Fire Protection District (hereinafter referred to as "Group"), pursuant to the Meyers-Milias-Brown Act commencing with Section 3500 et. seq. of the California Government Code.

II RECOGNITION

The Administrative Group is hereby acknowledged by the Employer as the recognized and exclusive representative organization for all District employees assigned to the job classifications of Administrative Assistant and Fire Inspector as listed by title in the attached Salary Schedule ("Exhibit A") for the purpose of meeting and conferring on matters within the scope of representation. Any new classifications established and assigned to the Administrative Group shall be incorporated into this Agreement.

III MANAGEMENT RIGHTS

The Administrative Group acknowledges that the Employer's responsibilities and rights, management responsibilities and rights, and all applicable state laws are neither abrogated nor made subject to the meet and confer process by approval of the terms of this Agreement. The parties acknowledge that it is the Employer's exclusive right to generally govern the work of the Employer and conduct of its employees. The Employer has exclusive and inherent management rights with respect to matters of policy, which include, among others: the exclusive right to determine the mission of the Employer; to set standards of service; to determine the procedures and standards of selection for employment and promotion of employees; to direct its employees, including scheduling and assigning work, work hours and overtime; to take disciplinary action, subject to the requirements of applicable law; to establish employee performance standards and to require compliance therewith; to establish work schedules; to determine the content of job classifications; to hire or promote employees; to lay off or relieve employees for lack of work, funds or other legitimate reasons; to expand or diminish services; to determine the methods, means, and number and kinds of personnel by which Employer operations are to be conducted; to take all necessary actions to carry out its mission in emergencies; to contract out in its sole discretion; to exercise complete control and discretion over its organization and the technology of performing its work; and to establish, implement, publish and modify Employer rules, regulations, general orders and directives consistent with the law and the specific provisions of this Agreement. The Employer's exercise of the above- listed rights shall be in accordance with law and the specific provisions of this Agreement, including the provisions regarding Advance Notice when applicable.

IV MAINTENANCE OF BENEFITS

All rights, terms, and conditions in writing, subject to the meet and confer process, not specifically covered in this Agreement shall remain in effect until change is effected through the

meet and confer process and may then be a part of this Agreement insofar as these changes should be included in this Agreement.

The Employer and the Administrative Group or its properly designated representatives, shall meet and confer in good faith regarding wages, hours, and terms and conditions of employment. Both parties shall consider fully such presentations as are made by the Administrative Group or the District on behalf of its members prior to arriving at a determination of policy or course of action.

V DISCRIMINATION

No District employee shall be discriminated against pursuant to all applicable Federal and State laws.

The District is committed to maintaining and promoting a working environment free from discrimination, and to providing all current and prospective employees with equal opportunity in employment with the District regardless of race, creed, color, national origin, ancestry, religion, disability, medical condition, sex, gender (including gender identity and gender expression), physical characteristics, marital status, age, sexual orientation, organizational affiliation and participation including this Administrative Group, or veteran status ("Protected Categories").

This policy pertains to all aspects of employment with the District including, but not limited to recruitment, selection, placement, assignment or reassignment, compensation, benefits, training, transfer, promotion, evaluation, discipline and termination. Discrimination shall not be tolerated, condoned or trivialized. The District is responsible for promptly taking action to end discriminating conduct.

The grievance procedure contained in this Agreement is not mandatory on matters of discrimination. No employee shall be subject to retaliation or threats of retaliation, nor shall any employee be restrained, coerced or otherwise interfered with in the exercise of his/her applicable Federal and State rights on matters of discrimination.

VI COMPENSATION

A. Salary

The District will pay the salary rates reflected in the Salary Schedule set forth in Appendix A. During the term of the Agreement, wages for all represented classifications will receive a cost of living adjustment (COLA) as follows:

First full pay period including January 1, 2020 - 5%

First full pay period including January 1, 2021 - 5%

First full pay period including January 1, 2022 - 5%

B. Education Incentive Plan

Employees may pursue the Employer Education Incentive Plan set forth.

To participate in the Education Incentive Plan, the employee must possess either a Certificate of Proficiency in a field of study related to job services performed, an Associate Degree, Bachelor's Degree or Master's Degree issued by an accredited college or university which meets with approval from the Employer.

Certificate of Proficiency: shall receive \$80 a month as incentive pay.

Associate's Degree shall receive \$150 a month as incentive pay.

Bachelor's Degree shall receive \$220 a month as incentive pay.

Master's Degree shall receive \$300 a month as incentive pay.

C. Step Increases

All step increases in salary are merit steps and shall be executed annually according to the salary schedule with approval of the Fire Chief. All newly hired employees shall start at step 1 of the merit salary schedule associated with their position, or at the discretion of the Fire Chief. Step increases will be effective on the first day of the pay period immediately following the anniversary of the previous step increase.

D. Longevity

Upon completion of ten (10) years of service an employee shall receive a 2% pay increase. Longevity is calculated from date of hire.

E. Working out of Class Compensation

Working out of class pay will be implemented when an employee is designated to perform or becomes responsible for performing responsibilities of a higher classification. All working out of class pay will be at the salary step of the higher classification (with a minimum of a 5% increase).

VII HOURS OF WORK

Regular work-week days and work hours:

Hours and days of work from 0800-1700, Monday through Friday.

One (1) hour lunch/workday and two (2) 15-minute breaks/workday.

Alternative work-week days and hours:

Full-time, 40-hour per week employees may be permitted to work a temporary, alternative schedule related to a work assignment when it is deemed to benefit the District and does not conflict with District operational needs, and subject to the approval of the employee's direct supervisor and Fire Chief.

Less-than Full-time (40-hour per week) employees will be assigned work schedules as determined by their immediate supervisor and subject to the approval of the Fire Chief.

VIII OVERTIME

A. FLSA Work Week or Work Period

For those employees who are not engaged in "fire protection services", the work week begins on at 12:00 a.m. on Saturday and ends at 11:59 p.m. on Friday, except that the work for employees on an alternative work schedule (e.g., a 9/80 schedule) shall be as designated for that schedule.

B. Overtime

Employees shall be compensated at the rate of one and one half times their hourly step rate indicated in the Salary Schedule (Appendix A) for all hours worked in excess of:

1. Any time over the regularly scheduled hours worked in a single day.
2. For employees working less than 40 hours, any hours worked in excess of 40 hours in a week.

Overtime compensation shall be accumulated in one-quarter (1/4) hour increments.

C. Compensatory Time Off

Administrative Group employees are eligible to receive earned overtime in the form of compensatory time off with the approval of their Supervisor. The maximum allowable hours that may be contained in an employee's compensatory time off bank is 40 hours.

IX RETIREMENT BENEFITS

The Employer contracts with the California Public Employees' Retirement System (CalPERS) for the purpose of providing pension benefits. Benefits provided under the Employers' CalPERS contract shall include the following elements:

Classic employees hired prior to January 1, 2011; The Employer is a participant in the California Public Employees Retirement System, Miscellaneous, 3% of final year compensation at age 60 plan. (Gov. Code Section 20042). For employees in this classification, the District will pay 100% of the employee's individual account (Gov. Code section 20615 Employer Paid Member Contribution or EPMC)

Classic employees hired on or after January 1, 2011; The Employer is a participant in the California Public Employees Retirement System, Miscellaneous, 2.5% average of final three years compensation at age 55 plan. (Gov. Code Section 21354.4 & 20037). Employees in this classification will pay the employee contribution rate as set annually by CalPERS.

New employees hired on or after January 1, 2013; The Employer is a participant in the California Public Employees Retirement System, Miscellaneous, 2.0% average of the final three years compensation at age 62 plan.

The Employer shall provide tax deferral of the employees' contributions to CalPERS to the extent provided in the Internal Revenue Code.

The following additional provisions of the California Government Code apply to all members of the Administrative Group:

California Government Code Section 20042 (one-year final compensation)

Public Employees' Pension Reform Act of 2013 (2% at age 62 – effective 1/1/13 for new members)

California Government Code Section 21574.5 (1959 Survivors allowance)

California Government Code Section 20965 (credit for unused sick leave)

California Government Code Section 21329 (Cost of living adjustment at 2%)

X CLOTHING ALLOWANCE

Those employees required to wear a District uniform shall be provided all required and necessary elements, replacement and maintenance as needed, as determined by the District.

XI HOLIDAYS

Establish Definitions:

Employees shall receive twelve (12) paid holidays. Holidays are designated as follows:

New Year's Day	Veterans Day
Martin Luther King Jr	Thanksgiving Day
Presidents Day	Friday after Thanksgiving Day
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	New Year's Eve

NOTE: Holidays falling on a Saturday will be observed the preceding Friday and holidays falling on a Sunday will be observed on the following Monday. Employees working flex work schedule, shall observe that holiday on his/her next scheduled work day if the holiday falls on their scheduled day off.

Other Administrative Benefits:

Employees shall receive six (6) administrative days; less-than Full-Time employees will receive pro-rated hours according to their authorized work schedule. Part-Time employees will not receive administrative days off. Administrative days may be taken off anytime during the calendar year with the approval of the employee's supervisor. All administrative days must be used during the calendar year with no carry-over. An administrative day is equivalent to one work day. New hires will receive pro-rated administrative days during their probationary year. Employees hired on or after January 1, 2020 shall receive three (3) administrative days; less-than Full-Time employees will receive pro-rated hours according to their authorized work schedule.

XII SICK LEAVE

Employees will accrue sick leave at the rate of 8 hours for each full month of continuous service. Employees working less-than Full-Time and Part-Time will accrue pro-rated sick leave hours based on authorized hours worked, up to a maximum of 8 hours per each full month.

Sick leave is for personal illness, or physical incapacity, the illness of a member of the immediate family or the death of a member of the immediate family. Sick leave shall not be construed to be a privilege, which an employee may use at his/her discretion, but shall be allowed only in cases of necessity as herein set forth.

To receive compensation while absent on sick leave, the employee shall notify his/her immediate supervisor in the manner provided in the Employer's Policy and Procedures Manual. Where an employee is absent due to illness for more than four (4) consecutive scheduled work days, the employee may be required to provide a written note from a Medical Doctor to his/her immediate supervisor upon return to duty.

A. Sick leave payout upon separation

Employees may accumulate an unlimited amount of sick leave hours. Upon service retirement, or retirement due to disability, an employee is eligible to either:

1. Convert the entire balance of his/her accumulated sick leave to service credit under California Government Code Section 20965; or
2. Receive cash payment for the total of his/her accumulated sick leave, up to a maximum payout of 520 hours, and convert the remaining sick leave balance, to service credit under California Government Code Section 20965. The cash payment shall be at the rate of pay upon retirement, including any approved educational incentive pay.

Employees who separate employment for any reason other than service or disability retirement will not be eligible to receive any payment for accrued and unused sick leave.

B. Annual sick leave payout

Employees with accumulated sick leave balances in excess of 2080 hours at the end of each calendar year may elect to receive cash payment for twenty-five percent (25%) of that calendar year's net accrual.

The payout amount will be based on the rate of pay that is in effect during the last full pay period of that calendar year, including any approved educational incentive pay. Such election must be made no later than the end of the first full pay period of the new calendar year.

XIII BEREAVEMENT

Employees shall be granted bereavement leave with pay in the case of the death of the following family members:

- The spouse or registered domestic partner of the employee
- The parents of the employee, the parents of the employee's spouse or domestic partner
- The step-parents of the employee, the step-parents of the employee's spouse or domestic partner
- The grandparents of the employee
- The siblings of the employee
- The children, step-children, adopted children of the employee or of the employee's spouse or registered domestic partner

Such leave shall be limited to 40 hours per occurrence.

XIV VACATION LEAVE

Employees shall accrue vacation hours at the rates listed below. The rate at which an employee accrues vacation hours and the maximum number of hours that can be accrued is determined by an employee's length of service. Employees working less than Full-Time and Part-Time will accrue pro-rated vacation hours based on authorized hours worked.

ADMINISTRATIVE PERSONNEL - 40 HOUR				
YEARS OF SERVICE	HOURS ACCRUED PER PAY PERIOD	MAXIMUM NUMBER OF DAYS PER YEAR	MAXIMUM NUMBER OF HOURS PER YEAR	MAXIMUM NUMBER OF HOURS THAT CAN BE ACCRUED
1-5	4.62	15	120	(180)
6-11	6.46	21	168	(252)
12-17	7.69	25	200	(300)
18+	9.23	30	240	(360)

Employees may be granted vacation on an hour-for-hour basis in no less than half hour increments.

Employees may not use more vacation than they have earned.

On or before December 15th, if employees elect to receive compensation for unused vacation, the request will be made in writing to the Personnel/Payroll Specialist. The request for pay will designate the number of hours, not to exceed half (1/2) of the employees "maximum number of hours per year," for which they are requesting compensation. The hours shall be paid at straight time, including any approved educational incentive pay. Payment for unused vacation shall be processed no later than the first full pay period in January of each year, and shall be paid at the rate of the last calendar year's accrual.

A newly hired employee may not take vacation leave until completion of at least six (6) months of service; and thereafter, vacation is subject to approval of the Fire Chief, until completion of the initial probationary period.

XV LIFE INSURANCE AND SALARY CONTINUANCE INSURANCE

A. CURRENT EMPLOYEES

The Employer shall pay all premiums on behalf of Full Time and less than Full-Time employees for the Life Insurance. The current Life Insurance Plan provides the following life insurance benefit for employees:

- Age 64 and below- \$100,000
- Age 65-69- \$65,000
- Age 70 and above- \$50,000

For Full Time and less than Full-Time employees, a death benefit of \$10,000 for spouse and \$5,000 per child is provided.

The employer will provide Long Term Disability Plan, after a sixty (60) day waiting period, a monthly disability benefit equal to three-fourths (3/4) of the employee's salary, to a maximum of Plan B benefit levels. The employer shall pay all premiums on behalf of the employee.

XVI MEDICAL INSURANCE

A. MEDICAL INSURANCE

The Employer shall provide medical health insurance to its Full-Time and less than Full-Time employees and dependents, including retired employees and dependents, through CalPERS Health Benefits Program and shall contribute to the monthly premium for the health insurance plan as follows:

Employees may choose any health plan offered by CalPERS.

For the 2020 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

- Employee only- \$915
- Employee plus one dependent- \$1829
- Employee plus two or more dependents- \$2378

For the 2021 medical insurance plan year, the District's contribution to the monthly premium will be increased by 5% over the previous year's contribution. The District's contribution to the monthly premium will be as follows:

- Employee only- \$961
- Employee plus one dependent- \$1921
- Employee plus two or more dependents- \$2497

For the 2022 medical insurance plan year, the District's contribution to the monthly premium will be increased by 5% over the previous year's contribution. The District's contribution to the monthly premium will be as follows:

- Employee only- \$1009
- Employee plus one dependent- \$2017
- Employee plus two or more dependents- \$2622

The District will provide education and information to each employee regarding the health insurance options provided to them.

Employees working less than 1,000 hours per fiscal year may enroll and self-pay all costs at the group rate for health, dental or vision benefits. The employee cost shall include prepayment for benefit coverage and any administrative expense associated with managing the employees' enrollment in said benefits. There shall be no employer cost associated with participation in group coverage.

C. Post-Retirement Benefits

Contingent upon the 2020-2022 ratified MOU of 3535.

XVII DENTAL INSURANCE

The Employer shall provide dental insurance to its employees and dependents as provided through Delta Dental Plan of California and shall pay the monthly premium for the dental insurance coverage. As of January 1, 2020, the District shall pay for the Delta plan level of coverage which provides for \$2000.00 maximum per year.

As an option, retirees may purchase dental insurance through the Employer's dental plan, but must pay 100% of the premium.

XVIII VISION CARE

The Employer shall provide vision care to its Full-Time employees and their dependents. Coverage shall be as outlined in the VSP Vision Plan, provided through the current provider. The Employer shall pay the monthly premiums for Full-Time employees and their dependents.

As an option, retirees may purchase vision insurance through Employer's vision plan, but must pay 100% of the premium. The Employer will not invoice retirees for the vision coverage. Invoicing is through the current third party administrator.

XIX EDUCATION TIME OFF

Full-time and Less-than Full-Time employees are entitled to thirty-six (36) hours' leave per fiscal year for educational purposes not related to required certifications and/or licensing.

- A. The thirty-six (36) hours shall be used to attend classes related to the Fire Service, or classes that are required for a college degree and/or applicable to employee's positions.
- B. If thirty-six (36) hours, or any increment of the thirty-six (36) hours is not used in any given fiscal year, it is forfeited by the employee. An employee shall not receive monetary compensation for unused hours.
- C. The employee will be able to attend classes as long as educational time is available, it does not adversely impact staffing levels, and funding is available, and the leave is approved by your supervisor.
- D. Should the employee use all allotted time (36 hours), additional time off, shall require the approval of the Fire Chief or designee.

Employees hired on or after January 1, 2020 will not receive Education Time Off.

XX GRIEVANCE PROCEDURES GRIEVANCE DEFINED/SCOPE

A grievance shall be any dispute concerning the interpretation, application, or compliance with this Agreement or District rule, written policy or regulation as they relate to this Agreement. The aggrieved employee has the right to representation at any level or step of the grievance procedure.

PROCEDURE:

The parties recognize that early settlement of a grievance is essential to sound employee/employer relations and to the continuation of excellent service to the community. Therefore, it is agreed that during the term of this Agreement, grievances shall be resolved in the manner set forth herein.

STEP 1: An employee who believes he/she has a grievance shall within ten (10) calendar days of the date of occurrence or discovery discuss the matter with their immediate supervisor (informal procedure).

STEP 2: If a resolution is not possible under STEP 1, within ten (10) calendar days of the occurrence, the aggrieved employee shall present the grievance in writing to his/her immediate supervisor.

- a. The written grievance shall contain information, which identifies:
 - i. The aggrieved employee.
 - ii. The specific nature of the grievance.

- iii. The time and place of its occurrence or discovery.
 - iv. The provision of this Agreement alleged to have been violated, improperly interpreted, applied or misapplied, if any.
 - v. The consideration given or steps taken to attempt informal resolution.
 - vi. The corrective action desired.
- b. A decision by the aggrieved employee's supervisor shall be made in writing within (10) calendar days of receipt of the written grievance and delivered to the aggrieved employee.

STEP 3: If not satisfied with the decision under STEP 2, the aggrieved employee, may within ten (10) calendar days after receipt of that written decision, refer the matter to the Fire Chief in writing. The Fire Chief will provide the aggrieved employee a decision in writing within ten (10) days of receipt of the written grievance.

STEP 4: If dissatisfied, the aggrieved employee may, within ten (10) calendar days after the receipt of the decision under STEP 3, refer the matter to a panel. The panel will consist of four (4) members; two (2) chosen by the Fire Chief or his/her designee, and two (2) members chosen by the Administrative Group. The panel will meet, review the facts, and make its recommendation in writing to both parties involved. The result of the panel may be accepted by the aggrieved employee or the matter may be referred to arbitration if within the scope of the grievance

NOTE: With regard to a dispute, which arises out of the action of the Fire Chief (as distinguished from a lower level supervisor), the aggrieved employee may bypass STEP 1 & STEP 2 aforementioned. A grievance filed by the Administrative Group shall start at STEP 3, unless the above "NOTE" applies.

STEP 5: ARBITRATION

If the aggrieved employee is dissatisfied with the recommendation under STEP 4, the aggrieved employee may request arbitration if within the scope of the grievance. The arbitration request must be in writing to the Fire Chief. This must be completed no longer than fourteen (14) calendar days after receiving the recommendation from the panel, listed in STEP 4 of this Agreement.

- a. The aggrieved employee and the Fire Chief, or designee, shall mutually select an arbitrator. If the parties are unable to mutually agree on an arbitrator, they shall contact State of California Mediation and Conciliation Service to request that a list of seven (7) arbitrators be provided. The loser of a single coin toss will eliminate the first name of the possible (7) arbitrators. The parties shall alternately

strike names from the list provided until there is only one name remaining. The last arbitrator left shall be used. The aggrieved employee and/or his or her representative, along with the Employer, shall present all the facts pertaining to the grievance to the arbitrator.

- b. Decisions by the arbitrator shall be final and binding. The arbitrator's compensation and expenses, costs of the reporter and transcripts shall be borne equally by the Administrative Group employee and the Employer. Time limits as noted herein may be extended or waived by mutual written agreement of the parties involved.
- c. The arbitrator will not add to, detract from, or modify the language of the Agreement in considering any issue properly before him or her.
- d. The arbitrator will expressly confine themselves to the precise issues raised by the grievance and submitted to them and will have no authority to consider any other issue not so submitted.
- e. Any monetary award in favor of the grievant is limited to lost wages suffered (measured from the date of the grievance forward). In no event will the arbitrator award any other type of monetary award, including, but not limited to, attorneys' fees.
- f. Failure on the part of the Administrative Group or the aggrieved employee to appear in any case before an arbitrator without good cause shall result in forfeiture of the case and responsibility for payment of all costs of arbitration.

All time limits as noted in any step of the grievance procedure may be extended or waived by mutual written agreement of the parties involved.

Note: Compliance with the arbitrator's final decision must occur within thirty (30) calendar days of receipt of the written notice of the decision.

No reprisal shall result to any employee or organization that prepares or presents any grievance under this procedure.

XXI LAYOFF AND REHIRE PROCEDURES

In the event that a layoff should become necessary, it may become necessary for personnel to be re-assigned to other positions at the discretion of the Fire Chief. In such event, layoff shall be conducted in the following manner:

1. Employees within a classification shall be laid off on a strict seniority basis with the last employee hired to be the first laid off.

2. For purposes of this procedure, seniority shall be defined as continuous service time with Employer or any previous fire departments, districts or agencies that become a part of the Aptos/La Selva Fire Protection District. Approved leaves, absences and suspensions are considered continuous service in regards to layoff procedures.

3. Volunteer service shall not be considered for seniority. Where military service, as described in the Military and Veterans Code, has interrupted service as described above, such military service shall be described as continuous service time.

Seniority is determined by date of hire as a permanent, paid employee.

REHIRE PROCEDURE

If within a period of eighteen (18) months after the effective date of the layoff, funds become available for rehiring; the process shall be as follows:

The last employee laid off shall be the first to be rehired. All personnel being rehired may be required to have a physical examination. Any person unable to pass the physical examination shall not be rehired. The cost of the physical examination shall be borne by the Employer.

The rehired employee will resume the same classification and step at the time of layoff. The above procedure shall apply for a period of eighteen (18) months years from time of layoff.

XXII VOLUNTARY REASSIGNMENT PROCEDURE

Circumstances may arise that would dictate to an employee to evaluate his/her position of employment with his/her Employer. As a result, an employee may desire to return to a lower classification position of employment with his/her Employer, which the employee previously held. In order for this reassignment to take place, all of the following must occur:

1. A current vacancy in the lower classification must exist.
2. The employee requesting reassignment must meet the current job requirements of the lower classification position.
3. A qualified and willing employee (currently on a valid hiring list for that position) must be available to advance into the higher classification being vacated (switching positions). If there is no qualified and willing employee to accept the promotion, the employee requesting reassignment will not be granted his/her request. No employee will be allowed to displace another employee in the lower classification. The employee requesting reassignment must wait for an opening in that lower classification.
4. Reassignment privileges may only be exercised within the assigned job classification (i.e. Full Time or Part-time employees).

5. All requests for reassignment of employees must be approved by the Fire Chief or his designated representative.
6. For the purpose of seniority calculation, the reassigned employee will carry back all seniority earned in the higher classification(s) to the lower classification. The objective is that no employee will lose total seniority by reassignment to a lower classification.
7. A reassigned employee shall assume the top step position of the lower classification, with a corresponding reduction in pay and related benefits to the top step of the position.

XXV TERM

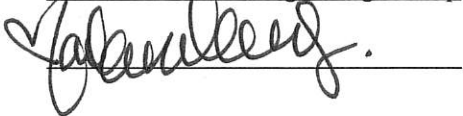
After execution by all parties to this Agreement, no changes, amendments or adjustments to this Agreement shall be made by any party to this Agreement without engaging in the meet and confer process. Any such mutual agreement shall be evidenced by a writing setting forth the mutual agreement of the parties and incorporating the agreement into this Agreement. After meeting and conferring in good faith, the preceding terms and conditions of employment will be in effect commencing January 1, 2020, except as noted herein. This is subject to the Employer's emergency powers under the Government Code Section 3504.5.

Except as otherwise specifically provided herein, this Agreement shall be effective January 1, 2020 through December 31, 2022.

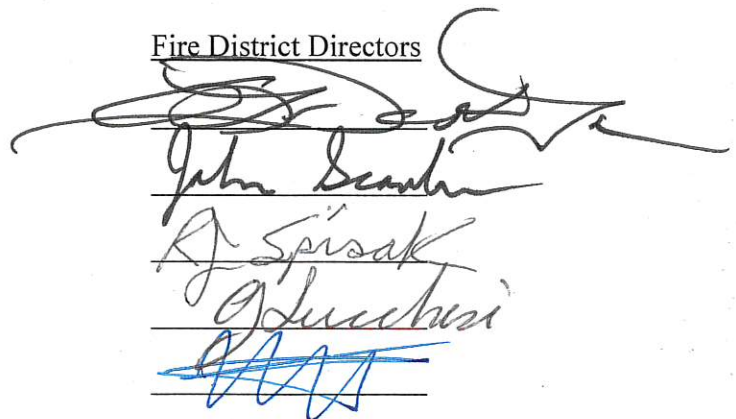
This Memorandum of Understanding is entered into this 9th day of January 2020, in the County of Santa Cruz, California.

XXVI SIGNATURES

Administrative Bargaining Group



Fire District Directors



APPENDIX A

2020					1ST ED	2ND ED	3RD ED	4TH ED
					PPP	PPP	PPP	PPP
5% - PP#2-2020								
FIRE INSPECTOR	STEP	Monthly	Bi-Weekly	Hourly				
	1	\$ 7,783.41	\$ 3,592.34	\$ 44.90	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 8,172.58	\$ 3,771.96	\$ 47.15	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 8,581.20	\$ 3,960.55	\$ 49.51	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 9,010.26	\$ 4,158.58	\$ 51.98	\$36.92	\$69.23	\$101.54	\$138.46
ADMIN ASSISTANT		5% - PP#2-2020						
	1	\$ 4,749.87	\$ 2,192.25	\$ 27.40	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 4,987.35	\$ 2,301.85	\$ 28.77	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 5,236.72	\$ 2,416.95	\$ 30.21	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 5,498.57	\$ 2,537.80	\$ 31.72	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 5,773.49	\$ 2,664.69	\$ 33.31	\$36.92	\$69.23	\$101.54	\$138.46

2021					1ST ED	2ND ED	3RD ED	4TH ED
					PPP	PPP	PPP	PPP
5% - PP#1-2021								
FIRE INSPECTOR	STEP	Monthly	Bi-Weekly	Hourly				
	1	\$ 8,172.58	\$ 3,771.96	\$ 47.15	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 8,581.21	\$ 3,960.56	\$ 49.51	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 9,010.26	\$ 4,158.58	\$ 51.98	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 9,460.77	\$ 4,366.51	\$ 54.58	\$36.92	\$69.23	\$101.54	\$138.46
ADMIN ASSISTANT		5% - PP#1-2021						
	1	\$ 4,987.36	\$ 2,301.86	\$ 28.77	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,236.72	\$ 2,416.95	\$ 30.21	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 5,498.56	\$ 2,537.80	\$ 31.72	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 5,773.49	\$ 2,664.69	\$ 33.31	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,062.17	\$ 2,797.92	\$ 34.97	\$36.92	\$69.23	\$101.54	\$138.46

2022					1ST ED	2ND ED	3RD ED	4TH ED
					PPP	PPP	PPP	PPP
5% - PP#1-2022								
FIRE INSPECTOR	STEP	Monthly	Bi-Weekly	Hourly				
	1	\$ 8,581.21	\$ 3,960.56	\$ 49.51	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 9,010.27	\$ 4,158.59	\$ 51.98	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 9,460.77	\$ 4,366.51	\$ 54.58	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 9,933.81	\$ 4,584.83	\$ 57.31	\$36.92	\$69.23	\$101.54	\$138.46
ADMIN ASSISTANT		5% - PP#1-2022						
	1	\$ 5,236.73	\$ 2,416.95	\$ 30.21	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,498.55	\$ 2,537.79	\$ 31.72	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 5,773.49	\$ 2,664.69	\$ 33.31	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,062.17	\$ 2,797.92	\$ 34.97	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,365.27	\$ 2,937.82	\$ 36.72	\$36.92	\$69.23	\$101.54	\$138.46

MEMORANDUM
OF
UNDERSTANDING

APTOS/LA SELVA FIRE PROTECTION DISTRICT

AND

APTOS/LA SELVA FIRE DISTRICT

CHIEFS OFFICEERS' ASSOCIATION

JANUARY 1, 2020

Through

DECEMBER 31, 2021

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I. PREAMBLE

This Memorandum of Understanding (MOU) is entered into by and between the Aptos/La Selva Fire Protection District (Employer or District) and the Aptos/La Selva Fire District Chief Officers' Association (Employees or Association) pursuant to the Meyers-Millas Brown Act (Gov. Code §§ 3500-3511) and has been jointly prepared by the parties.

II. RECOGNITION

The Association is hereby acknowledged by the District as the recognized employee organization for the purpose of meeting and conferring on matters within the scope of representation for individuals employed by the District in the Chief Officers' bargaining unit, which consists of the following full-time positions: Division Chiefs and Battalion Chiefs.

III. MANAGEMENT RIGHTS

The District has exclusive and inherent management rights with respect to matters of policy. These include, among others: the exclusive right to determine the mission of the District; to set standards of service; to determine the procedures and standards for selection for employment; to direct its employees, including scheduling and assigning work, work hours and overtime; to take disciplinary action, subject to the requirements of applicable law; to establish employee performance standards and to require compliance therewith; to relieve its employees from duty because of lack of work, funds or other legitimate reasons; to maintain the efficiency of District operations; to determine the methods, means and the number and kinds of personnel by which District operations are to be conducted; to take all necessary actions to carry out its mission in emergencies; to exercise its discretion to organize and reorganize its department and affairs, and to otherwise exercise complete control and discretion over its organization and the technology of performing its work; to determine the content of job classifications; to implement rules, regulations and directives consistent with the law and the specific provisions of this MOU. The District's exercise of the above listed rights shall be in accordance with law and the specific provisions of this MOU, including the provision regarding advance notice when applicable.

IV. MAINTENANCE OF BENEFITS

All rights, terms and conditions of employment, subject to the meet and confer process, not specifically covered by this Agreement shall remain in effect until changed by mutual agreement.

The District and the Association or their properly designated representatives shall meet and confer in good faith regarding wages, hours, and terms and conditions of employment. Both

parties shall consider fully such presentations as are made by the Association or the District prior to arriving at a determination of policy or course of action.

The District agrees to maintain all benefits for the duration of this contract.

V. DISCRIMINATION

There shall be no discrimination by the Association, the District, or any District employee because of sex, race, color, ancestry, religion, national origin, physical or mental disability, medical condition, age, marital status, the taking of family and medical leave per the Family and Medical Leave Act (FMLA) and/or the California Family Rights Act (CFRA), pregnancy, sexual orientation, gender identity, or participation in legitimate Union activities. Complaints alleging discrimination based on legitimate Association activities shall be processed as grievances under this agreement. All other complaints of discrimination shall be processed in accordance with the District's policy prohibiting discrimination, harassment and retaliation.

VI. WAGES & HOURS

During the term of this contract, the following salary raises will be in effect:

- Effective the first full pay period in January 2020 - 1.5%
- Effective the first full pay period in January 2021 - 3%

For purposes of determining the hourly rate for 40 hour employees, the annual salary is divided by 2080 and for purposes of determining the hourly rate for 56 hour employees, the annual salary is divided by 2920.

The agreed difference between steps is 5%. The agreed difference between the ranks of Battalion Chief 3 and Division Chief 1 is 14%. The agreed difference between the ranks of Captain 3 (outlined in appendix A of the current MOU of IAFF L3535) and Battalion Chief 1 is 7%.

The Employer will pay the salary rates reflected in the Salary Schedule set forth in Appendix A.

All step increments in salary are merit steps and occur annually. Step increases are effective the first day of the pay period following the employee's anniversary date.

All active employees represented by this Agreement shall be assigned to weekly work shifts (40 hours or 56 hours average), unless on special assignments as designated by the Fire Chief of the District. For the duration of this Agreement, the 40 hour work schedule for Division Chiefs will be four days per week, ten hours per day and the 56 hour work schedule for Battalion Chiefs will remain a 48 hours on and 96 hours off shift pattern.

Flexible Work Schedule — "Flex Time" is a temporary accommodation in a Division Chief's work schedule related to a work assignment requirement. Flex Time allows a Division Chief to work a scheduled day off and then reciprocate by being absent on a regularly scheduled day. In order to work Flex Time the Division Chief must, 1) Provide advance notice to and receive advance approval from the Fire Chief, 2) The Flex Time events (both the unscheduled day worked and the reciprocal scheduled day not worked) shall be closed within thirty (30) calendar days of each other.

A. OUT OF CLASS COMPENSATION

Those employees required to work out of class (upward) shall be compensated at the same rate of pay that they would receive if appointed to that position; however, such employees, not including the 40 hour safety employee, shall not be compensated at a rate that exceeds the lowest paid employee regularly assigned to that higher level position, exclusive of any incentives. Additionally, employees who are scheduled to work out of class for more than 8 work days (for the 40 hour employee) or four (4) consecutive shifts (for the 56 hour employee) shall receive the higher pay rate as compensation for vacation, sick leave, and any other compensated time off that occurs while working out of class. Once the employee returns to their regular class, their compensated time off reverts to their regular pay rate.

Employees who work in a higher class in an acting position or temporary upgrade assignment shall have their premium pay for regularly scheduled hours reported to CalPERS for pension calculation pursuant to the California Code of regulations, title 2, Section 571 as Temporary Upgrade Pay. Premium compensation for Upgrade Pay for overtime hours is not reportable.

Those employees electing to work out of class (downward) shall be compensated at their regular rate of pay as working in their normally assigned position.

Out Of Class Pay is not reportable to CalPERS for PEPRAs members.

B. OVERTIME

Section 1.

Fair Labor Standards Act (FLSA) (Battalion Chief Rank Only)

As set by the Department of Labor, work periods for public safety employees can vary from seven to 28 days (section 207(k)). Based on the set work period, safety employees are entitled to FLSA overtime for hours actually worked in excess of the threshold set by the Department of Labor. (For FLSA purposes Aptos/La Selva Fire pays FLSA overtime for all time worked or "deemed" to have been worked including all paid time off).

Aptos/La Selva Fire has established a 24 day work period and therefore 56 hour employees are entitled to FLSA overtime for hours worked in excess of 182 hours. The regular scheduled hours worked for our shift employees is 192 (eight, 24 hour shifts) within a 24 day work period. Since the regular scheduled hours exceeds the 182 hour threshold, there are ten hours of scheduled overtime for safety employees each 24 day FLSA work period. Since the employee's salary is intended to compensate for the scheduled 192 hours, the overtime premium for the hours between 182 and 192 is at half-time of the employee's "Regular Rate of Pay".

- There are 15.208 FLSA Cycles a year ($365 / 24 = 15.208$)
- There are typically 26 pay periods per year
- 2920 is the assumed hours worked per year (2,080 hours for forty hour employees)
- FLSA Pay is reportable special compensation to CalPERS for pension calculation

Regular Rate of Pay

An employee who works overtime will be compensated for those overtime hours at a rate of one and one half times the employee's "Regular Rate of Pay." The "Regular Rate of Pay" includes all remuneration paid to the employee including base salary as defined in the salary schedule plus any additional pay the employee receives such as but not limited to Paramedic Pay, Special assignment Pay and Education Incentive. Holiday Pay is not included in the "Regular Rate Of Pay". All included compensation will be converted into an hourly rate to calculate FLSA pay as well as the Overtime Rate of Pay.

Section 2. Overtime (FLSA is reportable special compensation & overtime is not reportable.) (Battalion Chief Rank Only)

Employees shall be entitled to premium overtime compensation at the rate of one and one half (1.5) times the employee's "regular rate of pay", as that term is defined under the FLSA, for all time worked or deemed to have been worked in excess of 182 hours in a 24 day work period.

For the purpose of determining overtime, the words "deemed to have been worked" shall include all paid leave time.

Overtime compensation shall be accumulated in one-half hour increments.

Section 3. Compensatory Time Off (May not be reportable compensation to CalPERS) (Battalion Chief Rank Only)

Battalion Chiefs are eligible to receive earned overtime in the form of compensatory time off. The method by which overtime is paid (CTO or cash) is at the discretion of the employee. The maximum accumulated compensatory hours will not exceed 120 hours.

Employees may use accrued CTO hours as time off in accordance with the vacation time off process set forth in this MOU. The use of CTO will not result in force hiring.

An employee who is promoted to a higher position shall have one half of his/her accrued CTO hours paid off at the time of the promotional appointment, at the regular rate of pay for the previous class.

Section 4. Overtime (Division Chiefs)

Division Chiefs, when available, will respond to emergencies as prescribed in our Operational Policies (EOGs and SOPs). This may include direct support of an incident, district coverage, and disaster operations or out of county assignments.

Actual response to such incidents will be compensated at time and one-half, with a one hour minimum and one-half hour increments thereafter.

In the event an Employee is assigned as a strike team leader/overhead for an emergency incident response, Member will receive their normal compensation for their normally assigned work hours. Any hours beyond their normally assigned work hours will be compensated for at time and one-half.

C. EDUCATION INCENTIVE

The District will not reduce the amount of Education Incentive received by Employees prior to January 1, 2017. If Employees were receiving a total of 4% of Step 1 Firefighter/Paramedic pay EP as of January 1, 2017, they will retain the 4% of Step 1 Firefighter/Paramedic pay but are not eligible for additional education incentive. If Employees were receiving less than 4% of Step 1 Firefighter/Paramedic pay as of January 1, 2017, they are eligible to receive additional education incentive up to 4% of Step 1 Firefighter/Paramedic pay upon successful completion of requirements listed below in Section B.

When an employee elects to convert his/her time into monetary compensation, the education incentive will be considered to be part of an employee's hourly rate.

As of January 1, 2017, Employees are eligible for Education Incentive, not to exceed four (4%) of Step 1 Firefighter/Paramedic pay, as follows:

1. Four percent (4%) of Step 1 Firefighter/Paramedic pay for successful completion of a BA/BS Degree completed prior to or during employment.
2. Two percent (2%) of Step 1 Firefighter/Paramedic pay for successful completion of an AA/AS Degree completed prior to or during employment.
3. One percent (1%) of Step 1 Firefighter/Paramedic pay for every nine (9) semester or equivalent quarter units of accredited college fire science classes, taken and completed during employment with the District.

4. One percent (1%) of Step 1 Firefighter/Paramedic pay for every nine (9) semester or equivalent quarter units of accredited college business, management, computer science or similar discipline deemed to benefit the District taken and completed during employment with the District may be included with prior approval of the Fire Chief.
5. One percent (1%) of Step 1 Firefighter/Paramedic pay for every 360 hours (40 hours = 1 semester unit) of non-accredited job related/certified classes taken and completed during employment with the District may be included with prior approval of the Fire Chief.

Excluded are: (1) all paramedic training and continuing education, (2) units for which the District paid registration, transportation, meals and lodging and the Member received his/her normal salary while attending the school.

D. SPECIAL ASSIGNMENTS

Bargaining unit employees may be appointed to perform the duties of one or more special assignments. Employees appointed to a special assignment will be required to meet the minimum requirements of that assignment, including any continuing education requirements (which generally consist of a minimum of 24-hours of continuing education per year, including didactic and manipulative training, i.e. hands-on, drills, exercises, etc.) The Training Division shall coordinate all courses and/or trainings respective to a special assignment.

NOTE: All employees appointed to a special assignment shall complete any initial or minimum training required, including receipt of any required certifications or passage of any applicable medical examinations necessary to obtain a certification or license. Employees who do not meet applicable Federal, State and Local requirements for the position will not be eligible for initial appointment. Once appointed, employees are required to maintain all applicable certifications and complete required continuing education mandates. Employees appointed to a position who are required to attend training off duty to meet this requirement will be paid overtime compensation for such work.

The Fire Chief, in consultation with the Fire District Training Chief and related agencies that the Fire District interfaces with (e.g., State Fire Training, California Specialized Training Institute [CSTI]), shall establish the certification requirements and continuing educational requirements for the special assignments listed below.

Employees who wish to be removed from a special assignment may request to be removed by submitting a letter, requesting removal, to their Supervisor following the appropriate chain of command. The letter will then be forwarded to the Fire Chief who will determine if the request will be granted or denied.

Compensation for specialty pay will be paid biweekly.

D. 1. Hazardous Materials Technician

Employees may be eligible for appointment to assignment as a Hazardous Materials Technician. Employees assigned as a Hazardous Materials Technician will be required to have specialized training, increased responsibilities on incidents and subject to an increased safety risk due to increased exposure to toxic, radioactive, explosive or other hazardous substances. To be eligible for appointment to this assignment, an employee must possess certification from the State of California, in accordance with State Fire Training as a Hazardous Materials Technician or above. Employees in this assignment will be required to satisfy the continuing education requirements as required by CAL/OSHA, maintain annual Haz-Mat related physical (medical) requirements and satisfy all requirements to be an employee of the Santa Cruz Hazardous Materials Incident Team (SCHMIT). Employees appointed to this assignment must maintain an active role in the Santa Cruz Hazardous Materials Incident Team (SCHMIT) and are routinely and consistently required to respond to situations involving exposure to hazardous materials. Employees appointed to this position will be eligible to receive special assignment pay, which will be equal to 5% of the step one monthly salary for the firefighter/paramedic classification. Hazardous Materials Technician incentive is reportable special compensation to CalPERS for pension calculation.

D. 2. Fire Investigator

Employees may be eligible for appointment to the Fire Investigation Unit. This Unit is responsible for investigating the cause and origin of destructive fires, including suspected arson fires. To be eligible for appointment to this assignment, at minimum, an employee must be certified by the State of California as a Fire Investigator I (State Fire Training, 2017) and/or as an Apprentice Fire Investigator recognized by the California Conference of Arson Investigators (CCAI) Certified Fire Investigator program (March, 2017). Employees appointed to this assignment will be required to routinely and consistently participate in the Fire Investigation Unit. Employees appointed to this assignment will be eligible to receive special assignment pay, which will be equal to 5% of the step one monthly salary for the firefighter/paramedic classification. Fire Investigator incentive is reportable special compensation to CalPERS for pension calculation.

E. LONGEVITY

Employees hired on or before December 31, 2019 will receive a 2.5 % salary increase after the completion of ten (10) years or service to the District

VII. PROBATIONARY PERIOD

A. LENGTH OF PROBATIONARY PERIOD

All current personnel appointees and new hires to a position shall serve a probation period for twelve (12) months.

B. PERFORMANCE EVALUATION PROCESS

Probationary new Employees are subject to dismissal during the probationary period at the discretion of the Fire Chief.

A Member serving a probationary period after a promotion may be returned to his/her former position if the Fire Chief determines that he/she is incapable of fulfilling the new duties within the period of probation.

Upon successful completion of the probationary period, a Member shall be considered for permanent status.

C. PERFORMANCE REPORTS

It is the policy of the District that regular reports be made as to the efficiency, competency, conduct and merit of its Employees. To this end, it is declared to be the responsibility of the Fire Chief and his/her subordinate supervisors that these evaluations be prepared for Employees in accordance with District Resolution.

VIII. 40-HOUR SAFETY EMPLOYEE

The 40-hour safety employee shall receive 5 administrative holidays, which may be taken off anytime during the calendar year with approval of the Fire Chief. The total number of hours will be based on the employee's work schedule as approved by the Fire Chief. All administrative holidays must be used during the calendar year with no carry over to the next administrative year. Administrative holidays will be pro-rated based upon appointment date.

The 40-hour safety employee shall receive the same benefits and accruals as the 56-hour employee including holiday pay. Holiday pay will be paid out at the 40 hour rate. If the employee chooses to take a holiday off he/she must use paid vacation or one of their administrative holidays for those hours.

The 40 – hour safety employee shall continue to receive the same sick leave and vacation accrual, as the 56-hour employee.

At the end of the first calendar year of assignment, the employee may roll over a maximum of 132 hours of vacation leave to be used in the following calendar year. All vacation hours must be used during the second year of assignment. If the employee has unused vacation leave at the end of each subsequent calendar year, the employee may receive compensation for up to a maximum of 132 hours. All other vacation leave hours must be used or forfeited prior to the end of the calendar year. Requests to rollover hours or receive compensation must be submitted to the Personnel/Payroll Specialist no later than December 31st. Payout requests shall be processed at the 40 hour rate of pay.

The 40 – hour safety employee will be allowed to take callbacks and collect recall pay only when they are off duty, and shall not be force hired. Overtime earned shall be at the 40-hour overtime rate of pay.

IX. STAFFING

It is the intent of the Employer to maintain a minimum daily staffing of 10 line personnel consisting of one battalion chief or acting battalion chief, three engine companies staffed by one fire captain or acting fire captain and a combination of 1 firefighter and 1 firefighter/paramedic. The District shall retain the right to re-distribute and re assign personnel as deemed appropriate. The employer also has the right to make emergency staffing adjustments based on unforeseen emergency staffing needs of the Fire District. Any long term/permanent reduction in the above referenced staffing levels shall occur only after the parties have engaged in the meet and confer process.

X. RETIREMENT

- A. Classic members, 3% at 55 single highest year, as determined by CalPERS, shall pay 12% contribution to CalPERS. The District shall pay the employer contribution to CalPERS.

In addition to the basic benefits, the following benefits are included:

<u>20042</u>	One Year Final Compensation
<u>20965</u>	Sick Leave Credit
<u>21427</u>	Increase in Non-Job Related Disability Retirement Allowances
<u>21548</u>	Pre-Retirement Optional Settlement 2 Death Benefit
<u>21571</u>	1959 Survivor Benefits
<u>21572</u>	Increased Level of 1959 Survivor Benefits
<u>21573</u>	Third Level of 1959 Survivor Benefits
<u>21574</u>	Fourth Level of 1959 Survivor Benefits
<u>21024</u>	Military Service Credit as Public Service

- B. PERS "PEPRA" Employees are under a "2.7% at 57" PERS contract and will contribute fifty percent (50%) of the "normal cost" as determined by CalPERS.

<u>20042</u>	Three Year Average Final Compensation
<u>20965</u>	Sick Leave Credit
<u>21427</u>	Increase in Non-Job Related Disability Retirement Allowances
<u>21548</u>	Pre-Retirement Optional Settlement 2 Death Benefit
<u>21571</u>	1959 Survivor Benefits
<u>21572</u>	Increased Level of 1959 Survivor Benefits
<u>21573</u>	Third Level of 1959 Survivor Benefits
<u>21574</u>	Fourth Level of 1959 Survivor Benefits
<u>21024</u>	Military Service Credit as Public Service

XI. HOLIDAYS

56 hour Employees (Battalion Chiefs) earn twenty-six (26) hours per month which will be taken in pay, at the Member's base hourly rate.

Compensation for holiday pay will be paid biweekly.

Additionally, Battalion Chiefs shall receive five administrative floating holidays, which may be taken off anytime during the calendar year with the approval of the Battalion Chief's supervisor. These hours will be added to the Employee's "Admin Floating Holiday" time off bank in Crew Sense. All administrative holidays must be used during the calendar year with no carry-over and no cash value.

Division Chief's will receive the following observed holidays off without loss of wages or accrued leave:

New Year's Day	Thanksgiving
Martin Luther King's Day	Friday following Thanksgiving
President's Day	Last working day before Christmas
Memorial Day	Christmas
Independence Day	New Year's Eve
Labor Day	Floating Holiday
Veteran's Day	

January 1 of each calendar year, the Division Chiefs will be credited 130 hours of Holiday time off in Crew Sense as follows:

For the Holidays listed above, the number of hours the employee is scheduled to work will be added to the "Admin National Holiday" bank and will be taken off and deducted on said day.

For the Holidays listed above that fall on an employee's regularly scheduled day off, the hours will be added to the employee's "Admin Floating Holiday" bank and may be used during the remainder of the calendar year subject to advanced approval of the Fire Chief. One (1) "Floating Holiday" each year will be added to the same time off bank. All Holiday time off will be used in the calendar year accrued and not carried over to the next calendar year.

All requests to take Floating Holiday Time off shall be submitted to the immediate supervisor with a minimum of twenty-four (24) hours in advance. This notice may be waived with approval of the Fire Chief.

Once a Floating Holiday has been granted it may not be rescinded without the Employee's approval.

XII. SICK LEAVE

Employees shall accrue sick leave at the rate of twenty-four (24) hours each month for 56-hour employees and sixteen (16) hours each month for 40-hour employees. Sick leave may be used for personal illness, physical incapacity, or the illness of a family employee. Sick leave shall not be construed to be a privilege, which an employee may use at his/her discretion but shall be allowed only in cases of necessity as herein set forth.

For 56-hour employees, where absence is due to the illness of the employee for more than two consecutive twenty four hour shifts or more than two consecutive work days for 40-hour employees, the employee may be required to provide a paper copy of a medical excuse from a Physician or authorized representative upon the request of his/her immediate supervisor or the Fire Chief. Upon return to duty, this document will be submitted to the immediate supervisor who will then submit it to the Human Resources Director as soon as possible.

At the end of each calendar year; for 56-hour Employees, a maximum of 144 hours of the annual accumulated sick leave in excess of 2400 hours may be paid at the employee's regular hourly rate of pay or for 40-hour Employees, a maximum of 96 hours of the annual accumulated sick leave in excess of 1600 hours may be paid at the employee's regular hourly rate of pay in effect on December 31st. The request will be made in writing to the Personnel/Payroll Specialist by December 31st. Payouts will be processed no later than the second full pay period following December 31st. Any employee with a sick leave balance below 2400/1600 hours, may not cash in hours.

Employees may accumulate an unlimited amount of sick leave hours.

Upon retirement, employees shall have the option of:

- A. Convert the entire balance of his/her accumulated sick leave to service credit in accordance with the provisions of the Public Employees Retirement Law (California Government Code Section 20965); or
- B. Division Chiefs receive compensation for 400 hours of unused sick leave plus one half (1/2) of the employee's current calendar year accrual, at the employee's current rate of pay, and convert their remaining sick leave balance to service credit under California Government Code Section 20965.
- C. Battalion Chiefs receive compensation for 600 hours of unused sick leave plus one half (1/2) of the employee's current calendar year accrual, at the employee's current rate of pay, and convert their remaining sick leave balance to service credit under California Government Code Section 20965.

Upon retirement, any payout will be at the employee's current rate of pay.

Sick Leave Payout shall not be reported to CalPERS for pension calculation.

UNCOMPENSATED SICK LEAVE BANK

All hours in an employee's "uncompensated sick leave bank" as of January 1, 2020, will be converted to regular sick leave hours. As of that date, the uncompensated sick leave banks will be terminated.

XIII. PERSONAL LEAVE

Full-Time Permanent "Employees"

1. Personal Leave is leave necessary for reasons other than injury or illness directly to the Employee.
2. Personal leave will be charged against any time the Employee has accrued, such as sick leave and vacation time, as approved by the Fire Chief.
3. All permanent Employees shall be entitled to Personal Leave as follows:
 - a) Not more than twelve (12) days for forty (40) hour personnel, or six (6) shifts for shift personnel, of leave each calendar year in case an "Employee's" presence is required elsewhere because of sickness, disability or childbirth of an Employee of her/his immediate family, or any other bona fide circumstances as approved by the Fire

Chief. Proof of need must be approved by the Fire Chief or his/her designee prior to leave. (Fire Chief may grant additional days if, in the Chief's opinion, additional leave is warranted.)

- b) An Employee may be granted one (1) day/shift personal leave to attend the funeral of a relative (not defined as immediate family) at the discretion of the Fire Chief.
- c) An Employee required to appear before a court (for other than subpoenas due to actions as a District employee or jury duty) will receive the necessary time as paid personal leave, providing:
 - a. Employee notifies his/her supervisor in advance, with adequate time remaining so that a relief may be obtained.
 - b. The Employee must return to duty immediately after being released.

- 4. No Employee shall be entitled to personal leave with pay while on a District granted Leave of Absence.

XIV. EXECUTIVE LEAVE

Division Chiefs are not entitled to earn or accrue compensatory time; however, Division Chiefs shall be granted Executive Leave. In all instances of Executive Leave, the first and foremost consideration shall be the effective and efficient operation of the District.

- a. At the beginning of each calendar year, the Division Chiefs shall be credited with fifty-six (56) hours of Executive Leave.
- b. Executive Leave may be taken as vacation or for any other purpose at any time as approved by the Fire Chief.
- c. Should the Member terminate her/his employment during a given calendar year, he/she shall receive compensation for that portion of Executive Leave not used computed at 3-1/3 hours per month for each full month or fraction thereof, of service, at the normal hourly rate. In the event that more Leave has been taken at time of termination than would be accrued at 3-1/3 hours per month, the District may request reimbursement from the Member for the amount of executive leave in question.
- d. Executive Leave shall be taken in the calendar year granted. It shall not be accumulated or carried over to the succeeding year.

XV. BEREAVEMENT LEAVE

In the event of a death in the employee's immediate family, the employee shall be granted, three (3) shifts for 56 hour Battalion Chiefs and 40 hours for Division Chiefs paid bereavement leave.

Immediate family members consist of:

- The parents of the employee,
- The employees' spouse or domestic partner,
- The parents of the employee's spouse or domestic partner,
- The stepparents of the employee and/or employee's spouse or domestic partner,
- The grandparents of the employee,
- The siblings of the employee
- The children, stepchildren, and/or adopted children of the employee and/or the employees' spouse or domestic partner

XVI. VACATION LEAVE

- a. Employees shall be entitled to at least fifteen (15) consecutive calendar days of vacation per year.
- b. 56 Hour Battalion Chiefs shall earn and accrue vacation time as follows:

Year of Employment	Monthly Accrual Rate	Shifts Per Year
1-5	16 hours	8
6	20 hours	10
7 - 8	22 hours	11
9 - 10	24 hours	12
11 - 13	26 hours	13
14	28 hours	14
15 - 16	30 hours	15
17 and on	32 hours	16

The total number of hours to be earned in any one (1) calendar year shall not exceed three hundred eighty-four (384) hours (16 shifts).

Vacation hours must be taken during the calendar year in which they have been accrued and may not be saved nor passed on from year to year.

All efforts will be made to reschedule vacation hours not taken due to duty-related illness and/or injury or operational needs beyond the Member's control so as not to impact the District fiscally through payment of overtime wages; however, when unable to do so, the accrued time will be compensated for at the Member's hourly rate of pay.

- c. 40-Hour Division Chiefs shall earn and accrue vacation time as follows:

Year of Employment	Monthly Accrual Rate	Hours Per Year
1-5	10 hours	120
6-11	14 hours	168
12	15 hours	180
13	16 hours	192
14	17 hours	204
15	18 hours	216
16	19 hours	228
17 +	20 hours	240

The total number of hours to be earned in any one (1) calendar year shall not exceed 240 hours after 17 years.

The Division Chiefs shall be permitted to carry-over or accrue vacation to the maximum established below, after which time, no further hours will be earned or accrued:

- 1 to 5 yrs. of service - 240 hrs.
- 6 to 11 yrs. of service - 336 hrs.
- Over 11 yrs. of service - 434 hrs.

The Division Chiefs shall be permitted to convert up to eighty (80) hours of earned and accrued vacation time into monetary compensation each calendar year. The Employee shall be compensated at their regular hourly rate of pay for each hour so converted.

Vacation hours not taken due to duty-related illness and/or injury or operational needs beyond the Employee's control may be compensated for at the Employee's hourly rate of pay at the Fire Chief's discretion.

- d. Full-Time Employees

1. Any full time Employee in continuous full-time service of the District who terminates her/his employment and has earned vacation time shall be paid for such time on the effective date of such termination. When separation is caused by death of Employee, payment shall be made to the estate of such Employee.
2. Any Employee incurring a serious injury or illness which requires the Employee to be hospitalized or confined while on paid vacation leave may have those days changed to sick leave with pay and vacation days restored accordingly, provided the

Employee has sufficient sick leave accrued and the period of hospitalization and/or confinement is certified by a physician's written statement.

e. Vacation Conversion

When an Employee is promoted, transferred, on a temporary assignment or light duty from shift to forty (40) hour workweek or the opposite, no conversion formula shall apply. If the new work assignment is temporary, all existing earned and accrued leave hours under the original assignment shall remain in place, all new leave hours shall be earned and accrued under the original assignment basis, and all leave hours used shall be based on the new actual work schedule. If the new work assignment is permanent, all existing earned and accrued vacation hours under the original assignment shall remain in place, all new leave hours shall be earned and accrued under the new assignment basis, and all leave hours used shall be based on the new actual work schedule.

- f. No vacation with pay is allowable to part-time, emergency, relief, seasonal, or extra help Employees, nor to Employees paid solely on an hourly basis.
- g. Battalion Chiefs may convert up to one hundred and thirty-two (132) hours of accrued vacation time into monetary compensation at the Employee's regular base hourly rate each calendar year. Employees may convert 24 hour or 12 hour accrued vacation periods only (24 hour shifts may not be split for the purposes of conversion.)

XVII. LIFE INSURANCE AND SALARY CONTINUANCE INSURANCE

a. CURRENT EMPLOYEES

The Employer shall pay all premiums on behalf of employees for the Life Insurance and the C.A.P.F.F. Long Term Disability Plan. For all full-time employees, the life insurance plan will provide a death benefit of \$10,000 for a spouse, and \$5,000 per child.

The life insurance plan will provide the following benefit for employees:

All employees to age 64	\$100,000.00
Employees age 65 – 69	\$65,000.00
Employees age 70 +	\$50,000.00

The C.A.P.F.F. Long Term Disability Plan provides, after a sixty (60) day waiting period, a maximum pay out benefit based on the C.A.P.F.F. Long Term Disability Insurance benefit (Plan A).

b. RETIREES

Retirees may purchase life insurance through the employer's plan but must pay 100% of the premium.

XVIII. MEDICAL HEALTH/DENTAL INSURANCE

MEDICAL INSURANCE

The District shall provide medical health insurance to employees and their dependents through the CalPERS Health Benefits Program and shall pay the monthly premium for the health insurance plan as follows:

Employees may choose any health plan offered by CalPERS. The District will make the following contributions to the monthly premium. If an employee chooses a more expensive plan, they are responsible for paying any amount above the District's share. The difference, if any, will be deducted through the payroll system on a per pay period basis.

- For the 2020 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

Employee only- \$915
Employee plus one dependent- \$1829
Employee plus two or more dependents- \$2378

- For the 2021 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

Employee only- \$961
Employee plus one dependent- \$1920
Employee plus two or more dependents- \$2497

If the District's contribution does not pay 100% of the monthly premium of at least four plans offered in the district's region, the parties will meet and confer.

Effective the pay period following approval by the Board of Directors, employees will no longer receive compensation for waiving health care.

RETIREE TIER ONE

Those persons retired prior to January 1, 2020; the district will contribute \$350 per month into a CalGovVeba account. This contribution shall terminate on the retirees 65th birthday or upon their death, whichever occurs first.

RETIREE TIER TWO

Those persons hired on or before December 31, 2019, the District will contribute the following upon retirement:

- From the date of retirement until age 65, shall receive retiree medical benefit contribution of \$1800 per month into a CalGovVeba account.
- At age 65, the monthly retiree medical benefit contribution will be \$900 per month into a CalGovVeba account.

RETIREE TIER THREE

Those persons hired on or after January 1, 2020, upon retirement after 15 years of service to the district, the District will contribute \$900 per month into a CalGovVeba account.

At age 65, the monthly retiree medical benefit contribution will be \$450 per month into a CalGovVeba account.

DENTAL INSURANCE

The Employer shall provide dental insurance to its employees and dependents and shall pay the monthly premium for the dental insurance coverage. The District shall pay for the Delta plan level of coverage which provides for \$2000.00 maximum per year.

RETIREE

Retirees may elect to join on to the district's group policy but will be responsible for 100% of the cost.

XIX. VISION CARE

The Employer shall provide vision care to employees and their dependents. The Employer shall pay the monthly premiums for employees and their dependents. Retirees may elect to join on to the district's group policy but will be responsible for 100% of the cost and will be billed directly by the current provider.

XX. CLOTHING

The District will provide non-safety and safety attire. Employees will be responsible for maintenance of all non-safety clothing.

The District will report to CalPERS a uniform allowance of \$300.00 per year as special compensation for each Classic CalPERS employee. The uniform allowance will be reported in twenty six (26) equal installments of \$11.54.

For PEPRAs employees, a \$300.00 uniform allowance will be paid as compensation. The uniform allowance will be paid in twenty six (26) equal installments of \$11.54. The uniform allowance for PEPRAs employees will not be reported to CalPERS.

For all employees, this uniform allowance will hold the employee responsible for maintenance of all clothing other than safety clothing. This amount is the average reportable value of non-safety clothing provided to each employee of the District.

XXI. PROFESSIONALIZATION

All "related duties" assigned to Division Chiefs and Battalion Chiefs are to be tasks directly related to the fire service, as determined by the Fire Chief. "Related Duties" can pertain to stations, facilities, apparatus, and equipment maintenance/improvement.

XXII. GRIEVANCE PROCEDURES

GRIEVANCE DEFINED/SCOPE

A grievance shall be any dispute concerning the interpretation, application, or compliance with this Agreement or District rule, written policy or regulation as they relate to this Agreement. The aggrieved employee has the right to representation at any level or step of the grievance procedure.

PROCEDURE:

The parties recognize that early settlement of a grievance is essential. Therefore, it is agreed that during the term of this Agreement, grievances of all manner, including disciplinary matters, shall be resolved in the manner set forth herein.

STEP 1: An employee who believes he/she has a grievance shall within ten (10) calendar days of the events giving rise to the grievance or within ten (10) calendar days of the time the grievant became aware or reasonably should have become aware of the facts giving rise to the grievance shall discuss the matter with his/her immediate supervisor (informal procedure).

STEP 2: If a resolution is not possible under STEP 1, within ten (10) calendar days of the occurrence, the aggrieved employee shall present the grievance in writing to his/her immediate supervisor (formal procedure).

A. The written grievance shall contain information, which identifies:

1. The aggrieved employee.
2. The specific nature of the grievance.
3. The time and place of its occurrence or discovery.
4. The existing rule, written policy, regulation or agreement alleged to have been violated, improperly interpreted, applied or misapplied, if any.
5. The consideration given or steps taken to attempt informal resolution.
6. The corrective action desired.

B. A decision by the aggrieved employee's supervisor shall be made in writing within (10) calendar days of receipt of the written grievance.

STEP 3: If not satisfied with the decision under STEP 2, the aggrieved employee may, within ten (10) calendar days after receipt of that written decision, refer the matter to the Fire Chief in writing. The Fire Chief will provide the aggrieved employee a decision in writing within ten (10) days of receipt of the written grievance.

STEP 4: If dissatisfied, the aggrieved employee may, within ten (10) calendar days after receipt of the decision under STEP 3, refer the matter to a panel. The panel will consist of four (4) employees; two (2) chosen by the Association, and two (2) employees chosen by the Fire Chief or his/her designee. The panel will meet, review the facts, and make its recommendation in writing to both parties.

NOTE: With regard to a dispute that arises out of the action of the Fire Chief (as distinguished from a lower level supervisor), the aggrieved employee may bypass STEP 1 & STEP 2, aforementioned.

A grievance filed by the Association shall start at STEP 3, unless the above "NOTE" applies.

STEP 5: ARBITRATION

If the aggrieved employee is dissatisfied with the recommendation under STEP 4, the aggrieved employee may request arbitration with approval of at least two employees of the Association's

Executive Board. The arbitration request must be in writing to the Chair of the Board of Directors. This must be completed no later than fourteen (14) calendar days after receiving the recommendation from the panel, listed in STEP 4 of this agreement.

The aggrieved employee and the Fire Chief or designee shall mutually select an arbitrator. If the parties are unable to mutually agree on an arbitrator, they shall contact the State of California Mediation and Conciliation Service to request that a list of seven (7) possible arbitrators be provided. Upon receipt of seven (7) possible arbitrators the parties will meet to select the final arbitrator. The loser of a single coin toss will eliminate the first name of the possible seven (7) arbitrators. The parties shall then alternately strike names from the list of seven (7) arbitrators until such time as there is only one name remaining. The last arbitrator left shall be used. The aggrieved employee and/or his or her representative, along with the Employer, shall present all the facts pertaining to the grievance to the arbitrator.

- A. Decisions by the arbitrator shall be final and binding. The arbitrator's compensation and expenses, costs of the reporter, and transcripts shall be borne equally by the employee (grievances) or Union (disciplinary appeal) and the Employer. Time limits as noted herein may be extended or waived by mutual written agreement of the parties involved.
- B. The arbitrator will not add to, detract from, or modify the language of the Agreement in considering any issue properly before him or her.
- C. The arbitrator will expressly confine themselves to the precise issues raised by the grievance and submitted to them and will have no authority to consider any other issue not so submitted.
- D. Any monetary award in favor of the grievant is limited to lost wages suffered from the date of the grievance forward.

All time limits as noted in any step of the grievance procedure may be extended or waived by mutual written agreement of the parties involved.

NOTE: Compliance with the arbitrator's final decision must occur within thirty (30) calendar days of receipt of the written notice of the decision.

No reprisal shall result to any employee or organization that prepares or presents any grievance under this procedure.

BINDING ARBITRATION

Request for binding arbitration must go before the voters of the Aptos/La Selva Fire Protection District.

XXIII. LAYOFF AND REHIRE PROCEDURE

LAYOFF PROCEDURES

In the event that a layoff should become necessary, it will be conducted in the following manner:

1. Firefighters from the rank of probationary Firefighter through and including permanent Battalion Chief shall be laid off on a strict seniority basis, with the last employee hired to be the first laid off.
2. For purposes of this procedure, seniority shall be defined as continuous service time with Employer or any previous fire departments, districts or agencies that become a part of the Aptos/La Selva Fire Protection District. Approved leaves, absences and suspensions are considered continuous service in regards to layoff procedures.
3. Volunteer service shall not be considered for seniority. Where military service, as described in the Military and Veterans Code, has interrupted service as described above, such military service shall be described as continuous service time.

Seniority is determined by date of hire as a full-time, paid employee.

REHIRE PROCEDURE

When funds become available for rehiring, the process shall be as follows: The last employee laid off shall be the first to be rehired. Any person being rehired must pass a physical examination equivalent to that required for initial hiring into the District. Any person unable to pass the physical examination shall not be rehired. Cost of the physical examination shall be borne by the Employer.

There shall be no time-limit for this rehire procedure.

XXIV. PARAMEDIC BATTALION CHIEFS

Any Battalion Chief wishing to maintain his/her paramedic license will be compensated 2.5% of step one firefighter/paramedic pay per month. Paramedic incentive is reportable special compensation to CalPERS for pension calculation.

Battalion Chiefs wishing to discontinue their paramedic duties must submit a letter of intent via inter-office memorandum to their supervisor following the appropriate chain of command. The letter will then be forwarded to the Fire Chief.

The District will pay Paramedic license renewal fees for all employees who hold a CA State Paramedic license.

XXV. COMMENCEMENT OF NEGOTIATIONS

The Employer and the Association shall commence negotiations for a subsequent memorandum of understanding not later than four months before the expiration of this agreement.

XXVI. EFFECTIVE DATE

After execution by all parties to this Agreement, no changes, amendments or adjustments to this Agreement shall be made by any party to this Agreement, except upon mutual agreement between the contracting parties. Any such mutual agreement shall be evidenced by a writing setting forth the mutual agreement of the parties and incorporating the mutual agreement into this Agreement.

After meeting and conferring in good faith, the preceding terms and conditions of employment will be in effect commencing 1/1/2020, except as noted herein.

This Agreement shall remain in effect through 12/31/2021, or until a new agreement is agreed upon by the parties, subject to the Employer's emergency powers under Government Code Section 3504.5.

XXVII. TERM

Except as may be otherwise specifically provided herein, this Agreement shall be effective January 1, 2020 through December 31, 2021.


SIGNATURES


**FOR THE CHIEF OFFICERS'
ASSOCIATION**

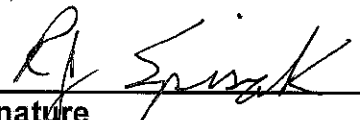
Signature 

Signature _____

**FOR THE EMPLOYER – APTOS/LA
SELVA FIRE DISTRICT**

Signature 
Signature _____

Signature 
Signature _____

Signature 
Signature _____

Signature _____

Signature _____

L3535 CAPTAIN III

\$11,683.20

\$140,198.40

\$155,178.50

**Salary Steps 5%
POSITION**

w/ Hol Pay

DIVISION CHIEF III		\$17,322.38	\$207,868.60	\$99.94	
II		\$16,497.51	\$197,970.09	\$95.18	
I	14%(3%)	\$15,711.91	\$188,542.94	\$90.65	
BATTALION CHIEF III		\$13,782.38	\$165,388.55	\$56.64	\$183,060.20
II		\$13,126.08	\$157,512.90	\$53.94	\$174,343.05
I	7%	\$12,501.02	\$150,012.29	\$51.37	\$166,041.00
40 HR BATTALION CHIEF III		\$13,782.38	\$165,388.55	\$79.51	
II		\$13,126.08	\$157,512.90	\$75.73	
I		\$12,501.02	\$150,012.29	\$72.12	

**CY 2020
POSITION**

DIVISION CHIEF III		\$17,582.22	\$210,986.62	\$101.44	
II		\$16,744.97	\$200,939.64	\$96.61	
I	14%(3%)	\$15,947.59	\$191,371.09	\$92.01	
BATTALION CHIEF III		\$13,989.11	\$167,869.38	\$57.49	
II		\$13,322.97	\$159,875.60	\$54.75	
I	7%	\$12,688.54	\$152,262.47	\$52.14	
40 HR BATTALION CHIEF III		\$13,989.11	\$167,869.38	\$80.71	
II		\$13,322.97	\$159,875.60	\$76.86	
I		\$12,688.54	\$152,262.47	\$73.20	

**CY 2021
POSITION**

DIVISION CHIEF III		\$18,109.69	\$217,316.22	\$104.48	
II		\$17,247.32	\$206,967.83	\$99.50	
I	14%(3%)	\$16,426.02	\$197,112.22	\$94.77	
BATTALION CHIEF III		\$14,408.79	\$172,905.46	\$59.21	
II		\$13,722.66	\$164,671.86	\$56.39	
I	7%	\$13,069.20	\$156,830.35	\$53.71	
40 HR BATTALION CHIEF III		\$14,408.79	\$172,905.46	\$83.13	
II		\$13,722.66	\$164,671.86	\$79.17	
I		\$13,069.20	\$156,830.35	\$75.40	

**MEMORANDUM OF UNDERSTANDING BETWEEN THE EMS CHIEF AND
APTOS/LA SELVA FIRE PROTECTION DISTRICT**

This Memorandum of Understanding (MOU) is made and entered into at Aptos, California, this August 13 2020 by and between the Emergency Medical Services (EMS) CHIEF and the APTOS/LA SELVA FIRE PROTECTION DISTRICT. All references regarding Aptos/La Selva Fire Protection District EMS Chief will hereby be referred to as "Employee". All references to the Aptos/La Selva Fire Protection District will be referred to as "District".

ARTICLE I. POSITION

Pursuant to the provisions of applicable state law, the position of EMS Chief is hereby recognized as an "overtime exempt, non-safety employee".

ARTICLE II. PURPOSE AND UNDERSTANDING

The purpose of this Memorandum of Understanding is to promote and provide harmonious relations, cooperation and understanding between the Employee and the District; to provide an orderly and equitable means of resolving differences which may arise under this Memorandum, and to set forth the agreements of the parties reached as a result of meeting and conferring in good faith.

This Agreement sets forth the understanding of the parties regarding the matters covered herein, and any or all prior or existing memoranda of understanding are hereby superseded.

Unless specifically modified by the terms of this Agreement, the District's Personnel Rules, Policies and Procedures, as set forth in District Resolution 2-10 shall apply to the Employee. To the extent there is a conflict between specific provisions of this Agreement and other District Rules, Policies and Procedures addressing a subject covered by this Agreement, the terms of this Agreement shall govern.

ARTICLE III. DISTRICT RIGHTS

Except as expressly limited by this Agreement, and as thereafter amended or modified, it is understood and agreed by the Employee that the District retains all of its powers to direct, manage and control the affairs of the District to the full extent of the law. Included in, but not limited to, those duties and powers is the District's right to determine its organization; direct the work of its employees; determine the times and hours of operation; determine the kinds and levels of services to be provided and the methods and means of providing them; establish District policies, goals and objectives; maintain the efficiency of District operations; acquire District property; build, move or modify District facilities; establish budget

procedures and determine budgetary allocation; determine the methods of raising revenue; and contract out work. In addition, the District retains the right to increase, decrease or reassign the work force; hire, promote, demote; discharge or discipline for cause; or reclassify special work requirements. The District has the sole absolute right to assign or reassign District equipment including motor vehicles, to or from employees during, after, or before hours of duty without consultation of meeting and conferring with the employee.

ARTICLE IV. COMPENSATION

SECTION 1. SALARY

- a. **The District will pay the salary rates reflected in the Salary Schedule set forth in appendix A.** During the term of this agreement, the employee will receive a cost of living adjustment (COLA) as follows:

- First full pay period in January 2020 — 3%
- First full pay period in January 2021 — 4%
- First full pay period in January 2022 — 3%

SECTION 2. EMPLOYEE GROUP INSURANCE

- a. **Medical Insurance**

The District shall provide medical health insurance to the employee and his/her dependents through the CalPERS Health Benefits Program. The District's contribution to the monthly premium will be equal to the PERS Choice PPO premium.

Employees may choose any health plan offered by CalPERS. If an employee chooses a more expensive plan, they are responsible for paying any amount above the District's share. The difference, if any, will be deducted through the payroll system on a per pay period basis.

Health premium contribution upon retirement:

- For one full month following the month of an Employee's retirement, the District will provide the same monthly contribution toward health plan premiums that the employee received during the final month of employment with the District.

- b. **Dental Insurance**

The Employer shall provide dental insurance to its employees and dependents and shall pay the monthly premium for the dental insurance coverage.

c. **Vision Insurance**

The Employer shall provide vision care to employees and their dependents and shall pay the monthly premiums.

d. **Post Retirement Longevity Benefit**

The District has established a CALGOVEBA ("VEBA") account for retiree healthcare. All plan design features of VEBA have been negotiated and are mandatory as described in this section. Employer-level administrative fees or maintenance charges for the VEBA will be paid by the District.

Employees hired after March 31, 2005 shall participate in a Post Retirement Longevity Benefit program. The new Employee shall receive a District contribution into their VEBA in the amount of thirty-five dollars (\$35.00) per month for each month of their employment. The new Employee shall make a mandatory monthly contribution equal to one-half of the District monthly contribution. The District contribution to the VEBA shall vest to the new Employee only in the event that the new Employee retires from the District for service or service-connected disability.

In addition, all Employees, upon service or disability related retirement, shall have all terminal sick leave and vacation leave payoff funds contributed directly into the Employee's account. Any other form of separation from employment will result in terminal sick and vacation leave payoffs being made directly to the terminating employee.

Employee and retiree participation in the VEBA is mandatory in order to receive any Post Retirement Longevity Benefit. All mandatory contributions to the VEBA described herein shall be made on the first business day of the month or as close to that as is practical. In the event that Employee or new Employee mandatory contributions are not made for any reason the District is relieved of its obligation to make contributions. VEBA deposits, withdrawals, and related income tax consequences are governed by the Internal Revenue Code and Internal Revenue Service and both the District and all Employees understand this.

e. **The District will pay one hundred percent (100%) of the premium for group life insurance for employee for coverage in the amount of fifty thousand dollars (\$50,000.00).**

f. **Long Term Disability**

The District will provide long term disability insurance and shall pay the premium for the employee.

SECTION 3. RETIREMENT

a. **Employer Paid Member Contribution (EPMC).** The District will pay one hundred percent (100%) of the Employee's contribution for PERS. This contribution is to be

MOU 2020-2022 EMS Chief

credited to the Employee's individual account as per Section 20615 of the Public Employees' Retirement Law.

- b. Miscellaneous personnel are under a "3% at 60" contract, effective January 1, 2006, and in addition to the basic benefits, the following benefits are included:

One-year Final Compensation
Credit for Unused Sick Leave
Reporting the Value of Employer Paid Member Contribution (EPMC)

SECTION 4. PAY PERIODS

The annual base pay amount shall be divided by 26 and the resulting amount shall be paid on a regular biweekly basis.

SECTION 5. FLEXIBLE WORK SCHEDULE

Employee's normal workday is working between 0800- and 1800-hours Monday through Thursday. When it is deemed to be to the benefit of the District and does not conflict with District operational needs, the Fire Chief may approve temporary rearrangement of the employee's work schedule for a particular day.

- a. The District acknowledges that there may be benefits both to the District and the employee in alternative schedules. Employee may request that the Fire Chief consider alternate scheduling of their work. Examples of alternate schedules include flex-time, job sharing, 9/80 and 4/10 plans. The Fire Chief may give consideration to such requests within existing law and policy but is not obligated to change an employee's schedule. Also included in the concept of alternative schedules and flex time are assignments such as other professional development and training techniques. Employee requests for alternate schedules will be made in writing, on a form mutually agreeable to the Employee and the District. Rejection of an employee's request for an alternative work schedule option shall be made in writing from the Fire Chief and shall cite the reason(s) for rejecting the request.

SECTION 6. CONTINUING EDUCATION

In the interest of developing the Employee's knowledge, skills, and abilities related to job responsibilities, the District will from time-to-time provide education and training opportunities and assignments to the Employee. Such education and training opportunities and assignments shall be approved in advance by the Fire Chief and will be reimbursable to the Employee under applicable District expense reimbursement policy.

ARTICLE V. PERFORMANCE REPORTS

SECTION 1. POLICY

It is the policy of the District that regular reports be made as to the efficiency, competency, conduct and merit of its employees. To this end, it is declared to be the responsibility of the Fire Chief that these evaluations be made.

SECTION 2. PROCEDURE

- a. Pre-evaluations will be prepared for Employee within thirty (30) days past the beginning of Employee's hire date.
- b. Written reports shall be prepared for Employee for a salary increase in accordance with District Personnel Policies. Copies of the reports shall be furnished to the Employee.

SECTION 3. REVIEW

Each performance report shall be reviewed with the Employee as a tool for improving performance. The Employee shall sign the report to acknowledge this review and is entitled to submit a signed statement, to be attached, if employee does not concur with the contents of said report.

SECTION 4. DISTRIBUTION

Reports shall be prepared in two (2) copies. After review by the appointing authority, one copy (1) shall be retained for file, one (1) copy shall be returned to the Employee.

ARTICLE VI. LEAVES

SECTION 1. HOLIDAYS

- a. Employee shall earn holiday leave currently approved: Thirteen days per year designated as follows:

New Year's Day
Martin Luther King's Day
President's Day
Memorial Day
Independence Day
Labor Day
Veteran's Day

Thanksgiving
Friday following Thanksgiving
Last working day before Christmas
Christmas
New Year's Eve
Floating Holiday

- 1) All requests to take Floating Holiday Time off shall be submitted to the Fire Chief with a minimum of twenty-four (24) hours in advance. This notice may be waived with approval of the Fire Chief.
- 2) Once a Floating Holiday has been granted, it may not be rescinded without the employee's approval.
- 3) If a holiday falls on a day that is assigned as a scheduled day off the holiday leave may be used during the remainder of the calendar year subject to the advance approval of the Fire Chief.

SECTION 2. VACATIONS

a. Employee shall earn and accrue vacation time as follows:

- 1) From time of appointment as a full-time permanent employee until completion of the fifth year, employee shall earn ten (10) hours per month (15 working days per year).
- 2) For the sixth (6th) through the eleventh (11) years of employment, at the rate of fourteen (14) hours of vacation per month (21 working days per year)..
- 3) After completion of the eleventh (11th) year, an employee will be given one (1) additional vacation day for each additional year of service, to a maximum of thirty (30) days after twenty (20) years of service with the District.
- 4) Employee shall be permitted to carryover or accrue vacation to the maximum established below after which no further hours will be earned or accrued:

1 to 5 yrs. of service	240 hrs.
6 to 11 yrs. of service	336 hrs.
Over 11 yrs. of service	368 hrs.

Maximum accrual excludes those days accrued in the current calendar year.

b. Full-Time Employee

- 1) Any full-time employee in continuous full-time service of the District who terminates employment and has earned vacation time shall be paid for such time on the effective date of such termination. When separation is caused by death of an employee, payment shall be made to the estate of such employee.

- 2) Any employee incurring a serious injury or illness which requires the employee to be hospitalized or confined while on paid vacation leave may have those days changed to sick leave with pay and vacation days restored accordingly, provided the employee has sufficient sick leave accrued and the period of hospitalization and/or confinement is certified by a physician's written statement.

SECTION 3. SICK LEAVE

a. Full-Time Employees

- 1) Sick leave is that amount of time allocated by the District each calendar year from January 1st through December 31st.

- 2) All Employees shall be entitled to sick leave as follows:

Employees shall accrue sick leave at the rate of sixteen (16) hours per month (192 hours per year), with a maximum accumulation of 1600 hours. At the end of each calendar year, one-half (1/2) of the accumulated sick leave in excess of 1600 hours shall be paid at the Employees base hourly rate of pay.

Maximum accrual excludes those days accrued in the current calendar year.

- 3) Sick leave shall not be considered as a right which an Employee may use at their discretion but shall be allowed only in case of necessity or as required by law.
- 4) An Employee is entitled to sick leave with pay who are unable to work because of their own illness or disability, for the illness or disability of an eligible family employee and other purposes required by federal and state law.
- 5) No Employee shall be entitled to sick leave with pay while on a District granted Leave of Absence without pay.
- 6) Notification and Verification

- a) Advance Notice Requirement. In order for sick leave to be granted, Employee who, because of illness or injury, is unable to report to work, shall notify the Administration Office in accordance with District regulations or policies. Failure to notify the Administration Office without good reason will result in an unauthorized leave of absence without pay. The determination in this regard shall be made by the Fire Chief.

- b) Where the length of absence due to injury or illness is not known at the outset, it shall be the responsibility of the Employee to remain in contact with the Administration Office of the District.
- c) Verification.
 - 1) In the case of injury, Employees shall present to District Administration Office a physician's "release to return to work" prior to or upon reporting for duty.
 - 2) In the case of illness, the Employee may be required to file a physician's certificate or a personal affidavit with the Fire Chief, stating the cause of absence in the case of:
 - (a) An Employee's absence for three or more consecutive workdays which is due to illness;
 - (b) Whenever the Fire Chief reasonably believes that cause exists to request such verification.
- d) The Fire Chief may require a medical examination before allowing an Employee to return to work. Such examination shall be performed by a physician selected by the District and shall be at the District's expense.

b. Pay for Sick Leave

- 1) At the end of each calendar year, one-half (1/2) of the accumulated sick leave in excess of 1600 hours shall be paid at the Employee's regular hourly rate of pay.

Upon retirement, any accumulated sick pay not compensated for, may be applied as service credit as provided for by Public Employee's Retirement Law, Section 20862.8

The Employee will receive payoff for accumulated sick leave upon termination except for discharge for upheld cause (for which payoff shall be forfeited). Payoff of accumulated sick leave will be limited to 800 hours, plus the current year's accumulation. One-half (1/2) of the above 800 hours, plus one-half (1/2) of the current year's accumulation, shall be paid at the Employee's regular hourly rate of pay, with any accumulated sick leave not compensated for applied as service credit as provided for by Public Employee's Retirement Law, Section 20862.8

- 2) Employees retiring on a service or disability pension shall have the option of:

- a) Being paid for their unused sick leave. This shall apply to one-half (1/2) of the first 800 (eight hundred) hours accumulation plus one-half of the current calendar year accumulation. This shall be paid at the Employee's current regular hourly rate of pay; or
 - b) Taking their unused sick leave as time off to increase the time credit for pension purposes. This shall apply to one-half (1/2) of the first 800 (eight hundred) hours accumulation plus one-half of the current calendar year accumulation. Vacation, sick leave, and holiday hours or any other benefits shall not accrue while using this option.
- 3) An Employee discharged for upheld cause shall forfeit all the right to any payment for accumulated sick leave.
 - 4) An Employee resigning shall not qualify for payment of any accumulated sick leave.
 - 5) The survivor(s) of any Employee will be paid for that Employee's accumulated sick leave, not to exceed that amount entitled the Employee upon retirement.

SECTION 4. PERSONAL LEAVE

- a. Personal Leave is leave necessary for reasons other than injury or illness directly to the employee.
- b. Personal leave will be charged against any time the employee has accrued, such as sick leave and vacation time, as approved by the Fire Chief.
- c. Employee shall be entitled to Personal Leave as follows:
 - 1) Not more than twelve (12) days of leave each calendar year in case a employee's presence is required elsewhere because of sickness, disability or childbirth of an employee or his/her immediate family as defined in the District Personnel Policies. Proof of need must be approved by Fire Chief or designee prior to leave.
 - 2) An employee may be granted one (1) day personal leave to attend the funeral of a relative (not defined as immediate family) at the discretion of the Fire Chief.
 - 3) An employee required to appear before a court (for other than subpoenas due to actions as a District employee or jury duty) will receive the necessary time as paid personal leave, providing:
 - a) Employee notifies Fire Chief in advance, with adequate time remaining so that a relief may be obtained.

- b) The employee must return to duty immediately after being released.
- d. No employee shall be entitled to personal leave with pay while on a District granted Leave of Absence.

SECTION 5. BEREAVEMENT LEAVE

In the event of a death in the employee's immediate family, the employee shall be granted five (5) working days paid bereavement leave.

SECTION 6. MILITARY LEAVE

Military leave shall be provided in accordance with Federal and State Law.

SECTION 7. JURY DUTY

Jury Duty benefits will be provided in accordance with current District policies.

SECTION 8. EXECUTIVE LEAVE

The Employee shall be credited with fifty-six (56) hours of Executive Leave annually at the beginning of each calendar year. Executive Leave shall be taken in the calendar year granted. It shall not be accumulated or carried over to a succeeding year. There shall be no payoff for unused Executive Leave.

ARTICLE VII. TERM OF AGREEMENT

1. Term

After execution by all parties to this Agreement, no changes, amendments, or adjustments to this Agreement shall be made by any party to this Agreement without engaging in the meet and confer process. Any such mutual agreement shall be evidenced in writing setting forth the mutual agreement of the parties and incorporating the agreement into this Agreement. After meeting and conferring in good faith, the preceding terms and conditions of employment will be in effect commencing January 1, 2020, except as noted herein subject to the Employer's emergency powers under the Government Code Section 3504.5. Except as otherwise specifically provided herein, this Agreement shall be effective January 1, 2020 through December 31, 2022.

2. Savings Clause

In the event any portion of this Agreement is declared null and void by a court of competent jurisdiction, the remaining portions of the Agreement shall continue in full force and effect, and the parties shall immediately commence negotiations to ensure

MOU 2020-2022 EMS Chief

that the superseded portion(s) are rewritten to conform as nearly as possible to the original intent.

3. Amendments Clause

Amendments to this contract on non-economic,(no cost to the District), non-substantive issues which are agreeable to both sides, and do not require negotiation, may be accomplished with the use of an addendum which shall be dated, signed and attached to this MOU.

APTOS/LA SELVA FIRE PROTECTION DISTRICT:


George Lucchesi, Board President

8-13-20
Date


Scott Vahradian, EMS Chief

8/20/2020
Date

3757 (81)

3757 (81)

MEMORANDUM

OF

UNDERSTANDING

APTOS/LA SELVA FIRE PROTECTION DISTRICT

AND

THE PROFESSIONAL FIREFIGHTERS UNION

IAFF LOCAL - 3535

JANUARY 1, 2020

Through

DECEMBER 31, 2021

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I. PREAMBLE

This Memorandum of Understanding (MOU) is entered into by and between the Aptos/La Selva Fire District (Employer or District) and the Professional Firefighters Union, IAFF Local - 3535 (Union) pursuant to the Meyers-Milias Brown Act (Gov. Code §§ 3500-3511) and has been jointly prepared by the parties.

II. RECOGNITION

The Union is hereby acknowledged by the District as the recognized employee organization for the purpose of meeting and conferring on matters within the scope of representation for individuals employed by the District in the firefighter bargaining unit, which consists of the following full-time positions: Fire Captains, Fire Captain Specialist, 40 Hour Safety Employee, Firefighter/Paramedics, and Firefighters.

The District shall deduct from a represented employees pay Union membership dues, designated fees, premiums for insurance programs, political action fund contributions and any special membership assessments (collectively "contributions"), as is established and may be changed from time to time by the Union upon either a written certification from the Union that it has and maintains individual employee authorizations, or a pre-existing employee dues deduction authorization and remits such contributions to the Union.

Any employee desiring revoke his or her authorization for union contributions shall proceed as follows: For those employees who signed a membership card or other authorization form which provides terms of revocation, the exclusive method of revocation set by the card or other authorization form; for employees whose membership card or other authorization form does not provide terms of revocation, the employee may revoke by submitting a written revocation to the Union and the District during the month of June of any year.

When the Union determines that a represented employee timely revokes his or her membership or contribution authorization as provided above, Union shall notify the District in writing with fourteen (14) days. The District shall cease contribution deductions by the next qualifying pay period after receiving the notice of revocation from the Union.

Employee requests to cancel or change notice of dues deductions must be directed to the union, rather than to the District.

The Union shall defend, indemnify, and hold the District and its officers and employee's harmless from any and all claims, demands, suits or other actions arising from the maintenance of any contributions and/or from complying with any third party demand regarding the Union request for union contributions made pursuant to this provision, provided that the District provides notice to the Union within the statutory requirements of any claim, demand, suit, or other action served on the District for which is it seeking

defense and/or indemnification. With regard to any such claim, demand, suit or other action, the Union will have the exclusive right to appoint and direct counsel, control the defense of any action or proceeding, and determine whether any such action or proceeding shall or shall not be compromised, resisted, defended, tried or appealed. In no event shall the District be required to pay from its own funds Union contributions its employees are obligated to pay, but failed to pay, regardless of the reasons.

The Union will be allowed one (1) representative at all District orientations where new employees represented by the Union will be attending, consistent with Government Code § 3550-3559. Union representative shall be allowed twenty (20) minutes to make a presentation and answer questions to and from employees in classifications represented by the Union. The District will notify the union thirty (30) days in advance of such orientation sessions.

Except as otherwise provided in this section, and in accordance with SB 866 (2018) and AB 119 (2017), each pay period, the District shall remit all sums so deducted to the Union, and in each quarter of the year (January 1, April 1, July 1, and October 1), the District shall provide a report with the following information: employee name, job title, work location, work, home, and personal cellular telephone contact number in district records, personal email addresses on file with the District, and home addresses of all employees and amounts deducted, including an accumulated total annual amount deducted per employee.

III. MANAGEMENT RIGHTS

The District has exclusive and inherent management rights with respect to matters of policy. These include, among others: the exclusive right to determine the mission of the District; to set standards of service; to determine the procedures and standards for selection for employment; to direct its employees, including scheduling and assigning work, work hours and overtime; to take disciplinary action, subject to the requirements of applicable law; to establish employee performance standards and to require compliance therewith; to relieve its employees from duty because of lack of work, funds or other legitimate reasons; to maintain the efficiency of District operations; to determine the methods, means and the number and kinds of personnel by which District operations are to be conducted; to take all necessary actions to carry out its mission in emergencies; to exercise its discretion to organize and reorganize its department and affairs, and to otherwise exercise complete control and discretion over its organization and the technology of performing its work; to determine the content of job classifications; to implement rules, regulations and directives consistent with the law and the specific provisions of this MOU. The District's exercise of the above listed rights shall be in accordance with law and the specific provisions of this MOU, including the provision regarding advance notice when applicable.

IV. MAINTENANCE OF BENEFITS

All rights, terms and conditions of employment, subject to the meet and confer process, not specifically covered by this Agreement shall remain in effect until changed by mutual agreement.

The District and the Union or their properly designated representatives shall meet and confer in good faith regarding wages, hours, and terms and conditions of employment. Both parties shall consider fully such presentations as are made by the Union or the District prior to arriving at a determination of policy or course of action.

The District agrees to maintain all benefits for the duration of this contract.

V. DISCRIMINATION

There shall be no discrimination by the Union, the District, or any District employee because of sex, race, color, ancestry, religion, national origin, physical or mental disability, medical condition, age, marital status, the taking of family and medical leave per the Family and Medical Leave Act (FMLA) and/or the California Family Rights Act (CFRA), pregnancy, sexual orientation, gender identity, or participation in legitimate Union activities. Complaints alleging discrimination based on legitimate Union activities shall be processed as grievances under this agreement. All other complaints of discrimination shall be processed in accordance with the District's policy prohibiting discrimination, harassment and retaliation.

VI. WAGES & HOURS

During the term of this contract, the following salary raises will be in effect:

- Effective the first full pay period in January 2020 – 1.5%
- Effective the first full pay period in January 2021- 3%

For purposes of determining the hourly rate for 56 hour employees, the annual salary is divided by 2920.

The agreed difference between steps is 5%. The agreed difference between the ranks of Firefighter 3 and Captain 1 is 14%. The agreed difference between the ranks of Firefighter/Paramedic 3 and Captain 1 is 7%.

The Employer will pay the salary rates reflected in the Salary Schedule set forth in Appendix A.

All step increments in salary are merit steps and occur annually. Step increases are effective the first day of the pay period following the employee's anniversary date.

All active employees represented by this Agreement shall be assigned to weekly work shifts (56 hours average or 40 hours), unless on special assignments as designated by a chief officer of the District. For the duration of this Agreement, the 56 hour work schedule will remain a 48 hours on and 96 hours off shift pattern.

A. OUT OF CLASS COMPENSATION

Those employees required to work out of class (upward) shall be compensated at the same rate of pay that they would receive if appointed to that position; however, such employees, not including the 40 hour safety employee, shall not be compensated at a rate that exceeds the lowest paid employee regularly assigned to that higher level position, exclusive of any incentives. Additionally, employees who are scheduled to work out of class for more than-four (4) consecutive shifts shall receive the higher pay rate as compensation for vacation, sick leave, and any other compensated time off that occurs while working out of class. Once the employee returns to their regular class, their compensated time off reverts to their regular pay rate.

Employees who work in a higher class in an acting position or temporary upgrade assignment shall have their premium pay for regularly scheduled hours reported to CalPERS for pension calculation pursuant to the California Code of regulations, title 2, Section 571 as Temporary Upgrade Pay. Premium compensation for Upgrade Pay for overtime hours is not reportable.

Those employees electing to work out of class (downward) shall be compensated at their regular rate of pay as working in their normally assigned position.

Out Of Class Pay is not reportable to CalPERS for PEPRAs members.

B. OVERTIME

Section 1.

Fair Labor Standards Act (FLSA)

As set by the Department of Labor, work periods for public safety employees can vary from seven to 28 days (section 207(k)). Based on the set work period, safety employees are entitled to FLSA overtime for hours actually worked in excess of the threshold set by the Department of Labor. (For FLSA purposes Aptos/La Selva Fire pays FLSA overtime for all time worked or "deemed" to have been worked including all paid time off).

Aptos/La Selva Fire has established a 24 day work period and therefore employees are entitled to FLSA overtime for hours worked in excess of 182 hours. The regular scheduled hours worked for our shift employees is 192 (eight, 24 hour shifts) within a 24 day work period. Since the regular scheduled hours exceeds the 182 hour threshold, there are ten hours of scheduled overtime for safety employees each 24 day FLSA work period. Since the employee's salary is intended to compensate for the scheduled 192

hours, the overtime premium for the hours between 182 and 192 is at half-time of the employee's "Regular Rate of Pay".

- There are 15.208 FLSA Cycles a year ($365 / 24 = 15.208$)
- There are typically 26 pay periods per year
- 2920 is the assumed hours worked per year (2,080 hours for forty hour employees)
- FLSA Pay is reportable special compensation to CalPERS for pension calculation

Regular Rate of Pay

An employee who works overtime will be compensated for those overtime hours at a rate of one and one half times the employee's "Regular Rate of Pay." The "Regular Rate of Pay" includes all remuneration paid to the employee including base salary as defined in the salary schedule plus any additional pay the employee receives such as but not limited to Paramedic Pay, Special assignment Pay and Education Incentive. Holiday Pay is not include in the "Regular Rate Of Pay". All included compensation will be converted into an hourly rate to calculate FLSA pay as well as the Overtime Rate of Pay.

Section 2. Overtime (FLSA is reportable special compensation & overtime is not reportable.)

Employees shall be entitled to premium overtime compensation at the rate of one and one half (1.5) times the employee's "regular rate of pay", as that term is defined under the FLSA, for all time worked or deemed to have been worked in excess of 182 hours in a 24 day work period.

For the purpose of determining overtime, the words "deemed to have been worked" shall include all paid leave time.

Overtime compensation shall be accumulated in one-half hour increments.

Section 3. Compensatory Time Off (May not be reportable compensation to CalPERS)

Bargaining unit employees are eligible to receive earned overtime in the form of compensatory time off. The method by which overtime is paid (CTO or cash) is at the discretion of the employee. The maximum accumulated compensatory hours will not exceed 120 hours.

Employees may use accrued CTO hours as time off in accordance with the vacation time off process set forth in this MOU. The use of CTO will not result in force hiring.

An employee who is promoted to a higher position shall have one half of his/her accrued CTO hours paid off at the time of the promotional appointment, at the regular rate of pay for the previous class.

C. EDUCATION INCENTIVE

The District will not reduce the amount of Education Incentive received by Employees prior to January 1, 2017. If Employees were receiving a total of 4% of Step 1 Firefighter/Paramedic pay EP as of January 1, 2017, they will retain the 4% of Step 1 Firefighter/Paramedic pay but are not eligible for additional education incentive. If Employees were receiving less than 4% of Step 1 Firefighter/Paramedic pay as of January 1, 2017, they are eligible to receive additional education incentive up to 4% of Step 1 Firefighter/Paramedic pay upon successful completion of requirements listed below in Section B.

When an employee elects to convert his/her time into monetary compensation, the education incentive will be considered to be part of an employee's hourly rate.

As of January 1, 2017, Employees are eligible for Education Incentive, not to exceed four (4%) of Step 1 Firefighter/Paramedic pay, as follows:

1. Four percent (4%) of Step 1 Firefighter/Paramedic pay for successful completion of a BA/BS Degree completed prior to or during employment.
2. Two percent (2%) of Step 1 Firefighter/Paramedic pay for successful completion of an AA/AS Degree completed prior to or during employment.
3. One percent (1%) of Step 1 Firefighter/Paramedic pay for every nine (9) semester or equivalent quarter units of accredited college fire science classes, taken and completed during employment with the District.
4. One percent (1%) of Step 1 Firefighter/Paramedic pay for every nine (9) semester or equivalent quarter units of accredited college business, management, computer science or similar discipline deemed to benefit the District taken and completed during employment with the District may be included with prior approval of the Fire Chief.
5. One percent (1%) of Step 1 Firefighter/Paramedic pay for every 360 hours (40 hours = 1 semester unit) of non-accredited job related/certified classes taken and completed during employment with the District may be included with prior approval of the Fire Chief.

Excluded are: (1) all paramedic training and continuing education, (2) units for which the District paid registration, transportation, meals and lodging and the Member received his/her normal salary while attending the school.

D. SPECIAL ASSIGNMENTS

Bargaining unit employees may be appointed to perform the duties of one or more special assignments. Bargaining unit employees appointed to a special assignment will be required to meet the minimum requirements of that assignment, including any continuing education requirements (which generally consist of a minimum of 24-hours of continuing education per year, including didactic and manipulative training, i.e. hands-on, drills, exercises, etc.) The Training Division shall coordinate all courses and/or trainings respective to a special assignment.

NOTE: All employees appointed to a special assignment shall complete any initial or minimum training required, including receipt of any required certifications or passage of any applicable medical examinations necessary to obtain a certification or license. Employees who do not meet applicable Federal, State and Local requirements for the position will not be eligible for initial appointment. Once appointed, employees are required to maintain all applicable certifications and complete required continuing education mandates. Employees appointed to a position who are required to attend training off duty to meet this requirement will be paid overtime compensation for such work.

The Fire Chief, in consultation with the Fire District Training Chief and related agencies that the Fire District interfaces with (e.g., State Fire Training, California Specialized Training Institute [CSTI]), shall establish the certification requirements and continuing educational requirements for the special assignments listed below.

Employees who wish to be removed from a special assignment may request to be removed by submitting a letter, requesting removal, to their Battalion Chief following the appropriate chain of command. The letter will then be forwarded to the Fire Chief who will determine if the request will be granted or denied.

Compensation for specialty pay will be paid biweekly.

D. 1. Hazardous Materials Technician

Employees may be eligible for appointment to assignment as a Hazardous Materials Technician. Eligibility for Hazardous Material Technician team and pay will be outlined in the most current Hazardous Material Technician SOP. Employees assigned as a Hazardous Materials Technician will be required to have specialized training, increased responsibilities on incidents and subject to an increased safety risk due to increased exposure to toxic, radioactive, explosive or other hazardous substances. To be eligible for appointment to this assignment, an employee must possess certification from the State of California, in accordance with State Fire Training as a Hazardous Materials Technician or above. Employees in this assignment will be required to satisfy the continuing education requirements as required by CAL/OSHA, maintain annual Haz-Mat related physical (medical)

requirements and satisfy all requirements to be an employee of the Santa Cruz Hazardous Materials Incident Team (SCHMIT). Employees appointed to this assignment must maintain an active role in the Santa Cruz Hazardous Materials Incident Team (SCHMIT) and are routinely and consistently required to respond to situations involving exposure to hazardous materials. Employees appointed to this position will be eligible to receive special assignment pay, which will be equal to 5% of the step one monthly salary for the firefighter/paramedic classification. Hazardous Materials Technician incentive is reportable special compensation to CalPERS for pension calculation.

D. 2. Fire Investigator

Employees may be eligible for appointment to the Fire Investigation Unit. Eligibility for Fire Investigator unit and pay will be outlined in the most current Fire Investigator SOP. This Unit is responsible for investigating the cause and origin of destructive fires, including suspected arson fires. To be eligible for appointment to this assignment, at minimum, an employee must be certified by the State of California as a Fire Investigator I and/or as an Apprentice Fire Investigator recognized by the California Conference of Arson Investigators (CCAI) Certified Fire Investigator program. Employees appointed to this assignment will be required to routinely and consistently participate in the Fire Investigation Unit. Employees appointed to this assignment will be eligible to receive special assignment pay, which will be equal to 5% of the step one monthly salary for the firefighter/paramedic classification. Fire Investigator incentive is reportable special compensation to CalPERS for pension calculation.

D. 3. Aquatic Response Rescue Team

Employees may be eligible for appointment to the Aquatic Response Rescue Team (ARRT). Eligibility for Aquatic Response Rescue Team and pay will be outlined in the most current Aquatic Response Rescue Team SOP. This team is responsible for responding to incidents that require specialized expertise in conducting hazardous water rescues and who are subjected to increased safety risk. To be eligible for appointment to the ARRT, an employee must successfully meet all District and United States Lifesaving Association (USLA) requirements, and as those requirements are updated from time to time. Employees appointed to this assignment will be required to routinely and consistently participate as an employee of the ARRT. Employees appointed to this assignment will be eligible to receive special assignment pay, which will be equal to 5% of the step one monthly salary for the firefighter/paramedic classification. Aquatic Response Rescue Team incentive is reportable special compensation to CalPERS for pension calculation.

D. 5. Rescue Technician

Employees may be eligible for appointment to a Rescue Technician assignment. Eligibility for Rescue Technician team and pay will be outlined in the most current Rescue Technician SOP. Rescue Technicians are routinely and consistently responsible for responding to certain life and safety rescue situations such as high angle or cliff rescues, trench or subterranean rescues or rescues in confined spaces which require enhanced training and specialized expertise due to increased hazards that pose a significant safety risk. To be eligible for appointment to a Rescue Technician assignment, an employee must have successfully completed the following specialized classes:

- Rope Rescue Technician
- Rescue Systems 1
- Rescue Systems 2
- Rescue Systems 3
- Confined Space Rescue (Operations)
- Trench Rescue (Operations)

Employees appointed to this assignment will be eligible to receive special assignment pay, which will be equal to 5% of the step one monthly salary for the firefighter/paramedic classification. Rescue Technician incentive is reportable special compensation to CalPERS for pension calculation.

E. LONGEVITY

Employees hired on or before December 31, 2019 will receive a 2.5 % salary increase after the completion of ten (10) years or service to the District

VII. PROBATIONARY PERIOD

A. LENGTH OF PROBATIONARY PERIOD

All current personnel appointees to a position shall serve a probation period for twelve (12) months. All new hires shall serve a probation period of eighteen (18) months. The probationary period can be extended for up to 6 months with approval by the Fire Chief or his/her designee.

The probationary period shall not include the time served under any temporary appointment to a permanent position.

B. PERFORMANCE EVALUATION PROCESS

Probationary new Employees are subject to dismissal during the probationary period at the discretion of the Fire Chief.

A Member serving a probationary period after a promotion may be returned to his/her former position if the Fire Chief determines that he/she is incapable of fulfilling the new duties within the period of probation.

Upon successful completion of the probationary period, a Member shall be considered for permanent status.

C. PERFORMANCE REPORTS

It is the policy of the District that regular reports be made as to the efficiency, competency, conduct and merit of its Employees. To this end, it is declared to be the responsibility of the Fire Chief and his/her subordinate supervisors that these evaluation be prepared for Employees in accordance with District Resolution.

VIII 40 HOUR SAFETY EMPLOYEE

The 40-hour safety employee shall receive 5 administrative holidays, which may be taken off anytime during the calendar year with approval of the Fire Chief. The total number of hours will be based on the employee's work schedule as approved by the Fire Chief. All administrative holidays must be used during the calendar year with no carry over to the next administrative year. Administrative holidays will be pro-rated based upon appointment date.

The 40-hour safety employee shall receive the same benefits and accruals as the 56-hour employee including holiday pay. Holiday pay will be paid out at the 40 hour rate. If the employee chooses to take a holiday off he/she must use paid vacation or one of their administrative holidays for those hours.

The 40 – hour safety employee shall continue to receive the same sick leave and vacation accrual, as the 56-hour employee.

At the end of the first calendar year of assignment, the employee may roll over a maximum of 132 hours of vacation leave to be used in the following calendar year. All vacation hours must be used during the second year of assignment. If the employee has unused vacation leave at the end of each subsequent calendar year, the employee may receive compensation for up to a maximum of 132 hours. All other vacation leave hours must be used or forfeited prior to the end of the calendar year. Requests to rollover hours or receive compensation must be submitted to the

Personnel/Payroll Specialist no later than December 31st. Payout requests shall be processed at the 40 hour rate of pay.

The 40 – hour safety employee will be allowed to take callbacks and collect recall pay only when they are off duty, and shall not be force hired. Overtime earned shall be at the 40-hour overtime rate of pay.

The 40-hour safety employee shall be eligible for assignment to Training Captain. The Training Captain provides specialized training instructions routinely and consistently to employees for the duration of the assignment. The Training Captain shall serve as both training instructor and a safety officer/training coordinator and be eligible and entitled to a stipend equal to 5% of base pay while in the position. The incentive is reportable special compensation to CalPERS for pension calculation.

IX. STAFFING

It is the intent of the Employer to maintain a minimum daily staffing of 9 line personnel consisting of three engine companies staffed by one fire captain or acting fire captain and a combination of 1 firefighter and 1 firefighter/paramedic. The District shall retain the right to re-distribute and re assign personnel as deemed appropriate. The employer also has the right to make emergency staffing adjustments based on unforeseen emergency staffing needs of the Fire District. Any long term/permanent reduction in the above referenced staffing levels shall occur only after the parties have engaged in the meet and confer process. The district and Local 3535 will meeting annually to review ongoing staffing needs.

X. RETIREMENT

- A. Classic members, 3% at 55 single highest year, as determined by CalPERS, shall pay 12% contribution to CalPERS. The District shall pay the employer contribution to CalPERS.

In addition to the basic benefits, the following benefits are included:

<u>20042</u>	One Year Final Compensation
<u>20965</u>	Sick Leave Credit
<u>21427</u>	Increase in Non-Job Related Disability Retirement Allowances
<u>21548</u>	Pre-Retirement Optional Settlement 2 Death Benefit
<u>21571</u>	1959 Survivor Benefits
<u>21572</u>	Increased Level of 1959 Survivor Benefits
<u>21573</u>	Third Level of 1959 Survivor Benefits
<u>21574</u>	Fourth Level of 1959 Survivor Benefits

21024 Military Service Credit as Public Service

- B. PERS "PEPRA" Employees are under a "2.7% at 57" PERS contract and will contribute fifty percent (50%) of the "normal cost" as determined by CalPERS.

<u>20042</u>	Three Year Average Final Compensation
<u>20965</u>	Sick Leave Credit
<u>21427</u>	Increase in Non-Job Related Disability Retirement Allowances
<u>21548</u>	Pre-Retirement Optional Settlement 2 Death Benefit
<u>21571</u>	1959 Survivor Benefits
<u>21572</u>	Increased Level of 1959 Survivor Benefits
<u>21573</u>	Third Level of 1959 Survivor Benefits
<u>21574</u>	Fourth Level of 1959 Survivor Benefits
<u>21024</u>	Military Service Credit as Public Service

XI. HOLIDAYS

Employees earn twenty-six (26) hours per month which will be taken in pay, at the Member's base hourly rate.

Compensation for holiday pay will be paid biweekly.

XII. SICK LEAVE

56 hour employees shall accrue sick leave at the rate of twenty-four (24) hours each month. Sick leave may be used for personal illness, physical incapacity, or the illness of a family employee. Sick leave shall not be construed to be a privilege, which an employee may use at his/her discretion, but shall be allowed only in cases of necessity as herein set forth.

For 56 hour employees, where absence is due to the illness of the employee for more than two consecutive twenty four hour shifts or more than two consecutive work days for 40 hour employees, the employee may be required to provide a paper copy of a medical excuse from a Physician or authorized representative upon the request of his/her immediate supervisor, the supervising Battalion Chief or the Fire Chief. Upon return to duty, this document will be submitted to the immediate supervisor who will then submit it to the Human Resources Director as soon as possible.

At the end of each calendar year, a maximum of 144 hours of the annual accumulated sick leave in excess of 2400 hours may be paid at the employee's regular hourly rate of pay in effect on December 31st. The request will be made in writing to the Personnel/Payroll Specialist by December 31st. Payouts will be processed no later than the second full pay period following December 31st. Any employee with a sick leave balance below 2400 hours, may not cash in hours.

Employees may accumulate an unlimited amount of sick leave hours.

Upon retirement, employees shall have the option of:

- A. Convert the entire balance of his/her accumulated sick leave to service credit in accordance with the provisions of the Public Employees Retirement Law (California Government Code Section 20965); or
- B. Receive compensation for 600 hours of unused sick leave plus one half (1/2) of the employee's current calendar year accrual, at the employee's current rate of pay, and convert their remaining sick leave balance to service credit under California Government Code Section 20965.

Upon retirement, any payout will be at the employee's current rate of pay.

If an employee is unable to complete their Firefighter or Firefighter/Paramedic probationary period, no sick leave payout is awarded.

Sick Leave Payout shall not be reported to CalPERS for pension calculation.

UNCOMPENSATED SICK LEAVE BANK

All hours in an employee's "uncompensated sick leave bank" as of January 1, 2020, will be converted to regular sick leave hours. As of that date, the uncompensated sick leave banks will be terminated.

XIII. PERSONAL LEAVE

Full-Time Permanent "Employees"

1. Personal Leave is leave necessary for reasons other than injury or illness directly to the Member.
2. Personal leave will be charged against any time the Member has accrued, such as sick leave and vacation time, as approved by the Fire Chief.
3. All permanent Employees shall be entitled to Personal Leave as follows:
 - a) Not more than twelve (12) days for forty (40) hour personnel, or six (6) shifts for shift personnel, of leave each calendar year in case a "Member's" presence is required elsewhere because of sickness, disability or childbirth of a Member of her/his immediate family, or any other bona fide circumstances as approved by the Fire Chief. Proof of need must be approved by the Fire Chief or his/her

designee prior to leave. (Fire Chief may grant additional days if, in the Chief's opinion, additional leave is warranted.)

- b) A Member may be granted one (1) day/shift personal leave to attend the funeral of a relative (not defined as immediate family) at the discretion of the Fire Chief.
 - c) A Member required to appear before a court (for other than subpoenas due to actions as a District employee or jury duty) will receive the necessary time as paid personal leave, providing:
 - 1) Member notifies his/her supervisor in advance, with adequate time remaining so that a relief may be obtained.
 - 2) The Member must return to duty immediately after being released.
4. No Member shall be entitled to personal leave with pay while on a District granted Leave of Absence.

XIV. BEREAVEMENT LEAVE

In the event of a death in the employee's immediate family, the employee shall be granted three (3) shifts paid bereavement leave.

Immediate family members consist of:

- The parents of the employee,
- The employees spouse or domestic partner,
- The parents of the employee's spouse or domestic partner,
- The step-parents of the employee and/or employee's spouse or domestic partner,
- The grandparents of the employee,
- The siblings of the employee
- The children, step-children, and/or adopted children of the employee and/or the employees spouse or domestic partner

XV. VACATION LEAVE

- a. Employees shall be entitled to at least fifteen (15) consecutive calendar days of vacation per year.
- b. Employees shall earn and accrue vacation time as follows:

Year of Employment	Monthly Accrual Rate	Shifts Per Year
1-5	16 hours	8
6	20 hours	10

7 - 8	22 hours	11
9 - 10	24 hours	12
11 - 13	26 hours	13
14	28 hours	14
15 - 16	30 hours	15
17 and on	32 hours	16

The total number of hours to be earned in any one (1) calendar year shall not exceed three hundred eighty four (384) hours (16 shifts).

Vacation hours must be taken during the calendar year in which they have been accrued and may not be saved nor passed on from year to year.

All efforts will be made to reschedule vacation hours not taken due to duty-related illness and/or injury or operational needs beyond the Member's control so as not to impact the District fiscally through payment of overtime wages; however, when unable to do so, the accrued time will be compensated for at the Member's hourly rate of pay.

c. Full-Time Employees

1. Any full time Member in continuous full-time service of the District who terminates her/his employment and has earned vacation time shall be paid for such time on the effective date of such termination. When separation is caused by death of Member, payment shall be made to the estate of such Member.
2. Any Member incurring a serious injury or illness which requires the Member to be hospitalized or confined while on paid vacation leave may have those days changed to sick leave with pay and vacation days restored accordingly, provided the Member has sufficient sick leave accrued and the period of hospitalization and/or confinement is certified by a physician's written statement.

d. Vacation Conversion

When a Member is promoted, transferred, on a temporary assignment or light duty from shift to forty (40) hour workweek or the opposite, no conversion formula shall apply. If the new work assignment is temporary, all existing earned and accrued leave hours under the original assignment shall remain in place, all new leave hours shall be earned and accrued under the original assignment basis, and all leave hours used shall be based on the new actual work schedule. If the new work assignment is permanent, all existing earned and accrued vacation hours under the original assignment shall remain in place, all new leave hours shall be earned and accrued under the new assignment basis, and all leave hours used shall be based on the new actual work schedule.

- e. No vacation with pay is allowable to part-time, emergency, relief, seasonal, or extra help Employees, nor to Employees paid solely on an hourly basis.
- f. Probationary Employees
Vacation time off shall not be taken within the first six (6) months from original date of employment.
- g. Employees shall be entitled to schedule and use vacation leave such that at any time three (3) Employees may be on vacation leave at a time as long as it does not require a force hire. Employees with one to five years of service, once eligible to use vacation, may use up to a combined total of two (2) doubled-up vacation shifts (V2) or tripled-up vacation shifts (V3) per calendar year. Employees with six to eleven years of service may use up to a combined total of three (3) V2 or V3 vacation leave shifts per calendar year. Employees with more than twelve years of service may use up to a combined total of four (4) V2 or V3 vacation leave shifts per calendar year. The bargaining unit as a whole may not use more than one hundred four (104) V2 or V3 vacation leave shifts per calendar year, regardless of whether any individual member has used that Member's total allowable V2 or V3 vacation leave opportunities.

Definitions:

Doubled-up Leave: Any combination of vacation leave granted to two employees during the same time period.

Tripled-up Leave: Any combination of vacation leave granted to three employees during the same time period.

The total cost of overtime hired to maintain staffing to accommodate all doubled-up leaves and all tripled-up leaves will not exceed 104 overtime shifts per year.

- h. Employees may convert up to one hundred and thirty-two (132) hours of accrued vacation time into monetary compensation at the Member's regular base hourly rate each calendar year. Employees may convert 24 hour or 12 hour accrued vacation periods only (24 hour shifts may not be split for the purposes of conversion.)

XVI. LIFE INSURANCE AND SALARY CONTINUANCE INSURANCE

A. CURRENT EMPLOYEES

The Employer shall pay all premiums on behalf of employees for the Life Insurance and the C.A.P.F.F. Long Term Disability Plan. For all full-time employees, the life insurance plan will provide a death benefit of \$10,000 for a spouse, and \$5,000 per child.

The life insurance plan will provide the following benefit for employees:

All employees to age 64	\$100,000.00
Employees age 65 – 69	\$65,000.00
Employees age 70 +	\$50,000.00

The C.A.P.F.F. Long Term Disability Plan provides, after a sixty (60) day waiting period, a maximum pay out benefit based on the C.A.P.F.F. Long Term Disability Insurance benefit (Plan A).

B. RETIREES

Retirees may purchase life insurance through the employer's plan but must pay 100% of the premium.

XVII. MEDICAL HEALTH/DENTAL INSURANCE

MEDICAL INSURANCE

The District shall provide medical health insurance to employees and their dependents through the CalPERS Health Benefits Program and shall pay the monthly premium for the health insurance plan as follows:

Employees may choose any health plan offered by CalPERS. The District will make the following contributions to the monthly premium. If an employee chooses a more expensive plan, they are responsible for paying any amount above the District's share. The difference, if any, will be deducted through the payroll system on a per pay period basis.

- For the 2020 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

Employee only- \$915
Employee plus one dependent- \$1829
Employee plus two or more dependents- \$2378

- For the 2021 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

Employee only- \$961
Employee plus one dependent- \$1920
Employee plus two or more dependents- \$2497

If the District's contribution does not pay 100% of the monthly premium of at least four plans offered in the districts region, the parties will meet and confer.

Effective the pay period following approval by the Board of Directors, employees will no longer receive compensation for waiving health care.

RETIREE TIER ONE

Those persons retired prior to January 1, 2020, the district will contribute \$350 per month into a CALGOVEBA account. This contribution shall terminate on the retirees 65th birthday or upon their death, whichever occurs first.

RETIREE TIER TWO

Those persons hired on or before December 31, 2019, the District will contribute the following upon retirement:

- From the date of retirement until age 65, shall receive retiree medical benefit contribution of \$1800 per month into a CALGOVEBA account.
- At age 65, the monthly retiree medical benefit contribution will be \$900 per month into a CALGOVEBA account.

RETIREE TIER THREE

Those persons hired on or after January 1, 2020, upon retirement after 15 years of service to the district, the District will contribute \$900 per month into a CALGOVEBA account.

At age 65, the monthly retiree medical benefit contribution will be \$450 per month into a CALGOVEBA account.

DENTAL INSURANCE

The Employer shall provide dental insurance to its employees and dependents and shall pay the monthly premium for the dental insurance coverage. The District shall pay for the Delta plan level of coverage which provides for \$2000.00 maximum per year.

RETIREE

Retirees may elect to join on to the District's group policy, but will be responsible for 100% of the cost.

XVIII. VISION CARE

The Employer shall provide vision care to employees and their dependents. The Employer shall pay the monthly premiums for employees and their dependents. Retirees may elect to join on to the district's group policy, but will be responsible for 100% of the cost and will be billed directly by the current provider.

XIX. CLOTHING

The District will provide non-safety and safety attire. Employees will be responsible for maintenance of all non-safety clothing.

The District will report to CalPERS a uniform allowance of \$300.00 per year as special compensation for each Classic CalPERS employee. The uniform allowance will be reported in twenty six (26) equal installments of \$11.54.

For PEPRAs employees, a \$300.00 uniform allowance will be paid as compensation. The uniform allowance will be paid in twenty six (26) equal installments of \$11.54. The uniform allowance for PEPRAs employees will not be reported to CalPERS.

For all employees, this uniform allowance will hold the employee responsible for maintenance of all clothing other than safety clothing. This amount is the average reportable value of non-safety clothing provided to each employee of the District.

XX. PROFESSIONALIZATION

All "related duties" assigned to Firefighters and Captains are to be tasks directly related to the fire service, as determined by the Fire Chief. "Related Duties" can pertain to stations, facilities, apparatus, and equipment maintenance/improvement.

XXI. GRIEVANCE PROCEDURES

GRIEVANCE DEFINED/SCOPE

A grievance shall be any dispute concerning the interpretation, application, or compliance with this Agreement or District rule, written policy or regulation as they relate to this Agreement. The aggrieved employee has the right to representation at any level or step of the grievance procedure.

PROCEDURE:

The parties recognize that early settlement of a grievance is essential. Therefore, it is agreed that during the term of this Agreement, grievances of all manner, including disciplinary matters, shall be resolved in the manner set forth herein.

STEP 1: An employee who believes he/she has a grievance shall within ten (10) calendar days of the events giving rise to the grievance or within ten (10) calendar days of the time the grievant became aware or reasonably should have become aware of the facts giving rise to the grievance shall discuss the matter with his/her immediate supervisor (informal procedure).

STEP 2: If a resolution is not possible under STEP 1, within ten (10) calendar days of the occurrence, the aggrieved employee shall present the grievance in writing to his/her immediate supervisor (formal procedure).

A. The written grievance shall contain information, which identifies:

1. The aggrieved employee.
2. The specific nature of the grievance.
3. The time and place of its occurrence or discovery.
4. The existing rule, written policy, regulation or agreement alleged to have been violated, improperly interpreted, applied or misapplied, if any.
5. The consideration given or steps taken to attempt informal resolution.
6. The corrective action desired.

B. A decision by the aggrieved employee's supervisor shall be made in writing within (10} calendar days of receipt of the written grievance.

STEP 3: If not satisfied with the decision under STEP 2, the aggrieved employee may, within ten (10} calendar days after receipt of that written decision, refer the matter to the Fire Chief in writing. The Fire Chief will provide the aggrieved employee a decision in writing within ten (10} days of receipt of the written grievance.

STEP 4: If dissatisfied, the aggrieved employee may, within ten (10} calendar days after receipt of the decision under STEP 3, refer the matter to a panel. The panel will consist of four (4} employees; two (2} chosen by the Union, and two (2} employees chosen by the Fire Chief or his/her designee. The panel will meet, review the facts, and make its recommendation in writing to both parties.

NOTE: With regard to a dispute that arises out of the action of the Fire Chief (as distinguished from a lower level supervisor}, the aggrieved employee may bypass STEP 1 & STEP 2, aforementioned.

A grievance filed by the Union shall start at STEP 3, unless the above "NOTE" applies.

STEP 5: ARBITRATION

If the aggrieved employee is dissatisfied with the recommendation under STEP 4, the aggrieved employee may request arbitration with approval of at least three employees of the Union's Executive Board. The arbitration request must be in writing to the Chair of the Board of Directors. This must be completed no later than fourteen (14) calendar days after receiving the recommendation from the panel, listed in STEP 4 of this agreement.

The aggrieved employee and the Fire Chief or designee shall mutually select an arbitrator. If the parties are unable to mutually agree on an arbitrator, they shall contact the State of California Mediation and Conciliation Service to request that a list of seven (7) possible arbitrators be provided. Upon receipt of seven (7) possible arbitrators the parties will meet to select the final arbitrator. The loser of a single coin toss will eliminate the first name of the possible seven (7) arbitrators. The parties shall then alternately strike names from the list of seven (7) arbitrators until such time as there is only one name remaining. The last arbitrator left shall be used. The aggrieved employee and/or his or her representative, along with the Employer, shall present all the facts pertaining to the grievance to the arbitrator.

- A. Decisions by the arbitrator shall be final and binding. The arbitrator's compensation and expenses, costs of the reporter, and transcripts shall be borne equally by the employee (grievances) or Union (disciplinary appeal) and the Employer. Time limits as noted herein may be extended or waived by mutual written agreement of the parties involved.
- B. The arbitrator will not add to, detract from, or modify the language of the Agreement in considering any issue properly before him or her.
- C. The arbitrator will expressly confine themselves to the precise issues raised by the grievance and submitted to them and will have no authority to consider any other issue not so submitted.
- D. Any monetary award in favor of the grievant is limited to lost wages suffered from the date of the grievance forward.

All time limits as noted in any step of the grievance procedure may be extended or waived by mutual written agreement of the parties involved.

NOTE: Compliance with the arbitrator's final decision must occur within thirty (30) calendar days of receipt of the written notice of the decision.

No reprisal shall result to any employee or organization that prepares or presents any grievance under this procedure.

BINDING ARBITRATION

Request for binding arbitration must go before the voters of the Aptos/La Selva Fire Protection District.

XXII. LAYOFF AND REHIRE PROCEDURE

LAYOFF PROCEDURES

In the event that a layoff should become necessary, it will be conducted in the following manner:

1. Firefighters from the rank of probationary Firefighter through and including permanent Battalion Chief shall be laid off on a strict seniority basis, with the last employee hired to be the first laid off.
2. For purposes of this procedure, seniority shall be defined as continuous service time with Employer or any previous fire departments, districts or agencies that become a part of the Aptos/La Selva Fire Protection District. Approved leaves, absences and suspensions are considered continuous service in regards to layoff procedures.
3. Volunteer service shall not be considered for seniority. Where military service, as described in the Military and Veterans Code, has interrupted service as described above, such military service shall be described as continuous service time.

Seniority is determined by date of hire as a full-time, paid employee.

REHIRE PROCEDURE

When funds become available for rehiring, the process shall be as follows: The last employee laid off shall be the first to be rehired. Any person being rehired must pass a physical examination equivalent to that required for initial hiring into the District. Any person unable to pass the physical examination shall not be rehired. Cost of the physical examination shall be borne by the Employer. There shall be no time-limit for this rehire procedure.

XXIII. PARAMEDIC CAPTAINS

Any Captain wishing to maintain his/her paramedic license will be compensated 2.5% of step one firefighter/paramedic pay per month. Paramedic incentive is reportable special compensation to CalPERS for pension calculation.

Captains wishing to discontinue their paramedic duties must submit a letter of intent via inter-office memorandum to their Battalion Chief following the appropriate chain of command. The letter will then be forwarded to the Fire Chief.

The District will pay Paramedic license renewal fees for all employees who hold a CA State Paramedic license.

XXIV. COMMENCEMENT OF NEGOTIATIONS

The Employer and the Union shall commence negotiations for a subsequent memorandum of understanding not later than four months before the expiration of this agreement.

XXV. EFFECTIVE DATE

After execution by all parties to this Agreement, no changes, amendments or adjustments to this Agreement shall be made by any party to this Agreement, except upon mutual agreement between the contracting parties. Any such mutual agreement shall be evidenced by a writing setting forth the mutual agreement of the parties and incorporating the mutual agreement into this Agreement.

After meeting and conferring in good faith, the preceding terms and conditions of employment will be in effect commencing 1/1/2020, except as noted herein.


This Agreement shall remain in effect through 12/31/2021, or until a new agreement is agreed upon by the parties, subject to the Employer's emergency powers under Government Code Section 3504.5.

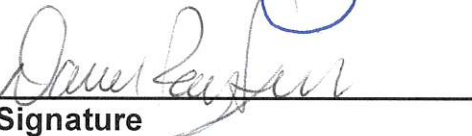
XXVI. TERM

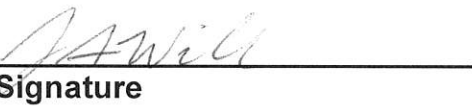
Except as may be otherwise specifically provided herein, this Agreement shall be effective January 1, 2020 through December 31, 2021.

SIGNATURES

FOR THE UNION – LOCAL 3535


Signature


Signature

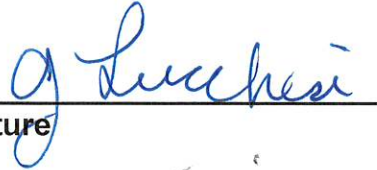

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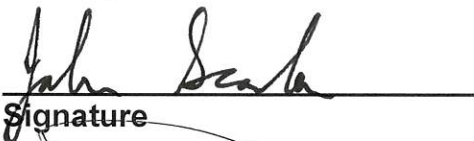

Signature


Signature

FOR THE EMPLOYER – APTOS/LA SELVA FIRE PROTECTION DISTRICT


Signature


Signature


Signature


Signature

Signature

All Members Receive Base and Holiday Pay																	Members must meet certain eligibility requirements or be assigned to certain specialties in order to receive the pay listed below.									
CY 2020 POSITION	Base		Holiday		1.5		EP		ARRT		HazMat		CFIT		RT		Longevity > 10 Yrs									
	Monthly	Annually	Monthly	Annually	Shift	Shift	Monthly	Annually	Monthly	Annually	Monthly	Annually	Monthly	Annually	Monthly	Annually										
CAPTAIN / PARAMEDIC III	\$12,087.37	\$145,048.46	\$1,281.53	\$15,379.56	\$1,182.18	\$1,788.27	\$388.28	\$4,659.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$11,522.68	\$138,272.20	\$1,231.19	\$14,774.28	\$1,136.48	\$1,704.73	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$10,964.86	\$131,818.62	\$1,173.73	\$14,084.73	\$1,083.46	\$1,625.16	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$11,859.46	\$142,901.38	\$1,267.07	\$15,204.80	\$1,180.60	\$1,754.40	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
FIREFIGHTER / PARAMEDIC III	\$11,283.76	\$135,395.12	\$1,203.73	\$14,440.77	\$1,113.91	\$1,670.66	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$10,735.86	\$128,821.55	\$1,148.27	\$13,781.21	\$1,060.86	\$1,591.28	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$10,085.51	\$121,146.10	\$1,078.70	\$12,944.38	\$985.72	\$1,493.56	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$9,614.77	\$115,377.24	\$1,027.33	\$12,327.98	\$948.31	\$1,422.48	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
PROBATIONARY	\$11,740.93	\$140,851.16	\$1,174.03	\$14,084.73	\$1,083.46	\$1,625.16	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$7,762.78	\$93,153.37	\$831.58	\$9,978.00	\$787.82	\$1,161.42	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
FIREFIGHTER III	\$8,436.05	\$101,232.60	\$1,008.13	\$12,097.55	\$900.68	\$1,306.87	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$8,085.77	\$97,030.20	\$980.12	\$11,921.48	\$908.27	\$1,290.40	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$4,557.87	\$54,694.47	\$544.40	\$6,540.40	\$444.08	\$544.08	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									
	\$7,277.99	\$87,335.92	\$777.05	\$9,331.78	\$717.53	\$817.53	\$368.28	\$4,385.32	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	\$457.85	\$5,494.15	2.50%									

PER DIEM STRUCTURE:		Hourly	Shift 1.5	Shift 1.5
ACTG CAPT - FF	Regular	\$5.43	\$8.14	\$130.28
ACTG CAPT - FFPM	Regular	\$2.71	\$4.07	\$65.14
CAPT - DUTY CHIEF COVERAGE	Regular	\$13.16	\$19.74	\$315.84
5% Base Pay				
5% Firefighter/Paramedic Base Pay				
5% Firefighter/Paramedic Base Pay				
5% Firefighter/Paramedic Base Pay				
5% Firefighter/Paramedic Base Pay				
Max 4% Firefighter/Paramedic Base Pay				

Exhibit "A" Aptos/La Selva Firefighter Local 3535 MOU		All Members Receive Base and Holiday Pay						Members must meet certain eligibility requirements or be assigned to certain specialties in order to receive the pay listed below.									
CY 2021 POSITION	Base Monthly	Base Annually	Holiday Monthly	Holiday Annually	Shift	1.5 Shift	EP Monthly	EP Annually	ARRT Monthly	ARRT Annually	HazMat Monthly	HazMat Annually	CFIT Monthly	CFIT Annually	RT Monthly	RT Annually	Longevity > 10 Yrs
CAPTAIN / PARAMEDIC III	\$12,449.99	\$149,399.88	\$1,330.27	\$15,963.28	\$1,227.94	\$1,841.92	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
	\$11,889.36	\$142,420.37	\$1,288.13	\$15,217.52	\$1,170.58	\$1,756.97	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
	\$11,314.43	\$135,773.18	\$1,208.84	\$14,607.27	\$1,115.94	\$1,673.90	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
CAPTAIN III	\$12,214.20	\$146,570.42	\$1,305.08	\$15,660.85	\$1,204.69	\$1,807.03	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
	\$11,652.57	\$139,580.88	\$1,242.93	\$14,915.19	\$1,147.32	\$1,720.88	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
	\$11,078.64	\$132,943.69	\$1,183.75	\$14,204.94	\$1,092.69	\$1,639.03	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
FIREFIGHTER / PARAMEDIC III	\$10,388.37	\$124,780.48	\$1,111.06	\$13,332.71	\$1,025.69	\$1,559.39	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
	\$9,803.21	\$118,838.66	\$1,059.15	\$12,709.82	\$978.75	\$1,485.13	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
	\$9,431.63	\$113,179.58	\$1,007.78	\$12,093.16	\$930.24	\$1,395.38	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
PROBATIONARY	\$8,016.25	\$96,194.97	\$856.05	\$10,276.37	\$780.84	\$1,165.97	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
FIREFIGHTER III	\$9,718.11	\$116,617.27	\$1,038.37	\$12,460.48	\$958.50	\$1,457.75	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
	\$9,255.34	\$111,064.07	\$988.83	\$11,867.12	\$912.68	\$1,369.28	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
	\$8,814.61	\$105,775.31	\$941.83	\$11,302.02	\$869.39	\$1,304.08	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%
PROBATIONARY	\$7,489.33	\$89,871.99	\$800.88	\$9,611.74	\$739.35	\$1,109.05	\$377.27	\$4,527.18	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	\$471.58	\$5,658.98	2.50%

PER DIEM STRUCTURE:		Hourly	Shift 1.5	Shift 1.5
ACTG CAPT - FF	Regular	\$5.54	\$8.31	\$132.98
ACTG CAPT - FFPM	Regular	\$2.77	\$4.15	\$66.44
CAPT - DUTY CHIEF COVERAGE	Regular	\$13.16	\$19.74	\$315.84
5% Base Pay				
5% Firefighter/Paramedic Base Pay				
5% Firefighter/Paramedic Base Pay				
5% Firefighter/Paramedic Base Pay				
5% Firefighter/Paramedic Base Pay				
Max 4% Firefighter/Paramedic Base Pay				

RESOLUTION NO. 02-19

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE APTOS/LA SELVA FIRE PROTECTION DISTRICT REGARDING EMPLOYMENT BENEFITS AND SALARY RATES FOR UNREPRESENTED EMPLOYEES

WHEREAS, the Board of Directors of the Aptos/La Selva Fire Protection District previously entered into individual written agreements with employees in unrepresented job classifications;

WHEREAS, the Board of Directors desires and intends to consolidate the number of documents which detail the employment benefits and salary rates for full-time employees in unrepresented job classifications in order to ensure consistency and provide for greater efficiencies in personnel administration;

WHEREAS, on December 13, 2018, the Board of Directors adopted Resolution 12-18 providing for the employment benefits and salary rates for full-time employees in the classifications of Director of Business Services and Administrative Assistant;

WHEREAS, the Board of Directors desires to amend Resolution 12-18 to include the classification of Deputy Fire Marshal and to clarify the benefits that are available for part-time and temporary employees in the classifications listed in the resolution;

NOW, THEREFORE, the Board of Directors of the Aptos/La Selva Fire Protection District, does hereby rescind Resolution 12-18 and in its place, resolves, declares, determines and orders as follows:

Section 1. Monthly Salary Ranges.

Effective January 1, 2019, the annual/monthly pay ranges for full-time employees in the below listed job classifications shall be as follows:

	Step A	Step B	Step C	Step D	Step E
Director of Business Services (at 5% difference between steps)	\$9,091.89 (monthly) / \$109,102.67 (annually)	\$9,546.48 (monthly) / \$114,557.81 (annually)	\$10,023.81 (monthly) / \$120,285.72 (annually)	\$10,525.00 (monthly) / \$126,300.00 (annually)	\$11,051.25 (monthly) / \$132,615.00 (annually)
Deputy Fire Marshal	\$8,365.83 (monthly) / \$100,389.96 (annually)	\$8,784.12 (monthly) / \$105,409.44 (annually)	\$9,223.33 (monthly) / \$110,679.96 (annually)	\$9,684.49 (monthly) / \$116,213.88 (annually)	\$10,168.72 (monthly) / \$122,024.64 (annually)
Administrative Assistant (at 5% difference between steps)	\$4,023.00 (monthly) / \$48,276.00 (annually)	\$4,224.15 (monthly) / \$50,689.80 (annually)	\$4,435.36 (monthly) / \$53,224.32 (annually)	\$4,657.13 (monthly) / \$55,885.56 (annually)	\$4,889.99 (monthly) / \$58,679.88 (annually)

In converting an annual salary to an hourly rate, the annual salary shall be divided by 2,080 hours.

An employee newly appointed to a classification shall be appointed to the first step of the salary range applicable to the assigned classification. A new employee appointed to the first step of a classification having merit steps in the salary range shall be eligible for a merit increase or advancement through the salary schedule on the first day of the pay period following completion of one year of service. Employees will be eligible for subsequent merit increases on the first day of the pay period following the completion of one year of service following any in-range salary adjustment. Advancement within a salary range is based on merit and performance and requires the approval of the Fire Chief. Advancement through the steps of a salary range are not automatic. Increases of more than one step for outstanding performance require the approval of the Fire Chief.

Section 2. Group Insurance Benefits.

A. Employee Health, Dental, and Vision Benefits

Full-time employees in the classification of Director of Business Services and Deputy Fire Marshal shall be provided medical, dental, and vision benefits under the same terms as employees represented by the Aptos/La Selva Fire Chief Officers' Association.

Full-time employees in the classification of Administrative Assistant shall be provided medical, dental, and vision benefits under the same terms as employees represented by the Aptos/La Selva Firefighters' Local 3535.

Part-time and temporary employees will not be eligible to receive medical, dental and/or vision benefits unless otherwise required by law.

B. Post-Retirement Longevity Benefit

The District has established the ICMA Retirement Health Saving Plan (RHS) in March 2005. Employees are eligible to receive contributions to the RHS as follows:

1. Employees Hired On or Before March 31, 2005: For full-time employees hired on or before March 31, 2005, the District will contribute three hundred and fifty dollars (\$350.00) per month into the employee's RHS upon retirement, provided the retirement is for service (or service connected disability) and the retiring employee has a minimum of fifteen (15) years of employment with the District. This contribution shall terminate on the retiree's 65th birthday or death, whichever comes first. During employment, employees shall make a mandatory ten dollar (\$10.00) month contribution into their RHS and the District shall match that contribution equally each month. The District's matching contribution to the RHS shall vest to the employee only in the event that the employee meets the fifteen (15) year service requirement and retires from the District for service (or service connected disability).

Employees hired after March 31, 2005 are not eligible to receive any benefits under this paragraph.

2. Employees Hired After March 31, 2005: Full-time employees hired after March 31, 2005 shall receive a District contribution into their RHS in the amount of thirty-five dollars (\$35.00) per month for each month of employment. During employment, employees shall make a mandatory monthly contribution equal to one-half of the District's monthly contribution. The District's contribution to the RHS shall vest to an employee only in the event that the employee retires from the District for service or service connected disability.
3. Leave Banks: All employees who retire from District service, whether service retirement or disability related retirement, shall have any sick leave and vacation leave payouts due upon termination contributed directly to the Employee's RHS. Any other form of separation from employment will result in terminal sick and vacation leave payoffs being made directly to the separating employees as provided under the sick and vacation leave sections of this Resolution.

Participation in the RHS is mandatory in order to receive any Post-Retirement Longevity Benefit. All mandatory contributions to the RHS described herein shall be made on the first business day of the month, or as close to that day as is practical. In the event that an employee's mandatory RHS contributions are not made for any reason, the District is relieved of its obligation to make a District contribution. RHS deposits, withdrawals, and related income tax consequences are governed by the Internal Revenue Code and Internal Revenue Service. Employer-level administrative fees or maintenance charges for the RHS will be paid by the District.

C. Life Insurance

The District will pay one hundred percent (100%) of the premium for group life insurance coverage for employees for coverage in the amount of fifty thousand dollars (\$50,000.00).

D. Long-Term Disability

The California State Firefighters' Association Group Term Disability Insurance Partial Self-Funded 6- Day Wait program will be provided as an option available for employee purchase under the Flex Benefit Program.

Section 3. Retirement.

Employees will be eligible to participate in CalPERS pension plans in accordance with the requirements of applicable law, including the Public Employees Retirement Law and the Public Employees' Pension Reform Act.

Employees who qualify as “classic” miscellaneous members of CalPERS may be eligible to participate in the 3% at 60 pension plan. For “classic” miscellaneous members, the District will pay 100% of the employee’s contribution towards CalPERS benefits. This contribution is to be credited to the employee’s individual account as per Government Code section 20615 (Employer Paid Member Contribution or EPMC).

Employees who qualify as “new” miscellaneous members of CalPERS may be eligible to participate in the 2% at 62 pension plan. For “new” miscellaneous members, the employee and the District shall each contribute the employee and employer contribution rates as set annually by CalPERS.

Section 4. Longevity.

Employees are eligible to receive a longevity incentive benefit equal to 2.5% of salary after ten (10) years of service.

Section 5. Pay Periods.

Employees are to be paid on a bi-weekly basis.

Section 6. Hours of Work.

The District’s regular business hours are between 0800 and 1700 hours, Monday through Friday. Each employee’s actual work schedule is to be determined by the Fire Chief and based on the needs of the District. Full-time employees are generally scheduled to work at least 8 hours per day, 5 days per week. When it is deemed to be to the benefit of the District and it does not conflict with District operational needs, the Fire Chief may approve a temporary alternative work schedule. Employees are expected to be in attendance during assigned hours and shall not absent themselves during working hours for any reason without prior approval of the Fire Chief or designee.

Section 7. Overtime.

It is the policy of the District that overtime work is kept to a minimum and shall be authorized and approved in advance by the Fire Chief or designee. Overtime eligible employees are not permitted to work overtime except as authorized and approved in advance. Working overtime without advance approval is grounds for disciplinary action.

For employees on a 7-day work week, overtime is defined as all hours worked an overtime-eligible employee actually works in excess of 40 hours in the employee’s workweek. Overtime will be compensated at 1.5 times the employee’s regular rate of pay, as defined under the Fair Labor Standards Act (“FLSA”). Only actual hours worked shall be counted toward the applicable threshold for calculating overtime owed under the FLSA. Overtime shall be calculated in accordance with District policy.

An employee's eligibility to receive overtime compensation for services performed shall be determined in accordance with the FLSA. Those employees who are classified as "exempt" under the FLSA shall not be eligible to receive overtime compensation.

Section 8. Employment Status and Probationary Period

The positions of the Director of Business Services and Deputy Fire Marshal are considered at-will positions and do not serve a probationary period. At-will employees are free to leave employment with the District at any time, with or without a reason and with or without notice. The District also has the right to end an individual's employment at any time, with or without reason and with or without notice. Although the District may choose to end the employment of an at-will employee for cause, cause is not required. Only the Board has the authority to enter into an agreement providing for employment for a specific period of time or to make any agreement contrary to this provision. No other official or employee, including the Fire Chief, has the authority to make any such agreement. Only the Board has the authority to make any such agreement, and even then, such an agreement is enforceable only if it is in writing.

Full-time employees appointed to the classification of Administrative Assistant are required to serve a probationary period of twelve (12) months. The probationary period shall be regarded as part of the selection process and shall be utilized for closely observing the employee's work and for securing the most effective adjustment of an employee to the employee's position. An employee's probationary period may be extended one or more times with the approval of the Fire Chief, for a total probationary period extension not to exceed an additional six (6) months. Employees will receive notice of any extension of the probationary period. Following successful completion of the probationary period, an employee in the classification of Administrative Assistant may be disciplined for cause and in accordance with District policy. Employees who have not completed probation are considered "at-will" employees, who may be separated with or without cause and with or without notice. "At-will" employees are not entitled to appeal or grieve any disciplinary action taken against them.

Section 9. Holidays

The District observes the following holidays:

New Year's Day	Veteran's Day
Martin Luther King Day	Thanksgiving Day
President's Day	Friday after Thanksgiving
Memorial Day	Last business day before Christmas
Independence Day	Christmas Day
Labor Day	New Year's Eve

Full-time employees are eligible to receive eight (8) hours of pay for each holiday when it is observed. If a holiday falls on a Saturday, it will be observed by the District on the Friday preceding. If a holiday falls on a Sunday, it shall be observed by the District on the Monday following. To be eligible to receive holiday pay, an employee must be in paid status on the

regularly scheduled work day immediately preceding and immediately following the holiday. Employees on an unpaid leave of absence are not eligible for holiday pay.

Full-time employees who are in paid status on July 1 will receive eight (8) hours of floating holiday time once a year. Floating holiday hours will be provided to eligible employees on July 1. Once granted, the number of hours shall remain available for the employee's use during the fiscal year. Floating holiday hours must be used before any vacation time is taken by the employee. Employees requesting to use their floating holiday must receive advance approval from their supervisor by submitting a written request to take time off. Unused floating holiday hours will be cashed out on pay day associated with the first full pay period following the end of the fiscal year. Any unused floating holiday hours will be cashed out upon separation.

Section 10. Vacation

Full-time employees are eligible to earn paid vacation leave. Vacation leave begins accruing upon the employee's date of hire and accrues as an employee performs work. The rate at which an employee accrues vacation is determined by an employee's length of service. Full-time employees are eligible to accrue vacation as follows:

From the time of appointment until completion of the fifth year of employment, a full-time employee will accrue vacation at the rate of ten (10) hours per month (120 hours or 15 days per year), up to a maximum accrual of 240 hours of vacation.

After completion of the fifth year of employment and through the eleventh year of employment, a full-time employee will accrue vacation at the rate of fourteen (14) hours per month (168 hours or 21 days per year), up to a maximum accrual of 336 hours.

After completion of the eleventh year of employment, an employee will accrue at a rate that includes one additional vacation day for each additional year of service up to a maximum accrual of thirty vacation days per year (240 hours) after twenty years of service with the District. Employees with more than 11 years of service may accrue up to 480 hours of vacation.

At no time may an employee have a total balance of vacation hours in excess of the maximums described above. When an employee reaches the maximum accrual, the employee shall cease earning additional vacation leave until such time that vacation hours are used and the employee's vacation balance falls below the maximum accrual.

The use of vacation leave will be scheduled in advance and approved by the Fire Chief. Vacation leave will not be authorized if it interferes with the operation of the District as determined by the Fire Chief or designee. Vacation may be used in increments as small as half an hour. At no time will paid vacation leave be granted if it exceeds the vacation leave time the employee has earned and accumulated in the employee's vacation bank. Paid vacation that has not been accrued will not be approved. Employees will not accrue vacation while in unpaid status.

Employees who separate employment with the District will receive payment at their base rate of pay for any accrued and unused vacation hours. Employees who separate for reasons other than retirement will receive direct payment for the value of any accrued and unused vacation leave. Employees who separate for reasons of retirement will have the value of any accrued and unused vacation hours deposited in the employee's RHS as provided in Section 2 above.

If a District holiday falls during an authorized vacation day, that day shall not be charged against the employee's vacation leave time. An employee incurring a serious injury or illness which requires the employee to be hospitalized or confined while on paid vacation leave may have those days changed to sick leave with pay and vacation days restored accordingly, provided that the employee has sufficient sick leave accrued and the period of hospitalization or confinement is certified by a physician's written statement.

An Employee may sell back up to forty (40) hours of accrued vacation leave at the employee's current base rate of pay once each calendar year. Election to sell back vacation shall be consistent with District policy.

Part-time and temporary employees are not eligible to accrue vacation hours.

Section 11. Sick Leave.

Full-time employees will accrue sick leave at the rate of eight (8) hours for each full month of continuous service, up to a maximum accrual of 1,600 hours. This maximum accrual excludes those days accrued in the current calendar year. Employees are not entitled to accrue sick leave while on an unpaid leave of absence.

Part-time and temporary employees will accrue sick leave at the rate of one (1) hour for every thirty (30) hours worked up to a maximum up forty-eight (48) hours. Part-time and temporary employees will be eligible to use up to twenty-fours (24) hours of sick leave in a fiscal year. Part-time and temporary employees may use sick leave beginning on the 90th day of employment.

Employees may use accrued sick leave for any of the following purposes:

- For the employee's own illness, injury or medical condition;
- For the purpose of providing care or assistance to a spouse, registered domestic partner, child, parent, legal guardian or ward, sibling, grandparent, or grandchild who has an illness, injury, medical condition, need for medical diagnosis or treatment or other medical condition;
- By an employee who is a victim of domestic violence, sexual assault or stalking for absences due to: seeking medical attention or treatment; psychological counseling; obtaining services from a domestic violence shelter, program or rape crisis center; safety planning; or seeking judicial relief arising from domestic violence, sexual assault, or stalking.

To be eligible to receive paid sick leave, employees must provide reasonable advance notice of a pre-scheduled or foreseeable absence. When an employee has an unforeseeable need to use sick leave, the employee must provide notice as soon as possible. Non-exempt employees will be paid at their regular rate of pay for sick leave hours used. Exempt employees will be paid for sick leave hours used as the rate that applies to other paid time off hours. An employee may be required to provide verification to support the use of sick leave, as allowed by law.

Deductions from sick leave balances will be made in accordance with District policy. Non-exempt employees will not receive compensation for absences due to illness or injury once they use all of their accrued sick leave. Exempt employees who exhaust their sick leave and continue to be absent for reasons of injury or illness will have deductions made from their salary for full day absences only, unless their absences have been designated as intermittent leave under the Family Medical Leave Act ("FMLA"). In cases of FMLA intermittent leave, the deductions from an exempt employee's salary will be made consistent with the FMLA's requirements.

Upon retirement (either service or disability retirement), an employee will be eligible to receive payment for accrued and unused sick leave. Any payment provided will be limited to one-half of the employee's accrued and unused sick leave hours, up to a maximum of 800 hours. Payment for any accrued and unused sick leave shall be made at the employee's base hourly rate of pay and deposited in the employee's RHS. Any accumulated sick leave hours not compensated for, may be applied as service credit as provided by the Public Employee's Retirement Law and the terms of the District's contract with CalPERS for pension benefits.

Employees who separate employment with the District for any reason other than retirement will not be eligible to receive payment for any accrued and unused sick leave hours.

Section 12. Bereavement Leave.

In the case of a death in an employee's immediate family, the employee shall be granted up to five (5) consecutive scheduled workdays off with pay in order to attend the funeral/memorial service, or to take care of family affairs related to the immediate family member's death. Employees who need to be absent for more than five (5) days may be permitted to use vacation hours for approved absences. For purposes of this benefit, "immediate family" means an employee's current spouse, current registered domestic partner, child, parent, legal guardian, brother, sister, grandparent, or grandchild; or mother-, father-, sister-, brother-, son-, or daughter-in-law. The employee's supervisor may approve the use of accrued vacation time to extend the leave. An employee may be required to provide proof to support an employee's receipt of this benefit.

Section 13. Military Leave.

Military leave shall be granted in accordance with the provisions of federal and state law. Whenever possible, an employee shall notify the Fire Chief or designee of any need for military leave at least ten (10) working days in advance of the beginning date of such leave.

Section 14. Jury Duty.

An employee who is summoned to jury duty or selected to serve on a jury will be given leave to fulfill his/her civic obligations. Upon receipt of a proposed jury summons, employees must notify the Fire Chief or designee. If an employee is called as a juror during a particularly busy time in the office, the District may ask the employee to request the court to postpone his/her jury duty to a more convenient time, as permitted by law.

A leave of absence with pay will be granted to all required to report for jury duty, provided the employee remits to the District all fees as soon as received by the employee for such duties. Compensation for mileage or subsistence allowances shall not be considered as a fee and shall be retained by the employee. Time spent on jury duty is not work time for purposes of calculating overtime compensation.

If an employee is required to report to jury duty within 2.5 hours of the scheduled start of the workday, the employee is not required to report to work at the start of the workday, but shall report directly to jury duty. If an employee is released from jury duty with more than one-half of his/her workday remaining, the employee is required to report to work to complete the regularly scheduled workday. Employees who fail to comply with these reporting requirements will not be eligible to receive pay for time spent performing jury duty.

Section 15. Amendments.

The District expressly reserves the right, in its sole discretion, at any time and from time to time, to amend or rescind any provision of this Resolution or any benefits or salary provisions, or to terminate any benefits or salary provisions to the greatest extent allowed by law. Such changes may apply to current and/or future employees, retirees or their family members.


Section 16. Effective Date.

This resolution shall become effective on January 1, 2019, on which date it shall supersede any memorandum of understanding related to wages and benefits for any classification discussed in the resolution.

PASSED AND ADOPTED by the Board of Directors of the Aptos/La Selva Fire Protection District, County of Santa Cruz, State of California, this 10th day of January 2019, by the following vote:

AYES: 5
NOES: 0
ABSENT: N/A
ABSTAIN: N/A

ATTEST:


Secretary to the Board


President of the Board of Directors

**EXHIBIT D
(PART 2 OF 3)**

**EMPLOYMENT CONTRACTS
(CENTRAL FPD)**

DRAFT

MEMORANDUM

OF

UNDERSTANDING

CENTRAL FIRE PROTECTION DISTRICT

OF

SANTA CRUZ COUNTY

AND

THE PROFESSIONAL FIREFIGHTERS UNION

IAFF LOCAL - 3605

JANUARY 1, 2019

Through

DECEMBER 31, 2021

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I. PREAMBLE

This Memorandum of Understanding (MOU) is entered into by and between the Central Fire Protection District of Santa Cruz County (Employer or District) and the Professional Firefighters Union, IAFF Local - 3605 (Union) pursuant to the Meyers-Milias Brown Act (Gov. Code §§ 3500-3511) and has been jointly prepared by the parties.

II. RECOGNITION

The Union is hereby acknowledged by the District as the recognized employee organization for the purpose of meeting and conferring on matters within the scope of representation for individuals employed by the District in the firefighter bargaining unit, which consists of the following full-time positions: Battalion Chiefs, 40 Hour Battalion Chief, Fire Captains, Fire Captain Specialist, 40 Hour Safety Employee, Firefighter/Paramedics, and Firefighters.

The District shall deduct from a represented employees pay Union membership dues, designated fees, premiums for insurance programs, political action fund contributions and any special membership assessments (collectively "contributions"), as is established and may be changed from time to time by the Union upon either a written certification from the Union that it has and maintains individual employee authorizations, or a pre-existing employee dues deduction authorization and remits such contributions to the Union.

Any employee desiring revoke his or her authorization for union contributions shall proceed as follows: For those employees who signed a membership card or other authorization form which provides terms of revocation, the exclusive method of revocation set by the card or other authorization form; for employees whose membership card or other authorization form does not provide terms of revocation, the member may revoke by submitting a written revocation to the Union and the District during the month of June of any year.

When the Union determines that a represented employee timely revokes his or her membership or contribution authorization as provided above, Union shall notify the District in writing with fourteen (14) days. The District shall cease contribution deductions by the next qualifying pay period after receiving the notice of revocation from the Union.

Employee requests to cancel or change notice of dues deductions must be directed to the union, rather than to the District.

The Union shall defend, indemnify, and hold the District and its officers and employee's harmless from any and all claims, demands, suits or other actions arising from the maintenance of any contributions and/or from complying with any third party demand regarding the Union request for union contributions made pursuant to this provision, provided that the District provides notice to the Union within the statutory requirements of any claim, demand, suit, or other action served on the District for which is it seeking defense and/or indemnification. With regard to any such claim, demand, suit or other action, the Union will have the exclusive right to appoint and direct counsel, control the defense of any action or proceeding, and determine whether any such action or proceeding shall or shall not be compromised, resisted, defended, tried or appealed. In no event shall the District be required to pay from its own funds Union contributions its employees are obligated to pay, but failed to pay, regardless of the reasons.

The Union will be allowed one (1) representative at all District orientations where new employees represented by the Union will be attending, consistent with Government Code § 3550-3559. Union representative shall be allowed twenty (20) minutes to make a presentation and answer questions to and from employees in classifications represented by the Union. The District will notify the union thirty (30) days in advance of such orientation sessions.

Except as otherwise provided in this section, and in accordance with SB 866 (2018) and AB 119 (2017), each pay period, the District shall remit all sums so deducted to the Union, and in each quarter of the year (January 1, April 1, July 1, and October 1), the District shall provide a report with the following information: employee name, job title, work location, work, home, and personal cellular telephone contact number in district records, personal email addresses on file with the District, and home addresses of all employees and amounts deducted, including an accumulated total annual amount deducted per employee.

III. MANAGEMENT RIGHTS

The District has exclusive and inherent management rights with respect to matters of policy. These include, among others: the exclusive right to determine the mission of the District; to set standards of service; to determine the procedures and standards for selection for employment; to direct its employees, including scheduling and assigning work, work hours and overtime; to take disciplinary action, subject to the requirements of applicable law; to establish employee performance standards and to require compliance therewith; to relieve its employees from duty because of lack of work, funds or other legitimate reasons; to maintain the efficiency of District operations; to determine the methods, means and the number and kinds of personnel by which District operations are to be conducted; to take all necessary actions to carry out its mission in emergencies; to exercise its discretion to organize and reorganize its department and affairs, and to otherwise exercise complete control and discretion over its organization and the technology of performing its work; to determine the content of job classifications; to implement rules, regulations and directives consistent with the law and the specific provisions of this MOU. The District's exercise of the above listed rights shall be in accordance with law and the specific provisions of this MOU, including the provision regarding advance notice when applicable.

IV. MAINTENANCE OF BENEFITS

All rights, terms and conditions of employment, subject to the meet and confer process, not specifically covered by this Agreement shall remain in effect until changed by mutual agreement.

The District and the Union or their properly designated representatives shall meet and confer in good faith regarding wages, hours, and terms and conditions of employment. Both parties shall consider fully such presentations as are made by the Union or the District prior to arriving at a determination of policy or course of action.

The District agrees to maintain all benefits for the duration of this contract.

V. DISCRIMINATION

There shall be no discrimination by the Union, the District, or any District employee because of sex, race, color, ancestry, religion, national origin, physical or mental disability, medical condition, age, marital status, the taking of family and medical leave per the Family and Medical Leave Act (FMLA) and/or the California Family Rights Act (CFRA), pregnancy, sexual orientation, gender identity, or participation in legitimate Union activities. Complaints alleging discrimination based on legitimate Union activities shall be processed as grievances under this agreement. All other complaints of discrimination shall be processed in accordance with the District's policy prohibiting discrimination, harassment and retaliation.

VI. WAGES & HOURS

During the term of this contract, the following salary raises will be in effect:

- Effective the first full pay period in January 2019- see holiday pay section
- Effective the first full pay period in July 2019- 3%
- Effective the first full pay period in January 2020- 3%
- Effective the first full pay period in July 2020- 3%
- Effective the first full pay period in January 2021- 3%
- Effective the first full pay period in July 2021- 3%

For purposes of determining the hourly rate for 56 hour employees, the annual salary is divided by 2912.

The agreed difference between steps is 5%. The agreed difference between the ranks of Firefighter 6 and Captain 1 is 14%. The agreed difference between the ranks of Captain 3 and Battalion Chief 1 is 12%. In order to correct the current compaction between Captain 3 and Battalion Chief 1 and reach the 12% goal, the Battalion Chief salary will include an additional 2% wage increase to all steps effective the first full pay period in January 2019.

The District and Local 3605 will work together to provide an Appendix A that is easy to read and comprehend. The Employer will pay the salary rates reflected in the Salary Schedule set forth in Appendix A.

All step increments in salary are merit steps as outlined in Central Fire Protection District's Career Development Handbook.

All active employees represented by this Agreement shall be assigned to weekly work shifts (56 hours average or 40 hours), unless on special assignments as designated by a chief officer of the District. For the duration of this Agreement, the 56 hour work schedule will remain a 48 hours on and 96 hours off shift pattern.

A. OUT OF CLASS COMPENSATION

Those employees required to work out of class (upward) shall be compensated at the same rate of pay that they would receive if appointed to that position; however, such employees, not including the 40 hour safety employee, shall not be compensated at a rate that exceeds the lowest paid employee regularly assigned to that higher level position, exclusive of any incentives. Additionally, employees who are scheduled to work out of class for more than-four (4) consecutive shifts shall receive the higher pay

rate as compensation for vacation, sick leave, and any other compensated time off that occurs while working out of class. Once the employee returns to their regular class, their compensated time off reverts to their regular pay rate.

Employees who work in a higher class in an acting position or temporary upgrade assignment shall have their premium pay for regularly scheduled hours reported to CalPERS for pension calculation pursuant to the California Code of regulations, title 2, Section 571 as Temporary Upgrade Pay. Premium compensation for Upgrade Pay for overtime hours is not reportable.

Those employees electing to work out of class (downward) shall be compensated at their regular rate of pay as working in their normally assigned position.

B. OVERTIME

Section 1.

Fair Labor Standards Act (FLSA)

As set by the Department of Labor, work periods for public safety employees can vary from seven to 28 days (section 207(k)). Based on the set work period, safety employees are entitled to FLSA overtime for hours actually worked in excess of the threshold set by the Department of Labor. (For FLSA purposes Central Fire pays FLSA overtime for all time worked or "deemed" to have been worked including all paid time off).

Central Fire has established a 24 day work period and therefore employees are entitled to FLSA overtime for hours worked in excess of 182 hours. The regular scheduled hours worked for our shift employees is 192 (eight, 24 hour shifts) within a 24 day work period. Since the regular scheduled hours exceeds the 182 hour threshold, there are ten hours of scheduled overtime for safety employees each 24 day FLSA work period. Since the employee's salary is intended to compensate for the scheduled 192 hours, the overtime premium for the hours between 182 and 192 is at half-time of the employee's "Regular Rate of Pay".

- There are 15.208 FLSA Cycles a year ($365 / 24 = 15.208$)
- There are typically 26 pay periods per year
- 2,912 is the assumed hours worked per year (2,080 hours for forty hour employees)
- FLSA Pay is reportable special compensation to CalPERS for pension calculation

Regular Rate of Pay

An employee who works overtime will be compensated for those overtime hours at a rate of one and one half times the employee's "Regular Rate of Pay." The "Regular Rate of Pay" includes all remuneration paid to the employee including base salary as defined in the salary schedule plus any additional pay the employee receives such as but not limited to Holiday Pay, Paramedic Pay, Special assignment Pay and Education Incentive. All included compensation will be converted into an hourly rate to calculate FLSA pay as well as the Overtime Rate of Pay.

Section 2. Overtime (FLSA is reportable special compensation & overtime is not reportable.)

Effective June 26, 2010, employees shall be entitled to premium overtime compensation at the rate of one and one half (1.5) times the employee's "regular rate of pay", as that term is defined under the FLSA, for all time worked or deemed to have been worked in excess of 182 hours in a 24 day work period.

For the purpose of determining overtime, the words "deemed to have been worked" shall include all paid leave time.

Overtime compensation shall be accumulated in one-half hour increments.

Section 3. Compensatory Time Off (May not be reportable compensation to CalPERS)

Bargaining unit employees are eligible to receive earned overtime in the form of compensatory time off. The method by which overtime is paid (CTO or cash) is at the discretion of the employee. The maximum allowable hours will be as follows:

- Effective the first full pay period in January 2019, any member with more than 120 hours of CTO may not accrue more CTO hours.
- Effective the first full pay period in January 2019, the maximum accumulated hours will not exceed 360 hours. As of the last full pay period in December 2018, any hours in excess of 360 will be paid to the employee at the regular rate of pay.
- Effective the first full pay period in January 2020, the maximum accumulated hours will not exceed 240 hours. As of the last full pay period in December 2019, any hours in excess of 240 will be paid to the employee at the regular rate of pay.
- Effective the pay period including December 31, 2020, the maximum accumulated hours will not exceed 120 hours. Any hours in excess of 120 will be paid to the employee at the December 31, 2020 regular rate of pay.

An employee who is promoted to a higher position shall have one half of his/her accrued CTO hours paid off at the time of the promotional appointment, at the regular rate of pay for the previous class.

C. EDUCATION INCENTIVE

Employees may pursue additional compensation above their individual merit salary step increments through the Employer Education Incentive Plan.

A pay rate incentive program recognizing individual educational initiative shall be awarded to all employees who possess a certificate of proficiency or a college level degree from an accredited college or university.

To participate in the education (pay) incentive program, the employee must have satisfactorily completed a probationary period as prescribed by the Employer, and must possess either a Certificate of Proficiency in Fire Protection Technology/Fire Science, an Associate Degree or Bachelor's Degree or Masters Degree in any field of study.

- **The First Incentive Level:** An employee meeting the above requirements, and who possesses a Certificate of Proficiency in Fire Protection Technology/Fire Science, shall receive \$80.00 per month.

- **The Second Incentive Level:** An employee meeting the above requirements, and who possesses an Associate Degree shall receive \$150.00 per month.
- **The Third Incentive Level:** An employee meeting the above requirements, and who possesses a Bachelor's Degree shall receive \$220.00 per month.
- **The Fourth Incentive Level:** An employee meeting the above requirements, and who possesses a Master's Degree shall receive \$300.00 per month.

Those employees receiving Education Incentive for a recognized equivalent to a Certificate of Proficiency as of 12/31/1999 shall continue to receive the first level Education Incentive Pay.

The above incentives cannot be combined or compounded.

When an employee elects to convert his/her time into monetary compensation, the educational pay incentive will be considered to be part of an employee's hourly rate.

Education incentive is reportable special compensation to CalPERS for pension calculation.

D. SPECIAL ASSIGNMENTS

Bargaining unit members may be appointed to perform the duties of one or more special assignments. Bargaining unit members appointed to a special assignment will be required to meet the minimum requirements of that assignment, including any continuing education requirements (which generally consist of a minimum of 24-hours of continuing education per year, including didactic and manipulative training, i.e. hands-on, drills, exercises, etc.) The Training Division shall coordinate all courses and/or trainings respective to a special assignment.

NOTE: All employees appointed to a special assignment shall complete any initial or minimum training required, including receipt of any required certifications or passage of any applicable medical examinations necessary to obtain a certification or license. Employees who do not meet applicable Federal, State and Local requirements for the position will not be eligible for initial appointment. Once appointed, employees are required to maintain all applicable certifications and complete required continuing education mandates. Employees appointed to a position who are required to attend training off duty to meet this requirement will be paid overtime compensation for such work.

The Fire Chief, in consultation with the Fire District Training Chief and related agencies that the Fire District interfaces with (e.g., State Fire Training, California Specialized Training Institute [CSTI]), shall establish the certification requirements and continuing educational requirements for the special assignments listed below.

Employees who wish to be removed from a special assignment may request to be removed by submitting a letter, requesting removal, to their Battalion Chief following the appropriate chain of command. The letter will then be forwarded to the Fire Chief who will determine if the request will be granted or denied.

D. 1. Hazardous Materials Technician

Employees may be eligible for appointment to assignment as a Hazardous Materials Technician. Employees assigned as a Hazardous Materials Technician will be required to have specialized training, increased responsibilities on incidents and subject to an increased safety risk due to increased exposure to toxic, radioactive, explosive or other hazardous substances. To be eligible for appointment to this assignment, an employee must possess certification from the State of California, in accordance with State Fire Training as a Hazardous Materials Technician or above. Employees in this assignment will be required to satisfy the continuing education requirements as required by CAL/OSHA, maintain annual Haz-Mat related physical (medical) requirements and satisfy all requirements to be a member of the Santa Cruz Hazardous Materials Incident Team (SCHMIT). Employees appointed to this assignment must maintain an active role in the Santa Cruz Hazardous Materials Incident Team (SCHMIT) and are routinely and consistently required to respond to situations involving exposure to hazardous materials. Employees appointed to this position will be eligible to receive special assignment pay, which will be equal to 5% of the top step monthly salary for the firefighter classification. Hazardous Materials Technician incentive is reportable special compensation to CalPERS for pension calculation.

D. 2. Fire Investigator

Employees may be eligible for appointment to the Fire Investigation Unit. This Unit is responsible for investigating the cause and origin of destructive fires, including suspected arson fires. To be eligible for appointment to this assignment, at minimum, an employee must be certified by the State of California as a Fire Investigator I (State Fire Training, 2017) and/or as an Apprentice Fire Investigator recognized by the California Conference of Arson Investigators (CCAI) Certified Fire Investigator program (March, 2017). Employees appointed to this assignment will be required to routinely and consistently participate in the Fire Investigation Unit. Employees appointed to this assignment will be eligible to receive special assignment pay, which will be equal to 5% of the top step monthly salary for the firefighter classification. Fire Investigator incentive is reportable special compensation to CalPERS for pension calculation.

D. 3. Aquatic Response Rescue Team

Employees may be eligible for appointment to the Aquatic Response Rescue Team (ARRT). This team is responsible for responding to incidents that require specialized expertise in conducting hazardous water rescues and who are subjected to increased safety risk. To be eligible for appointment to the ARRT, an employee must successfully meet all District and United States Lifesaving Association (USLA) requirements as referenced in EOG-Y-009, and as those requirements are updated from time to time. Employees appointed to this assignment will be required to routinely and consistently participate as a member of the ARRT. Employees appointed to this assignment will be eligible to receive special assignment pay, which will be equal to 5% of the top step monthly salary for the firefighter classification. Aquatic Response Rescue Team incentive is reportable special compensation to CalPERS for pension calculation.

D. 4. Truck Operators

Employees may be eligible for appointment to a Truck Operator assignment. Truck Operators are routinely and consistently responsible for operating certain heavy equipment and apparatus that

goes beyond just the operation of a Fire Engine. To be eligible for appointment to a Truck Operator assignment, an employee must maintain a valid commercial driver's license or other motor vehicle license which allows for the operation of the assigned heavy equipment, and shall have successfully completed the District's Truck Operator program. Employees appointed to this assignment will be eligible to receive special assignment pay, which will be equal to 5% of the top step monthly salary for the firefighter classification. Truck Operator incentive is reportable special compensation to CalPERS for pension calculation.

D. 5. Rescue Technician

Employees may be eligible for appointment to a Rescue Technician assignment. Rescue Technicians are routinely and consistently responsible for responding to certain life and safety rescue situations such as high angle or cliff rescues, trench or subterranean rescues or rescues in confined spaces which require enhanced training and specialized expertise due to increased hazards that pose a significant safety risk. To be eligible for appointment to a Rescue Technician assignment, an employee must have successfully completed the following specialized classes:

- Rope Rescue Technician
- Rescue Systems 1
- Rescue Systems 2
- Rescue Systems 3
- Confined Space Rescue (Operations)
- Trench Rescue (Operations)

Employees appointed to this assignment will be eligible to receive special assignment pay, which will be equal to 5% of the top step monthly salary for the firefighter classification. Rescue Technician incentive is reportable special compensation to CalPERS for pension calculation.

D. 6. Training Instructor

Employees may be eligible for appointment to a Training Instructor assignment. Training Instructors are temporarily re-assigned to provide specialized training instruction routinely and consistently to employees for the duration of the assignment. This can include special assignments such as an instructor at the Fire Academy and will include duties such as curriculum development, preparation and presentation of training materials. This position may require supervision of training staff and fire recruits. Employees appointed to this assignment will be eligible to receive special assignment compensation, which will be equal to 10% ~~stipend~~ of the employee's base pay. Training Instructor incentive is reportable special compensation to CalPERS for pension calculation.

D. 7. Special Administrative Assignment

Employees may be eligible for an unanticipated Special Administrative Assignment. This temporary assignment shall be at the discretion of The Fire Chief or his/her designated representative. This position shall be available if the need is determined, to Firefighters, Firefighter Paramedics, Fire Captains or Battalion Chiefs. Upon re-assignment of the selected employee by the Fire Chief or designated representative, the employee will be compensated an amount equal to 10% of the employee's base pay. This classification of Special Assignment stipend is not reportable to CalPERS for pension calculations because it does not meet CalPERS classification for Special Compensation.

VII. 40 HOUR SAFETY EMPLOYEE

SELECTION

1. The 40-hour Safety position, shall at a minimum, have one slot secured for a Captain Specialist. The Central Fire Districts "Fire Captain Specialist" is a rotational administrative assignment in the Fire Training, Fire Prevention or Fire Operations Division based on the needs of the organization as determined by the Fire Chief. The position shall provide critical administrative management skills to enhance career development.
2. No later than September 1st of each year, the Fire Chief will solicit and receive letters of interest from the current safety employees requesting a lateral transfer for the following calendar year.
3. The Fire Chief will interview all eligible applicants. The Fire Chief may select one of these voluntary applicants that best meets the needs of the organization.
4. The selected 40 Hour Safety Employee will move into the assigned division, and that vacancy will be filled by the incumbent 40 Hour Safety Employee on a temporary basis and resolved through the Union bid process.
5. If there are no voluntary applications for the position of 40 Hour Safety Employee, the Chief may appoint one of the three most senior company officers who did not apply. Those employees being considered for the assignment shall be notified via an oral interview process prior to receiving the assignment.
6. The assignment shall begin in alignment with the shift bid of each calendar year unless the prior incumbent's term is voluntarily extended beyond one year.
7. An employee assigned to the 40 Hour Safety Employee assignment under these conditions will not be required to serve in the assignment again until all other eligible safety employees have served a term in the assignment.

MISCELLANEOUS TERMS AND CONDITIONS

1. The 40 Hour Safety Employee will be allowed to take callbacks only when they are off duty. They will be placed in the regular call back rotation when they are off duty.
2. If qualified, the 40 Hour Safety Employee will be eligible to take a callback to the highest level eligible. Overtime earned on a shift call back shall be at the 40 hour over time rate of pay.
3. The 40 Hour Safety Employee working as a 40 hour employee shall receive the same bi-weekly pay and benefits, including holiday pay as an employee of the same step working a 56 hour shift, although for purposes of determining the hourly rate for the 40-hour safety employee, the annual salary is divided by 2080. If the employee chooses to take a holiday off, he/she must use paid vacation leave for those hours.

4. The 40-hour work week will consist of either five (5) 8-hour days or four (4) 10-hour days, as determined by the Fire Chief.
5. The 40-hour safety employee shall receive three administrative holidays, which may be taken off anytime during the calendar year with the approval of the Fire Chief. All administrative holidays must be used during the calendar year with no carry over to the next calendar year. Administrative holidays will be prorated based upon appointment date.
6. The 40-hour safety employee will continue to receive the same vacation and sick leave accrual hours as the 56-hour employee schedule.
7. Annual leave payout requests shall be processed at the 56 hours employee rate of pay.
8. The Fire Chief may issue a District vehicle to the 40-hour safety employee if the employee resides within Santa Cruz County for after-hours Incident Safety Officer responses. The Fire Chief, or designee, may determine which types of incidents the 40-hour safety employee may respond to as an Incident Safety Officer. Compensation for after hour response is at their 40 hour rate of pay.
9. An employee wanting to discontinue his/her 40 hour safety assignment must submit a letter of intent via Inter-Office Memorandum to the Fire Chief or his designee following the appropriate chain of command.
10. The 40 hr. employee shall remain a member of Local 3605.

PROCESS FOR DISCONTINUANCE OF 40 HOUR SAFETY EMPLOYEE ASSIGNMENT

1. An employee can discontinue their 40 hour safety employee in two ways. The first is to complete the year-long assignment as described above in the first paragraph under General Conditions. The second method of discontinuing the assignment is described below.
2. An employee wanting to discontinue his/her 40 hour safety assignment must submit a letter of intent via Inter-Office Memorandum to the Assistant Chief of Operations following the appropriate chain of command. The letter of intent will then be forwarded to the Fire Chief. The employee must have served a minimum of 10 months in the position before a letter of intent can be submitted or have another extenuating circumstance approved by the Fire Chief. Once the 40 Hour Safety Employee's letter is received and accepted by the Fire Chief, the 40 Hour Safety Employee will remain in the position for up to 30 days after the Fire Chief approves the request and fills the position as described in SELECTION process above.
3. When a 56 hour safety position of equal rank becomes vacant the Personnel Officer, or assigned designee, will grant the opening to the 40 hour safety employee as long as a qualified, internal applicant is available to assume to 40 hour safety employee position.

4. The Personnel Officer, or assigned designee, may then fill the opening through the promotional process or by selecting another qualified and willing applicant.
5. The employee that moves from the 40 hour safety position to the 56 hour safety position will no longer have the benefits as described above in Miscellaneous Terms and Conditions upon the first day of reporting to the 56 hour work schedule.
6. An employee assigned to the 40 Hour Safety Employee assignment under these conditions will not be required to serve in the assignment again until all other eligible safety employees have served a term in the assignment.

VIII. 40 HOUR BATTALION CHIEF

TERMS AND CONDITIONS

1. The Battalion Chief assigned to the Training Division will be allowed to take callbacks only when he/she is off duty. They will be included in the regular callback rotation when he/she is off duty. Overtime earned will be at the 40 hour rate of pay.
2. The Battalion Chief working as a 40 Hour shall receive the same bi-weekly pay and benefits, including holiday pay as an employee of the same step working a 56 hour shift, although for purposes of determining the hourly rate for the 40-hour safety employee, the annual salary is divided by 2080. If the employee chooses to take a holiday off, he/she must use paid vacation leave for those hours.
3. The 40-hour work week will consist of either five (5) 8-hour days or four (4) 10-hour days, as determined by the Fire Chief.
4. The Battalion Chief assigned to the Training Division shall receive five administrative holidays, which may be taken off anytime during the calendar year with the approval of the Fire Chief. All administrative holidays must be used during the calendar year with no carry over to the next calendar year. Administrative holidays will be prorated based upon appointment date.
5. The Battalion Chief assigned to the Training Division shall accrue vacation and sick leave at the same rate as Battalion Chief's assigned to a 56-hour schedule.
6. Annual leave payout requests shall be processed at the 40 hour employee rate of pay.
7. The Fire Chief may issue a District vehicle to the Battalion Chief assigned to the Training Division if the employee resides with in Santa Cruz County for after-hour incidents. The Fire Chief, or designee, may determine with types of incidents the Battalion Chief assigned to the Training Division may respond to. Compensation for after hour response is at the 40 hour employee rate of pay.
8. When assigned by the Fire Chief to fulfill the standby time requirement, the 40-hour Battalion Chief will be compensated at a rate stated below. Standby is defined as off

duty hours. Employee will not receive the special compensation pay during his/her normally scheduled work hours.

9. The Battalion Chief assigned to the Training Division will remain within the membership of the Professional Fire Fighters Union Local 3605.

IX DUTY CHIEF STANDBY COVERAGE

At times the Fire District may determine a need for an additional Duty Chief to be on standby for district coverage. This assignment shall include incident response, administrative duties, district coverage or zone coordination. The typical coverage area will consist of but not limited to, The Central Fire Protection District as well as Aptos/La Selva Fire District.

Employees electing to accept Standby Coverage assignments shall be required to:

- Maintain a minimum qualification of Acting Battalion Chief
- Remain within the boundaries of Santa Cruz County
- Be in a ready to respond state as specified in Central Fire's SOP's and Policies

Needed coverage will be determined by the Fire Chief of Central Fire Protection District or Aptos La Selva Fire District (or designated representative) and assignments shall be offered utilizing the District's automated callback system (CrewSense). Assignments shall be offered by a rotational list of Battalion Chiefs and Acting Battalion Chiefs. When an employee elects to accept an offered assignment, his/her name shall be rotated to the bottom of the list.

Upon acceptance of the assignment, the employee shall receive:

- A District command staff vehicle
- District Cell Phone
- District Pager

Compensation shall be paid at a rate of one hour of "Regular Rate of Pay" for every 4 hours assigned. For example, an Employee assigned to a 12 hour shift shall be compensated at 3 hour's Regular Rate of Pay. Partial hours shall be rounded up to the nearest ½ hour increment. Hours compensated for standby coverage shall be considered hours worked for the purposes of overtime calculation.

Upon activation to duty due to Fire District needs, the employee assigned shall be additionally compensated at the employee's Overtime Rate of Pay with a minimum of one hour increments. Partial hours shall be rounded up to the next full hour.

Employees shall not be forced/Mandated to accept standby coverage and if qualified employees are not available, District coverage shall be maintained by on duty personnel and existing mutual/auto aid agreements.

Employees shall not be restricted in conducting personal business/affairs while providing Standby Coverage as long as available for a reasonable response window and may also be available by cell phone or radio communications.

Employees that are assigned a District vehicle shall be allowed to utilize the vehicle while on Stand By assignment in place of their personal vehicle as long as kept in a ready to respond status.

Employees shall not be required to be in District Uniform while providing standby coverage but a reasonable expectation of professionalism is expected and upon activation, proper uniform standards and safety equipment standards will be followed per District SOP's/Policies as time constraints allow.

Standby compensation is not reportable for CalPERS pension calculation

X. STAFFING

It is the intent of the Employer to maintain a minimum daily staffing of 14 line personnel consisting of one battalion chief or acting battalion chief, one truck company staffed by one fire captain or acting fire captain, one truck operator or truck operator/paramedic and two firefighters or combination of firefighters and firefighter/paramedics and three engine companies staffed by one fire captain or acting fire captain and two firefighters or combination of firefighters and firefighter/paramedics. The District shall retain the right to re-distribute and re assign personnel as deemed appropriate. The employer also has the right to make emergency staffing adjustments based on unforeseen emergency staffing needs of the Fire District. Any long term/permanent reduction in the above referenced staffing levels shall occur only after the parties have engaged in the meet and confer process.

XI. RETIREMENT

For Classic employees hired prior to 1/1/2011: The employer is a participant in the California Public Employee's Retirement System (CalPERS), Local Safety, three percent of the final compensation at age 50.

For Classic employees hired on or after 1/1/2011: The employer is a participant in the California Public Employee's Retirement System (CalPERS), Local Safety, three percent of the final three year average compensation at age 55.

For New employees hired on or after 1/1/2013: The Employer is a participant in the California Public Employee's Retirement System (CalPERS), Local Safety 2.7% of the final three year average compensation at age 57.

Classic employees as determined by CalPERS shall pay the nine percent employee contribution to CalPERS until the employee contribution increases to twelve percent. Beginning the pay period that includes December 31, 2018, classic employees will pay the twelve percent employee contribution to CalPERS. The District shall pay the employer contribution to CalPERS.

New employees as determined by CalPERS, shall pay 50% of the normal cost of their pension as periodically set by CalPERS.

The District shall provide tax deferral of the employee's contributions to CalPERS to the extent provided in the Internal Revenue Code.

The following provisions of the California Government Code apply to the retirement benefit plan for the IAFF bargaining unit:

Section 21362.2	3% @ 50 for employees hired on or before 12/31/10
Section 21363.1	3% @ 55 for employees hired after 12/31/2010
Pension Reform Act	2.7% @ 57 for employees hired after 1/1/2013
Section 20042	One year final compensation for employees hired on or before 12/31/2010
Section 20037 Pension Reform Act	3 year average for employees hired after 12/31/2010 3 year average for employees hired after 1/1/2013
Section 21574.5	Indexed level of 1959 Survivor benefit
Section 21623.5	5,000.00 Retired Death benefit
Section 21337.1	Purchasing Power Protection allowance of 80%
Section 21329	Cost of living adjustment at 2%
Section 20965	Credit for unused sick leave (unlimited)
Section 21380–21387	1959 Survivors Program- indexed level

XII. HOLIDAYS

All employees who are covered under this Memorandum of Understanding who work either a 40 hour work week or a 56 hour work week have a required scheduled staffing duty without regard to observed holidays. In lieu of observing holidays, bargaining unit members shall receive in lieu compensation for holidays without regard for when holidays occur or whether the unit member actually works on a holiday. Any employee who is unable to report to work must utilize approved time off as appropriate, following District guidelines and policy.

In-lieu holiday compensation shall be paid to bargaining unit members at the rate of 11.08 hours per pay period and shall not be converted to leave time (compensation only). This in-lieu holiday pay meets the definition of special compensation defined in Cal. Code of Regs., Title 2, Section 571, and shall be incorporated into the unit member's compensation reported to CalPERS for retirement purposes. In the event PERS modifies its regulation, the parties agree to meet and negotiate through the collective bargaining process to amend this language.

Effective the first full pay period in January 2019, holiday pay shall be calculated at the employee's hourly rate multiplied by 24, then multiplied by 12, and then divided by 26 for each pay period value. Appendix A shall show the per pay period (ppp) value for holiday pay at each step.

Additionally, Battalion Chiefs shall receive five administrative holidays, which may be taken off anytime during the calendar year with the approval of the Battalion Chief's supervisor. All administrative holidays must be used during the calendar year with no carry-over and no cash value.

The following are designated holidays:

New Year's Day	Veterans Day
Martin Luther King, Jr. Day	Thanksgiving Day
Presidents Day	Friday after Thanksgiving Day
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	New Year's Eve

The Fire Chief shall designate those days subject to holiday routine, except that Thanksgiving Day, Christmas Day, and New Year's Day shall be days of holiday routine.

XIII. SICK LEAVE

56 hour employees shall accrue sick leave at the rate of twenty-four (24) hours each month. Sick leave may be used for personal illness, physical incapacity, or the illness of a family member. Sick leave shall not be construed to be a privilege, which an employee may use at his/her discretion, but shall be allowed only in cases of necessity as herein set forth.

For 56 hour employees, where absence is due to the illness of the employee for more than two consecutive twenty four hour shifts or more than two consecutive work days for 40 hour employees, the employee may be required to provide a paper copy of a medical excuse from a Physician or authorized representative upon the request of his/her immediate supervisor, the supervising Battalion Chief or the Fire Chief. Upon return to duty, this document will be submitted to the immediate supervisor who will then submit it to the Human Resources Director as soon as possible.

At the end of each calendar year, a maximum of 144 hours of the annual accumulated sick leave in excess of 2400 hours may be paid at the member's regular hourly rate of pay in effect on December 31st. The request will be made in writing to the Personnel/Payroll Specialist by December 31st. Payouts will be processed no later than the second full pay period following December 31st. Any employee with a sick leave balance below 2400 hours, may not cash in hours.

Employees may accumulate an unlimited amount of sick leave hours.

Upon retirement, employees shall have the option of:

- A. Convert the entire balance of his/her accumulated sick leave to service credit in accordance with the provisions of the Public Employees Retirement Law (California Government Code Section 20965); or
- B. Receive compensation for 600 hours of unused sick leave plus one half (1/2) of the employees current calendar year accrual, at the member's current rate of pay, and convert their remaining sick leave balance to service credit under California Government Code Section 20965.

Upon retirement, any payout will be at the employee's current rate of pay.

If an employee is unable to complete their Firefighter probationary period, no sick leave payout is awarded.

Sick Leave Payout shall not be reported to CalPERS for pension calculation.

XIV. BEREAVEMENT LEAVE

In the event of a death in the employee's immediate family, the employee shall be granted three (3) shifts paid bereavement leave.

XV. VACATION LEAVE

Full-time employees shall accrue vacation hours. The rate at which an employee accrues vacation hours and the maximum amount of vacation hours that may be accrued is determined by an employee's length of service, as set forth in the following chart:

Vacation Accrual Schedule for all Union Members

Years of Service	Hours Accrued per pay period	Annual shift equivalent	Maximum annual accrual (in hours)	Maximum accrual (end of calendar year)
1 – 4	5.54	6	144	216
5 – 9	8.31	9	216	324
10 – 17	11.08	12	288	432
18	12	13	312	468
19	12.92	14	336	503
20 +	13.85	15	360	540

Employees may not use more vacation than they have earned.

Maximum accrued vacation hours may not at any time exceed the hours stipulated. Once an employee reaches maximum accrual based on his/her years of service, the employee will cease to accrue any additional hours until the employee's balance falls below the maximum accrual based on his/her years of service.

An employee may cash out accrued vacation leave any time during the calendar year. If employees elect to receive compensation for unused vacation, the request will be made in writing to the Personnel/ Payroll Specialist. The request for pay will designate the number of hours. The combined total annual vacation cash out will not exceed one half of the Maximum Accrual. The hours shall be paid at the employee's regular rate of pay, including any approved incentive pay.

Vacation Leave Payout shall not be reportable to CalPERS for pension calculation.

XVI. UNION LEAVE BANK

ACCruED TRANSFER OF TIME TO UNION LEAVE BANK

In the first full pay period of January of each year, each active L3605 bargaining unit employee will contribute to the Union Leave Bank by donating 6 hours of his/her accrued vacation or compensation

time. The time shall be deducted from each employee's accrued vacation/compensation time bank and maintained by the District.

Unless an employee has at least 6 vacation/compensation time hours available, no deduction will occur nor will a deduction occur at any time prior to the next calendar year leave bank transfer. Employees separating employment during the year will not be refunded time or receive any credit from the hours contributed.

The number of hours deducted from each employee's accrued vacation/compensation banks may be adjusted from year to year as necessary with written notification from the Union to the Fire District.

CARRY OVER OF UNUSED FUNDS

If there are any unused amounts in the Union Leave Bank at the end of the fiscal year, these amounts will carry over to the following year.

USAGE OF THE UNION LEAVE BANK

When a bargaining unit member has received the appropriate approval to be absent from his/her scheduled shift(s) to attend conferences or training related to a union function, time shall be transferred from the Bank on an hour for hour basis regardless of rank. The employee assigned to cover the vacancy shall be compensated at their Regular Rate of Pay per the Memorandum of Understanding with all hours being considered hours worked for the purpose of FLSA and overtime calculations. The employee absent from work while attending union business shall receive pay for their regularly scheduled shifts.

AUTHORIZATION FOR USE OF THE UNION LEAVE BANK

An employee seeking to be absent from work pursuant to this section must receive written approval from a union officer and present the request in advance to the Fire Chief or designee at least (7) days prior to the event. The Fire Chief or designee will confirm available hours in the Union Leave Bank to cover the absence and notify by email, approving or denying the absence to the requesting employee and shift Battalion Chief. Approval will be denied if insufficient hours available at the time of request. Final authorization will then be made utilizing the Fire District Staffing Program (CrewSense) approval process.

STATUS REPORTS

The Fire District shall provide reports of time available in the Union Leave Bank upon request of Union Officers or Appointees as well as hours used in the current calendar year.

DISCLAIMER OF LIABILITY

The Fire District assumes no responsibility for how the leave time is used. Time spent on Union Leave is considered "Paid Time Off" for all calculations as specified in the Memorandum of Understanding.

NO WAIVER OF RIGHTS

Nothing in this section shall supersede the Fire Chief's duty to maintain management control over shifts to ensure that the daily operation of the Fire District is adequately covered.

XVII. LIFE INSURANCE AND SALARY CONTINUANCE INSURANCE

A. CURRENT EMPLOYEES

The Employer shall pay all premiums on behalf of employees for the Life Insurance and and the C.A.P.F.F. Long Term Disability Plan. For all full-time employees, the life insurance plan will provide a death benefit of \$2000 for a spouse, and \$1000 per child.

The life insurance plan will provide the following benefit for employees:

All employees to age 64	\$100,000.00
Employees age 65 – 69	\$65,000.00
Employees age 70 +	\$50,000.00

The C.A.P.F.F. Long Term Disability Plan provides, after a sixty (60) day waiting period, a maximum pay out benefit based on the C.A.P.F.F. Long Term Disability Insurance benefit (Plan A).

B. RETIREES

Upon Board ratification, the District will no longer pay for life insurance for retirees. As an option, retirees may purchase life insurance through the employer's plan but must pay 100% of the premium.

XVIII. MEDICAL HEALTH/DENTAL INSURANCE

HEALTH SAVINGS ACCOUNT

Any employee hired on or after January 1, 2019 will be enrolled in a Health Savings Account. The initial cost of the program will be paid by Local 3605 and the ongoing costs will be paid by the District. The District will deposit \$69.23 per pay period into each employees' account with the employee depositing whatever amount he/she wishes to contribute. The District contribution will end upon retirement or separation of employment. If the employee separates employment prior to retirement, the District's contribution will revert back to the District.

MEDICAL INSURANCE

The Employer shall provide medical health insurance to its current full-time employees and dependents, including retired employees and dependents, through CalPERS Health Benefits/Premiums Program of the Bay Area. For the 2019 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

Employee only	-	\$871.00
Employee plus one dependent	-	\$1742.00

Employee plus two or more dependents - \$2264.00

Beginning insurance year 2020, if the District's 85% contribution towards the third most expensive Bay Area basic premiums rate plan does not pay for 100% of at least half of the employee health insurance plan options for that year, the Parties will meet and confer.

If an employee chooses a more expensive plan, they will be responsible for paying the amount.

RETIREE TIER ONE

Employees and retirees hired on or before December 31, 2018:

- Shall receive the same level of coverage as active employees
- If a retiree reduces coverage the reduction will be the new maximum level. No increase to District cost after retirement for level of coverage. I.e.; retiree who left service with a 2 party level plan subsequently removes a dependent, the coverage will reduce to the single level and be fixed at the level.

RETIREE TIER TWO

Employees hired on or after January 1, 2019:

- Retirees will receive employee only health care to age 65.
- A minimum of 15 years of service to the District is required to be eligible for 75% of the employee only rate of retiree health care. The percentage of health care will increase by 5% of the employee only rate per year (80% at 16 years, 85% at 17 years, 90% at 18 years, 95% at 19 years, so that at 20 years the coverage will be at 100% of the employee only rate.)

The retiree must have served a minimum of five years as a full time employee in the CalPERS system to qualify.

The retiree must retire as a full time member of the District.

The retiree must retire at or after the established minimum age for CalPERS retirement, disability retirement, or an Industrial Disability Retirement with stipulated coverage for health care.

The retirees retirement effective date must be less than 120 days after separation from employment. Once retired, the retiree's Health Benefits Officer or Personnel Officer will be CalPERS (all changes to your health enrollment are managed by CalPERS).

The Fire District shall continue to pay the above premium until such time as the Fire District and the Union agree otherwise.

The Fire District will provide education and information to each employee regarding the health insurance options provided to them.

DENTAL INSURANCE

The Employer shall provide dental insurance to its employees and dependents as provided through Delta Dental Plan of California and shall pay the monthly premium for the dental insurance coverage. As of July 1, 2020, the District shall pay for the Delta plan level of coverage which provides for \$2000.00 maximum per year, increasing from the \$1000.00 maximum per year, for all active employees and dependents.

RETIREE TIER ONE

Upon honorable retirement and the completion of a minimum of ten (10) years of service to the Employer, should the retired employee elect, the Employer shall pay a pro-rated percentage of this dental insurance premium for the retired employee and his/her dependents. Completion of the minimum ten (10) years of service qualifies the retired employee for an Employer contribution of twenty-five percent (25%) of the monthly premium, following honorable retirement. For those employees with the minimum ten (10) years, each year of subsequent continuous service with the Employer will qualify the retired employee for an additional Employer contribution of two and one-half percent (2.5%) of premium, following honorable retirement, to a maximum of one hundred percent (100%) of premium.

The dental insurance enrollment for each retiree will be the same enrollment that his/her enrolled status was as an employee at the time of retirement. The premium contribution by the Employer will be based on the percentage factor as determined by the employee's years of service prior to retirement, as indicated above. The premium contribution by the retiree will be for the balance of the required premium. The coverage provided to retirees shall be the same as the coverage provided the employees. Upon the death of the employee or the retiree the premium contribution by the Employer will cease. Immediately upon the death of the employee or the retiree the survivor may elect to continue dental coverage by paying 100% of the premium plus a pro-rated administrative fee as specified in COBRA continuation of benefits. The survivor may continue the dental plan till such a time as they deem to discontinue the coverage.

RETIREE TIER TWO

For persons retiring on or after January 1, 2021, the District will no longer pay for dental insurance for retirees. As an option, retirees may purchase dental insurance through the employer's plan but must pay 100% of the premium.

XIX. VISION CARE

The Employer shall provide vision care to employees and their dependents. Coverage shall be as outlined in the VSP Vision Plan, provided through Lawson Hawks Insurance Associates. The Employer shall pay the monthly premiums for employees and their dependents. Retirees may elect to join on to Central Fire's group policy, but will be responsible for 100% of the cost and will be billed directly by the current provider.

XX. EMPLOYEE CONTRIBUTION TOWARD RETIREE MEDICAL OBLIGATION UNFUNDED LIABILITY

Effective on the pay period beginning January 1, 2020, all employees shall make contributions to the District's California Employers Retirement Benefit Trust (CERBT). Employee contributions to the Trust are conditional upon the District maintaining its prefunding contributions to the Trust at 100% of the Actuarially Determined Contribution.

The contributions shall be as follows: Effective January 1, 2020, employees shall contribute an amount equivalent to 1.0% of the employees annual base wage; that amount shall be divided by 26 pay periods; that amount shall be paid each pay period. Such contributions are to be made on a pre-tax basis and employees shall have no vested right to the contributions made by the employees. Such contributions shall be in addition to the District's Actuarially Determined Contribution (ADC) amount to the California Employers Retirement Benefit Trust established for the express purpose of meeting the District's Other Post Employment Benefit (OPEB) obligations and shall not be used for any other purpose.

XXI. CLOTHING

The District will provide non-safety and safety attire. Employees will be responsible for maintenance of all non-safety clothing.

The District will report to CalPERS a uniform allowance of \$300.00 per year as special compensation for each Classic CalPERS member. The uniform allowance will be reported in twenty six (26) equal installments of \$11.54.

For PEPRAs employees, a \$300.00 uniform allowance will be paid as compensation. The uniform allowance will be paid in twenty six (26) equal installments of \$11.54. The uniform allowance for PEPRAs members will not be reported to CalPERS.

For all members, this uniform allowance will hold the employee responsible for maintenance of all clothing other than safety clothing. This amount is the average reportable value of non-safety clothing provided to each member of the District.

XXII. PROFESSIONALIZATION

All "related duties" assigned to Firefighters, Captains and Battalion Chiefs are to be tasks directly related to the fire service, as determined by the Fire Chief. "Related Duties" can pertain to stations, facilities, apparatus, and equipment maintenance/improvement.

XXIII. GRIEVANCE PROCEDURES

GRIEVANCE DEFINED/SCOPE

A grievance shall be any dispute concerning the interpretation, application, or compliance with this Agreement or District rule, written policy or regulation as they relate to this Agreement. The aggrieved employee has the right to representation at any level or step of the grievance procedure.

PROCEDURE:

The parties recognize that early settlement of a grievance is essential. Therefore, it is agreed that during the term of this Agreement, grievances of all manner, including disciplinary matters, shall be resolved in the manner set forth herein.

STEP 1: An employee who believes he/she has a grievance shall within ten (10) calendar days of the events giving rise to the grievance or within ten (10) calendar days of the time the grievant became aware or reasonably should have become aware of the facts giving rise to the grievance shall discuss the matter with his/her immediate supervisor (informal procedure).

STEP 2: If a resolution is not possible under STEP 1, within ten (10) calendar days of the occurrence, the aggrieved employee shall present the grievance in writing to his/her immediate supervisor (formal procedure).

- A. The written grievance shall contain information, which identifies:
 - 1. The aggrieved employee.
 - 2. The specific nature of the grievance.
 - 3. The time and place of its occurrence or discovery.
 - 4. The existing rule, written policy, regulation or agreement alleged to have been violated, improperly interpreted, applied or misapplied, if any.
 - 5. The consideration given or steps taken to attempt informal resolution.
 - 6. The corrective action desired.
- B. A decision by the aggrieved employee's supervisor shall be made in writing within (10) calendar days of receipt of the written grievance.

STEP 3: If not satisfied with the decision under STEP 2, the aggrieved employee may, within ten (10) calendar days after receipt of that written decision, refer the matter to the Fire Chief in writing. The Fire Chief will provide the aggrieved employee a decision in writing within ten (10) days of receipt of the written grievance.

STEP 4: If dissatisfied, the aggrieved employee may, within ten (10) calendar days after receipt of the decision under STEP 3, refer the matter to a panel. The panel will consist of four (4) members; two (2) chosen by the Union, and two (2) members chosen by the Fire Chief or his/her designee. The panel will meet, review the facts, and make its recommendation in writing to both parties.

NOTE: With regard to a dispute that arises out of the action of the Fire Chief (as distinguished from a lower level supervisor), the aggrieved employee may
bypass STEP 1 & STEP 2, aforementioned.

A grievance filed by the Union shall start at STEP 3, unless the above "NOTE" applies.

STEP 5: ARBITRATION

If the aggrieved employee is dissatisfied with the recommendation under STEP 4, the aggrieved employee may request arbitration with approval of at least three members of the Union's Executive Board. The arbitration request must be in writing to the Chair of the Board of Directors. This must be completed no later than fourteen (14) calendar days after receiving the recommendation from the panel, listed in STEP 4 of this agreement.

The aggrieved employee and the Fire Chief or designee shall mutually select an arbitrator. If the parties are unable to mutually agree on an arbitrator, they shall contact the State of California Mediation and Conciliation Service to request that a list of seven (7) possible arbitrators be provided. Upon receipt of seven (7) possible arbitrators the parties will meet to select the final arbitrator. The loser of a single coin toss will eliminate the first name of the possible seven (7) arbitrators. The parties shall then alternately strike names from the list of seven (7) arbitrators until such time as there is only one name remaining. The last arbitrator left shall be used. The aggrieved employee and/or his or her representative, along with the Employer, shall present all the facts pertaining to the grievance to the arbitrator.

- A. Decisions by the arbitrator shall be final and binding. The arbitrator's compensation and expenses, costs of the reporter, and transcripts shall be borne equally by the employee (grievances) or Union (disciplinary appeal) and the Employer. Time limits as noted herein may be extended or waived by mutual written agreement of the parties involved.
- B. The arbitrator will not add to, detract from, or modify the language of the Agreement in considering any issue properly before him or her.
- C. The arbitrator will expressly confine themselves to the precise issues raised by the grievance and submitted to them and will have no authority to consider any other issue not so submitted.
- D. Any monetary award in favor of the grievant is limited to lost wages suffered from the date of the grievance forward.

All time limits as noted in any step of the grievance procedure may be extended or waived by mutual written agreement of the parties involved.

NOTE: Compliance with the arbitrator's final decision must occur within thirty (30) calendar days of receipt of the written notice of the decision.

No reprisal shall result to any employee or organization that prepares or presents any grievance under this procedure.

BINDING ARBITRATION

Request for binding arbitration must go before the voters of the Central Fire Protection District.

XXIV. LAYOFF AND REHIRE PROCEDURE

LAYOFF PROCEDURES

In the event that a layoff should become necessary, it will be conducted in the following manner:

1. Firefighters from the rank of probationary Firefighter through and including permanent Battalion Chief shall be laid off on a strict seniority basis, with the last employee hired to be the first laid off.
2. For purposes of this procedure, seniority shall be defined as continuous service time with Employer or any previous fire departments, districts or agencies that become a part of the Central Fire Protection District. Approved leaves, absences and suspensions are considered continuous service in regards to layoff procedures.
3. Volunteer service shall not be considered for seniority. Where military service, as described in the Military and Veterans Code, has interrupted service as described above, such military service shall be described as continuous service time.

Seniority is determined by date of hire as a full-time, paid employee.

REHIRE PROCEDURE

When funds become available for rehiring, the process shall be as follows: The last employee laid off shall be the first to be rehired. Any person being rehired must pass a physical examination equivalent to that required for initial hiring into the District. Any person unable to pass the physical examination shall not be rehired. Cost of the physical examination shall be borne by the Employer. There shall be no time-limit for this rehire procedure.

XXV. CERTIFICATION

EMT CERTIFICATION

All full time employees, with the exception of employees maintaining a paramedic license, shall have a valid EMT certificate and thereafter maintain his or her EMT certificate. EMT certification/re-certification training for employees shall be provided at the expense of the Employer.

PARAMEDIC CONTINUING EDUCATION

When attending training for continuing education requirements on an off-duty day, the paramedic shall be compensated by either pay or CTO at the option of the employee, for hours of attendance.

When the desired training is only available on a day that the paramedic is on duty (assigned shift), the paramedic may request administrative time off in order to attend. If the administrative time off is granted, this time shall be considered "hours worked" for purposes of FLSA.

In either case, on-duty or off duty, the Employer shall pay the cost of tuition, as well as any associated costs, i.e., required textbooks, mileage, and lodging when appropriate.

If the training is at a location outside of the immediate area, reimbursement for costs incurred shall be made to the employee in accordance with Employer's Policies and Procedures Manual and/or SOP for travel, lodging, etc.

One-hour travel time shall be allowed each direction.

Paramedics shall utilize local training opportunities when possible to keep additional costs associated with the class at a minimum. If it is determined that a paramedic through his/her own negligence is unable to attend a required training class that had been offered locally, and as a result must then travel to attend the same training, the Employer may elect to pay only those costs which would have been incurred had the training been attended locally, i.e., meals, lodging, and mileage may not be included.

PARAMEDIC INCENTIVE COMPENSATION

A Firefighter who becomes a paramedic licensed and accredited by the State of California and County of Santa Cruz to perform the duties of a paramedic and performs those duties for the Employer shall be compensated an additional ten percent (10%) above the base salary for STEP 6 Firefighter. Paramedic incentive is reportable special compensation to CalPERS for pension calculation.

PARAMEDIC CAPTAINS/BATTALION CHIEF

Any Captain or Battalion Chief wishing to maintain his/her paramedic license will be compensated 5% of top step firefighter pay per month. Paramedic incentive is reportable special compensation to CalPERS for pension calculation.

Captains wishing to discontinue their paramedic duties must submit a letter of intent via inter-office memorandum to their Battalion Chief following the appropriate chain of command. The letter will then be forwarded to the Fire Chief.

The District will pay Paramedic license renewal fees for all employees who hold a CA State Paramedic license.

XXVI. EDUCATION TIME OFF

All employees are entitled to thirty-six (36) hours of leave per fiscal year for educational purposes not related to required certifications and/or licensing.

1. The thirty-six (36) hours shall only be used to attend classes that are related to the Fire Service, or classes that are required for a college degree that is applicable to the Fire Service.
2. If thirty-six (36) hours, or any increment of thirty-six (36) hours is not used in any given fiscal year, it is forfeited by the employee. At no time shall an employee receive monetary compensation for unused hours.
3. The employee will be able to attend classes, as long as educational time is available, it does not adversely impact staffing level, and funding is available, and the leave is approved by the Fire Chief or his/her designee.

4. Should the employee use all allotted time, thirty-six (36) hours, additional time off shall require approval from the Fire Chief.
5. The thirty-six (36) hours shall be used in no less than four (4) hour increments.

XXVII. COMMENCEMENT OF NEGOTIATIONS

The Employer and the Union shall commence negotiations for a subsequent memorandum of understanding not later than four months before the expiration of this agreement.

XXVIII. EFFECTIVE DATE

After execution by all parties to this Agreement, no changes, amendments or adjustments to this Agreement shall be made by any party to this Agreement, except upon mutual agreement between the contracting parties. Any such mutual agreement shall be evidenced by a writing setting forth the mutual agreement of the parties and incorporating the mutual agreement into this Agreement.

After meeting and conferring in good faith, the preceding terms and conditions of employment will be in effect commencing 1/1/2019, except as noted herein.


This Agreement shall remain in effect through 12/31/2021, or until a new agreement is agreed upon by the parties, subject to the Employer's emergency powers under Government Code Section 3504.5.

XXIX. TERM

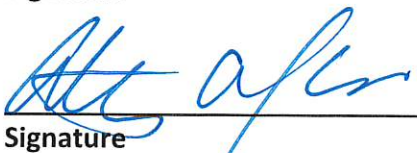
Except as may be otherwise specifically provided herein, this Agreement shall be effective January 1, 2019 through December 31, 2021.

SIGNATURES

FOR THE UNION – LOCAL 3605



Signature



Signature



Signature



Signature



Signature

FOR THE EMPLOYER – CENTRAL FIRE
PROTECTION DISTRICT OF SANTA CRUZ
COUNTY



Signature



Signature



Signature



Signature



Signature

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APPENDIX A
STAFFING SALARY SCHEDULE
July 2019 through December 2019

				1STED	2NDED	3RDED	4THED	Captain/BC	MEDICS	MEDICS	HOLIDAY	HOLIDAY
				PPP	PPP	PPP	PPP	5% FF6 Per Month	10% FF6 Per Month	PPP	PER	PP
BATTALION CHIEF	STEP	Monthly	Bi-Weekly	Hourly						CF2	MONTH	PP
56 HOUR POSITION	1	\$ 11,328.91	\$ 5,228.73	\$ 46.69	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,120.44	\$517.13
	2	\$ 11,895.35	\$ 5,490.16	\$ 49.02	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,176.46	\$542.98
	3	\$ 12,490.12	\$ 5,764.67	\$ 51.47	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,235.29	\$570.13
BATTALION CHIEF												
40 HOUR POSITION	1	\$ 11,328.91	\$ 5,228.73	\$ 65.36	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,568.62	\$723.98
	2	\$ 11,895.35	\$ 5,490.16	\$ 68.63	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,647.05	\$760.18
	3	\$ 12,490.12	\$ 5,764.67	\$ 72.06	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,729.40	\$798.19
CAPT. SPECIALIST												
40 HOUR POSITION	1	\$ 9,174.69	\$ 4,234.47	\$ 52.93	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,270.34	\$586.31
2080	2	\$ 9,633.43	\$ 4,446.20	\$ 55.58	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,333.86	\$615.63
	3	\$ 10,115.10	\$ 4,668.51	\$ 58.36	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,400.55	\$646.41
CAPTAIN												
56 HOUR POSITION	1	\$ 9,174.69	\$ 4,234.47	\$ 37.81	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$907.39	\$418.79
	2	\$ 9,633.43	\$ 4,446.20	\$ 39.70	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$952.76	\$439.73
	3	\$ 10,115.10	\$ 4,668.51	\$ 41.68	\$36.92	\$69.23	\$101.54	\$138.46	N/A	185.72	\$1,000.39	\$461.72
FIREFIGHTER												
56 HOUR POSITION	1	\$ 6,305.80	\$ 2,910.37	\$ 25.99	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$371.44	\$623.65	\$287.84
	2	\$ 6,621.09	\$ 3,055.89	\$ 27.28	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$371.44	\$654.83	\$302.23
	3	\$ 6,952.14	\$ 3,208.68	\$ 28.65	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$371.44	\$687.57	\$317.34
	4	\$ 7,299.75	\$ 3,369.12	\$ 30.08	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$371.44	\$721.95	\$333.21
	5	\$ 7,664.74	\$ 3,537.57	\$ 31.59	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$371.44	\$758.05	\$349.87
	6	\$ 8,047.97	\$ 3,714.45	\$ 33.16	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$371.44	\$795.95	\$367.36
Specialty Pay		PER MONTH	PER PP									
Fire Investigator		\$402.40	185.72									
Haz Mat		\$402.40	185.72								3% COLA for all positions	
Truck Operator		\$402.40	185.72									
Rescue Tech		\$402.40	185.72									
Water Rescue		\$402.40	185.72									

APPENDIX A
STAFFING SALARY SCHEDULE
 January 2020 through June 2020

	STEP	Hourly			1ST ED	2ND ED	3RD ED	4TH ED	Captain/BC	MEDICS	MEDICS	HOLIDAY	HOLIDAY
		Monthly	Bi-Weekly	Hourly	PPP	PPP	PPP	PPP	5% FF6 Per Month	10% FF6 Per Month	PPP	PER MONTH	PER PP
BATTALION CHIEF 56 HOUR POSITION	1	\$11,668.78	\$ 5,385.59	\$ 48.09	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,154.05	\$532.64
	2	\$12,252.21	\$ 5,654.87	\$ 50.49	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,211.76	\$559.27
	3	\$12,864.83	\$ 5,937.61	\$ 53.01	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,272.35	\$587.24
BATTALION CHIEF 40 HOUR POSITION	1	\$11,668.78	\$ 5,385.59	\$ 67.32	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,615.68	\$745.70
	2	\$12,252.21	\$ 5,654.87	\$ 70.69	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,696.46	\$782.98
	3	\$12,864.83	\$ 5,937.61	\$ 74.22	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,781.28	\$822.13
CAPT. SPECIALIST 40 HOUR POSITION	1	\$ 9,449.93	\$ 4,361.51	\$ 54.52	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,308.45	\$603.90
	2	\$ 9,922.43	\$ 4,579.58	\$ 57.24	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,373.87	\$634.10
	3	\$10,418.55	\$ 4,808.56	\$ 60.11	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,442.57	\$665.80
CAPTAIN 56 HOUR POSITION	1	\$ 9,449.93	\$ 4,361.51	\$ 38.94	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$934.61	\$431.36
	2	\$ 9,922.43	\$ 4,579.58	\$ 40.89	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$981.34	\$452.93
	3	\$10,418.55	\$ 4,808.56	\$ 42.93	\$36.92	\$69.23	\$101.54	\$138.46	\$414.47	N/A	191.29	\$1,030.41	\$475.57
FIREFIGHTER 56 HOUR POSITION	1	\$ 6,494.97	\$ 2,997.68	\$ 26.76	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$828.94	\$382.59	\$642.36	\$296.47
	2	\$ 6,819.72	\$ 3,147.56	\$ 28.10	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$828.94	\$382.59	\$674.48	\$311.30
	3	\$ 7,160.71	\$ 3,304.94	\$ 29.51	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$828.94	\$382.59	\$708.20	\$326.86
	4	\$ 7,518.74	\$ 3,470.19	\$ 30.98	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$828.94	\$382.59	\$743.61	\$343.21
	5	\$ 7,894.68	\$ 3,643.70	\$ 32.53	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$828.94	\$382.59	\$780.79	\$360.37
	6	\$ 8,289.41	\$ 3,825.88	\$ 34.16	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$828.94	\$382.59	\$819.83	\$378.38
Specialty Pay		PER MONTH	PER PP										
Fire Investigator		\$414.47	191.29										
Haz Mat		\$414.47	191.29								3% COLA for all positions		
Truck Operator		\$414.47	191.29										
Rescue Tech		\$414.47	191.29										
Water Rescue		\$414.47	191.29										

APPENDIX A
STAFFING SALARY SCHEDULE
 July 2020 through December 2020

BATTALION CHIEF	STEP	Monthly	Bi-Weekly	Hourly	1ST ED PPP	2ND ED PPP	3RDE D PPP	4TH ED PPP	Captain/BC 5% FF6 Per Month	MEDICS 10% FF6 Per Month	MEDICS CF2	HOLIDAY PER MONTH	HOLIDAY PER PP
56 HOUR POSITION	1	\$12,018.84	\$ 5,547.16	\$ 49.53	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,188.68	\$548.62
	2	\$12,619.78	\$ 5,824.51	\$ 52.00	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,248.11	\$576.05
	3	\$13,250.77	\$ 6,115.74	\$ 54.60	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,310.52	\$604.85
BATTALION CHIEF													
	1	\$12,018.84	\$ 5,547.16	\$ 69.34	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,664.15	\$768.07
	2	\$12,619.78	\$ 5,824.51	\$ 72.81	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,747.35	\$806.47
	3	\$13,250.77	\$ 6,115.74	\$ 76.45	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,834.72	\$846.79
CAPT. SPECIALIST													
	1	\$ 9,733.43	\$ 4,492.35	\$ 56.15	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,347.71	\$622.02
	2	\$10,220.10	\$ 4,716.97	\$ 58.96	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,415.09	\$653.12
	3	\$10,731.11	\$ 4,952.82	\$ 61.91	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,485.85	\$685.77
CAPTAIN													
	1	\$ 9,733.43	\$ 4,492.35	\$ 40.11	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$962.65	\$444.30
	2	\$10,220.10	\$ 4,716.97	\$ 42.12	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,010.78	\$466.51
	3	\$10,731.11	\$ 4,952.82	\$ 44.22	\$36.92	\$69.23	\$101.54	\$138.46	\$426.90	N/A	197.03	\$1,061.32	\$489.84
FIREFIGHTER													
	1	\$ 6,689.82	\$ 3,087.61	\$ 27.57	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$853.81	\$394.07	\$661.63	\$305.37
	2	\$ 7,024.31	\$ 3,241.99	\$ 28.95	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$853.81	\$394.07	\$694.71	\$320.64
	3	\$ 7,375.53	\$ 3,404.09	\$ 30.39	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$853.81	\$394.07	\$729.45	\$336.67
56 HOUR POSITION	4	\$ 7,744.30	\$ 3,574.29	\$ 31.91	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$853.81	\$394.07	\$765.92	\$353.50
	5	\$ 8,131.52	\$ 3,753.01	\$ 33.51	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$853.81	\$394.07	\$804.22	\$371.18
	6	\$ 8,538.10	\$ 3,940.66	\$ 35.18	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$853.81	\$394.07	\$844.43	\$389.74
Specialty Pay		PER MONTH	PER PP										
Fire Investigator		\$426.90	197.03										
Haz Mat		\$426.90	197.03										
Truck Operator		\$426.90	197.03										
Rescue Tech		\$426.90	197.03										
Water Rescue		\$426.90	197.03										

APPENDIX A
STAFFING SALARY SCHEDULE
January 2021 through June 2021

BATTALION CHIEF	STEP	Monthly		Bi-Weekly	Hourly	1ST ED PPP	2ND ED PPP	3RD ED PPP	4TH ED PPP	Captain/BC 5% FF6 Per Month	MEDICS 10% FF6 Per Month	MEDICS PPP CF2	HOLIDAY PER MONTH	HOLIDAY PER PP
		Monthly	Bi-Weekly											
56 HOUR POSITION	1	\$12,379.40	\$ 5,713.57	\$ 51.01	\$ 51.01	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,224.34	\$565.08
	2	\$12,998.37	\$ 5,999.25	\$ 53.56	\$ 53.56	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,285.55	\$593.33
	3	\$13,648.29	\$ 6,299.21	\$ 56.24	\$ 56.24	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,349.83	\$623.00
BATTALION CHIEF														
40 HOUR POSITION	1	\$12,379.40	\$ 5,713.57	\$ 71.42	\$ 71.42	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,714.07	\$791.11
	2	\$12,998.37	\$ 5,999.25	\$ 74.99	\$ 74.99	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,799.77	\$830.67
	3	\$13,648.29	\$ 6,299.21	\$ 78.74	\$ 78.74	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,889.76	\$872.20
CAPT. SPECIALIST														
40 HOUR POSITION	1	\$10,025.43	\$ 4,627.12	\$ 57.84	\$ 57.84	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,388.14	\$640.68
	2	\$10,526.70	\$ 4,858.48	\$ 60.73	\$ 60.73	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,457.54	\$672.71
	3	\$11,053.04	\$ 5,101.40	\$ 63.77	\$ 63.77	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,530.42	\$706.35
CAPTAIN														
56 HOUR POSITION	1	\$10,025.43	\$ 4,627.12	\$ 41.31	\$ 41.31	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$991.53	\$457.63
	2	\$10,526.70	\$ 4,858.48	\$ 43.38	\$ 43.38	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,041.10	\$480.51
	3	\$11,053.04	\$ 5,101.40	\$ 45.55	\$ 45.55	\$36.92	\$69.23	\$101.54	\$138.46	\$439.71	N/A	202.94	\$1,093.16	\$504.53
FIREFIGHTER														
56 HOUR POSITION	1	\$ 6,890.52	\$ 3,180.24	\$ 28.39	\$ 28.39	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$879.42	\$405.89	\$681.48	\$314.53
	2	\$ 7,235.04	\$ 3,339.25	\$ 29.81	\$ 29.81	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$879.42	\$405.89	\$715.55	\$330.26
	3	\$ 7,596.79	\$ 3,506.21	\$ 31.31	\$ 31.31	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$879.42	\$405.89	\$751.33	\$346.77
	4	\$ 7,976.63	\$ 3,681.52	\$ 32.87	\$ 32.87	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$879.42	\$405.89	\$788.90	\$364.11
	5	\$ 8,375.47	\$ 3,865.60	\$ 34.51	\$ 34.51	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$879.42	\$405.89	\$828.34	\$382.31
	6	\$ 8,794.24	\$ 4,058.88	\$ 36.24	\$ 36.24	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$879.42	\$405.89	\$869.76	\$401.43
Specialty Pay														
		PER MONTH PER PP												
Fire Investigator		\$439.71												
Haz Mat		\$439.71												
Truck Operator		\$439.71												
Rescue Tech		\$439.71												
Water Rescue		\$439.71												

APPENDIX A
STAFFING SALARY SCHEDULE
July 2021 through December 2021

	STEP	Monthly	Bi-Weekly	Hourly	1STED	2NDED	3RDED	4THED	Captain/BC	MEDICS	MEDICS	HOLIDAY	HOLIDAY
					PPP	PPP	PPP	PPP	5% FF6	10% FF6	PPP	PER	PER
BATTALION CHIEF													
56 HOUR POSITION	1	\$12,750.79	\$ 5,884.98	\$ 52.54	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,261.07	\$582.03
	2	\$13,388.33	\$ 6,179.23	\$ 55.17	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,324.12	\$611.13
	3	\$14,057.74	\$ 6,488.19	\$ 57.93	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,390.33	\$641.69
BATTALION CHIEF													
40 HOUR POSITION	1	\$12,750.79	\$ 5,884.98	\$ 73.56	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,765.49	\$814.84
	2	\$13,388.33	\$ 6,179.23	\$ 77.24	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,853.77	\$855.59
	3	\$14,057.74	\$ 6,488.19	\$ 81.10	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,946.46	\$898.36
CAPT. SPECIALIST													
40 HOUR POSITION	1	\$10,326.20	\$ 4,765.94	\$ 59.57	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,429.78	\$659.90
2080	2	\$10,842.51	\$ 5,004.23	\$ 62.55	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,501.27	\$692.89
	3	\$11,384.63	\$ 5,254.44	\$ 65.68	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,576.33	\$727.54
CAPTAIN													
56 HOUR POSITION	1	\$10,326.20	\$ 4,765.94	\$ 42.55	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,021.27	\$471.36
	2	\$10,842.51	\$ 5,004.23	\$ 44.68	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,072.34	\$494.92
	3	\$11,384.63	\$ 5,254.44	\$ 46.91	\$36.92	\$69.23	\$101.54	\$138.46	\$452.90	N/A	209.03	\$1,125.95	\$519.67
FIREFIGHTER													
56 HOUR POSITION	1	\$ 7,097.23	\$ 3,275.65	\$ 29.25	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$905.81	\$418.06	\$701.92	\$323.96
	2	\$ 7,452.09	\$ 3,439.43	\$ 30.71	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$905.81	\$418.06	\$737.02	\$340.16
	3	\$ 7,824.70	\$ 3,611.40	\$ 32.24	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$905.81	\$418.06	\$773.87	\$357.17
	4	\$ 8,215.93	\$ 3,791.97	\$ 33.86	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$905.81	\$418.06	\$812.56	\$375.03
	5	\$ 8,626.73	\$ 3,981.57	\$ 35.55	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$905.81	\$418.06	\$853.19	\$393.78
	6	\$ 9,058.07	\$ 4,180.65	\$ 37.33	\$36.92	\$69.23	\$101.54	\$138.46	N/A	\$905.81	\$418.06	\$895.85	\$413.47
Specialty Pay													
		PER MONTH	PER PP										
Fire Investigator		\$452.90	209.03										
Haz Mat		\$452.90	209.03										
Truck Operator		\$452.90	209.03										
Rescue Tech		\$452.90	209.03										
Water Rescue		\$452.90	209.03										



Central Fire Protection District

930 17th Avenue, Santa Cruz, CA 95062

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**SIDE LETTER AGREEMENT TO AMEND
Central Fire Protection District IAFF Local 3605**

Subject: Reopen the IAFF Local 3605 Memorandum of Understanding with respect to out of class compensation when assigned to work in the capacity of Acting Division Chief. This document to be publicly published on the District website.

Effective March 1, 2020, when the Fire Chief or Board of Directors temporarily appoints a member to act in the capacity of Division Chief, the following shall apply.

Out of Class Compensation

Employees required to work out of class (upward) to Acting Division Chief, shall be compensated at a rate that is equal to 14% above the salary of a step 3 Battalion Chief.

Employees who work in a higher class in an acting position or temporary upgrade assignment shall have their premium pay for regularly scheduled hours reported to CalPERS for pension calculation pursuant to the California Code of regulations, title 2, Section 571 as Temporary Upgrade Pay, as applicable.

Employees working out of class in the position of Acting Division Chief shall be on a 40 hour per week schedule. Employees shall be compensated at 1.5 times their regular rate of pay as defined in the current Memorandum of understanding between the District and IAFF Local 3605 for any hours worked in excess of their normally scheduled hours.

Employees who work out of class shall continue to receive all other compensation of their normally held position including but not limited to Education Pay, Holiday Pay, and Specialty Pay. In addition, employees will continue to accrue paid leave at the same rate as their normally held position.

If an employee working out of class chooses to cash out any paid leave, he/she will be compensated at the salary rate of their previously held position.

IAFF Local 3605

Date

Barry Franchi, Board Chair

Date



Central Fire Protection District

930 17th Avenue, Santa Cruz, CA 95062

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SIDE LETTER AGREEMENT AMENDING MOU

Between

Santa Cruz Central Fire Protection District

And

IAFF Local 3605

Subject: Reopen and amend the IAFF Local 3605 Memorandum of Understanding with respect to out of class compensation when bargaining unit employee is assigned to work in the capacity of Acting Fire Chief. This amendment is to be publicly published by listing on the District's website.

Effective July 1, 2020, when the Fire Chief or Board of Directors temporarily appoints a member to act in the capacity of the Fire Chief, the following shall apply.

Out of Class Compensation

Employees required to work out of class (upward) to Acting Fire Chief, shall be compensated at the rate of pay of \$93.75 per hour.

Employees who work in a higher class in an acting position or temporary upgrade assignment shall have their premium pay for regularly scheduled hours reported to CalPERS for pension calculation pursuant to the California Code of regulations, title 2, Section 571 as Temporary Upgrade Pay, as applicable.

Employees who work overtime in the out of class Acting Fire Chief position shall be compensated at a rate of 1 and ½ times the hourly Fire Chief rate of \$93.75.

Employees who work out of class shall continue to receive all other compensation of their normally held position including but not limited to Education Pay, Holiday Pay, and Specialty Pay. In addition, employees will continue to accrue paid leave at the same rate as their normally held position.

If an employee working out of class chooses to cash out any paid leave, he/she will be compensated at the salary rate of their previously held position.

IAFF Local 3605

7/21/20

Date

Barry Franchi, Board Chair

7/24/20

Date

**Memorandum
Of Understanding**

**Central Fire Protection District of Santa Cruz County
&
The Administrative Group**

**January 1, 2020
Through
December 31, 2022**

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MEMORANDUM OF UNDERSTANDING

I. PREAMBLE

This Memorandum of Understanding (hereinafter referred to as this Agreement or MOU) is entered into by and between the Central Fire Protection District of Santa Cruz County (hereinafter referred to as the Employer or District) and the administrative staff of the Central Fire Protection District of Santa Cruz County (hereinafter referred to as the Administrative Group) pursuant to the Meyers-Millias-Brown Act (California Government Code Section 3500 et seq.).

II. RECOGNITION

The Administrative Group is hereby acknowledged by the Employer as the recognized employee organization for the purpose of meeting and conferring on matters within the scope of representation for individuals employed by the District in the administrative bargaining unit, which consists of the following classifications: Fire Inspector, Fire Prevention Coordinator, Senior Fire Apparatus Technician, Fire Apparatus Technician, Personnel/Payroll Specialist, Accounting Specialist, Administrative Assistants I, II, III and Receptionist.

III. MANAGEMENT RIGHTS

The Administrative Group acknowledges that the Employer's responsibilities and rights, management responsibilities and rights, and all applicable state laws are neither abrogated nor made subject to the meet and confer process by approval of the terms of this Agreement. The parties acknowledge that it is the Employer's exclusive right to generally govern the work of the Employer and conduct of its employees. The Employer has exclusive and inherent management rights with respect to matters of policy, which include, among others: the exclusive right to determine the mission of the Employer; to set standards of service; to determine the procedures and standards of selection for employment and promotion of employees; to direct its employees, including scheduling and assigning work, work hours and overtime; to take disciplinary action, subject to the requirements of applicable law; to establish employee performance standards and to require compliance therewith; to establish work schedules; to determine the content of job classifications; to hire or promote employees; to lay off or relieve employees for lack of work, funds or other legitimate reasons; to expand or diminish services; to determine the methods, means, and number and kinds of personnel by which Employer operations are to be conducted; to take all necessary actions to carry out its mission in emergencies; to contract out in its sole discretion; to exercise complete control and discretion over its organization and the

technology of performing its work; and to establish, implement, publish and modify Employer rules, regulations, general orders and directives consistent with the law and the specific provisions of this Agreement. The Employer's exercise of the above- listed rights shall be in accordance with law and the specific provisions of this Agreement, including the provisions regarding Advance Notice when applicable.

IV. MAINTENANCE OF BENEFITS

All rights, terms, and conditions in writing, subject to the meet and confer process, not specifically covered in this Agreement shall remain in effect until change is effected through the meet and confer process and may then be a part of this Agreement insofar as these changes should be included in this Agreement.

The Employer and the Administrative Group or its properly designated representatives, shall meet and confer in good faith regarding wages, hours, and terms and conditions of employment. Both parties shall consider fully such presentations as are made by the Administrative Group or the District on behalf of its members prior to arriving at a determination of policy or course of action.

V. DISCRIMINATION

There shall be no discrimination because of race, creed, color, national origin, sex, sexual orientation, disability, religion, or legitimate union activities against any employee or applicant for employment by the Administrative Group or by the District or by anyone employed by the District; and to the extent prohibited by applicable State and Federal law, there shall be no discrimination against any disabled persons solely because of such disability unless that disability prevents the persons from performing the essential job duties of the position. Complaints alleging discrimination based on legitimate Administrative Group activities, shall be processed as grievances under this Agreement. All other complaints of discrimination shall be processed in accordance with the District's policy prohibiting discrimination, harassment and retaliation.

VI. COMPENSATION

A. Salary

The District will pay the salary rates reflected in the Salary Schedule set forth in Appendix A. During the term of this agreement, wages for all represented classifications will receive a cost of living adjustment (COLA) as follows:

- Pay period including January 1, 2020 – 5%
- Pay period including January 1, 2021 – 5%
- Pay period including January 1, 2022 – 5%

The District will perform an updated salary survey using the comparator agencies listed in the 2018 Koff Total Compensation Study Final Report using either a qualified outside third party or District staff. This updated salary survey will use the most current salary and total compensation numbers available for each comparator agency. This updated salary survey will be completed and provided to the Administrative Bargaining Group by May 31st, 2022.

B. Education Incentive Plan

Employees may pursue the Employer Education Incentive Plan set forth.

To participate in the Education Incentive Plan, the employee possess either a Certificate of Proficiency in a field of study related to job services performed, an Associate Degree, Bachelor's Degree or Master's Degree Issued by an accredited college or university which meets with approval from the Employer.

- Certificate of Proficiency: shall receive \$80.00 a month as incentive pay.
- Associate's Degree: shall receive \$150.00 a month as incentive pay.
- Bachelor's Degree: shall receive \$220.00 a month as incentive pay.
- Master's Degree: shall receive \$300.00 a month as incentive pay.

C. Step Increases

All step increases in salary are merit steps and shall be executed annually according to the salary schedule with approval of the Fire Chief. All newly hired employees shall start at step 1 of the merit salary schedule associated with their position, or at the discretion of the Fire Chief. Changes to employee compensation or salary will be effective the first day of the payroll period following the date of final approval as granted by the District's Board and/or the Fire Chief. Exceptions to this provision require the written approval of the Fire Chief.

D. Longevity

Upon completion of ten (10) years of service an employee shall receive a 2% pay increase. Longevity is calculated from date of hire.

E. Working out of Class Compensation

Working out of class pay will be implemented when an employee is designated to perform or becomes responsible for performing responsibilities of a higher classification. All working out of class pay will be at the salary step of the higher classification (with a minimum of a 5% increase).

VII. HOURS OF WORK

Employees shall be assigned work hours by the Fire Chief as follows:

Administrative Staff will be held to the standard set forth by the Personnel Policy Guidelines Manual. Employees who work a forty (40) hour work week may be permitted to work an alternative schedule (e.g., a 9/80 schedule) subject to the approval of the Fire Chief. Employees working less than 40 hours shall be assigned work schedules by their supervisors, and approved by the Fire Chief.

VIII. OVERTIME

A. FLSA Work Week or Work Period

For those employees who are not engaged in "fire protection services", the work week begins on at 12:00 a.m. on Saturday and ends at 11:59 p.m. on Friday, except that the work for employees on an alternative work schedule (e.g., a 9/80 schedule) shall be as designated for that schedule.

B. Overtime

Employees shall be compensated at the rate of one and one half times their regular rate of pay for all hours worked in excess of:

1. Any time over the regularly scheduled hours worked in a single day.
2. For employees working less than 40 hours, any hours worked in excess of 40 hours in a week.

Overtime compensation shall be accumulated in one-quarter (1/4) hour increments.

C. Compensatory Time Off

Administrative Group employees are eligible to receive earned overtime in the form of compensatory time off with the approval of their Supervisor. The maximum allowable

hours that may be contained in an employee's compensatory time off (CTO) bank is 40 hours. Any overtime hours worked that would increase the employee's CTO bank beyond the 40 hour maximum will be paid out at the employee's overtime rate of pay.

1. Effective the first full pay period in January 2020, any employee with a pre-existing CTO bank amount in excess of 40 hours will be subject to the following conditions (these conditions do not apply to those employees with a pre-existing CTO bank of less than 40 hours):
 - Effective the first full pay period in January 2020, any member with more than 40 hours of CTO in their CTO bank will be unable to accrue more CTO hours until their CTO bank is reduced below 40 hours.
 - Effective the first full pay period of January 2020, any member with more than 60 hours of CTO in their CTO bank will be paid out for the hours in excess of 60 hours at the employee's regular rate of pay.
 - Effective the first full pay period of January 2021, any member with more than 40 hours of CTO in their CTO bank will be paid out for the hours in excess of 40 hours at the employee's regular rate of pay.
2. Prior to receiving a step increase in accordance with the salary steps for their position as laid out in the Salary Schedule in Appendix A, an employee will be paid out for half (1/2) of the total hours in their CTO bank at their regular rate of pay.

IX. ON-CALL & CALLBACK PAY

A. On-Call Pay

At times, the Fire Chief or his designee may assign employees included in this MOU to on-call status during hours outside of the employee's normally scheduled work hours.

Compensation for on-call status shall be paid at a rate of \$15.00 per hour. Partial hours shall be rounded up to the nearest ½ hour increment. Hours compensated for on-call status shall be considered hours worked for the purposes of overtime calculation.

Employees shall not be restricted in conducting personal business/affairs while on-call as long as they can be available for a reasonable response window and may also be available by cell phone or radio communications.

Employees shall not be required to be in District uniform while on-call but a reasonable expectation of professionalism is expected and upon activation, proper

uniform or dress code standards and safety equipment standards will be followed per District SOP's and Policies as time constraints allow.

On-call compensation is not reportable for CalPERS pension calculation.

B. Callback by Phone or Computer

If the employee is able to respond by phone or computer and is not required to report to the worksite, then:

1. All callback hours shall be paid at the employee's overtime rate of pay.
2. For the first response of the day, a minimum of 30 minutes (0.5 hours) of overtime will be paid for actual overtime worked of less than 30 minutes. Thereafter, partial hours will be rounded up to the nearest half-hour increment.
3. An additional minimum will not be paid if an employee is required to respond to additional calls and the time and duration of the response is within the previous minimum.

C. Callback to Worksite

1. All callback hours shall be paid at the employee's overtime rate of pay.
2. A minimum of 2 hours of overtime compensation shall be paid for periods of less than 2 hours. Thereafter, partial hours will be rounded up to the nearest half-hour increment.
3. Hours worked shall include reasonable travel time to work. Return travel time shall not be included within the time worked.
4. If an employee, who was called back to work and has completed his/her assignment and left work, is again called back to work during the same day, he/she will not receive another minimum if the time of return is within the previous callback minimum.
5. Employees required to respond to the worksite will be provided mileage compensation, at the federal rate, for use of their personal vehicles.

X. RETIREMENT BENEFITS

The Employer contracts with the California Public Employees' Retirement System (CalPERS) for the purpose of providing pension benefits. Benefits provided under the Employers' CalPERS contract shall include the following elements:

The Employer will provide "Classic Miscellaneous Members," as that term is defined by the PERL with pension benefits in accordance with the CalPERS 2.5% at age 55 benefit

formula. The Employer will provide "New Miscellaneous Members" as that term is defined in the PERL with pension benefits in accordance with the CalPERS 2.0% at age 62 benefit formula. Employees in the following classifications are considered Miscellaneous Members in accordance with Government Code Section 21354.4: Fire Inspector, Fire Prevention Coordinator, Senior Fire Apparatus Technician, Fire Apparatus Technician, Personnel/Payroll Specialist, Accounting Specialist, Administrative Assistant I, II, III and Receptionist.

- A. Classic employees hired prior to January 1, 2011; The Employer is a participant in the California Public Employees Retirement System, Miscellaneous, 2.5% of final year compensation at age 55 plan. (Gov. Code Section 20042)

Classic employees hired on or after January 1, 2011; The Employer is a participant in the California Public Employees Retirement System, Miscellaneous, 2.5% average of final three years compensation at age 55 plan. (Gov. Code Section 21354.4 & 20037)

New employees hired on or after January 1, 2013; The Employer is a participant in the California Public Employees Retirement System, Miscellaneous, 2.0% average of the final three years compensation at age 62 plan.

- B. Bargaining unit members shall pay the full cost of any employee contribution associated with participation in a CalPERS provided pension program. Classic employees participating as Miscellaneous Members shall be the full 8% employee contribution required for participation in a 2.5% at 55 benefit plan. New employees participating as Miscellaneous Members shall pay one-half (50%) of the normal cost of the 2.0% at age 62 plan as periodically determined by CalPERS.
- C. The Employer shall provide tax deferral of the employees' contributions to CalPERS to the extent provided in the Internal Revenue Code.
- D. Employees working 1,000 hours or less per fiscal year do not receive retirement benefits. However, if he or she had become eligible for CalPERS retirement prior to becoming an employee, that employee shall continue to contribute to CalPERS retirement.
- E. In the event the Employer's excess assets in CalPERS are depleted and there is a cost to the Employer to participate in the 2.5% at age 55 program, the parties to this Agreement will negotiate an employee's contribution to CalPERS as it relates to 2.5% at 55.

The following additional provisions of the California Government Code apply to all members of the Administrative Group:

- California Government Code Section 20042 (one-year final compensation)
- Public Employees' Pension Reform Act of 2013 (2% at age 62 – effective 1/1/13 for new members)
- California Government Code Section 20037 (3 Year Average – effective 1/1/11 new members)
- Public Employees' Pension Reform Act of 2013 (3 Year Average – effective 1/1/13 new members)
- California Government Code Section 21574.5 (1959 Survivors allowance – Indexed level)
- California Government Code Section 20965 (credit for unused sick leave)
- California Government Code Section 21329 (Cost of living adjustment at 2%)
- California Government Code Section 21337.1 (Purchasing Power Protection allowance)

XI. CLOTHING ALLOWANCE

Those employees required to wear a District uniform shall be provided all required and necessary elements, replacement and maintenance as needed, as determined by the District.

For those employees required to wear a district uniform, the District will report to CalPERS a uniform allowance of \$300.00 per year as special compensation for each Classic CalPERS member. The uniform allowance will be paid in twenty-six (26) equal installments of \$11.54. For PEPRA employees, a \$300.00 uniform allowance will be paid as compensation. The uniform allowance will be paid in twenty-six (26) equal installments of \$11.54. The uniform allowance for PEPRA members will not be reported to CalPERS.

XII. HOLIDAYS

Definitions:

- Full-Time employees work forty (40) hour work-week.
- Less than Full-Time employees work twenty (20) to thirty-nine (39) hours per week.
- Part-Time employees work less-than twenty (20) hours per week.

Employees shall receive twelve (12) paid holidays; less-than Full-Time, and Part-Time employees will receive pro-rated hours according to their authorized work schedule.

Holidays are designated as follows:

- New Year's Day
- Martin Luther King Jr
- Presidents Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving Day
- Friday after Thanksgiving Day
- Christmas Eve
- Christmas Day
- New Year's Eve

NOTE: Holidays falling on a Saturday will be observed the preceding Friday and holidays falling on a Sunday will be observed on the following Monday. Employees working flex work schedule, shall observe that holiday on his/her next scheduled work day if the holiday falls on their scheduled day off.

Other Administrative Benefits:

Employees shall receive six (6) administrative days; less-than Full-Time employees will receive pro-rated hours according to their authorized work schedule. Part-Time employees will not receive administrative days off. Administrative days may be taken off anytime during the calendar year with the approval of the employee's supervisor. All administrative days must be used during the calendar year with no carry-over. An administrative day is equivalent to one work day. New hires will receive pro-rated administrative days during their probationary year.

Employees hired on or after January 1, 2018 shall receive three (3) administrative days; less-than Full-Time employees will receive pro-rated hours according to their authorized work schedule.

XIII. SICK LEAVE

Employees will accrue sick leave at the rate of 8 hours for each full month of continuous service. Employees working less-than Full-Time and Part-Time will accrue pro-rated

sick leave hours based on authorized hours worked, up to a maximum of 8 hours per each full month.

Sick leave is for personal illness, or physical incapacity, the illness of a member of the immediate family or the death of a member of the immediate family. Sick leave shall not be construed to be a privilege, which an employee may use at his/her discretion, but shall be allowed only in cases of necessity as herein set forth.

To receive compensation while absent on sick leave, the employee shall notify his/her immediate supervisor in the manner provided in the Employer's Policy and Procedures Manual. Where an employee is absent due to illness for more than four (4) consecutive scheduled work days, the employee may be required to provide a written note from a Medical Doctor to his/her immediate supervisor upon return to duty.

A. Sick Leave Payout Upon Separation

Employees may accumulate an unlimited amount of sick leave hours. Upon service retirement, resignation of employment or retirement due to disability, an employee is eligible to either:

1. Convert the entire balance of his/her accumulated sick leave to service credit under California Government Code Section 20965; or
2. Receive cash payment for the total of his/her accumulated sick leave, up to a maximum payout of 520 hours, and convert the remaining sick leave balance, to service credit under California Government Code Section 20965. The cash payment shall be at the rate of pay upon retirement, including any approved educational incentive pay.

B. Annual Sick Leave Payout

Employees with accumulated sick leave balances in excess of 2080 hours at the end of each calendar year may elect to either:

1. Increase their sick leave balance by the full amount of the calendar year net accrual, in excess of the above, for future use as sick leave and/or service credit in accordance with the provisions of the Public Employees Retirement Law (California Government Code Section 20965) or
2. Receive cash payment for twenty-five percent (25%) of that calendar year's net accrual.

The payout amount will be based on the rate of pay that is in effect during the last full pay period of that calendar year, including any approved educational incentive pay, with the balance being used to increase their sick leave balance for future use as sick leave and/or service credit in accordance with the provisions of the Public Employees Retirement Law (California Government Code Section 20965)

Such election must be made no later than the end of the first full pay period of the new calendar year.

XIV. BEREAVEMENT

Employees shall be granted bereavement leave with pay in the case of the death of the following family members:

- The parents of the employee,
- The employee's spouse or domestic partner,
- The parents of the employee's spouse or domestic partner,
- The step-parents of the employee and/or employee's spouse or domestic partner,
- The grandparents of the employee,
- The siblings of the employee,
- The children, step-children, and/or adopted children of the employee and/or the employee's spouse or domestic partner.

Such leave shall be limited to forty (40) hours per death.

XV. VACATION LEAVE

Employees shall accrue vacation hours. The rate at which an employee accrues vacation hours and the maximum number of hours that can be accrued is determined by an employee's length of service and employment classification. Employees working less than Full-Time and Part-Time will accrue pro-rated vacation hours based on authorized hours worked.

ADMINISTRATIVE PERSONNEL - 40 HOUR				
YEARS OF SERVICE	HOURS ACCRUED PER PAY PERIOD	MAXIMUM NUMBER OF DAYS PER YEAR	MAXIMUM NUMBER OF HOURS PER YEAR	MAXIMUM NUMBER OF HOURS THAT CAN BE ACCRUED
1-5	4.62	15	120	(180)
6-11	6.46	21	168	(252)
12-17	7.69	25	200	(300)
18+	9.23	30	240	(360)

Employees may be granted vacation on an hour-for-hour basis in no less than half hour increments.

Employees may not use more vacation than they have earned.

On or before December 15th, if employees elect to receive compensation for unused vacation, the request will be made in writing to the Personnel/Payroll Specialist. The request for pay will designate the number of hours, not to exceed half (1/2) of the employees "maximum number of hours per year," for which they are requesting compensation. The hours shall be paid at the regular rate of pay. Payment for unused vacation shall be processed no later than the first full pay period in January of each year, and shall be paid at the rate of the last calendar year's accrual.

A newly hired employee may not take vacation leave until completion of at least six (6) months of service; and thereafter, vacation is subject to approval of the Fire Chief, until completion of the initial probationary period.

XVI. LIFE INSURANCE & SALARY CONTINUANCE INSURANCE

A. Current Employees

The Employer shall pay all premiums on behalf of Full Time and less than Full-Time employees for the Life Insurance. The current Life Insurance Plan provides the following life insurance and accidental death and dismemberment benefit for employees:

Full Time and less than Full-Time employees receive \$100,000.

For Full Time and less than Full-Time employees, a death benefit of \$10,000 for spouse and \$5,000 per child is provided. The CAPFF Long Term Disability Plan provides, after a sixty (60) day waiting period, a monthly disability benefit equal to three-fourths (3/4) of the employee's salary, to a maximum of Plan B benefit levels.

B. Retirees

For retirees, employee only, under the age of 65 will receive \$100,000 life benefit, at age 65 the life benefit will be reduced by 35%, at age 70 the life benefit reduction will be 50% of the original benefit of \$100,000.

Upon retirement and the completion of a minimum of ten (10) years of service to the Employer, the Employer shall pay 25% of the basic monthly premium for life insurance. For each additional year after the initial 10 years of service to the

Employer prior to retirement, the Employer shall pay an additional 2.5% of the premium, to a maximum of 100% of the premium. (See Appendix B) The balance of the premium is the requirement of the retiree. Failure on the part of the retiree to pay the balance of the premium will result in removal of that retiree from the life insurance plan with no reinstatement.

Employees hired on or after January 1, 2018, will not receive retiree, life insurance benefits, but applicable to receive the District's rates.

XVII. MEDICAL INSURANCE

A. Current Employees

The Employer shall provide medical health insurance to its Full-Time and less than Full-Time employees and dependents, including retired employees and dependents, through CalPERS Health Benefits Program and shall contribute to the monthly premium for the health insurance plan as follows:

For the 2020 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

- Employee only- \$915
- Employee plus one dependent- \$1829
- Employee plus two or more dependents- \$2378

For the 2021 medical insurance plan year, the District's contribution to the monthly premium will be increased by 5% over the previous year's contribution. The District's contribution to the monthly premium will be as follows:

- Employee only- \$961
- Employee plus one dependent- \$1921
- Employee plus two or more dependents- \$2497

For the 2022 medical insurance plan year, the District's contribution to the monthly premium will be increased by 5% over the previous year's contribution. The District's contribution to the monthly premium will be as follows:

- Employee only- \$1009
- Employee plus one dependent- \$2017
- Employee plus two or more dependents- \$2622

The District will provide education and information to each employee regarding the health insurance options provided to them. Employees may choose any health plan offered by CalPERS.

Employees working less than 1,000 hours per fiscal year may enroll and self-pay all costs at the group rate for health, dental or vision benefits. The employee cost shall include prepayment for benefit coverage and any administrative expense associated with managing the employees' enrollment in said benefits. There shall be no employer cost associated with participation in group coverage.

B. Retirees

All Tiers are subject to the following conditions:

- The retiree must retire at or after the established minimum age for CalPERS retirement; or retire on an Industrial Disability Retirement with stipulated coverage for health care
- The retirees' retirement effective date must be less than 120 days after separation from employment
- Once retired, the retiree's Health Benefits Officer or Personnel Officer will be CalPERS (all changes to your health enrollment are managed by CalPERS)

1. Tier 1:

Employees hired on or before June 30, 2014 shall be entitled to the same medical coverage and premium payments that Full-Time and less than Full-Time District employees are entitled to receive subject to the following conditions:

- The retiree must have served a minimum of five years as a full time employee or equivalent time served in the CalPERS system to qualify.
- A retired employee's level of coverage at the time of retirement cannot be increased after retirement. If the retiree reduces their number of dependents after retirement and this reduction causes the employee to drop down a level of coverage (i.e. dropping from "employee plus two or more dependents" to the "employee plus one dependent") the retiree cannot move back up to the original level of coverage at a later date. For those employees that retire out with "employee plus two or more dependents" level of coverage, this restriction on adding to the number of dependents does not come into play until they have dropped enough dependents to move down to the "employee plus one dependent" level or lower.

2. Tier 2:

Employees hired on or after July 1, 2014 shall receive retiree-only medical benefit subject to the following conditions:

- The retiree must have served a minimum of ten years as a full time employee or equivalent time served in the CalPERS system to qualify for 50% of the full-time employee benefit and will gain an additional 5% for each following year until they will have 100% of the benefit of employees after twenty years as a full time employee or equivalent time served.

3. Tier 3:

Employees hired on or after January 1, 2018 shall receive retiree-only medical benefit upon the completion of twenty years of service to the District. The District's contribution shall be 85% of the employee only rate.

The District shall continue to pay the above premium until the District and the Administrative Group agree otherwise.

XVIII. DENTAL INSURANCE

The Employer shall provide dental insurance to its employees and dependents as provided through Delta Dental Plan of California and shall pay the monthly premium for the dental insurance coverage. As of January 1, 2020, the District shall pay for the Delta plan level of coverage which provides for \$2000.00 maximum per year.

Upon retirement and the completion of a minimum of ten (10) years of service to the Employer, the Employer will pay 25% of the monthly dental premium for the retiree and his/her dependents (until age 23 if in school Full-Time which requires a minimum of 12 units per semester or quarter, or until age 19 if not in school.) For each additional year after the initial 10 years of service to the Employer, the Employer will pay an additional 2.5% of the premium, to a maximum of 100% of the premium. The balance of the premium is the requirement of the retiree. Failure on the part of the retiree to pay the balance of the premium will result in removal of that retiree from the dental insurance plan with no reinstatement.

Employees hired on or after January 1, 2018, shall not receive retiree, dental benefits, but will be applicable to receive the District's rates.

XIX. VISION CARE

The Employer shall provide vision care to its Full-Time and less than Full-Time employees and their dependents. Coverage shall be as outlined in the VSP Vision Plan, provided through the current provider. The Employer shall pay the monthly premiums for Full-Time and less than Full-Time employees and their dependents.

As an option, retirees may purchase vision insurance through Employer's vision plan, but must pay 100% of the premium. The Employer will not invoice retirees for the vision coverage. Invoicing is through the current third party administrator.

XX. EDUCATION TIME OFF

Full-time and Less-than Full-Time employees are entitled to thirty-six (36) hours' leave per fiscal year for educational purposes not related to required certifications and/or licensing.

- A. The thirty-six (36) hours shall be used to attend classes related to the Fire Service, or classes that are required for a college degree and/or applicable to employee's positions.
- B. If thirty-six (36) hours, or any increment of the thirty-six (36) hours is not used in any given fiscal year; it is forfeited by the employee. An employee shall not receive monetary compensation for unused hours.
- C. The employee will be able to attend classes as long as educational time is available, it does not adversely impact staffing levels, and funding is available, and the leave is approved by your supervisor.
- D. Should the employee use all allotted time (36 hours), additional time off, shall require the approval of the Fire Chief or designee.

Employees hired on or after January 1, 2018 will not receive Education Time Off.

XXI. GRIEVANCE PROCEDURES

Grievance Definition and Scope:

A grievance shall be any dispute concerning the interpretation, application, or compliance with this Agreement or District rule, written policy or regulation as they relate to this Agreement. The aggrieved employee has the right to representation at any level or step of the grievance procedure.

PROCEDURE:

The parties recognize that early settlement of a grievance is essential to sound employee/employer relations and to the continuation of excellent service to the community. Therefore, it is agreed that during the term of this Agreement, grievances shall be resolved in the manner set forth herein.

NOTE: With regard to a dispute, which arises out of the action of the Fire Chief (as distinguished from a lower level supervisor), the aggrieved employee may bypass STEP 1 & STEP 2. A grievance filed by the Administrative Group shall start at STEP 3, unless the above "NOTE" applies.

- A. STEP 1: An employee who believes he/she has a grievance shall within ten (10) calendar days of the date of occurrence or discovery discuss the matter with their immediate supervisor (informal procedure).
- B. STEP 2: If a resolution is not possible under STEP 1, within ten (10) calendar days of the occurrence, the aggrieved employee shall present the grievance in writing to his/her immediate supervisor. The written grievance shall contain information, which identifies:
 - 1. The aggrieved employee.
 - 2. The specific nature of the grievance.
 - 3. The time and place of its occurrence or discovery.
 - 4. The provision of this Agreement alleged to have been violated, improperly interpreted, applied or misapplied, if any.
 - 5. The consideration given or steps taken to attempt informal resolution.
 - 6. The corrective action desired.

A decision by the aggrieved employee's supervisor shall be made in writing within (10) calendar days of receipt of the written grievance and delivered to the aggrieved employee.

- C. STEP 3: If not satisfied with the decision under STEP 2, the aggrieved employee, may within ten (10) calendar days after receipt of that written decision, refer the matter to the Fire Chief in writing. The Fire Chief will provide the aggrieved employee a decision in writing within ten (10) days of receipt of the written grievance.
- D. STEP 4: If dissatisfied, the aggrieved employee may, within ten (10) calendar days after the receipt of the decision under STEP 3, refer the matter to a panel. The panel will consist of four (4) members; two (2) chosen by the Fire Chief or

his/her designee, and two (2) members chosen by the Administrative Group. The panel will meet, review the facts, and make its recommendation in writing to both parties involved. The result of the panel may be accepted by the aggrieved employee or the matter may be referred to arbitration if within the scope of the grievance.

- E. **STEP 5:** If the aggrieved employee is dissatisfied with the recommendation under STEP 4, the aggrieved employee may request arbitration if within the scope of the grievance. The arbitration request must be in writing to the Fire Chief. This must be completed no longer than fourteen (14) calendar days after receiving the recommendation from the panel, listed in STEP 4 of this Agreement.
1. The aggrieved employee and the Fire Chief, or designee, shall mutually select an arbitrator. If the parties are unable to mutually agree on an arbitrator, they shall contact State of California Mediation and Conciliation Service to request that a list of seven (7) arbitrators be provided. The loser of a single coin toss will eliminate the first name of the possible (7) arbitrators. The parties shall alternately strike names from the list provided until there is only one name remaining. The last arbitrator left shall be used. The aggrieved employee and/or his or her representative, along with the Employer, shall present all the facts pertaining to the grievance to the arbitrator.
 2. Decisions by the arbitrator shall be final and binding. The arbitrator's compensation and expenses, costs of the reporter and transcripts shall be borne equally by the Administrative Group employee and the Employer. Time limits as noted herein may be extended or waived by mutual written agreement of the parties involved.
 3. The arbitrator will not add to, detract from, or modify the language of the Agreement in considering any issue properly before him or her.
 4. The arbitrator will expressly confine themselves to the precise issues raised by the grievance and submitted to them and will have no authority to consider any other issue not so submitted.
 5. Any monetary award in favor of the grievant is limited to lost wages suffered measured from the date of the grievance forward). In no event will the arbitrator award any other type of monetary award, including, but not limited to, attorneys' fees.
 6. Failure on the part of the Administrative Group or the aggrieved employee to appear in any case before an arbitrator without good cause shall result in forfeiture of the case and responsibility for payment of all costs of arbitration.

All time limits as noted in any step of the grievance procedure may be extended or waived by mutual written agreement of the parties involved.

NOTE: Compliance with the arbitrator's final decision must occur within thirty (30) calendar days of receipt of the written notice of the decision.

No reprisal shall result to any employee or organization that prepares or presents any grievance under this procedure.

XXII. LAYOFF & REHIRE PROCEDURES

A. Layoff

In the event that a layoff should become necessary, it may become necessary for personnel to be re-assigned to other positions at the discretion of the Fire Chief. In such event, layoff shall be conducted in the following manner:

1. Employees within a classification shall be laid off on a strict seniority basis with the last employee hired to be the first laid off.
2. For purposes of this procedure, seniority shall be defined as continuous service time with Employer or any previous fire departments, districts or agencies that become a part of the Central Fire Protection District. Approved leaves, absences and suspensions are considered continuous service in regards to layoff procedures.
3. Volunteer service shall not be considered for seniority. Where military service, as described in the Military and Veterans Code, has interrupted service as described above, such military service shall be described as continuous service time.

Seniority is determined by date of hire as a permanent, paid employee.

B. Rehire

If within a period of eighteen (18) months after the effective date of the layoff, funds become available for rehiring; the process shall be as follows:

The last employee laid off shall be the first to be rehired. All personnel being rehired may be required to have a physical examination. Any person unable to pass the physical examination shall not be rehired. The cost of the physical examination shall be borne by the Employer.

The rehired employee will resume the same classification and step at the time of layoff. The above procedure shall apply for a period of eighteen (18) months years from time of layoff.

XXIII. VOLUNTARY REASSIGNMENT PROCEDURE

Circumstances may arise that would dictate to an employee to evaluate his/her position of employment with his/her Employer. As a result, an employee may desire to return to a lower classification position of employment with his/her Employer, which the employee previously held. In order for this reassignment to take place, all of the following must occur:

- A. A current vacancy in the lower classification must exist.
- B. The employee requesting reassignment must meet the current job requirements of the lower classification position.
- C. A qualified and willing employee (currently on a valid hiring list for that position) must be available to advance into the higher classification being vacated (switching positions). If there is no qualified and willing employee to accept the promotion, the employee requesting reassignment will not be granted his/her request. No employee will be allowed to displace another employee in the lower classification. The employee requesting reassignment must wait for an opening in that lower classification.
- D. Reassignment privileges may only be exercised within the assigned job classification (i.e. Full Time or Part-time employees).
- E. All requests for reassignment of employees must be approved by the Fire Chief or his designated representative.
- F. For the purpose of seniority calculation, the reassigned employee will carry back all seniority earned in the higher classification(s) to the lower classification. The objective is that no employee will lose total seniority by reassignment to a lower classification.
- G. A reassigned employee shall assume the top step position of the lower classification, with a corresponding reduction in pay and related benefits to the top step of the position.

XXIV. ALCOHOL & SUBSTANCE ABUSE TESTING

Alcohol and drug testing shall be performed during the employee's regularly scheduled District required medical-physical exam, or if reasonable cause/suspicion or evidence is presented, as outlined in the SOP ADM # 17. The Personnel Policy Guidelines related to alcohol and substance abuse testing shall be utilized if an employee is found positive for illegal substances.

The employer shall follow generally accepted substance abuse rehabilitation guidelines and procedures. The cost of the substance abuse rehabilitation shall be the responsibility of the employee. A medical and psychological back to work examination (fit for duty) shall be provided by the employer as soon as possible and prior to the employee being permitted to return to his or her regularly assigned duties.

XXV. TERM

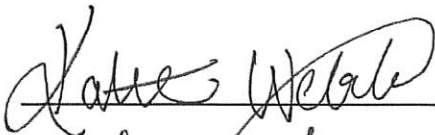

After execution by all parties to this Agreement, no changes, amendments or adjustments to this Agreement shall be made by any party to this Agreement without engaging in the meet and confer process. Any such mutual agreement shall be evidenced by a writing setting forth the mutual agreement of the parties and incorporating the agreement into this Agreement. After meeting and conferring in good faith, the preceding terms and conditions of employment will be in effect commencing January 1, 2020, except as noted herein. This is subject to the Employer's emergency powers under the Government Code Section 3504.5.

Except as otherwise specifically provided herein, this Agreement shall be effective January 1, 2020 through December 31, 2022.

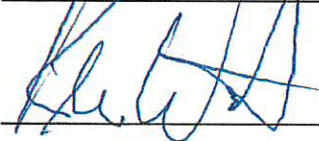

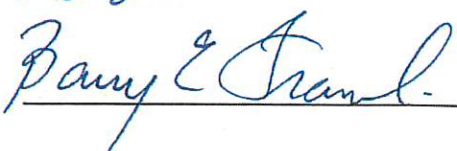
This Memorandum of Understanding is entered into this 12th day of November 2019, in the County of Santa Cruz, California.

XXVI. SIGNATURES

For the Administrative Group:

For the Central Fire Protection District:

**APPENDIX A
STAFFING SALARY SCHEDULE
2020**

					1ST ED	2ND ED	3RD ED	4TH ED
					PPP	PPP	PPP	PPP
5% - PP#2-2020								
FIRE INSPECTOR	STEP	Monthly	Bi-Weekly	Hourly				
	1	\$ 7,783.41	\$ 3,592.34	\$ 44.90	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 8,172.58	\$ 3,771.96	\$ 47.15	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 8,581.20	\$ 3,960.55	\$ 49.51	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 9,010.26	\$ 4,158.58	\$ 51.98	\$36.92	\$69.23	\$101.54	\$138.46
FIRE PREVENTION COORDINATOR		5% - PP#2-2020						
	1	\$ 5,242.90	\$ 2,419.80	\$ 30.25	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,505.04	\$ 2,540.79	\$ 31.76	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 5,780.29	\$ 2,667.83	\$ 33.35	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,069.32	\$ 2,801.22	\$ 35.02	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,372.78	\$ 2,941.28	\$ 36.77	\$36.92	\$69.23	\$101.54	\$138.46
SENIOR FIRE APPARATUS TECHNICIAN		5% - PP#2-2020						
	1	\$ 8,376.74	\$ 3,866.19	\$ 48.33	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 8,795.58	\$ 4,059.50	\$ 50.74	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 9,235.34	\$ 4,262.46	\$ 53.28	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 9,697.11	\$ 4,475.59	\$ 55.94	\$36.92	\$69.23	\$101.54	\$138.46
FIRE APPARATUS TECHNICIAN		5% - PP#2-2020						
	1	\$ 6,544.00	\$ 3,020.31	\$ 37.75	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 6,871.20	\$ 3,171.32	\$ 39.64	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 7,214.76	\$ 3,329.89	\$ 41.62	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 7,575.50	\$ 3,496.39	\$ 43.70	\$36.92	\$69.23	\$101.54	\$138.46
PERSONNEL / PAYROLL SPECIALIST		5% - PP#2-2020						
	1	\$ 5,374.00	\$ 2,480.31	\$ 31.00	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,642.69	\$ 2,604.32	\$ 32.55	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 5,924.83	\$ 2,734.54	\$ 34.18	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,221.08	\$ 2,871.27	\$ 35.89	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,532.13	\$ 3,014.83	\$ 37.69	\$36.92	\$69.23	\$101.54	\$138.46
ACCOUNTING SPECIALIST		5% - PP#2-2020						
	1	\$ 5,242.90	\$ 2,419.80	\$ 30.25	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,505.04	\$ 2,540.79	\$ 31.76	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 5,780.29	\$ 2,667.83	\$ 33.35	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,069.32	\$ 2,801.22	\$ 35.02	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,372.78	\$ 2,941.28	\$ 36.77	\$36.92	\$69.23	\$101.54	\$138.46
ADMIN ASSISTANTS I, II, III		5% - PP#2-2020						
	1	\$ 4,749.87	\$ 2,192.25	\$ 27.40	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 4,987.35	\$ 2,301.85	\$ 28.77	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 5,236.72	\$ 2,416.95	\$ 30.21	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 5,498.57	\$ 2,537.80	\$ 31.72	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 5,773.49	\$ 2,664.69	\$ 33.31	\$36.92	\$69.23	\$101.54	\$138.46
PART-TIME ADMIN ASSISTANT		5% - PP#2-2020						
	1	\$ 5,773.49	\$ 2,664.69	\$ 33.31	\$36.92	\$69.23	\$101.54	\$138.46
RECEPTIONIST		5% - PP#2-2020						
	1	\$ 3,741.59	\$ 1,726.89	\$ 21.59	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 3,928.68	\$ 1,813.24	\$ 22.67	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 4,125.10	\$ 1,903.89	\$ 23.80	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 4,331.37	\$ 1,999.09	\$ 24.99	\$36.92	\$69.23	\$101.54	\$138.46

**APPENDIX A
STAFFING SALARY SCHEDULE
2021**

					1ST ED	2ND ED	3RD ED	4TH ED
					PPP	PPP	PPP	PPP
		5% - PP#1-2021						
FIRE INSPECTOR	STEP	Monthly	Bi-Weekly	Hourly				
	1	\$ 8,172.58	\$ 3,771.96	\$ 47.15	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 8,581.21	\$ 3,960.56	\$ 49.51	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 9,010.26	\$ 4,158.58	\$ 51.98	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 9,460.77	\$ 4,366.51	\$ 54.58	\$36.92	\$69.23	\$101.54	\$138.46
FIRE PREVENTION COORDINATOR		5% - PP#1-2021						
	1	\$ 5,505.05	\$ 2,540.79	\$ 31.76	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,780.29	\$ 2,667.83	\$ 33.35	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 6,069.31	\$ 2,801.22	\$ 35.02	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,372.78	\$ 2,941.28	\$ 36.77	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,691.42	\$ 3,088.35	\$ 38.60	\$36.92	\$69.23	\$101.54	\$138.46
SENIOR FIRE APPARATUS TECHNICIAN		5% - PP#1-2021						
	1	\$ 8,795.58	\$ 4,059.50	\$ 50.74	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 9,235.35	\$ 4,262.47	\$ 53.28	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 9,697.10	\$ 4,475.59	\$ 55.94	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 10,181.97	\$ 4,699.37	\$ 58.74	\$36.92	\$69.23	\$101.54	\$138.46
FIRE APPARATUS TECHNICIAN		5% - PP#1-2021						
	1	\$ 6,871.20	\$ 3,171.32	\$ 39.64	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 7,214.76	\$ 3,329.89	\$ 41.62	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 7,575.50	\$ 3,496.38	\$ 43.70	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 7,954.28	\$ 3,671.20	\$ 45.89	\$36.92	\$69.23	\$101.54	\$138.46
PERSONNEL / PAYROLL SPECIALIST		5% - PP#1-2021						
	1	\$ 5,642.70	\$ 2,604.32	\$ 32.55	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,924.82	\$ 2,734.53	\$ 34.18	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 6,221.07	\$ 2,871.26	\$ 35.89	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,532.13	\$ 3,014.83	\$ 37.69	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,858.73	\$ 3,165.57	\$ 39.57	\$36.92	\$69.23	\$101.54	\$138.46
ACCOUNTING SPECIALIST		5% - PP#1-2021						
	1	\$ 5,505.05	\$ 2,540.79	\$ 31.76	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,780.29	\$ 2,667.83	\$ 33.35	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 6,069.31	\$ 2,801.22	\$ 35.02	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,372.78	\$ 2,941.28	\$ 36.77	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,691.42	\$ 3,088.35	\$ 38.60	\$36.92	\$69.23	\$101.54	\$138.46
ADMIN ASSISTANTS I, II, III		5% - PP#1-2021						
	1	\$ 4,987.36	\$ 2,301.86	\$ 28.77	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,236.72	\$ 2,416.95	\$ 30.21	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 5,498.56	\$ 2,537.80	\$ 31.72	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 5,773.49	\$ 2,664.69	\$ 33.31	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,062.17	\$ 2,797.92	\$ 34.97	\$36.92	\$69.23	\$101.54	\$138.46
PART-TIME ADMIN ASSISTANT		5% - PP#1-2021						
	1	\$ 6,062.17	\$ 2,797.92	\$ 34.97	\$36.92	\$69.23	\$101.54	\$138.46
RECEPTIONIST		5% - PP#1-2021						
	1	\$ 3,928.67	\$ 1,813.23	\$ 22.67	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 4,125.12	\$ 1,903.90	\$ 23.80	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 4,331.35	\$ 1,999.09	\$ 24.99	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 4,547.94	\$ 2,099.05	\$ 26.24	\$36.92	\$69.23	\$101.54	\$138.46

APPENDIX A
STAFFING SALARY SCHEDULE
2022

					1ST ED	2ND ED	3RD ED	4TH ED
					PPP	PPP	PPP	PPP
5% - PP#1-2022								
FIRE INSPECTOR	STEP	Monthly	Bi-Weekly	Hourly				
	1	\$ 8,581.21	\$ 3,960.56	\$ 49.51	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 9,010.27	\$ 4,158.59	\$ 51.98	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 9,460.77	\$ 4,366.51	\$ 54.58	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 9,933.81	\$ 4,584.83	\$ 57.31	\$36.92	\$69.23	\$101.54	\$138.46
FIRE PREVENTION COORDINATOR	5% - PP#1-2022							
	1	\$ 5,780.30	\$ 2,667.83	\$ 33.35	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 6,069.30	\$ 2,801.22	\$ 35.02	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 6,372.77	\$ 2,941.28	\$ 36.77	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,691.42	\$ 3,088.35	\$ 38.60	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 7,025.99	\$ 3,242.76	\$ 40.53	\$36.92	\$69.23	\$101.54	\$138.46
SENIOR FIRE APPARATUS	5% - PP#1-2022							
TECHNICIAN	1	\$ 9,235.36	\$ 4,262.47	\$ 53.28	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 9,697.12	\$ 4,475.59	\$ 55.94	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 10,181.96	\$ 4,699.37	\$ 58.74	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 10,691.07	\$ 4,934.34	\$ 61.68	\$36.92	\$69.23	\$101.54	\$138.46
FIRE APPARATUS TECHNICIAN	5% - PP#1-2022							
	1	\$ 7,214.76	\$ 3,329.89	\$ 41.62	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 7,575.49	\$ 3,496.38	\$ 43.70	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 7,954.27	\$ 3,671.20	\$ 45.89	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 8,351.99	\$ 3,854.76	\$ 48.18	\$36.92	\$69.23	\$101.54	\$138.46
PERSONNEL / PAYROLL	5% - PP#1-2022							
SPECIALIST	1	\$ 5,924.84	\$ 2,734.54	\$ 34.18	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 6,221.06	\$ 2,871.26	\$ 35.89	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 6,532.12	\$ 3,014.83	\$ 37.69	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,858.74	\$ 3,165.57	\$ 39.57	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 7,201.67	\$ 3,323.85	\$ 41.55	\$36.92	\$69.23	\$101.54	\$138.46
ACCOUNTING SPECIALIST	5% - PP#1-2022							
	1	\$ 5,780.30	\$ 2,667.83	\$ 33.35	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 6,069.30	\$ 2,801.22	\$ 35.02	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 6,372.77	\$ 2,941.28	\$ 36.77	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,691.42	\$ 3,088.35	\$ 38.60	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 7,025.99	\$ 3,242.76	\$ 40.53	\$36.92	\$69.23	\$101.54	\$138.46
ADMIN ASSISTANTS I, II, III	5% - PP#1-2022							
	1	\$ 5,236.73	\$ 2,416.95	\$ 30.21	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 5,498.55	\$ 2,537.79	\$ 31.72	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 5,773.49	\$ 2,664.69	\$ 33.31	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 6,062.17	\$ 2,797.92	\$ 34.97	\$36.92	\$69.23	\$101.54	\$138.46
	5	\$ 6,365.27	\$ 2,937.82	\$ 36.72	\$36.92	\$69.23	\$101.54	\$138.46
PART-TIME ADMIN ASSISTANT	5% - PP#1-2022							
	1	\$ 6,365.27	\$ 2,937.82	\$ 36.72	\$36.92	\$69.23	\$101.54	\$138.46
RECEPTIONIST	5% - PP#1-2022							
	1	\$ 4,125.11	\$ 1,903.90	\$ 23.80	\$36.92	\$69.23	\$101.54	\$138.46
	2	\$ 4,331.37	\$ 1,999.09	\$ 24.99	\$36.92	\$69.23	\$101.54	\$138.46
	3	\$ 4,547.92	\$ 2,099.04	\$ 26.24	\$36.92	\$69.23	\$101.54	\$138.46
	4	\$ 4,775.33	\$ 2,204.00	\$ 27.55	\$36.92	\$69.23	\$101.54	\$138.46

Appendix B

YEARS OF SERVICE	DISTRICT PAYS	RETIREE PAYS
20	50.0%	50.0%
21	52.5%	47.5%
22	55.0%	45.0%
23	57.5%	42.5%
24	60.0%	40.0%
25	62.5%	37.5%
26	65.0%	35.0%
27	67.5%	32.5%
28	70.0%	30.0%
29	72.5%	27.5%
30	75.0%	25.0%
31	77.5%	22.5%
32	80.0%	20.0%
33	82.5%	17.5%
34	85.0%	15.0%
35	87.5%	12.5%
36	90.0%	10.0%
37	92.5%	7.5%
38	95.0%	5.0%
39	97.5%	2.5%
40	100.0%	0.0%

**MEMORANDUM
OF
UNDERSTANDING**

**CENTRAL FIRE PROTECTION DISTRICT
OF
SANTA CRUZ COUNTY
AND
MANAGEMENT GROUP**

**January 1, 2020
Through
December 31, 2022**

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MEMORANDUM OF UNDERSTANDING

I PREAMBLE

This Memorandum of Understanding (hereinafter referred to as this Agreement or MOU) is entered into by and between the Central Fire Protection District of Santa Cruz County (hereinafter referred to as the Employer or District) and the Management staff of the Central Fire Protection District of Santa Cruz County (hereinafter referred to as the Managers) pursuant to the Meyers-Milias-Brown Act (California Government Code Section 3500 et seq.) This Agreement was negotiated in good faith between representatives of the District and the Managers and is only applicable subject to individually negotiated employment contracts.

II RECOGNITION

The Managers are hereby acknowledged by the Employer as the recognized employee organization for the purpose of meeting and conferring on matters within the scope of representation for individuals employed by the District in the Management bargaining unit, which consists of the following full-time exempt positions: Fire Marshal, Finance Director, Human Resources Director.

III MANAGEMENT RIGHTS

The Management Group acknowledges that the Employer's responsibilities and rights, management responsibilities and rights, and all applicable state laws are neither abrogated nor made subject to the meet and confer process by approval of the terms of this Agreement. The parties acknowledge that it is the Employer's exclusive right to generally govern the work of the Employer and the conduct of its employees. The Employer has exclusive and inherent management rights with respect to matters of policy, which include, among others: the exclusive right to determine the mission of the Employer; to set standards of service; to determine the procedures and standards of selection for employment and promotion of employees; to direct its employees, including scheduling and assigning work, work hours, and overtime; to take disciplinary action, subject to the requirements of applicable law; to establish employee performance standards and to require compliance therewith; to establish work schedules; to determine the content of job classifications; to hire or promote employees; to lay off or relieve employees for lack of work, funds, or other legitimate reasons; to expand or diminish services; to determine the methods, means, and number and kinds of personnel by which Employer operations are to be conducted; to take all necessary actions to carry out its mission in emergencies; to contract out in its sole discretion; to exercise complete control and discretion over its organization and the technology of performing its work; and to establish, implement, publish, and modify Employer rules, regulations, general orders, and directives consistent with the law and the specific provisions of this Agreement. The Employer's exercise of the above-listed rights shall be in accordance with law and the specific provisions of this Agreement, including the provisions regarding Advance Notice when applicable.

IV MAINTENANCE OF BENEFITS

All rights, terms, and conditions in writing, subject to the meet and confer process, not specifically covered in this Agreement shall remain in effect until change is effected through the meet and confer process and may then be a part of this Agreement insofar as these changes should be included in this Agreement.

The Employer and the Managers (or its properly designated representatives) shall meet and confer in good faith regarding wages, hours, and terms and conditions of employment. Both parties shall consider fully such presentations as are made by the District or the Managers on behalf of its members prior to arriving at a determination of policy or course of action.

The District agrees to maintain all health and related non-salary benefits for the duration for this contract (January 1, 2020 – December 31, 2022).

V DUTIES & EXCLUSIVE EMPLOYMENT

Employees perform the duties of their office as they are presently constituted and described in the District's job description for their assigned classification and such other duties as the District may from time to time assign.

Employees remain in the exclusive employ of the District during their employment with the District.

VI DISCRIMINATION

There shall be no discrimination because of race, creed, color, national origin, sex, sexual orientation, disability, religion, or legitimate union activities against any employee or applicant for employment by the Managers Group, by the District, or by anyone employed by the District; and to the extent prohibited by applicable State and Federal law, there shall be no discrimination against any disabled persons solely because of disability unless that disability prevents the persons from performing the essential job duties of the position. Complaints alleging discrimination based on legitimate activities shall be processed as grievances under this Agreement. All other complaints of discrimination shall be processed in accordance with the District's policy prohibiting discrimination, harassment, and retaliation.

VII COMPENSATION

A. Salary

The District will pay the salary rates reflected in the Salary Schedule set forth in appendix A. During the term of this agreement, wages for all represented classifications will receive a cost of living adjustment (COLA) as follows:

Pay period including January 1, 2020 – 5%
Pay period including January 1, 2021 – 5%
Pay period including January 1, 2022 – 5%

B. Education Incentive Plan

Employees may receive Educational Incentive Pay as described below.

Educational Time Off shall be provided at the sole discretion of the Fire Chief as approved by the District Board.

A pay rate incentive program recognizing individual educational initiative shall be Fire Service oriented. To review the content of each individual course would be time consuming and would duplicate the accreditation performed by the California State Department of Education's Fire Service Training Program and each college district's advisory and review boards. Therefore, the Employer recognizes those Certificates of Proficiency and college level degrees issued by an accredited college or university.

To participate in the education (pay) incentive program, the employee must have satisfactorily completed a probationary period as prescribed by the Employer, and must possess either a Certificate of Proficiency in a field of study related to job services performed, an Associate, Bachelor's, or Master's Degree that meets with approval from the Employer.

Certificate of Proficiency Level: An employee meeting the above requirements and who possesses a Certificate of Proficiency related to job services performed shall receive \$80.00 a month as incentive pay.

Associate Degree Level: An employee meeting the above requirements and who possesses an AA or AS degree shall receive \$150.00 per month as incentive pay.

Bachelor's Degree Level: An employee meeting the above requirements and who possesses a BA or BS Degree shall receive \$220.00 per month as incentive pay.

The Fourth Incentive Level: An employee meeting the above requirements and who possesses a Master's Degree shall receive \$300.00 per month as incentive pay.

Those employees receiving Education Incentive Pay for a recognized equivalent to a Certificate of Proficiency as of 12/31/99 shall continue to receive first level Education Incentive Pay.

Employees shall only receive the highest Education Incentive Pay for which they qualify.

C. Specialty Pay

Employees who are certified by the State of California as a Certified Fire Investigator, and who actively participate in the Arson Investigation Unit, shall be paid an incentive of 5% of the top step monthly salary for the firefighter classification. In order to keep the compensation amount equal for all employees assigned to the Fire Investigation Unit, the compensation amount will be adjusted in the event of an increase in specialty assignment pay for IAFF 3605.

D. Step Increases

All step increases are merit based and shall be implemented annually as reflected in the salary schedule.

E. Effective Date of Changes to Salary

Changes to employee compensation or salary will be effective the first day of the payroll period following the date of final approval as granted by the District's Board and/or the Fire Chief. Exceptions to this provision require the written approval of the Fire Chief.

VIII HOURS OF WORK

Employees shall be assigned work hours and duty tours by the Fire Chief as follows:

- A.** Employees shall work a 40-hour workweek. The schedule may vary based on assignment. Each employee may be permitted to work an alternative schedule subject to the approval of the Fire Chief.
- B.** Employees work a 9/80 schedule of 7:30 a.m. to 4:30p.m. with alternative Friday's off.
- C.** Each employee is exempt from overtime under the Fair Labor Standards Act. An employee who works more than 40 hours in a week may accrue one hour of paid Flex Time for each hour worked above 40 hours. Employees Flex Time balance may not exceed 100 hours without prior approval from the Fire Chief.

IX RETIREMENT BENEFITS

The Employer contracts with the California Public Employees' Retirement System (CalPERS) for the purpose of providing pension benefits. Benefits provided under the Employers' CalPERS contract shall including the following elements:

Tier 1: For Classic Employees hired prior to 1/1/2011: The Employer is a participant in the California Public Employees' Retirement System (CalPERS), 2.5% @ 55 single highest year (GC 20042).

Tier 2: For Classic Employees hired on or after 1/1/2011: 2.5% @ 55 three year average of compensation plan (GC 21354.4 and 20037).

Tier 3: For New Employees hired on or after 1/1/2013: 2% @ 62 with 3 year average of compensation.

The following provisions of the California Government Code apply to all members of the Managers Group:

- California Government Code Section 20042 (one-year final compensation)
 - California Government Code Section 20037 (three year average – effective January 1, 2011 for new hires)
 - Pension Reform Act of 2013 (2% at age 62 – effective 1/1/13 for new hires)
 - California Government Code Section 20037 (3 Year Average – effective 1/1/11 new hires)
 - Pension Reform Act of 2013 (3 Year Average – effective 1/1/13 new hires)
 - California Government Code Section 21574.5 (1959 Survivors allowance – Indexed level) California Government Code Section 20965 (credit for unused sick leave)
 - California Government Code Section 21329 (Cost of living adjustment at 2%)
 - California Government Code Section 21337.1 (Purchasing Power Protection allowance)
- a) Classic employees as determined by CalPERS shall pay the full cost of any employee contribution associated with participation in the CalPERS-provided pension program. Classic employees participating in the Managers Unit shall contribute the 8% employee contribution required for participation in the classic 2.5% at 55 plan or revised contribution level for a new employee tiered plan.
- b) The Employer shall provide tax deferral of the employees' contributions to Cal-PERS as provided in the Internal Revenue Code.
- c) In the event the Employer's excess assets in CalPERS are depleted and there is a cost to the Employer to participate in the 2.5% at age 55 program, the parties to this Agreement will negotiate a Classic employee's contribution to CalPERS as it relates to 2.5% at 55.

X CLOTHING ALLOWANCE

For those employees required to wear a district uniform, the District will report to CalPERS a uniform allowance of \$300.00 per year as special compensation for each Classic CalPERS member. The uniform allowance will be paid in twenty-six (26) equal installments of \$11.54. For PEPRAs employees, a \$300.00 uniform allowance will be paid as compensation. The uniform allowance will be paid in twenty-six (26) equal installments of \$11.54. The uniform allowance for PEPRAs members will not be reported to CalPERS.

XI DISTRICT VEHICLE

The District will provide the Fire Marshal with a District vehicle for employee's use in conducting District business. The District shall pay all fuel, insurance, and maintenance costs for the vehicle. Employee's use of the vehicle shall be limited to District business and ancillary uses necessary to accomplish the duties and responsibilities of the Fire Marshal position, including to commute to and from work.

XII HOLIDAYS

All employees shall receive twelve (12) full-paid holidays designated as follows:

New Year's Day	Veterans Day
Martin Luther King, Jr.	Thanksgiving Day
Presidents Day	Friday after Thanksgiving Day
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	New Year's Eve

NOTE: Holidays falling on a Saturday will be observed the preceding Friday and holidays falling on a Sunday will be observed on the following Monday. Holidays falling on the Employee's flex day will be observed the day before or after the holiday.

Other Management Benefit:

In the first full pay period in January of each year, all Management employees will be credited with eighty (80) hours of Other Management Benefit. These hours may be used as time off with pay, taken in compensation, or rolled over into the employees deferred compensation plan. All optional management benefit hours must be exhausted during the calendar year with no carry-over.

XIII SICK LEAVE

Employees shall be entitled to sick leave as follows:

- A.** Employees shall accrue sick leave at the rate of eight hours for each full month of continuous service.
- B.** Sick leave is personal illness, physical incapacity, the illness of a member of the immediate family, or the death of a member of the immediate family. Sick leave

shall not be construed to be a privilege, which employees may use at their discretion, but shall be allowed only in cases of necessity as herein set forth.

- C. To receive compensation while absent on sick leave, the employee shall notify the Fire Chief in the manner provided in the District's Policy and Procedures Manual. When absence is due to the illness of the employee for more than four scheduled workdays, the employee shall provide a note from a medical doctor to the Fire Chief upon return to duty.
- D. Employees may accumulate an unlimited amount of sick leave hours. Upon service retirement or retirement due to disability or resignation of employment, employees are eligible to either:
 - 1. Convert the entire balance of their accumulated sick leave to service credit under California Government Code Section 20965; or
 - 2. Receive a cash payment for 25% of the total of their accumulated sick leave up to a maximum payout of 520 hours and convert the remaining sick leave balance to service credit under California Government Code Section 20965. The cash payment shall be at the rate of pay upon retirement, including any approved educational incentive pay.

XIV BEREAVEMENT LEAVE

Employees shall be granted bereavement leave with pay in the case of the death of the following family members:

- The parents of the employee,
- The employees spouse or domestic partner,
- The parents of the employee's spouse or domestic partner,
- The step-parents of the employee and/or employee's spouse or domestic partner,
- The grandparents of the employee,
- The siblings of the employee
- The children, step-children, and/or adopted children of the employee and/or the employees spouse or domestic partner

Such leave shall be limited to forty (40) hours per occurrence.

XV VACATION LEAVE

Employees shall be entitled to vacation leave as follows:

- A. Employees shall accrue vacation hours if they work full-time. The rate at which employees accrue vacation hours and the maximum number of hours that can be accrued is determined by length of service and employment classification.
- B. The vacation accrual rate for employees may be adjusted based on previous service and/or experience as determined by the Fire Chief. The accrual rate may be adjusted at any time during employment as determined by the Fire Chief.
- C. Full-time employees shall accrue vacation hours as follows:

YEARS OF SERVICE	HOURS ACCRUED PER PAY PERIOD	MAXIMUM NUMBER OF DAYS PER YEAR	MAXIMUM NUMBER OF HOURS PER YEAR	MAXIMUM NUMBER OF HOURS THAT CAN BE ACCRUED
1-5	4.62	15	120	(180)
6-11	6.46	21	168	(252)
12-17	7.69	25	200	(300)
18 +	9.23	30	240	(360)

- D. Employees may be granted vacation on an hour-for-hour basis in no less than half hour increments.
- E. Employees may not use more vacation than they have earned.
- F. On or before December 15th, if employees elect to receive compensation for unused vacation, the request will be made in writing to the Personnel/Payroll Specialist. The request for pay will designate the number of hours, not to exceed 120 hours, for which they are requesting compensation. The hours shall be paid at straight time, including any approved educational incentive pay. Payment for unused vacation shall be processed no later than the first full pay period in January of each year and shall be paid at the rate of the last calendar year's accrual.

XVI LIFE INSURANCE AND SALARY CONTINUANCE INSURANCE

Employees shall be entitled to life insurance and salary continuation insurance as follows:

A. During Employment

The District shall pay all premiums on behalf of employees for Life Insurance. Employees may purchase AD&D coverage through the District's provider at the District rate. The current Life Insurance Plan provides the following life insurance benefit for employees:

1. All full-time employees will receive a \$100,000 life insurance policy.
2. For all full-time employees, a death benefit of \$10,000 for spouse and \$5,000 per child is provided.

3. The CAPFF Long Term Disability Plan provides, after a 90 day waiting period, a monthly disability benefit equal to three-fourths of the employee's salary, to a maximum of Plan A benefit levels for full-time employees.

B. Retiree

1. Employees that retire on or before December 31, 2017:

Upon retirement and the completion of a minimum of 10 years of service to the District, the District shall pay 25% of the basic monthly premium for life insurance without AD&D. For each additional year of full time paid public service credit as recognized by CalPERS or a reciprocal system prior to retirement, the District shall pay an additional 2.5 % of the Life Insurance premium to a maximum of 100% of the premium. (See Appendix A B)

2. Employees that retire on or after January 1, 2018:

Upon retirement and the completion of a minimum of 20 years of service to the District, the District shall pay 50% of the basic monthly premium for retiree only life insurance without AD&D. For each additional year of full time paid public service credit as recognized by CalPERS or a reciprocal system prior to retirement, the District shall pay an additional 2.5 % of the Life Insurance premium to a maximum of 100% of the premium. (See Appendix B)

3. The retiree premium portion, dependent on years of service to the District, is the responsibility of the retiree. Failure on the part of the retiree to pay the balance of the premium will result in removal of that retiree from the life insurance plan with no reinstatement.

XVII MEDICAL INSURANCE

Employees shall be entitled to medical insurance as follows:

- A. The District shall provide medical health insurance to employees and their dependents through the CalPERS Health Benefits Program and shall pay the monthly premium for the health insurance plan as follows:

Employees may choose any health plan offered by CalPERS. The District will make the following contributions to the monthly premium. If an employee chooses a more expensive plan, they are responsible for paying any amount above the District's share. The difference, if any, will be deducted through the payroll system on a per pay period basis.

- For the 2020 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

Employee only- \$915

Employee plus one dependent- \$1829
Employee plus two or more dependents- \$2378

- For the 2021 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

Employee only- \$961
Employee plus one dependent- \$1920
Employee plus two or more dependents- \$2497

- For the 2022 medical insurance plan year, the District's contribution to the monthly premium will be as follows:

Employee only- \$1009
Employee plus one dependent- \$2016
Employee plus two or more dependents- \$2622

Through the end of insurance year 2020, employees may elect to waive participation in the District sponsored health insurance program. In order to waive District health care an employee must show proof of coverage through some other source. If employee waives coverage, they shall receive a \$600 per month payment. This benefit will no longer be available after December 31, 2020
Memorandum of Understanding.

B. Retiree

Tier One

1. Employees hired on or before December 31, 2017 shall have a retiree medical benefit upon completion of five years of service to the District. The District shall pay the premium for the retiree medical benefit to the same amount and on the same terms as described for the employee medical benefit in Section 15A above. District retiree medical benefits become secondary to Medicare at the Medicare Supplemental Qualifying Age.

Tier Two

2. Employees hired on or after January 1, 2018 shall have retiree medical benefit upon the completion of twenty years of service to the District. The District shall pay the premium for the retiree only medical benefit to the same amount and on the same terms as described for the employee only medical benefit in

Section 15A above. District retiree medical benefits become secondary to Medicare at the Medicare Supplemental Qualifying Age.

XVIII DENTAL INSURANCE

A. Employees will be entitled to dental insurance as follows:

The Employer shall provide dental insurance to its employees and dependents as provided through Delta Dental Plan of California and shall pay the monthly premium for the dental insurance coverage. As of January 1, 2020, the District shall pay for the Delta plan level of coverage which provides for \$2000.00 maximum per year, increasing from the \$1000.00 maximum per year, for all active employees and dependents.

B. Retiree

Tier One

3. Employees that retire on or before December 31, 2017:

Upon retirement and the completion of a minimum of 10 years of service to the District, the District will pay 25% of the monthly dental premium for the retirees and their dependents until age 26. For each additional year of full-time, paid public service as recognized by CalPERS or a reciprocal system, the District will pay an additional 2.5 % of the premium up to a maximum of 100% of the premium. The balance of the premium, if any, is the requirement of the retiree. Failure on the part of the retiree to pay the balance of the premium will result in removal of that retiree from the dental insurance plan with no reinstatement.

Tier Two

4. Employees that retire on or after January 1, 2018:

Upon retirement and the completion of a minimum of 20 years of service to the District, the District will pay 50% of the monthly dental premium for retiree only. For each additional year of full-time, paid public service as recognized by CalPERS or a reciprocal system, the District will pay an additional 2.5 % of the premium up to a maximum of 100% of the premium. The balance of the premium, if any, is the requirement of the retiree. Failure on the part of the retiree to pay the balance of the premium will result in removal of that retiree from the dental insurance plan with no reinstatement.

XIX VISION CARE

The Employer shall provide vision care to employees and their dependents. Coverage shall be as outlined in the VSP Vision Plan provided through the current provider. The Employer shall pay the monthly premiums for Full-time employees and their dependents.

As an option retirees may purchase vision insurance through Employer's vision plan but must pay 100% of the premium. The Employer will not invoice retirees for the vision coverage. Invoicing is through the current third party administrator.

XX GRIEVANCE AND ARBITRATION

A grievance shall be any dispute concerning the interpretation, application, or compliance with this Agreement or District rule, written policy, regulation or the Meyers-Milias-Brown Act as they relate to this Agreement. The aggrieved employee has the right to representation at any level or step of the grievance procedure.

PROCEDURE:

The parties recognize that early settlement of a grievance is essential. Therefore, it is agreed that during the term of this Agreement, grievances of all manner, including disciplinary matters, shall be resolved in the manner set forth herein.

STEP 1: An employee who believes he/she has a grievance shall within ten (10) calendar days of the events giving rise to the grievance or within ten (10) calendar days of the time the grievant became aware or reasonably should have become aware of the facts giving rise to the grievance shall discuss the matter with the Fire Chief (informal procedure).

STEP 2: If a resolution is not possible under STEP 1, within ten (10) calendar days of the occurrence, the aggrieved employee shall present the grievance in writing to the Fire Chief (formal procedure).

A. The written grievance shall contain information, which identifies:

1. The aggrieved employee.
2. The specific nature of the grievance.
3. The time and place of its occurrence or discovery.
4. The existing rule, written policy, regulation, agreement or provision of the Meyers-Milias-Brown Act alleged to have been violated, improperly interpreted, applied or misapplied, if any.
5. The consideration given or steps taken to attempt informal resolution.
6. The corrective action desired.

B. A decision by the aggrieved employee's supervisor shall be made in writing within (10) calendar days of receipt of the written grievance.

STEP 3: If not satisfied with the decision under STEP 2, the aggrieved employee may, within ten (10) calendar days after receipt of that written decision, refer the matter to the Personnel Committee in writing. The Personnel Committee will provide the aggrieved employee a decision in writing within ten (10) days of receipt of the written grievance.

STEP 4: If dissatisfied, the aggrieved employee may, within ten (10) calendar days after receipt of the decision under STEP 3, refer the matter to a panel. The panel will consist of four (4) members; two (2) chosen by the bargaining group, and two (2) members chosen by the Personnel Committee. The panel will meet, review the facts, and make its recommendation in writing to both parties.

NOTE: With regard to a dispute that arises out of the action of the Fire Chief (as distinguished from a lower level supervisor), the aggrieved employee may bypass STEP 1 & STEP 2, aforementioned.

STEP 5: ARBITRATION

If the aggrieved employee is dissatisfied with the recommendation under STEP 4, the aggrieved employee may request arbitration. The arbitration request must be in writing to the Chair of the Board of Directors. This must be completed no later than fourteen (14) calendar days after receiving the recommendation from the panel, listed in STEP 4 of this agreement.

The aggrieved employee and the Fire Chief or designee shall mutually select an arbitrator. If the parties are unable to mutually agree on an arbitrator, they shall contact the State of California Mediation and Conciliation Service to request that a list of seven (7) possible arbitrators be provided. Upon receipt of seven (7) possible arbitrators the parties will meet to select the final arbitrator. The loser of a single coin toss will eliminate the first name of the possible seven (7) arbitrators. The parties shall then alternately strike names from the list of seven (7) arbitrators until such time as there is only one name remaining. The last arbitrator left shall be used. The aggrieved employee and/or his or her representative, along with the Employer, shall present all the facts pertaining to the grievance to the arbitrator.

- A. Decisions by the arbitrator shall be final and binding. The arbitrator's compensation and expenses, costs of the reporter, and transcripts shall be borne equally by the employee and the Employer. Time limits as noted herein may be extended or waived by mutual written agreement of the parties involved.
- B. The arbitrator will not add to, detract from, or modify the language of the agreement in considering any issue properly before him or her.
- C. The arbitrator will expressly confine themselves to the precise issues raised by the grievance and submitted to them and will have no authority to consider any other issue not so submitted.
- D. Any monetary award in favor of the grievant is limited to lost wages suffered from the date of the grievance forward.

- F. Failure on the part of the Management group of the aggrieved employee to appear in any case before an arbitrator without good cause shall result in the forfeiture of the case and responsibility for the payment of all costs of arbitration.

All time limits as noted in any step of the grievance procedure may be extended or waived by mutual written agreement of the parties involved.

NOTE: Compliance with the arbitrator's final decision must occur within thirty (30) calendar days of receipt of the written notice of the decision.

No reprisal shall result to any employee or organization that prepares or presents any grievance under this procedure.

XXI PHYSICAL FITNESS PROGRAM

- A. Employees who choose to participate in the wellness/fitness program as presented in the Central Fire District Personnel Policy Guidelines Manual must work out on a regularly scheduled basis. The Fire Chief will approve the workout schedule, dependent on workload and Administrative coverage. As per the guidelines in-place, this program will be non-punitive.
- B. If employees work a 40-hour workweek, they will be able to work out three times per week.
- C. If employees are on a flex week, they will be able to work out two times a week.

XXII ALCOHOL AND SUBSTANCE ABUSE TESTING

Alcohol and drug testing shall be performed during the employee's regularly scheduled, District-required medical-physical exam or if reasonable cause/suspicion or evidence is presented as outlined in applicable District policy. The Personnel Policy Guidelines related to alcohol and substance abuse testing shall be utilized if employees are found positive for illegal substances.

The employer shall follow generally accepted substance abuse rehabilitation guidelines and procedures. The cost of the substance abuse rehabilitation shall be the responsibility of the employees. A medical and psychological back-to-work examination (fit-for-duty) shall be provided by the employer as soon as possible and prior to the employees' being permitted to return to their regularly assigned duties.

XXIII PERFORMANCE EVALUATIONS

The Fire Chief will review and evaluate the performance of each employee on an ongoing basis and shall, at a minimum, complete a written performance review/evaluation annually. As discussed above, each employee's salary will be reviewed as part of the annual performance review/evaluation.

XXIV MISCELLANEOUS

The items herein supersede any previously negotiated terms included in the employment agreements between Central Fire Protection District and members of the Management group.

XXV TERM


After execution by all parties to this Agreement, no changes, amendments, or adjustments to this Agreement shall be made by any party to this Agreement without engaging in the meet and confer process. Any such mutual agreement shall be evidenced in writing setting forth the mutual agreement of the parties and incorporating the agreement into this Agreement. After meeting and conferring in good faith, the preceding terms and conditions of employment will be in effect commencing January 1, 2020, except as noted herein subject to the Employer's emergency powers under the Government Code Section 3504.5.

Except as otherwise specifically provided herein, this Agreement shall be effective January 1, 2020 through December 31, 2022.

This Memorandum of Understanding is entered into this 8th day of October, 2019 in the County of Santa Cruz, California.

XXVI SIGNATURE PAGE

**MANAGEMENT GROUP
REPRESENTATIVES**

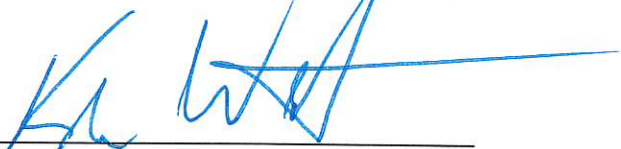


Signature

Signature

Signature

EMPLOYER REPRESENTATIVES



Signature



Signature



Signature



Signature

Signature

Date

Appendix A

		1/1/2020		
HR DIRECTOR		5% COLA		
	1	\$ 10,461	\$ 4,828	\$60.35
	2	\$ 10,984	\$ 5,070	\$63.37
	3	\$ 11,534	\$ 5,323	\$66.54
	4	\$ 12,110	\$ 5,589	\$69.87
FINANCE DIRECTOR				
	1	\$ 12,132	\$ 5,599	\$69.99
	2	\$ 12,738	\$ 5,879	\$73.49
	3	\$ 13,375	\$ 6,173	\$77.16
	4	\$ 14,044	\$ 6,482	\$81.02
FIRE MARSHAL				
	1	\$ 11,829	\$ 5,459	\$68.24
	2	\$ 12,420	\$ 5,732	\$71.65
	3	\$ 13,042	\$ 6,019	\$75.23
		1/1/2021		
HR DIRECTOR		5% COLA		
	1	\$ 10,984	\$ 5,070	\$63.37
	2	\$ 11,534	\$ 5,323	\$66.54
	3	\$ 12,110	\$ 5,589	\$69.87
	4	\$ 12,716	\$ 5,869	\$73.36
FINANCE DIRECTOR				
	1	\$ 12,739	\$ 5,879	\$73.49
	2	\$ 13,375	\$ 6,173	\$77.16
	3	\$ 14,044	\$ 6,482	\$81.02
	4	\$ 14,746	\$ 6,806	\$85.07
FIRE MARSHAL				
	1	\$ 12,420	\$ 5,732	\$71.65
	2	\$ 13,041	\$ 6,019	\$75.23
	3	\$ 13,694	\$ 6,320	\$79.00

Appendix A, Continued

		1/1/2022		
HR DIRECTOR		5% COLA		
	1	\$ 11,534	\$ 5,323	\$66.54
	2	\$ 12,110	\$ 5,589	\$69.87
	3	\$ 12,716	\$ 5,869	\$73.36
	4	\$ 13,352	\$ 6,162	\$77.03
FINANCE DIRECTOR				
	1	\$ 13,376	\$ 6,173	\$77.16
	2	\$ 14,044	\$ 6,482	\$81.02
	3	\$ 14,746	\$ 6,806	\$85.07
	4	\$ 15,484	\$ 7,146	\$89.32
FIRE MARSHAL				
	1	\$ 13,041	\$ 6,019	\$75.23
	2	\$ 13,693	\$ 6,320	\$79.00
	3	\$ 14,379	\$ 6,636	\$82.95

Appendix B

YEARS OF SERVICE	DISTRICT PAYS	RETIREE PAYS
20	50.0%	50.0%
21	52.5%	47.5%
22	55.0%	45.0%
23	57.5%	42.5%
24	60.0%	40.0%
25	62.5%	37.5%
26	65.0%	35.0%
27	67.5%	32.5%
28	70.0%	30.0%
29	72.5%	27.5%
30	75.0%	25.0%
31	77.5%	22.5%
32	80.0%	20.0%
33	82.5%	17.5%
34	85.0%	15.0%
35	87.5%	12.5%
36	90.0%	10.0%
37	92.5%	7.5%
38	95.0%	5.0%
39	97.5%	2.5%
40	100.0%	0.0%

LETTER OF UNDERSTANDING

RE REQUIREMENTS FOR FUTURE MERGERS, CONSOLIDATIONS OR JOINT POWERS AUTHORITIES

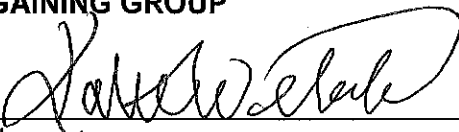
BETWEEN THE ADMINISTRATIVE BARGAINING GROUP AND THE CENTRAL FIRE PROTECTION DISTRICT OF SANTA CRUZ COUNTY

This Letter of Understanding (LOU) is entered into between the Administrative Bargaining Group and the Central Fire Protection District of Santa Cruz County (District) prohibiting the District from entering into any merger, consolidation or joint powers authority agreement with any other agency, fire protection district, or provider of fire protection services without providing by contract with such agency, fire protection district, or provider of fire protection services for the continuation of retirement benefits and retirement defined benefit plans or formulas that employees of the District received from the District pursuant to the provisions of the California Government Code prior to the exercise of a power to contract for any merger, consolidation, or joint powers authority. Any dispute over the interpretation or application of this LOU will be resolved through binding arbitration pursuant to the Memorandum of Understanding in effect from January, 1, 2020 through December 31, 2022.

SIGNATURES

This Agreement is entered into on the 10th day of December, 2019, in the County of Santa Cruz, California.

FOR THE ADMINISTRATIVE BARGAINING GROUP




Signature

12/12/19

Date

FOR THE EMPLOYER- CENTRAL FIRE PROTECTION DISTRICT OF SANTA CRUZ COUNTY



Signature



Signature



Signature



Signature

Signature

LETTER OF UNDERSTANDING

RE: REQUIREMENTS FOR FUTURE MERGERS, CONSOLIDATIONS OR JOINT POWERS AUTHORITIES


BETWEEN THE MANAGEMENT BARGAINING GROUP AND THE CENTRAL FIRE PROTECTION DISTRICT OF SANTA CRUZ COUNTY

This Letter of Understanding (LOU) is entered into between the Management Bargaining Group and the Central Fire Protection District of Santa Cruz County (District) prohibiting the District from entering into any merger, consolidation or joint powers authority agreement with any other agency, fire protection district, or provider of fire protection services without providing by contract with such agency, fire protection district, or provider of fire protection services for the continuation of retirement benefits and retirement defined benefit plans or formulas that employees of the District received from the District pursuant to the provisions of the California Government Code prior to the exercise of a power to contract for any merger, consolidation, or joint powers authority. Any dispute over the interpretation or application of this LOU will be resolved through binding arbitration pursuant to the Memorandum of Understanding in effect from January, 1, 2020 through December 31, 2022.

SIGNATURES

This Agreement is entered into on the 10th day of December, 2019, in the County of Santa Cruz, California.

FOR THE MANAGEMENT BARGAINING GROUP



Signature


2/11/2020

Date

FOR THE EMPLOYER- CENTRAL FIRE PROTECTION DISTRICT OF SANTA CRUZ COUNTY



Signature



Signature



Signature



Signature

Signature



LOCAL 3605

PROFESSIONAL FIREFIGHTERS ASSOCIATION

OF

SANTA CRUZ COUNTY

P.O. Box 268
Soquel, CA 95073

LETTER OF UNDERSTANDING

RE REQUIREMENTS FOR FUTURE MERGERS, CONSOLIDATIONS OR JOINT POWERS AUTHORITIES

BETWEEN

IAFF LOCAL 3605

AND

THE CENTRAL FIRE PROTECTION DISTRICT OF SANTA CRUZ COUNTY

This Letter of Understanding (LOU) is entered into between IAFF Local 3605 (Union) and the Central Fire Protection District of Santa Cruz County (District) prohibiting the District from entering into any merger, consolidation or joint powers authority agreement with any other agency, fire protection district, or provider of fire protection services without providing by contract with such agency, fire protection district, or provider of fire protection services for the continuation of retirement benefits and retirement defined benefit plans or formulas that employees of the District received from the District pursuant to the provisions of the California Government Code prior to the exercise of a power to contract for any merger, consolidation, or joint powers authority. Any dispute over the interpretation or application of this LOU will be resolved through binding arbitration pursuant to the Memorandum of Understanding in effect from January, 1, 2019 through December 31, 2021.

This LOU is effective from January 1, 2019 through December 31, 2021.

PROFESSIONAL FIREFIGHTERS ASSOCIATION

OF

SANTA CRUZ COUNTY

P.O. Box 268
Soquel, CA 95073



LOCAL 3605

Central Fire Protection District Signatures

Fire Chief Steven Hall

Chair John Lucchesi

Director Barry Franchi

Director Owen Miller

Director David Burnham

Director Kevin Walter

2 of 2

IAFF Local 3605 Signatures

President Patrick Winters

Vice President Jacek Kokot

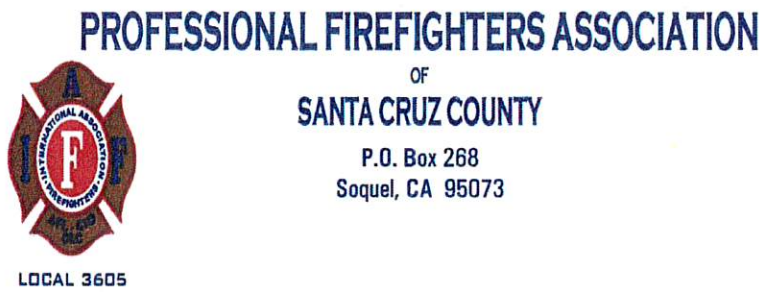
Secretary Andrew Weybright

Treasurer Robert Martone

**EXHIBIT D
(PART 3 OF 3)**

**EMPLOYMENT CONTRACTS
(CENTRAL AND APTOS/LA SELVA FPD)**

DRAFT

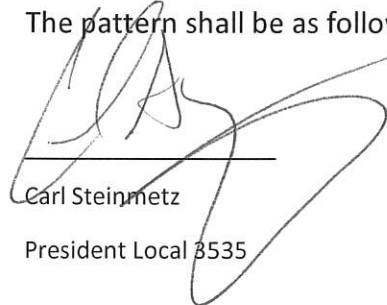


Local 3535 and Local 3605 Shift Hours and Schedule

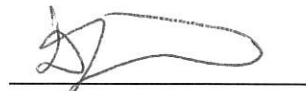
Below is a summary of the agreed upon schedule and shift hours of Local 3605 and Local 3535. The following has been voted for and ratified by both labor groups and forwarded to the consolidation terms and conditions.

Shift Schedule

Both groups have agreed to continue with the 48/96 schedule consisting of 3 shifts, A Shift, B Shift and C Shift who will work 2 consecutive 24 hour shifts followed by 4 consecutive 24 hour scheduled days off. Shifts shall start at 0700 hours and end at 0700 hours the following day. The pattern shall be as follows; **AABBCCAABBCC** and so on so forth.



Carl Steinmetz
President Local 3535



Don Jarvis
Interim Fire Chief
Aptos La Selva Fire District



Patrick Winters
President Local 3605



John Walbridge
Interim Fire Chief
Central Fire Protection District Santa Cruz County

10/13/2020



Local 3535



Local 3605

Local 3535 and L3605 Seniority and Station Bidding

Below is a summary of the compromises and negotiations L3535 and L3605 made in regards to seniority and station bidding. The proposals below have been voted for and ratified by both labor groups.

Seniority

We will utilize the model L3605 is currently using which for bidding purposes, seniority will be based off of time in rank. Meaning for the FF rank, bid seniority would be based off of hire date. For captain and above, bid seniority would be based off of date promoted into the new classification/rank. In our research, this is present day industry standard. In the rare event two employees have the same promotion date the one with more service time would have the first promotion/bid seniority. This would go into effect once we have a singular bid as a consolidated labor group with a target date of bid year 2022 or 2023 at the latest. For the purposes of vacation selection, layoffs and other matters we would utilize seniority by date of hire.

Bidding

The committee agreed and both labor groups voted that the bid implementation plan will follow this framework:

-Year 2020 bid, L3535 and L3605 will bid in accordance with their past practice, respective districts policies and will maintain two separate bids. Note: We will continue the practice of FF and FF/PM station swaps between APT and CTL personnel whenever possible.

-Year 2021 bid, L3535 and L3605 will bid in accordance with their past practice and will attempt to bid at the same location, same time while maintaining two separate respective bids. Note: Continue practice of FF and FF/PM station swaps, as well as have company offices work with the training bureau to complete area and operational familiarization/task books of each others respective stations and first dues prior to an open bid.

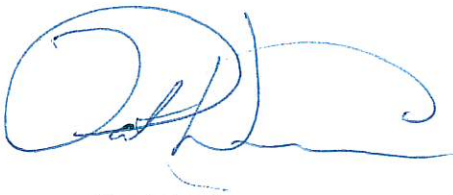
-In August/September of 2021, L3535 and L3605 will reconvene to discuss the potential for an open bid for year 2022 or extending the separate bids until year 2023. An open bid for year 2022 will need to be voted for by each labor group after the August/September 2021 committee meeting. The year 2022 will be the last possible year for any separate bid.

The above timeline will allow for interested L3535 members to initiate and hopefully complete a truck operator task book and for L3605 members to initiate a R3560 and WT 3550 task book which in turn will truly allow an open bid come 2022/2023.

All Captains / AC's from both agencies will work with the training bureau to complete area and operational familiarization/task books of each others respective stations and first dues prior to an open bid.



Carl Steinmetz
President Local 3535



Patrick Winters
President Local 3605



Aptos/La Selva Fire Protection District
6934 Soquel Drive, Aptos, CA 95003
(831) 685-6690 • www.aptosfire.com



Central Fire Protection District
930 17th Avenue, Santa Cruz, CA 95062
(831) 479-6842 • www.centralfpd.com

LETTER OF UNDERSTANDING

The mid-management promotional processes shall provide each agency the opportunity to interface between the Battalion Chief and Division Chief ranks prior to consolidation. This idealism meets industry standard succession plan models, i.e. Captain to Battalion Chief, and Battalion Chief to Division Chief. Memorandum of Understanding (MOUs), Personnel Policies and Management rights are all considered in developing this plan.

The recommended linear approach shall have Battalion Chief and Division Chief promotional opportunities for both agencies:

1. On March 10, 2020, a Division Chief opening should occur within the Aptos/La Selva Fire Protection District;
2. Prior to March 10, 2020, Central will promote a temporary Division Chief from the existing Battalion Chief structure;
3. The vacancy created by the temporary Division Chief promotion will be filled from a rotation of Central Acting-Battalion Chief (on established list) and current Acting-Duty Chief personnel (task books completed) from Aptos/La Selva:
 - The Operations Chief shall establish equitable rotation between all personnel
 - The number of shifts assigned will be determined by number of qualified candidates and available shifts by the Operations Division
4. On March 16 and 17, 2020, a Battalion Chief assessment center will be conducted utilizing an independent outside source. This will be a joint testing process, establishing two separate organizational lists;
 - An eligibility list for promotion shall be established by a pre-determined passing score
5. In March 2020, Aptos will announce the appointment of a Battalion Chief promotion:
 - The promoted Battalion Chief shall be assigned to "shadow" current shift Battalion Chiefs for transition.

6. On or about March 27, 2020, a Central Battalion Chief vacancy will occur
 - On or before March 13, 2020, a conditional offer will be made to a candidate from Central's current Battalion Chief eligibility list
 - The newly promoted Battalion Chief will work in tandem with the out-going Battalion Chief as a transitional opportunity
 7. On April 23 and 24, 2020, a Division Chief assessment center will be conducted utilizing an independent outside source. This will be a joint testing process, establishing two separate organizational lists:
 - Qualifications to participate in the exam include holding the rank of Battalion Chief
 - An eligibility list for promotion shall be established by a pre-determined passing score
 8. Upon successfully completing the Division Chief promotional process, a Central Battalion Chief will be promoted to permanent Division Chief:
 - Upon the promotion of Central's Battalion Chief to Division Chief, the vacancy created by the promotion will be filled by an Aptos Battalion Chief.
 9. Following both promotional processes, the Mid-Management Shared Services staffing Model* will consist of:
 - One Division Chief from Central, and 1 Division Chief from Aptos
 - Three Battalion Chiefs from Central and 1 Battalion Chief from Aptos;
 - 2 Shift Battalion Chiefs from Central
 - 1 Shift Battalion Chief from Aptos
 - 1 Training-Safety Battalion Chief from Central
 10. The Operations Chief will determine the probationary Shift Battalion Chief Assignments;
- (*NOTE: Neither agency has lost any promotional opportunities. Central Fire maintains 4 Chief Officer positions, and Aptos maintains 2 Chief Officer positions)

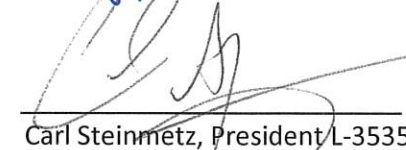
11. Prior to consolidation, any promotions will be filled by the respective agency's existing eligibility list based on FTE funding. Once consolidation has occurred the independent promotional lists for each position will be merged by ranking and score.

The undersigned parties to this Letter of Understanding agree to the aforementioned promotional plan, proposed timelines, and proposed distribution of resources.


Steven Hall, Fire Chief (Central) 1/29/20
date

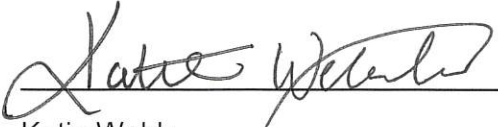

Aaron Lowe, Fire Chief (Aptos) 1-29-20
date


Patrick Winters, President L-3605 2/27/20
date


Carl Steinmetz, President L-3535 2-3-20
date

The Administrative Group of Central Fire Protection District and the Administrative Group of Aptos/La Selva Fire Protection District tentatively agree to combine into one bargaining group upon consolidation of the Central Fire Protection District and the Aptos/La Selva Fire Protection District. The following positions will be represented by the newly formed Administrative Group:

- Accounting Specialist
- Administrative Assistant I
- Administrative Assistant II
- Administrative Assistant III
- Executive Administrative Assistant
- Fire Apparatus Technician
- Fire Inspector
- Fire Prevention Coordinator
- Information Specialist
- Logistics Technician
- Personnel/Payroll Specialist
- Receptionist
- Senior Fire Apparatus Technician


Katie Webb

3-20-2020
Date


Barbara Livanos

3.20.2020
Date


John Lucchesi

3/20/2020
Date


John Scanlon

3/20/2020
Date

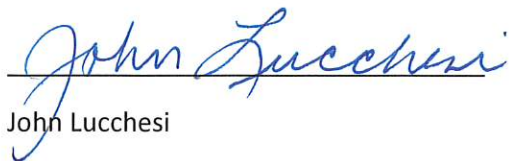
The management bargaining group of Central Fire and the Deputy Fire Marshal of Aptos/La Selva fire tentatively agree to combine into one bargaining group upon consolidation of the Central Fire Protection District and the Aptos/La Selva Fire Protection District. The following positions will be represented by the newly formed Management Bargaining Group: Human Resources Director, Finance Director, Fire Marshal, and Deputy Fire Marshal.



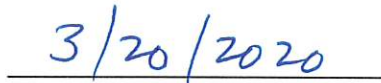
Gena Finch



Date



John Lucchesi



Date



John Scanlon



Date



Santa Cruz Local Agency Formation Commission

Date: November 4, 2020
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Service and Sphere Review for the San Lorenzo Valley Water 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 San Lorenzo Valley Water District ("SLVWD") and scheduled a public hearing.

It is recommended that the Commission take the following actions:

1. 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 SLVWD, 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; and
4. Adopt a Resolution (LAFCO No. 2020-31) approving the 2020 Service and Sphere Review for the San Lorenzo Valley Water District with the following conditions:
 - a. Update the District's current sphere of influence to include 24 unserved islands totaling approximately 3,299 acres;
 - b. Coordinate with SLVWD to analyze possible annexations and/or sphere amendments to include any mutual water companies or nearby water systems affected by the recent fires that can no longer provide an adequate level of service;
 - c. Coordinate with the Water District and the County to analyze the possible reorganization of the Bear Creek Estates Wastewater System, which would transfer sewer responsibilities from SLVWD to the County Public Works Department;
 - d. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the San Lorenzo Valley Water District and any other interested or affected parties, including but not limited to the 34 mutual water companies identified in the service review; and
 - e. Provide the Commission a status update on the effects of the recent fires to the District's operations by November 2021.

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 SLVWD (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 water services to an estimated 20,000 constituents.

SLVWD currently provides water service to a population of 19,700 through approximately 8,000 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. These sources are derived solely from rainfall within the San Lorenzo River watershed. LAFCO staff projects that the entire population of SLVWD will reach 21,000 by 2040.

2. The District provides sewer service to a small community.

The Bear Creek Estates Wastewater System was developed in 1985 and acquired by SLVWD when the Bear Creek Estates development was annexed into the District. Today, SLVWD provides wastewater collection and treatment for 56 parcels. SLVWD has expressed interest in transferring ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency.

3. The District is financially sound.

SLVWD's financial ability to provide services is well-established. The District has successfully kept costs below its revenue stream since 2014. Audited financial statements from Fiscal Years 2014 to 2019 indicate that the positive net balance has ranged from \$1.4 to \$3.9 million. As of June 30, 2019, the District is operating with a net position of approximately \$31 million.

4. The District has a capital improvement plan in place.

SLVWD adopted a long-range capital improvement plan on November 16, 2017. The purpose of this plan 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 throughout the next 10-years of growth and change. A total of 21 capital improvement projects are planned to be completed by 2022.

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. SLVWD continues to provide a large array of information on their website. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in Senate Bill 929, including but not limited to LAFCO's adopted services reviews.

6. The District is currently facing issues due to recent fires.

Recent fires in California, and within Santa Cruz County, have been the most destructive fires in State history and will have a profound impact on the governmental services provided to the affected communities. As SLVWD begins to address the aftermath and work through the recovery process, there will need to be much discussion and coordination among local agencies in order to maximize the limited resources available. In light of the District's preliminary stage of recovery, LAFCO staff recommends deferring analysis of the fires' impact until next year.

7. The District's sphere of influence requires an update.

SLVWD's first sphere boundary was adopted in October 1985. The last sphere amendment occurred in August 2016 to reflect the reorganization involving Lompico County Water District. Based on staff's analysis, a total of 24 unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. The size of these areas range from 0.18 to 2,390 acres. LAFCO staff is recommending that the sphere boundary include these areas.

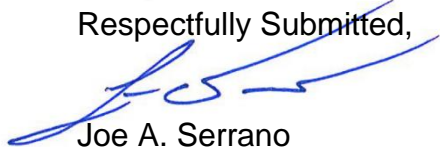
Environmental Review

LAFCO staff has conducted an environmental review for the draft service and sphere review in accordance with the California Environmental Quality Act (CEQA). 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 October 8.

Agency Coordination and Public Notice

A hearing notice for this draft service review was published in the October 7th issue of the Santa Cruz Sentinel (**Attachment 3**). A draft copy of the report was shared with Rick Rogers, SLVWD General Manager. This allowed the District an opportunity to review LAFCO staff's findings. In conclusion, staff is recommending that the Commission adopt the attached resolution (refer to **Attachment 4**) approving the service and sphere review.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. Service and Sphere Review – Administrative Draft
2. Environmental Determination – Categorical Exemption
3. Public Hearing Notice
4. Draft Resolution No. 2020-31

cc: Rick Rogers (SLVWD) and John Ricker (County of Santa Cruz – Water Division)

San Lorenzo Valley Water District

Service and Sphere of Influence Review



Administrative Draft (November 4, 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 San Lorenzo Valley Water District (SLVWD). 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 special 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 August 6, 2016.

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]).

District Overview

The San Lorenzo Valley Water District was formed in 1941 and operates under the County Water District Law (Sections 30000 et seq. of the California Water Code) for the purpose of developing and providing water for domestic use, fire protection, and recreation in the San Lorenzo Valley. Additionally, the District provides sewer service to the Bear Creek Estates area within the District. At present, SLVWD provides water service to approximately 8,000 connections in the communities of Boulder Creek, Brookdale, Ben Lomond, Felton, Lompico, Zayante, and southern Scotts Valley. Services are provided by four water systems and one sewer system: (1) North System (Boulder Creek, Brookdale, Ben Lomond, Lompico, and Zayante), (2) Felton, (3) South System (Pasatiempo Pines area in southern Scotts Valley), (4), Mañana Woods (southern Scotts Valley), and (5) Bear Creek Estates Wastewater System. An overview map, depicting the current jurisdictional and sphere boundaries, is shown as **Figure 1** on page 5.

Sphere of Influence

Santa Cruz LAFCO adopted the first sphere of influence for SLVWD on October 16, 1985. The current sphere excludes areas outside the District's jurisdictional boundary. The last sphere update occurred in August 2016 following the Lompico Reorganization. LAFCO staff is recommending that the sphere boundary be amended to include 24 unserved islands substantially surrounded by SLVWD, as shown in **Figure 12** on page 28.

Key Findings

The following are key findings of the 2020 Service and Sphere of Influence Review for the San Lorenzo Valley Water District:

1. The District provides water services to an estimated 20,000 constituents.

SLVWD currently provides water service to a population of 19,700 through approximately 8,000 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. These sources are derived solely from rainfall within the San Lorenzo River watershed. LAFCO staff projects that the entire population of SLVWD will reach 21,000 by 2040.

2. The District provides sewer service to a small community.

The Bear Creek Estates Wastewater System was developed in 1985 and acquired by SLVWD when the Bear Creek Estates development was annexed into the District. Today, SLVWD provides wastewater collection and treatment for 56 parcels. SLVWD has expressed interest in transferring ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency.

3. The District is financially sound.

SLVWD's financial ability to provide services is well-established. The District has successfully kept costs below its revenue stream since 2014. Audited financial statements from Fiscal Years 2014 to 2019 indicate that the positive net balance has ranged from \$1.4 to \$3.9 million. As of June 30, 2019, the District is operating with a net position of approximately \$31 million.

4. The District has a capital improvement plan in place.

SLVWD adopted a long-range capital improvement plan on November 16, 2017. The purpose of this plan 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 throughout the next 10-years of growth and change. A total of 21 capital improvement projects are planned to be completed by 2022.

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. SLVWD continues to provide a large array of information on their website. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in Senate Bill 929, including but not limited to LAFCO's adopted services reviews.

6. The District is currently facing issues due to recent fires.

Recent fires in California, and within Santa Cruz County, have been the most destructive fires in State history and will have a profound impact on the governmental services provided to the affected communities. As SLVWD begins to address the aftermath and work through the recovery process, there will need to be much discussion and coordination among local agencies in order to maximize the limited resources available. In light of the District's preliminary stage of recovery, LAFCO staff recommends deferring analysis of the fires' impact until next year.

7. The District's sphere of influence requires an update.

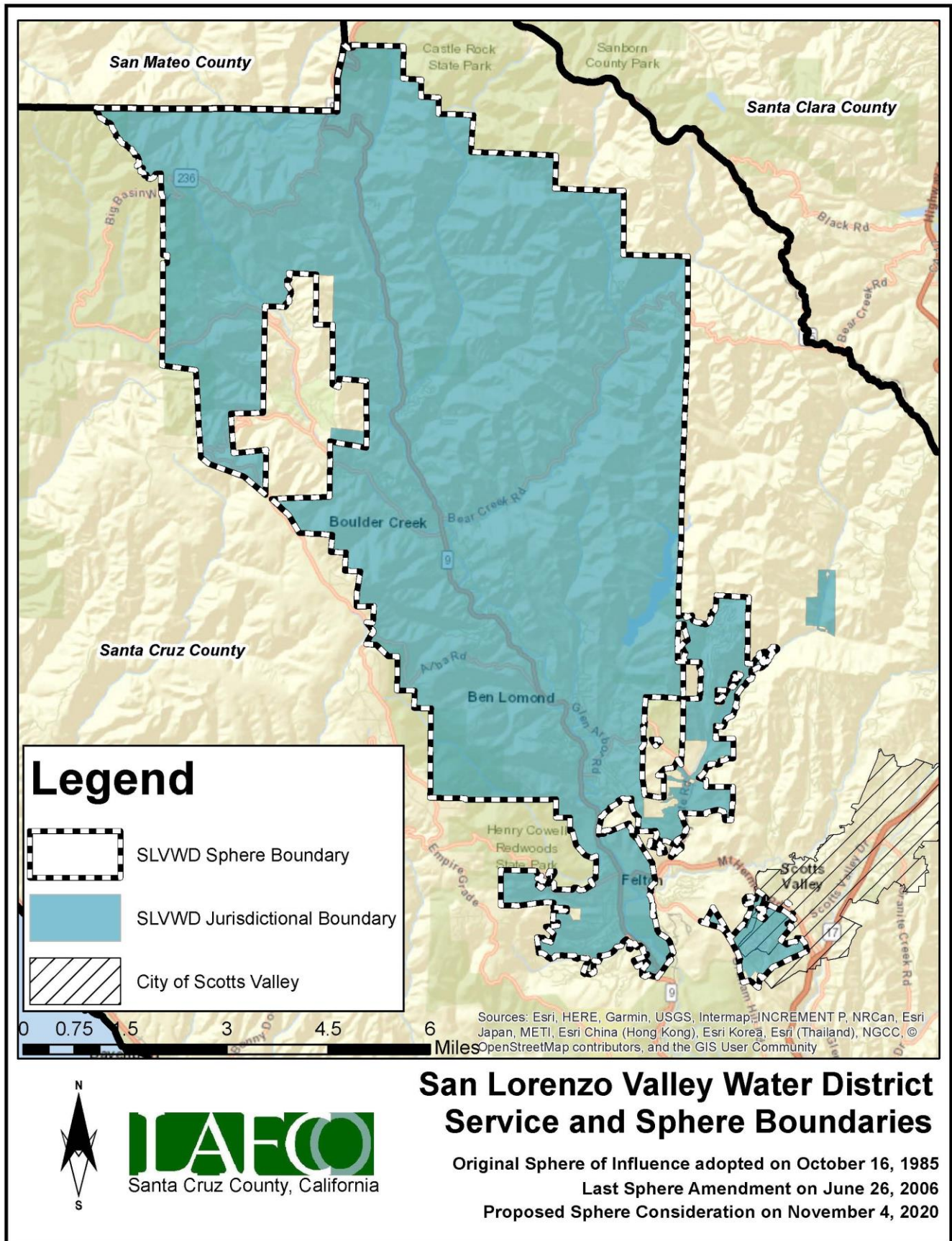
SLVWD's first sphere boundary was adopted in October 1985. The last sphere amendment occurred in August 2016 to reflect the reorganization involving Lompico County Water District. Based on staff's analysis, a total of 24 unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. The size of these areas range from 0.18 to 2,390 acres. LAFCO staff is recommending that the sphere boundary include these areas.

Recommended Actions

Based on the analysis and findings in the 2020 Service and Sphere of Influence Review for the San Lorenzo Valley Water District, the Executive Officer recommends that the Commission:

1. 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 San Lorenzo Valley Water 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 Resolution (LAFCO No. 2020-31) approving the 2020 Service and Sphere of Influence Review for San Lorenzo Valley Water District with the following conditions:
 - a. Update the District's current sphere of influence to include 24 unserved islands totaling approximately 3,299 acres;
 - b. Coordinate with the Water District to analyze possible annexations and/or sphere amendments to include any mutual water companies or nearby water systems affected by the recent fires that can no longer provide an adequate level of service;
 - c. Coordinate with the Water District and the County to analyze the possible reorganization of the Bear Creek Estates Wastewater System, which would transfer sewer responsibilities from SLVWD to the County Public Works Department;
 - d. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the San Lorenzo Valley Water District and any other interested or affected parties, including but not limited to the 34 mutual water companies identified in the service review; and
 - e. Provide the Commission a status update on the effects of the recent fires to the District's operations by November 2021.

Figure 1: Current Sphere Map



DISTRICT OVERVIEW

History

The San Lorenzo Valley Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District has been providing services to residents within the District's boundaries following its formation in 1941. Since 1963, the District has experienced several boundary changes under LAFCO's authority. A total of 56 boundary changes have been approved by LAFCO, with the Lompico Reorganization last approved in August 2016. **Table 3**, on pages 8 and 9, provides an overview of all the approved boundary changes since 1963. Today, the District's service area encompasses approximately 60 square miles, as shown in **Figure 1** on page 5.

Services and Operations

The District owns, operates, and maintains two water systems that supply separate service areas from separate water sources. The North/South Service Area includes the unincorporated communities of Boulder Creek, Brookdale, Ben Lomond, Zayante, Lompico, portions of the City of Scotts Valley and adjacent unincorporated neighborhoods. The Felton Service Area was acquired by the District from California American Water in September 2008 and includes the town of Felton and adjacent unincorporated areas. The District owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates, which serves approximately 56 homes. There are 170 miles of pipeline, 39 tank sites and 30 booster pump stations serving 36 pressure zones. The District currently provides service to approximately 8,000 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. These sources are derived solely from rainfall within the San Lorenzo River watershed.

Water Rates

SLVWD has a policy ensuring that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water and sewer rates are reviewed periodically. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge. **Table 2** highlights the past and upcoming water rates for SLVWD customers. Based on staff's analysis, water rates for the next two years (2021 and 2022) will increase by an average of 5%, which is lower than previous years as shown in the following table.

Rate Study

In 2017, SLVWD conducted an extensive financial evaluation report which included a comprehensive cost-for-service analysis and a rate study. The purpose of the report was to develop proposed water rates, connection fees and proposed sewer rates. This required thoroughly reviewing and confirming the District's broader rate-related goals and objectives, including policies related to financial parameters, conservation goals, customer bill impacts, and ensuring the new rates will provide long-term revenue stability. The 2017 analysis is available as **Appendix A** of this service review.

Table 2: Water Rates (2016 to 2022)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Fixed Service Charge by Meter Size						
5/8"	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
3/4"	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
1"	\$56.50	\$42.36	\$45.33	\$48.05	\$50.45	\$52.97
1.5"	\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
2"	\$181.50	\$119.91	\$128.30	\$136.00	\$142.80	\$149.94
3"	\$341.00	\$232.70	\$248.98	\$263.92	\$277.12	\$290.97
4"	\$567.00	\$359.58	\$384.75	\$407.84	\$428.23	\$449.64
Rate of Change following each Fiscal Year		-32%	7%	6%	5%	5%
Volumetric Charges for All Water Consumed						
Flat Rate (Uniform Rate)	\$10.00	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Rate of Change following each Fiscal Year		1%	7%	6%	5%	5%

Lompico Reorganization

In 2016, the Commission approved the reorganization involving the Lompico County Water District (LCWD) and SLVWD. This was a joint application between the affected water districts. The purpose of the proposal was to dissolve and subsequently annex Lompico to SLVWD¹. This joint effort was a result of extensive research and analysis by both water districts to ensure that Lompico residents receive adequate water service. In 2018, the Santa Cruz County Grand Jury analyzed the reorganization. A copy of the Grand Jury report as well as the District's responses are available in **Appendix B**.

Several conditions were included in this reorganization, such as the establishment of a "bond oversight committee." SLVWD created an oversight committee named the Lompico Assessment District Oversight Committee (LADOC), which consists of five Lompico residents. The purpose of the Committee is to review and oversee income and expenses related to construction projects in the Assessment District AD-16 Engineer's Report and to serve as liaison for customers residing within the Lompico Assessment District boundaries. LADOC also informs the District and the general public with an annual report concerning the revenue and expenditure of assessment district proceeds and projects approved by the voters of Lompico on March 6, 2015.

LADOC typically conducts meetings each month at 5:30pm at the District's Operations Building (13057 Highway 9, Boulder Creek, California). In 2020, the Committee met twice, including a special LADOC Workshop on January 28 to discuss and adopt the Lompico Assessment District Annual Report. **Appendix C** provides a copy of this adopted report. Due to the pandemic, no further meetings have been conducted.

¹ 2014 LCWD & SLVWD Service Review - <https://www.santacruzlafco.org/wp-content/uploads/2018/11/LCWD-SLVWD-2014-MSR.pdf>.

Table 3: SLVWD Past Boundary Changes

Project Number	Proposal Title	Action Date
3	Storm & Hooper Property / W. Zayante Rd. Annexation to SLVWD	12/17/1963
8	Stewart / Hihn Rd. Annexation to SLVWD	3/17/1964
32	King's Creek Annexation to SLVWD	11/17/1964
35	Belardi & Mitchell / Graham Hill Annexation to SLVWD	12/15/1964
42	Brown & Bracesco / W. Zayante Annexation to SLVWD	2/16/1965
44	Bahr / W. Zayante Rd. Annexation to SLVWD	4/20/1965
100	University Village Subdivision Tank Site / Hihn Rd. Annexation to SLVWD	1/18/1967
165	East Zayante Annexation to SLVWD	6/18/1969
166	East Zayante Annexation to SLVWD	5/21/1969
169	East Zayante Annexation to SLVWD	6/18/1969
177	East Zayante Annexation to SLVWD	8/20/1969
190	Camp Wastahi / Lompico Rd. Annexation to SLVWD	1/21/1970
237	Quail Hollow Annexation to SLVWD	9/16/1970
304	Graham / Scotts Valley Dr. Detachment from SLVWD	4/19/1972
334	East Zayante Annexation to SLVWD	7/19/1972
361	Graham Reorganization to SLVWD	6/20/1973
366	East Zayante Annexation to SLVWD	7/18/1973
374	Hidden Glen / Graham Hill Rd. Detachment from SLVWD	2/20/1974
407	Big Basin Water Co. Detachment from SLVWD	2/4/1976
415	Greene / Hihn Rd. Annexation to SLVWD	4/2/1975
451	Juvenile Hall Annexation to SLVWD	2/4/1976
486	University Village et al. Annexation to SLVWD	7/6/1977
504	San Lorenzo Valley Annexation to SLVWD	8/17/1977
510	Ferrari / E. Zayante Annexation to SLVWD	1/4/1978
600	Harvard Dr. Annexation to SLVWD	3/5/1981
617	Crow's Nest Dr. / Sykes Detachment from SLVWD	1/3/1982

579-A	Galleon Hts. Detachment from SLVWD	8/5/1981
643	East-West Zayante Rd./Myer Annexation to SLVWD	6/1/1983
650	East Zayante Rd./Olympia Station Rd. Annexation to SLVWD	6/1/1983
647-B	SLVWD SOI	10/16/1985
705	Hihn Rd. / Kim Way Annexation to SLVWD	3/5/1986
717	Whispering Pines Dr. Reorganization	4/2/1986
739	East Zayante Rd. Annexation to SLVWD	6/6/1990
792	Valley Gardens Golf Course Reorganization	5/5/1993
792-A	SOI Amendment to SLVWD	5/5/1993
793	West Zayante Rd. Annexation to SLVWD	5/5/1993
798	West Zayante / El Alamein Annexation to the SLVWD	4/14/1994
804	East Zayante Rd. Annexation to SLVWD	3/23/1995
814	East Creek Rd. Annexation to SLVWD	8/2/1995
814-A	Amending the SOI for SLVWD	8/2/1995
835	Crow / East Zayante Exterritorial Water Services SLVWD	10/2/1996
861	West Zayante / Broberg Annexation	4/7/1999
867	Amending SOI to SLV Water District	12/1/1999
875	Trout Farm Annexation to SLV Water District	11/1/2000
887	El Alamein Annexation to SLVWD	8/7/2002
890	Felton Amendment to SLVWD	9/3/2003
891	Morrison West Zayante Annexation to SLVWD	4/7/2004
896	Hippert/Locatelli Annexation to SLVWD	2/2/2005
901	Manana Woods Annexation to SLVWD	2/1/2006
906	Amendment to SLVWD SOI	6/26/2006
927	Eggleson / Amos Annexation to SLVWD	12/8/2008
936	Olympia Mutual Water Company Annexation to SLVWD	8/1/2012
936	Olympia Mutual Water Company Annexation to SLVWD	8/1/2012
954	West Zayante / Reason Annexation to SLVWD	11/5/2014
955	West Zayante / Butler Annexation to SLVWD	1/7/2015
953	Lompico Reorganization	8/6/2016

Bear Creek Estates Wastewater System

The Bear Creek Estates subdivision was first developed between 1963 and 1965 and expanded in 1975. Residential units were historically on private septic systems, and approximately half the units remained on private septic systems after the sewer system conversion. A private developer constructed the District's wastewater collection system and septic disposal system in 1985. The Wastewater System was acquired by SLVWD when the development requested annexation into the District.

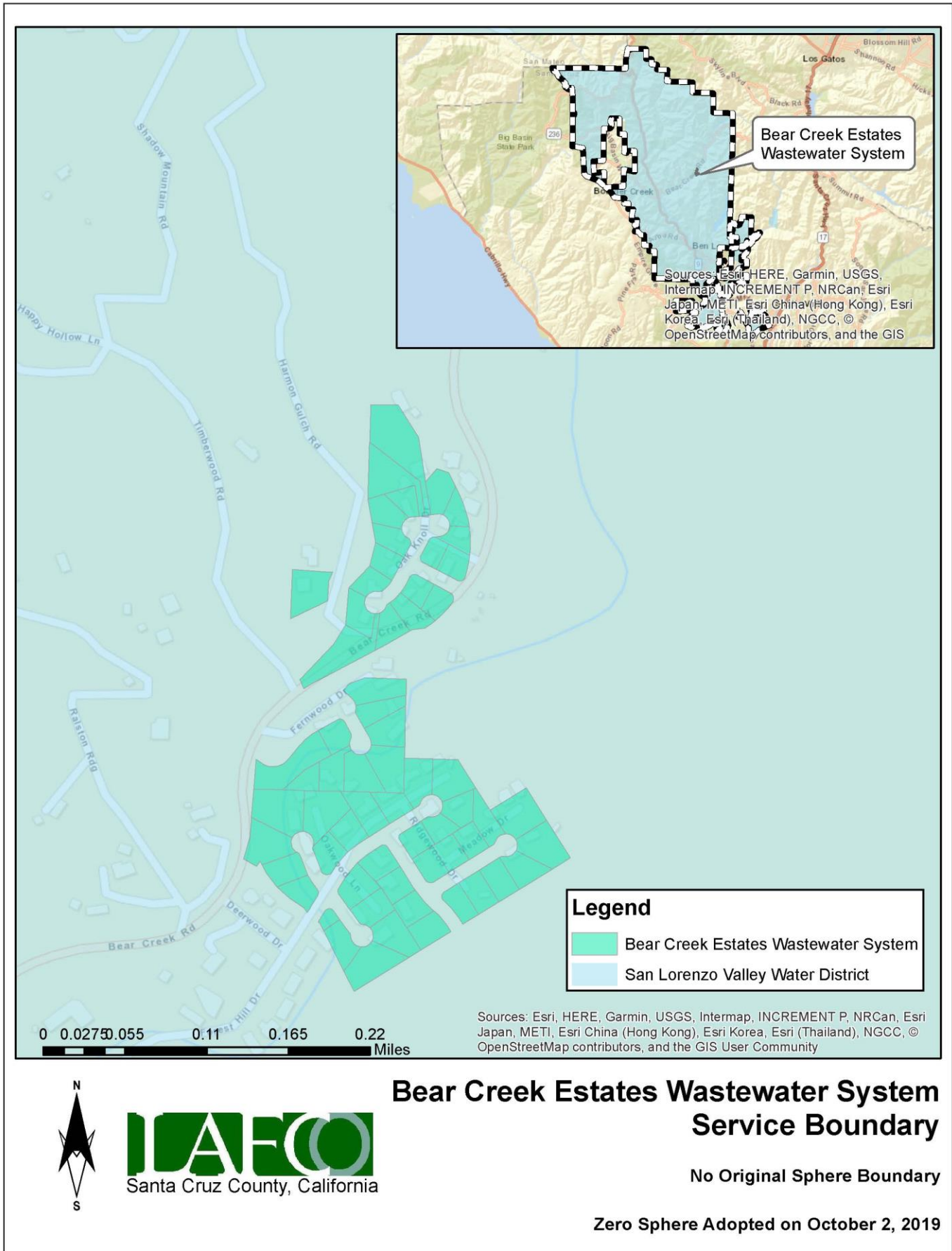
At present, SLVWD provides wastewater collection and treatment for 56 parcels in a portion of Bear Creek Estates subdivision (units 3, 4, and 5). This residential subdivision has approximately 183 residents and represents approximately less than 1% of the total population within the San Lorenzo Valley Water District. The Bear Creek Estates Wastewater Treatment plant is located at 15900 Bear Creek Road, Boulder Creek, California. The 1985 septic tank treatment system was designed to treat a daily average flow of 12,000 gallons per day (GPD) and a peak wet weather flow of 32,500 gallons per day (GPD). The System consists of two (2) cast-in-place, underground concrete tanks, four (4) above ground trickling media filters, an influent pump station, an effluent pump station, and a 2.3-acre leach field. **Figure 2**, on page 11, is a vicinity map of the service and sphere boundaries.

Potential Change in Organization

During the 2019 Countywide Sanitation Service & Sphere Review, LAFCO staff determined that the Bear Creek Estates Wastewater System has experienced an annual deficit over the past six years. Audited financial statements from Fiscal Years 2013 to 2018 indicate that the annual shortage has ranged from \$2,200 to \$60,000. As of June 30, 2018, the System is operating with a net position of approximately \$339,000 with no current assets or cash available. This is one of the reasons why the District has expressed interest to transfer ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency.

Due to ongoing financial constraints, in conjunction with SLVWD's interest in transferring sewer responsibilities to another local agency, the Commission adopted a "zero" sphere of influence for the Bear Creek Estates Wastewater System in October 2019. A "zero" sphere of influence (encompassing no territory) is established for an agency when the Commission has determined that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency of government. The adoption of a "zero" sphere indicates that the Bear Creek Estates Wastewater System should ultimately be dissolved, and sewer responsibilities transferred to another local agency. Additional analysis of a potential governance change is available on page 20 of this report. **Appendix D** provides a copy of LAFCO's evaluation of the Bear Creek Estates Wastewater System during the Countywide Sanitation Service & Sphere Review.

Figure 2: Bear Creek Estates Wastewater System



Population and Growth

Based on staff's analysis, the population of SLVWD in 2020 is estimated to be 19,900. 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 twenty years. **Table 4** shows the anticipated population within SLVWD. The average rate of change is 0.96%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for SLVWD. LAFCO staff increased the District's 2020 population amount by 0.96% each year. Under this assumption, our projections indicate that the entire population of SLVWD will be approximately 21,000 by 2040.

Table 4: Projected Population

	2020	2025	2030	2035	2040	Average Rate of Change
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.96%
San Lorenzo Valley Water District	19,902	20,093	20,286	20,481	20,677	0.96%

Source: AMBAG 2018 Regional Growth Forecast and FY 2018-19 SLVWD Audit

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.

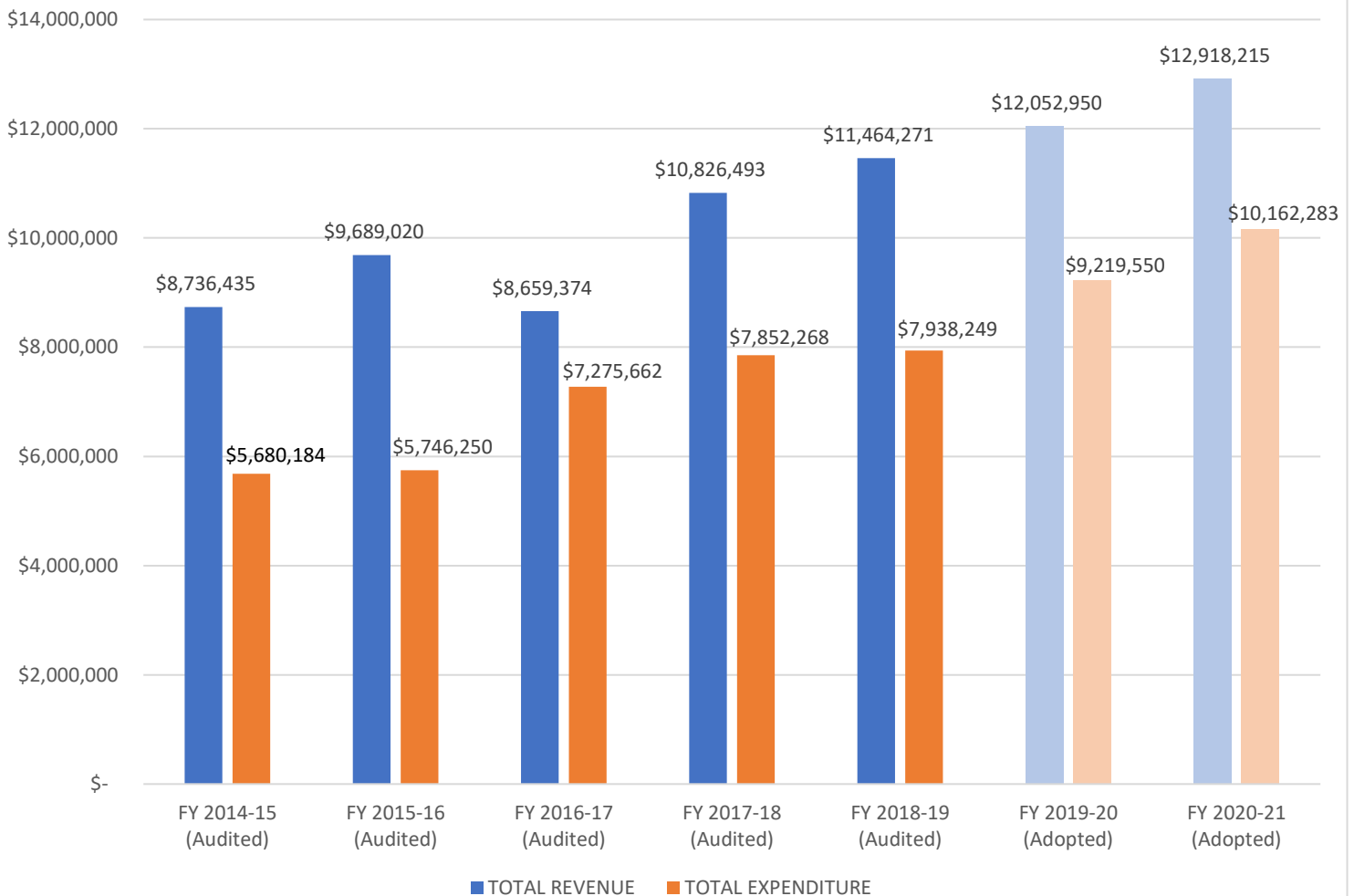
In 2017, the California statewide median household income was \$67,169, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate any potential DUCs in the County. Based on the criteria set forth by SB 244, staff's analysis indicates that there are no areas within or surrounding the water district designated as a disadvantaged unincorporated community.

FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. Fiscal Year 2018-19 is the latest audited financial statement available. LAFCO evaluated SLVWD's financial health from 2014 to 2019, including the two recently adopted budgets for FYs 2019-20 and 2020-21. A comprehensive analysis of the District's financial performance during the past five years is shown in **Table 6** on page 17. The sources used by LAFCO are available in **Appendix E**.

At the end of Fiscal Year 2018-19, total revenue collected was approximately \$11.4 million, representing a 6% increase from the previous year (\$10.8 million in FY 17-18). Total expenses for FY 2018-19 were approximately \$7.9 million, which increased slightly from the previous year by 1% (\$7.8 million in FY 17-18). Since 2014, the District ended each fiscal year with a surplus, as shown in **Figure 3**. LAFCO staff believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices which are also reflected in the last two adopted budgets.

Figure 3: Statement of Revenues & Expenditures



Revenues

Operating Revenue

The District's primary source of revenue is from operating revenues, specifically water consumption sales. In FY 2018-19, Water Consumption Sales totaled almost \$10 million which represents approximately 86% of SLVWD's entire revenue stream. Other operating revenue sources include wastewater service, meter sales, charges & penalties, operating grants, and other charges & services. These additional operating revenues represent around 2% of total revenue. During FY 2018-19, total operating revenue represents approximately 88% of the District's entire revenue stream.

Non-operating Revenue

The remaining 12% of total revenue derive from non-operating revenue sources. These funds include property taxes, assessment revenues, investment earnings, rental revenue, and capital grants. **Figures 4 and 5** provide a breakdown of the District's revenue stream by category and source.

Figure 4: Operating & Non-Operating Revenue (FY 2018-19)

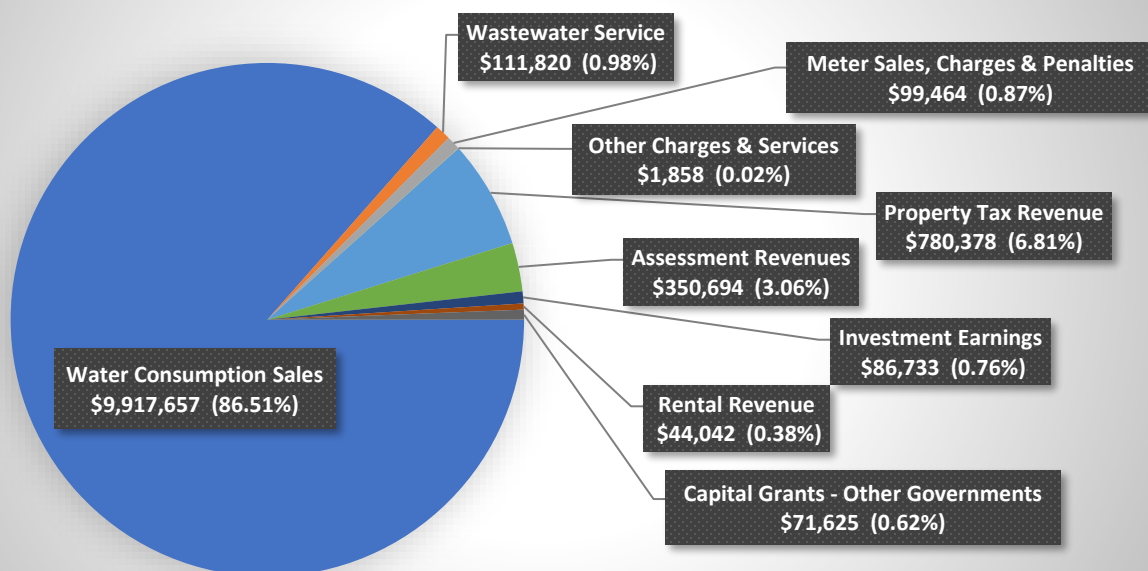
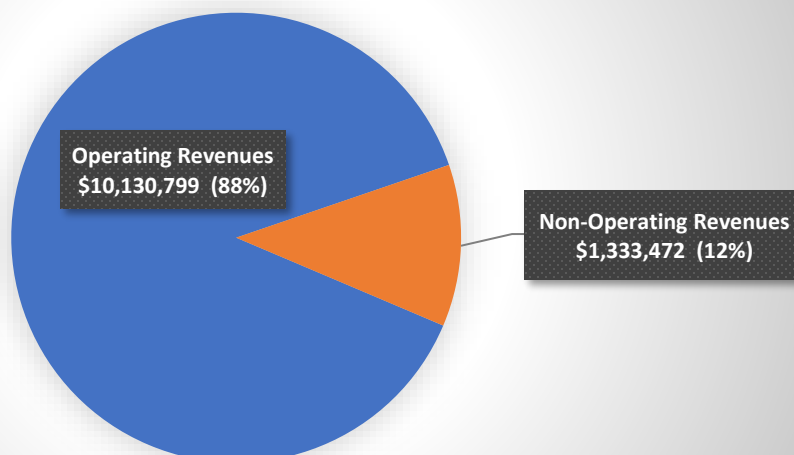


Figure 5: Total Revenue (FY 2018-19)



Expenditures

Operating Expense

The District's operating expenses represented approximately 92% of total expenditure during FY 2018-19. Operating expenses include salaries and benefits, professional services, operational, maintenance, facilities, and general & administrative costs.

Non-operating Expense

The remaining 8% of total expenses derive from non-operating revenue sources. These costs include property taxes (7%), assessment revenues (3%), investment earnings (less than 1%), rental revenue (less than 1%), and capital grants (less than 1%). **Figures 6 and 7** provide a breakdown of the District's costs by category and source.

Figure 6: Total Expenditure (FY 2018-19)

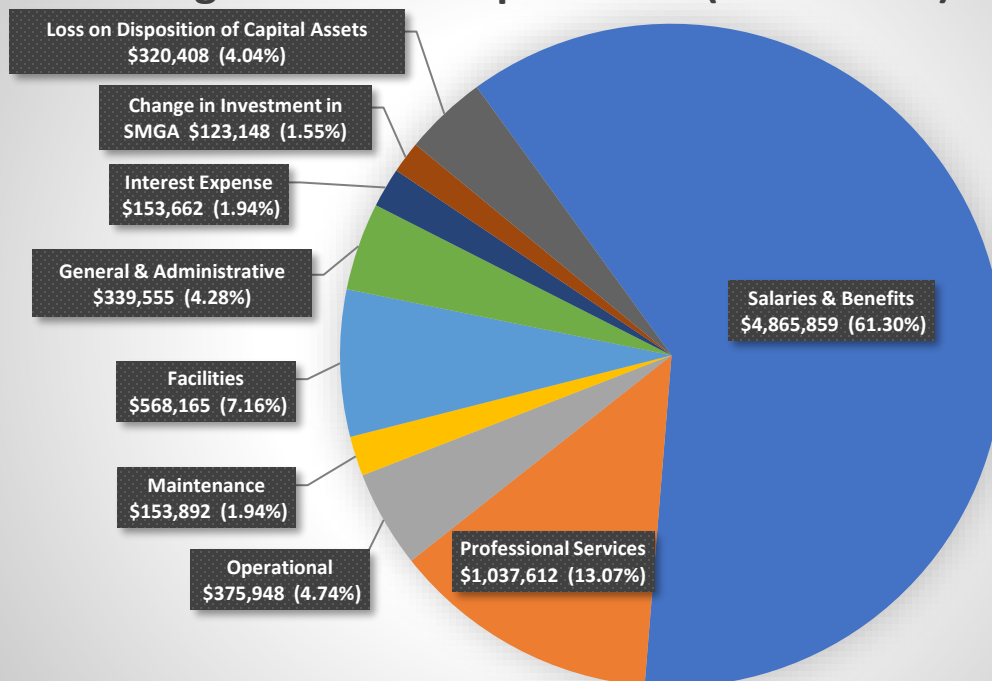
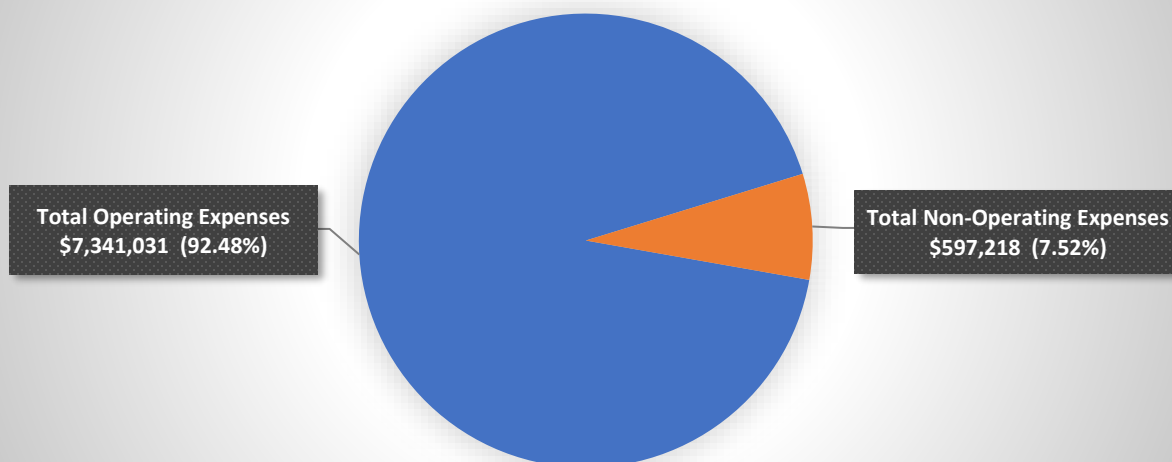


Figure 7: Operating & Non-operating Expenses (FY 2018-19)



Fund Balance / Net Position

As of June 30, 2019, the total net position balance ended with approximately \$31 million. The following table highlights the net position balance from 2014 to 2021. As shown in **Table 5** and **Figure 8**, the District's fund balance has experienced a relatively steady increase each year since FY 2014-15. Based on this historical trend, LAFCO staff believes this surplus will continue. This healthy balance will be critical in the event that the District faces any unintended expenses, major capital improvements projects, or emergency repairs, such as the recent fires which will be discussed later in this report.

Table 5: Net Position (2014 to 2021)

	FY 14-15 (Audited)	FY 15-16 (Audited)	FY 16-17 (Audited)	FY 17-18 (Audited)	FY 18-19 (Audited)	FY 19-20 (Projection)	FY 20-21 (Projection)
Beginning Balance	\$23,471,800	\$25,578,166	\$28,214,517	\$27,551,325	\$29,118,974	\$31,227,512	\$34,060,912
Ending Balance	\$25,413,585	\$28,214,517	\$28,255,435	\$29,088,944	\$31,227,512	\$34,060,912	\$36,816,844
Difference		+\$2,800,932	+\$40,918	+\$833,509	+\$2,138,568	+\$2,833,400	+\$2,755,932

Figure 8: Net Position from 2014 to 2021 (Ending Balance)

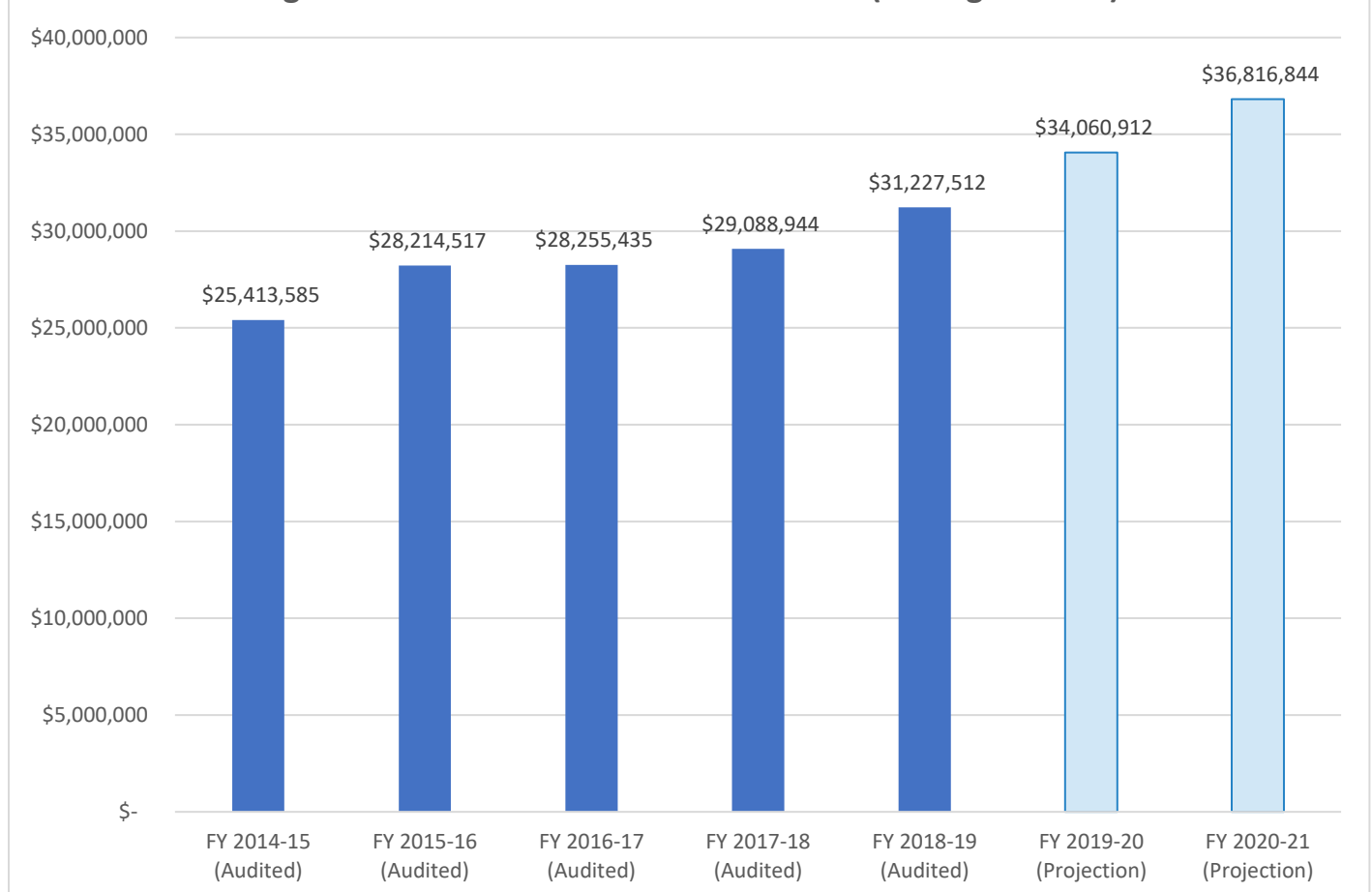


Table 6: Total Revenues & Expenditures

	FY 2014-15 (Audited)	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Adopted)	FY 2020-21 (Adopted)
REVENUE							
Operating Revenues							
Water Consumption Sales	\$ 5,237,534	\$ 6,145,076	\$ 7,157,650	\$ 8,983,340	\$ 9,917,657	\$ 10,558,500	\$ 11,016,112
Wastewater Service	\$ 100,088	\$ 98,262	\$ 102,107	\$ 100,138	\$ 111,820	\$ 132,170	\$ 158,603
Meter Sales, Charges & Penalties	\$ 99,066	\$ 194,444	\$ 178,632	\$ 128,305	\$ 99,464	\$ 55,000	\$ 30,000
Operating Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 150,000
Other Charges & Services	\$ 42,202	\$ 18,399	\$ 7,741	\$ 3,581	\$ 1,858	\$ 75,780	\$ 85,000
Total Operating Revenues	\$ 5,478,890	\$ 6,456,181	\$ 7,446,130	\$ 9,215,364	\$10,130,799	\$10,831,450	\$11,439,715
Non-Operating Revenues							
Property Tax Revenue	\$ 762,752	\$ 610,634	\$ 1,129,838	\$ 747,404	\$ 780,378	\$ 783,750	\$ 825,000
Assessment Revenues	\$ -	\$ -	\$ -	\$ 349,130	\$ 350,694	\$ 346,000	\$ 343,500
Investment Earnings	\$ (1,909)	\$ 11,502	\$ 13,858	\$ 23,040	\$ 86,733	\$ 50,000	\$ 120,000
Rental Revenue	\$ 29,713	\$ 43,922	\$ 59,548	\$ 56,647	\$ 44,042	\$ 41,750	\$ 43,500
Gain on Disposition of Capital Assets	\$ 34,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Settlement & Purchase Agreements	\$ 145,257	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Capital Grants - Other Governments	\$ 2,287,233	\$ 1,557,589	\$ -	\$ 434,908	\$ 71,625	\$ -	\$ 146,500
Transfer in Due to Merger	\$ -	\$ 1,009,192	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Operating Revenues	\$ 3,257,545	\$ 3,232,839	\$ 1,213,244	\$ 1,611,129	\$ 1,333,472	\$ 1,221,500	\$ 1,478,500
TOTAL REVENUE	\$ 8,736,435	\$ 9,689,020	\$ 8,659,374	\$10,826,493	\$11,464,271	\$12,052,950	\$12,918,215
EXPENDITURE							
Operating Expenses							
Salaries & Benefits	\$ 3,428,414	\$ 3,304,540	\$ 4,498,595	\$ 4,840,518	\$ 4,865,859	\$ 5,164,975	\$ 5,547,687
Professional Services	\$ 764,684	\$ 868,218	\$ 1,202,004	\$ 1,419,279	\$ 1,037,612	\$ 1,070,711	\$ 1,109,000
Operational	\$ 549,134	\$ 410,342	\$ 464,236	\$ 320,876	\$ 375,948	\$ 435,250	\$ 435,150
Maintenance	\$ 170,527	\$ 183,215	\$ 130,244	\$ 143,714	\$ 153,892	\$ 218,850	\$ 185,750
Facilities	\$ 339,553	\$ 442,014	\$ 499,400	\$ 554,547	\$ 568,165	\$ 591,700	\$ 595,300
General & Administrative	\$ 300,022	\$ 352,510	\$ 314,979	\$ 382,857	\$ 339,555	\$ 335,670	\$ 381,600
Grant Funded Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Total Operating Expenses	\$ 5,552,334	\$ 5,560,839	\$ 7,109,458	\$ 7,661,791	\$ 7,341,031	\$ 7,817,156	\$ 8,404,487
Non-Operating Expenses							
Interest Expense	\$ 127,850	\$ 185,411	\$ 166,204	\$ 150,507	\$ 153,662	\$ 449,210	\$ 681,168
Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 953,184	\$ 1,076,628
Change in Investment in SMGA	\$ -	\$ -	\$ -	\$ 39,970	\$ 123,148	\$ -	\$ -
Loss on Disposition of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 320,408	\$ -	\$ -
Total Non-Operating Expenses	\$ 127,850	\$ 185,411	\$ 166,204	\$ 190,477	\$ 597,218	\$ 1,402,394	\$ 1,757,796
TOTAL EXPENDITURE	\$ 5,680,184	\$ 5,746,250	\$ 7,275,662	\$ 7,852,268	\$ 7,938,249	\$ 9,219,550	\$10,162,283
Surplus/(Deficit)	\$ 3,056,251	\$ 3,942,770	\$ 1,383,712	\$ 2,974,225	\$ 3,526,022	\$ 2,833,400	\$ 2,755,932

Legal Authority

The District operates under the County Water District Law (Sections 30000 et seq. of the California Water Code) for the purpose of developing and providing water for domestic use, fire protection, and recreation in the San Lorenzo Valley. In addition to the other powers provided by law, and pursuant to Section 31143, the San Lorenzo Valley Water District shall have all of the following powers and shall promptly and effectively exercise such powers as may be appropriate to ensure that onsite waste water disposal systems, as defined in Section 6952 of the Health and Safety Code, along the San Lorenzo River do not pollute the river, its tributaries, and ground water:

- a) To carry on technical and other investigations, examinations, or tests, of all kinds, make measurements, collect data, and make analyses, studies, and inspections pertaining to the water supply, use of water, water quality, nuisance, pollution, waste, and contamination of water within the district as such activities relate to the use of public, combined, or private onsite waste water disposal systems;
- b) To require all persons discharging from onsite wastewater disposal systems within the district to register the system with the district, and to charge annual registration fees in such amount as will defray all or a portion of the costs of exercising the powers provided in this article. Applications for permits for onsite wastewater disposal systems within the district to the County of Santa Cruz shall be referred to the district for the district's review and comment; and
- c) To adopt and enforce regulations for onsite waste water disposal systems within the district, after holding a public hearing on reasonable notice thereof, to control and enhance the quality of the ground and surface waters of the district, in order to eliminate the pollution, waste, and contamination of water flowing into, through, or originating within watercourses, both natural and artificial, within the district, to prevent contamination, nuisance, pollution, or otherwise rendering unfit for beneficial use the surface or ground water used or useful in the district, and to expend such amounts as are necessary to exercise such powers from the funds of the district. Such regulations shall not be in conflict with state law or county ordinances.

Article 9.5 of the Water Code includes further direction for SLVWD. Pursuant to Section 31143.1, the District shall immediately do all such acts as are reasonably necessary to secure compliance with any federal, state, regional, or local law, order, regulation, or rule relating to water pollution or discharges from onsite wastewater disposal systems within the area of the district. For such purpose, any authorized representative of the District, upon presentation of their credentials, or, if necessary under the circumstances, after obtaining an inspection warrant pursuant to Title 13 (commencing with Section 1822.50) of Part 3 of the Code of Civil Procedure, or with the permission of the owner, shall have the right of entry to any premises on which an onsite wastewater disposal system is located for the purpose of inspecting such system, including securing samples of discharges therefrom, or any records required to be maintained in connection therewith by federal, state, or local law, order, regulation, or rule.

Local Accountability & Structure

SLVWD is governed by a five-member Board of Directors, which are elected to four-year terms by the registered voters within the District's boundaries. The Board of Directors are responsible for the establishment of policy relative to the District's mission, goals, and operations. The current Board is as follows:

Table 7: Board of Directors

Board Member	Term of Office
Steve Swan, President	Elected: December 1, 2018 Term Limit Ends: December 1, 2022
Lois Henry, Vice-President	Elected: December 1, 2018 Term Limit Ends: December 1, 2022
Bob Fultz, Director	Elected: December 1, 2018 Term Limit Ends: December 1, 2022
Lew Farris, Director	Appointed: May 1, 2019 Term Limit Ends: December 1, 2020
Rick Moran, Director	Appointed: August 1, 2019 Term Limit Ends: December 1, 2020

The District Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The San Lorenzo Valley Water District employs a full-time staff of 34 employees. The District's Board of Directors meets regularly, meetings are publicly noticed, and citizens are encouraged to attend. Board meetings are typically held on the first and third Thursday of each month at 6:30 p.m. The District's administrative offices are located in the Town of Boulder Creek in Santa Cruz County.

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. SLVWD continues to provide a large array of information on their website, which recently experienced a full revamp. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in SB 929, such as copies of LAFCO's services reviews.

Opportunities and Challenges

SLVWD is financially sound and has been operating in an efficient manner over the past several years. The District prepares for future expenses and projects by adopted long-range planning documents, such as Strategic Plans and Capital Improvement Programs (refer to **Appendix F and G**). However, there are always areas of improvement at the internal and external level. The following sections explores potential governance options that may be considered by the District. These options focus on SLVWD's current sewer responsibilities, the effects of the recent fires, and the status of failing water systems within and outside the District's jurisdictional boundary.

Bear Creek Estates Wastewater System

The San Lorenzo Valley Water District desires to transfer ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency. These steps include:

- Development of a rate-study that will establish operational and capital needs of the wastewater system;
- Implement a Proposition 218 rate increase process that will set rates appropriate to the operational and capital needs of the system; and
- Coordination with Bear Creek Estates residents, meeting with County representatives on a regular basis to discuss and move this idea forward, and collaboratively establishing a plan with a schedule and key milestones.

LAFCO Staff Recommendation: *LAFCO staff sees value in local agencies collaborating and exploring opportunities to improve delivery of municipal services. It is still unknown whether it is feasible for the County or another local service provider to assume responsibilities within this area. Therefore, LAFCO staff recommends that the District continue to discuss possible partnerships with the County. If an agreement is made, in which all affected parties agree in the transfer of responsibilities, a change of organization may be considered at that point.*

Recent Fires

The recent fires in California, and within Santa Cruz County, have been the most destructive fires in State history and will have a profound impact on the governmental services provided to the affected communities. As SLVWD begins to address the aftermath and work through the recovery process, there will need to be much discussion and coordination among local agencies in order to maximize the limited resources available. It is important to recognize that while LAFCO may play an important role in the recovery process, it cannot and should not, encroach on the independent actions of each impacted agency. Any LAFCO actions must be collaborative, transparent and fully involve each impacted local agency. Therefore, it is staff's position that it may be premature to analyze the District's efforts since they are currently within the preliminary stage of recovery. It may be beneficial to highlight the District's progress sometime in late-2021. This will give the Commission, and more importantly the District, an opportunity to evaluate the damage and develop proper policies and procedures to address all the fire-related issues.

LAFCO Staff Recommendation: *LAFCO staff should continue to collaborate with the District and provide assistance when needed. LAFCO staff will provide the Commission a status update on the effects of the recent fires to the District's operations by November 2021.*

Failing Water Systems

One area that LAFCO can provide assistance now is addressing the failing mutual water companies (MWCs) near SLVWD. MWCs are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires mutual water companies to submit a map depicting its service area to LAFCO.

A total of 34 MWCs are located within or adjacent to the water district. **Figure 9** on page 22 identifies the location of each MWC in relation to SLVWD. **Tables 8 and 9** and **Figures 10 and 11**, on pages 23 to 26, also provide more information about the MWCs. At present, 14 MWCs are within the District's service area and 20 are located outside SLVWD's jurisdictional and sphere boundaries. While LAFCOs do not have full authority over mutual water companies when compared to with cities and special districts, AB 54 does allow LAFCO to analyze these water systems as part of a service review. Identifying these MWCs may lead to coordination with SLVWD and possible annexation, if desired. It is LAFCO's understanding that two MWCs within the District's jurisdictional boundary have expressed interest transferring water responsibilities to SLVWD.

As a result of the recent fires, Forest Springs and Bracken Brae Country Club MWCs have been greatly impacted. These two MWCs are medium size water systems with approximately 15 to 199 connections. Big Basin Water, the privately-owned water company that operates these two water systems, has expressed interest in transferring water responsibilities to SLVWD through a purchase agreement. If the systems are sold to SLVWD, the District will be able to provide water service to the community without LAFCO action since Forest Springs and Bracken Brae Country Club MWCs are already within the District's jurisdictional boundary.

LAFCO Staff Recommendation: *LAFCO staff should coordinate with SLVWD to analyze possible annexations and/or sphere amendments to include any mutual water companies or other nearby water systems affected by the recent fires or can no longer provide adequate level of service.*

Figure 9: Map of Mutual Water Companies Within and Outside SLVWD

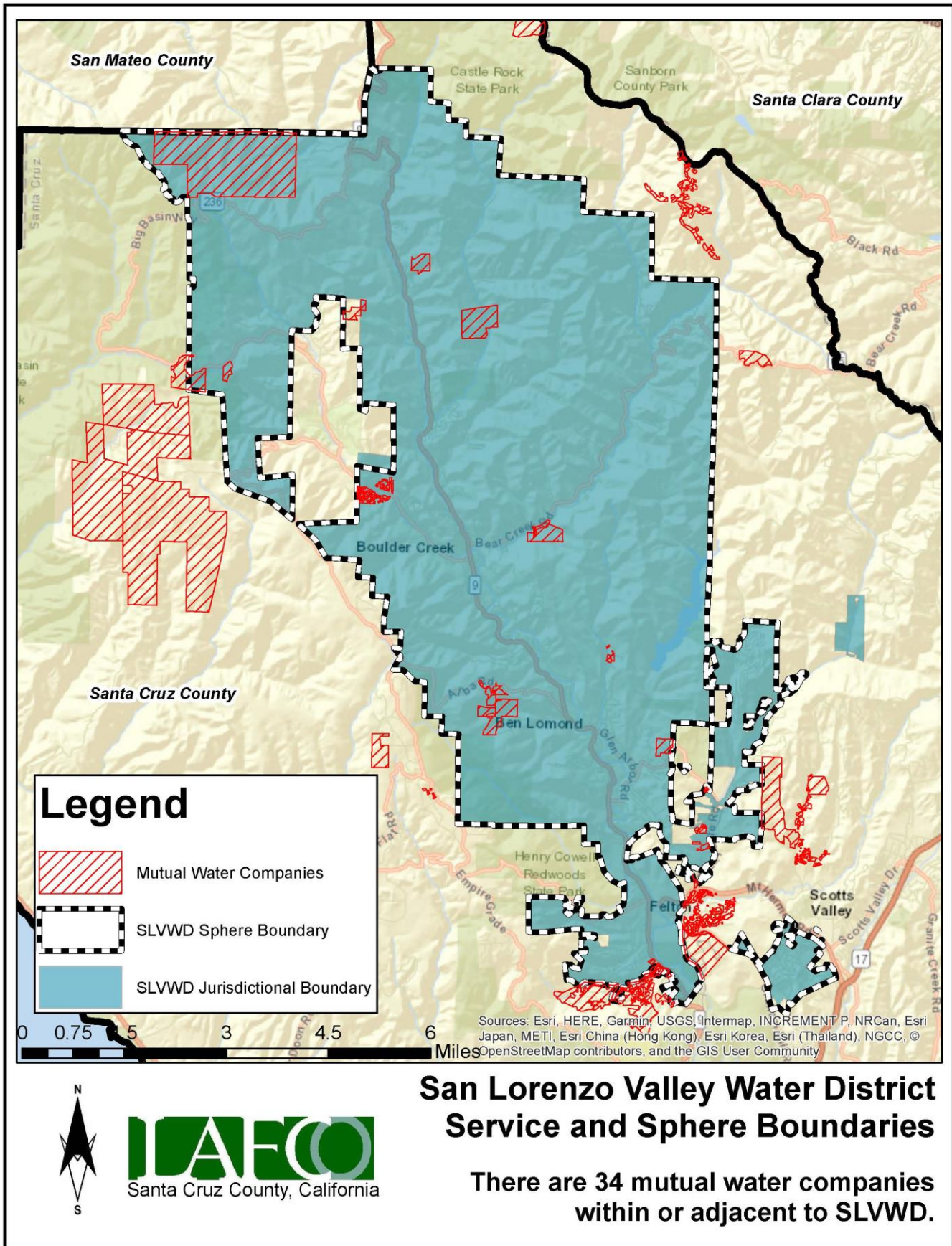


Table 8: List of Mutual Water Companies Within SLVWD

#	Water System Name	Type of Water System	Size (Square Miles)	Size (Acres)
Mutual Water Companies <u>WITHIN</u> San Lorenzo Valley Water District's Jurisdictional Boundary				
1	Love Creek Heights Mutual Water Assoc.	Small Water System (5 to 14 connections)	0.01	6.44
2	JB Ranch	Small Water System (5 to 14 connections)	0.02	9.82
3	Moon Meadows	Small Water System (5 to 14 connections)	0.01	8.66
4	Quail Hollow Circle	Small Water System (5 to 14 connections)	0.00	1.65
5	Waterman Gap	Small Water System (5 to 14 connections)	1.74	1110.67
6	Boulder Creek Scout Reservation	Medium Water System (15 to 199 connections)	0.10	63.47
7	Brackenbrae Country Club	Medium Water System (15 to 199 connections)	0.02	10.74
8	Camp Lindblad	Medium Water System (15 to 199 connections)	0.21	134.01
9	Forest Springs	Medium Water System (15 to 199 connections)	0.05	29.85
10	Quaker Center	Medium Water System (15 to 199 connections)	0.13	81.40
11	Sequoia Seminar	Medium Water System (15 to 199 connections)	0.08	50.87
12	Vista Robles Assoc.	Medium Water System (15 to 199 connections)	0.05	32.50
13	Ridgeview Estates, Inc.	Medium Water System (15 to 199 connections)	0.06	38.74
14	Exploring New Horizons	Medium Water System (15 to 199 connections)	0.03	17.03

Figure 10: Map of Mutual Water Companies Within SLVWD

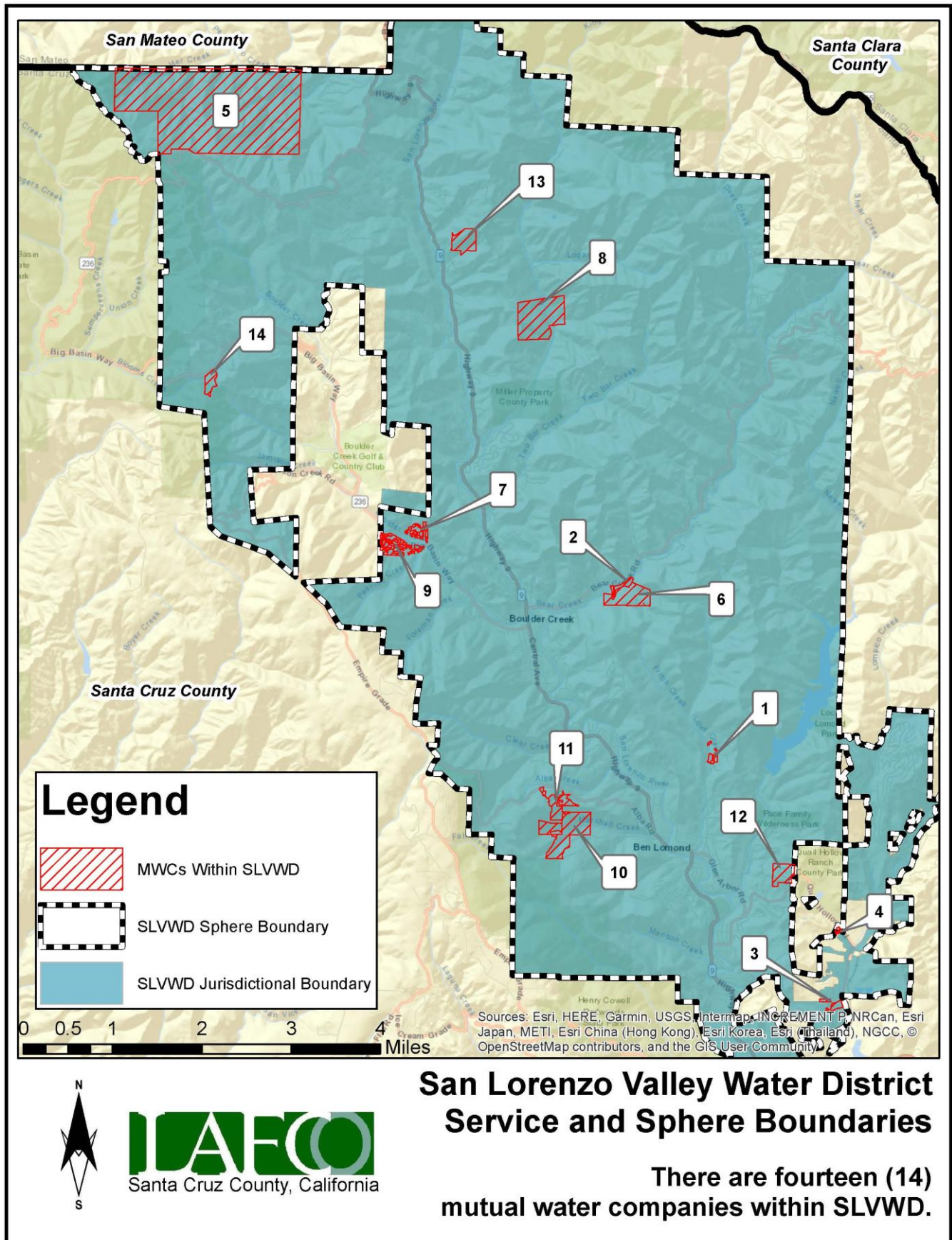
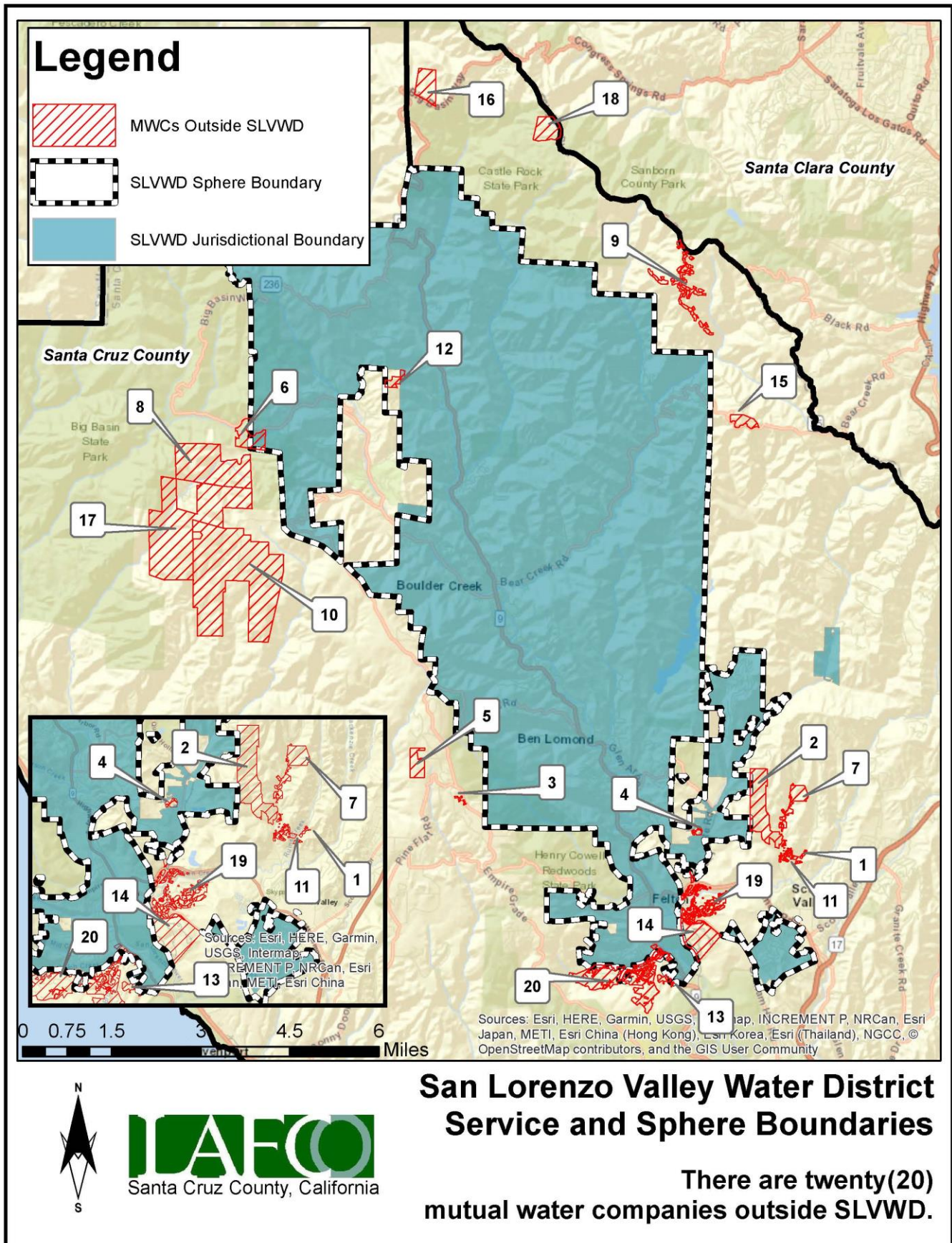


Table 9: List of Mutual Water Companies Outside SLVWD

#	Water System Name	Type of Water System	Size (Square Miles)	Size (Acres)
Mutual Water Companies <u>OUTSIDE</u> San Lorenzo Valley Water District's Jurisdictional Boundary				
1	Fernbrook Woods Water Company	Small Water System (5 to 14 connections)	0.01	8.24
2	Hidden Meadow MWC	Small Water System (5 to 14 connections)	0.37	236.27
3	Sky Ranch	Small Water System (5 to 14 connections)	0.01	3.37
4	Zayante Acres	Small Water System (5 to 14 connections)	0.01	7.91
5	Bosch Baha'I School	Medium Water System (15 to 199 connections)	0.10	66.97
6	Camp Hammer	Medium Water System (15 to 199 connections)	0.16	103.99
7	Fern Grove Club	Medium Water System (15 to 199 connections)	0.11	68.40
8	Hewlett Packard Campground	Medium Water System (15 to 199 connections)	0.73	469.73
9	Las Cumbres MWC	Medium Water System (15 to 199 connections)	0.17	109.37
10	Lockheed Martin Missles and Space	Medium Water System (15 to 199 connections)	2.07	1325.74
11	Mission Springs	Medium Water System (15 to 199 connections)	0.02	14.29
12	Pinecrest MWC	Medium Water System (15 to 199 connections)	0.05	29.61
13	River Grove Mutual Water Assoc.	Medium Water System (15 to 199 connections)	0.02	12.58
14	Roaring Camp	Medium Water System (15 to 199 connections)	0.26	164.06
15	David Bruce Winery	Medium Water System (15 to 199 connections)	0.07	45.65
16	Camp Chesebrough	Medium Water System (15 to 199 connections)	0.17	108.62
17	Lehi Park	Medium Water System (15 to 199 connections)	1.46	935.75
18	Los Altos Rod and Gun Club	Medium Water System (15 to 199 connections)	0.15	97.54
19	Mount Hermon Association	Large Water System (200+ connections)	0.16	103.21
20	Forest Lake Mutual Water Company	Large Water System (200+ connections)	0.50	321.36

Figure 11: Map of Mutual Water Companies Outside SLVWD



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.

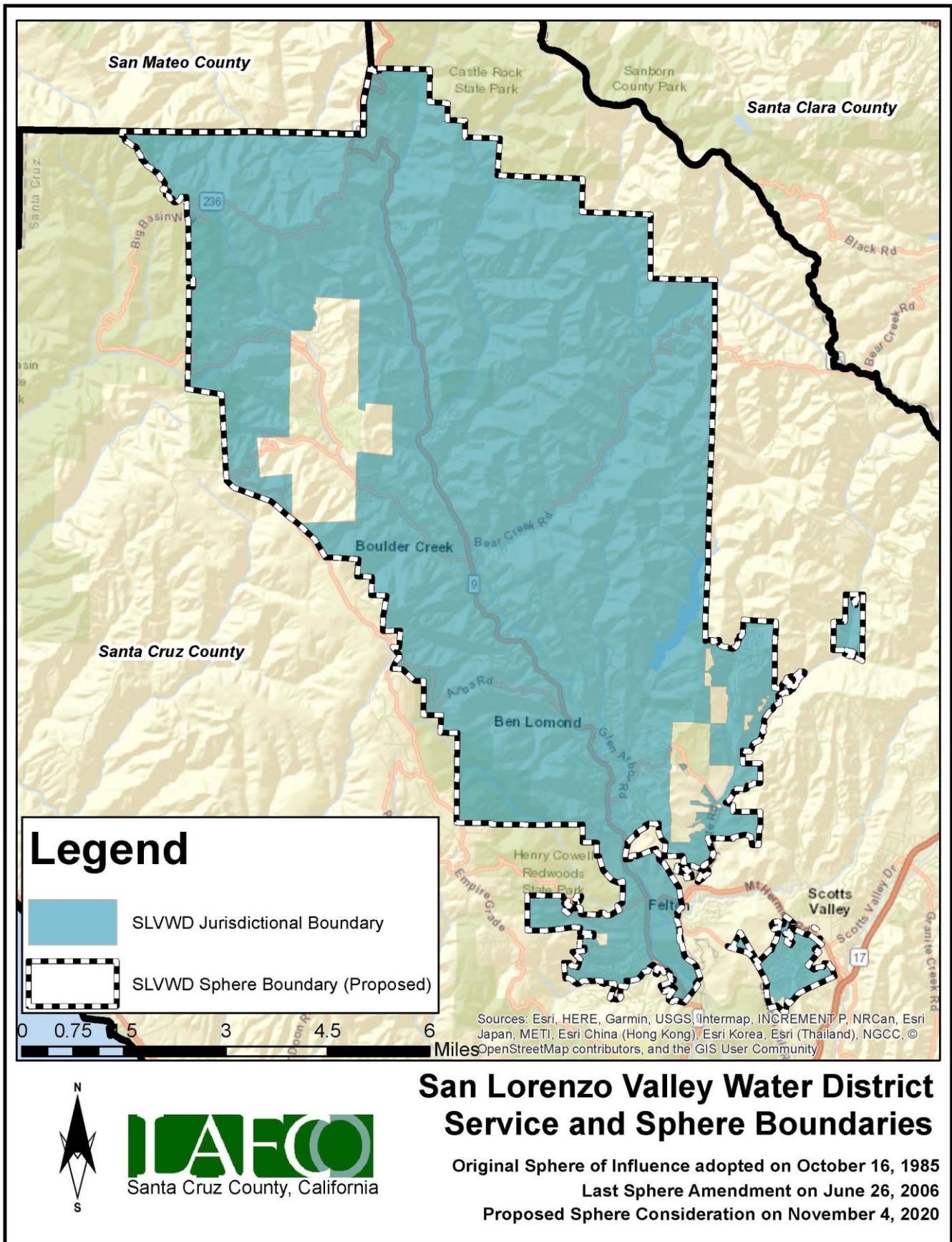
Current Sphere Boundary

Santa Cruz LAFCO adopted SLVWD's first sphere of influence on October 16, 1985. The current sphere excludes areas outside the District's jurisdictional boundary. The last sphere update occurred in August 2016 following the Lompico Reorganization. **Figure 1** on page 5 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, a total of 24 unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. The size of these areas range from 0.18 to 2,390 acres. These unserved islands are shown in **Appendix H**. LAFCO staff is recommending that the sphere boundary be expanded to include a total of approximately 3,300 acres of unserved islands, which should be annexed in the foreseeable future. **Figure 12** on page 28 shows the proposed sphere boundary.

Figure 12: Proposed District Sphere Map



DISTRICT SUMMARY

San Lorenzo Valley Water District	
Formation	California Water Code, section 30,000 et seq.
Board of Directors	Five members, elected at-large to four-year terms
Contact Person	Rick Rogers, General Manager
Employees	34 Full-Time Employees
Facilities	170 miles of pipeline, 39 tank sites, and 30 booster pump stations serving 36 pressure zones. The District also owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates (approximately 56 homes).
District Area	60 square miles
Sphere of Influence	Larger than the District (i.e. sphere boundary goes beyond the existing District's jurisdiction)
FY 2020-21 Budget	Total Revenue = \$12,918,215 Total Expenditure = \$10,162,283 Projected Net Position (Beginning Balance) = \$34,060,912
Contact Information	Mailing Address: 13060 Highway 9 Boulder Creek CA 95006 Phone Number: (831) 430-4636 Email Address: RRogers@slvwd.com Website: www.slvwd.com
Public Meetings	Meetings are typically held on the first and third Thursday of each month at 6:30 p.m.
Mission Statement	"Our mission is to provide our customers and all future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding customer service; to manage and protect the environmental health of the aquifers and watersheds; and, to ensure the fiscal vitality of the San Lorenzo Valley Water District."

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.

SLVWD currently provides water service to a population of 19,900. A slow growth is projected to occur in the unincorporated county area for the next twenty years. LAFCO staff estimates that the entire population of SLVWD will reach 21,000 by 2040.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

LAFCO did not identify any DUCs within or contiguous to the District's sphere boundary. That said, SLVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

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.

The County General Plan designates the San Lorenzo Valley principally for mountain residential, rural residential, and parks and recreational uses. The County General Plan anticipates dispersed infill development in both the rural and town areas, and does not designate any area for a concentration of new development.

4. Financial ability of agencies to provide services.

SLVWD is financially sound. The District has successfully kept costs below its revenue stream since 2014. Audited financial statements from Fiscal Years 2014 to 2019 indicate that the positive net balance has ranged from \$1.4 to \$3.9 million. As of June 30, 2019, the District is operating with a net position of approximately \$31 million.

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

SLVWD continues to explore for collaborative efforts to improve efficiencies. In 2016, LAFCO approved the reorganization between LCWD and SLVWD. This joint effort shared facilities and staff, maximized economies of scale, and eliminated duplicate service provisions.

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

In 2018, the Grand Jury conducted a report analyzing the reorganization between LCWD and SLVWD. The District addressed the Grand Jury's concerns and implemented several actions to operate more efficiently as a public agency.

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 open-space lands.

The present and planned land uses are based on the general plans from the County, 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. The planned land uses within the five applicable general plans are a mix of urban, rural and mountain residential, agricultural, timber, public recreation, and open-space lands.

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

SLVWD has identified and prioritized its infrastructure needs in the 2017 Capital Improvement Plan. The principal needs are well replacements, storage tanks, distribution system upgrades, and interties. The SLVWD has further coordinated the CIP with their overall goals and operations in the 2016-2020 Strategic Plan.

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

SLVWD currently provides service to approximately 8,000 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. These sources are derived solely from rainfall within the San Lorenzo River watershed.

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 2016 reorganization between LCWD and SLVWD resulted in the formation of the Lompico Assessment District Oversight Committee. The purpose of the Committee is to review and oversee income and expenses related to construction projects in the Assessment District AD-16 Engineer's Report and to serve as liaison for customers residing within the Lompico Assessment District boundaries. LADOC also informs the District and public at least annually concerning the revenue and expenditure of assessment district proceeds and projects approved by the voters of Lompico on March 6, 2015 by issuing a written report.

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.

LAFCO did not identify any DUCs within the District's sphere boundary. That said, SLVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

APPENDICES

Appendix A: Focused Water Rate Study (2017)

Appendix B: Grand Jury Report (2018)

Appendix C: Lompico Assessment District Annual Report (2019)

Appendix D: Bear Creek Estates Wastewater System Analysis (2019)

Appendix E: Financial Sources (2015-2020)

Appendix F: Strategic Plans (2016)

Appendix G: Capital Improvement Plan (2017)

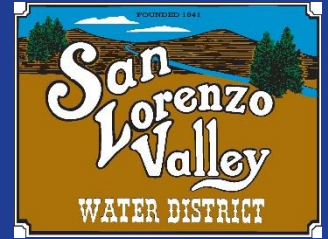
Appendix H: List and Map of Unserved Islands

APPENDIX A:

SLVWD

Focused Water Rate Study

(2017)



SAN LORENZO VALLEY WATER DISTRICT

FINAL Report for:

Focused Water Rate Study

(Includes Connection Fees & Sewer Rates)

June 2017

Welcome
TO
SAN LORENZO VALLEY
BOULDER CREEK · BROOKDALE · BEN LOMOND · FELTON

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose



www.nbsgov.com

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Section 1. EXECUTIVE SUMMARY

Background and Purpose

BACKGROUND

Water rates for the San Lorenzo Valley Water District (District) were last reviewed in 2013 as part of a Water and Wastewater Charges Study. In February 2016, the District retained NBS to prepare a cost-of-service study that included both water and sewer rates¹. The results of that study, which were primarily the projected annual rate revenue requirements by customer class for the next five years, provided the background for a subsequent rate-design study.

In February 2017, the District engaged NBS to complete the rate design portion of the rate study for both water and sewer utilities by evaluating alternative rate structures, which is the focus of this report. Water connection fees were also evaluated in this study.

The District provides water service in the San Lorenzo Valley to the communities of Boulder Creek, Brookdale, Ben Lomond, Lompico, Zayante, Scotts Valley, Manana Woods, and Felton. The District's service area is approximately 60 square miles and includes almost 7,900 water customers. The District also provides sewer service to 55 customers within Bear Creek Estates.

PURPOSE

The overall purpose of this study is to develop proposed water rates, connection fees and proposed sewer rates for the small number of customers served by the District's sewer utility. This required thoroughly reviewing and confirming the District's broader rate-related goals and objectives, including policies related to financial parameters, conservation goals, customer bill impacts, and ensuring the new rates will provide long-term revenue stability.

The rates and fees developed in this study are intended to meet the requirements of Proposition 218 (or Prop 218)², commonly referred to as the "right to vote on new taxes" act, and were developed in a manner that is consistent with industry standards. This report documents the study and is intended to assist the District in its effort to communicate transparently with the residents and businesses it serves.

In developing proposed utility rates and connection fees, NBS and District staff worked cooperatively, and the District Board provided direction during the study, to develop the recommended rate and fee alternatives. The final study results were presented to the District Board at a public workshop on May 24, 2017, which approved the water and sewer rates, and water connection fees and directed staff to prepare public notices pursuant to Prop 218.

¹ Final Report: Enterprise Wide Cost of Service Financial Study, November 2016. Adopted by the Board of Directors January 2017.

² California Constitutional Provision, Article XIII D, Section 6.

Key Findings

REVENUE REQUIREMENTS AND PROJECTED RATES

The District's water and sewer utilities both need to complete ongoing rehabilitation and replacement projects while at the same time building and maintaining adequate reserve funds. Maintaining the financial integrity of the water utility was a key consideration in developing the proposed water rates. Similarly, stabilizing the financial health of the sewer utility was also a key consideration in developing the proposed sewer rates. Significant annual rate increases over the next five years are recommended for both the water and sewer utilities³, as follows:

- Water – 37 percent in FY 2017/18 (Year 1); 7 percent in Year 2; 6 percent in Year 3; and 5 percent in Years 4 and 5.
- Sewer – 20 percent annually, from FY 2017/18 through FY 2021/22.

WATER AND SEWER RATES

Due to the source and cost of the District's water supply, which make it difficult to establish a defensible cost basis for multiple volumetric tiers, the District elected to adopt a uniform (single-tier) rate design rather than continue with a more conservation-promoting multi-tiered rate design. Fixed monthly charges will continue to be based on meter sizes.

The current sewer rate design, which includes a monthly fixed service charge by account, was retained.

CONNECTION FEES

Connection fees were calculated for the water utility. These fees are charged to new customers connecting to the District's water system and are designed to place new customers on equal financial footing with current utility customers. Calculated connection fees for water are more than double the current adopted fees, and represent the maximum connection fee that the District could adopt.

Study Recommendations

NBS recommends the District take the following actions:

- Adopt the water and sewer five-year financial plans presented below.
- Adopt the recommended water and sewer reserve fund target balances.
- Adopt the recommended fixed monthly and uniform volumetric water rates (vs tiered rates).
- Adopt the recommended water connection fees.
- Adopt the recommended sewer rates.
- Conduct a legal review of the proposed rates.
- Proceed with Prop 218 noticing requirements and 45-day protest period.
- Assuming a successful Prop 218 process (that is, there is not a majority protest of the rates), adopt the rates summarized in this report. Connection fees are not subject to the Prop 218 process.

The next section discusses the general rate study methodology, followed by sections for the water rate study (Section 3), the sewer rate study (Section 4), and connection fees (Section 5).

³ More specifically, these are increases in the total rate revenue; the rates increases for each customer class reflect cost allocation factors that result in some rates being more or less than the annual increases noted here.

Section 2. OVERVIEW OF THE RATE STUDY METHODOLOGY

Comprehensive rate studies, whether for water rates or sewer rates, typically include three components: (1) preparation of a financial plan, which identifies the net revenue requirements for the utility; (2) analysis of the cost-of-service each customer class; and (3) the rate structure design. These steps are shown in Figure 1 and are intended to follow industry standards and reflect the fundamental principles of cost-of-service ratemaking embodied in the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges⁴, also referred to as Manual M1. This methodology also addresses requirements under Proposition 218 that rates not exceed the cost of providing the service and be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, these three steps represent the order they were performed for both utilities.

FIGURE 1. PRIMARY COMPONENTS OF A RATE STUDY



The District performed an Enterprise Wide Cost of Service Financial Study, which essentially completed the first two components (the financial plan and cost-of-service analyses), the results of which were adopted by the Board in January 2017.

As a result of this focused rate design study, rate increases – or more accurately, increases in the total revenue collected from rates – are recommended for each utility. Because the cost-of-service analysis defines revenue requirements separately for each customer class, not all rates are increased by exactly the same overall annual rate increase in the first year (i.e., in FY 2017/18, commonly called the “test year”). The remaining years in the five-year period (i.e., FY 2018/19 through FY 2021/22) are then adjusted in an across-the-board manner so that all rates are increase by exactly the annual percentage rate adjustment.

The District provided NBS with the necessary data, including historical, current, and projected revenues, expenditures, customer accounts, and water consumption, along with other operational and capital cost data that were essential for conducting this study.

⁴ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017.*

Rate Design Criteria

It is important for utilities to send proper price signals to its customers about the actual cost of providing service. This objective is typically addressed through both the magnitude of the rates and the rate structure design. In other words, both the amount of revenue collected and the way in which it is collected from customers are important.

Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been documented in a number of rate-setting manuals. For example, the foundation for evaluating rate structures is generally credited to James C. Bonbright in the *Principles of Public Utility Rates*⁵, which outlines pricing policies, theories, and economic concepts along with various rate designs. The other common industry standard is the aforementioned American Water Works Association's (AWWA) Manual M1.

The following is an abbreviated list of the rate structure objectives common to many utilities and their customers⁶, and which can be applied to water and sewer utilities:

- Rates should yield the necessary revenue in a stable and predictable manner.
- Rates should minimize unexpected changes to customer bills.
- Rates should discourage wasteful use and promote efficient uses.
- Rates should promote fairness and equity (i.e., cost based).
- Rates should avoid discrimination.
- Rates should maintain simplicity, certainty, convenience, feasibility, and freedom from controversy.
- Rates should comply with all applicable laws (in California, this specifically includes Prop 218).

Rate Structure Terminology

One of the most fundamental points in considering rate structures is the relationship between fixed and variable costs. The vast majority of water and sewer rate structures contain a fixed or minimum charge, and a volumetric charge.

The District's rate design criteria reflect the characteristics of the District's water and sewer utilities. Capital and operational reserve funding targets incorporated input from District staff and are intended to meet the utilities specific financial objectives. The following discussion describes general industry rate-study practices in California and principals that were reflected in the recommended rates.

FIXED CHARGES

Fixed charges can be called base charges, minimum monthly charges, fixed monthly meter charges, etc. Although fixed charges are typically a significant percentage of the utilities overall costs, utilities rarely collect 100 percent of their fixed costs through fixed charges. In general, customers prefer that charges include a volumetric component, as there is an inherent and widely recognized equity in a "pay-for-what-you-use" philosophy.

⁵ James C. Bonbright; Albert L. Danielsen and David R. Kamerschen, *Principles of Public Utility Rates*, (Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988), p. 383-384.

⁶ M1 Manual, AWWA, seventh edition, 2017, p. 105.

For a water utility, fixed charges typically increase by meter size. This is because a large portion of water utilities' costs are typically related to meeting capacity requirements and therefore reflecting the capacity demands of each meter size is important in establishing equitable fixed charges for customers. For example, a customer with a 2" meter may have a fixed meter charge that is eight times greater than the 5/8" meter charge based on the meter's maximum flow rate.⁷

VARIABLE (CONSUMPTION-BASED) CHARGES

In contrast, variable costs such as the cost of purchased water, electricity used in pumping water, and chemicals used in the water treatment facilities tend to change with the quantity of water produced. For water utilities, variable charges are generally based on metered consumption and charged on a dollar-per-unit cost (per 100 cubic feet, or hcf, in the District's case).

There are significant variations in the basic philosophy of variable charge rate alternatives. Under a uniform (single tier) water rate structure, the cost per unit does not change with consumption, and provides a simple and straightforward approach from the perspective of customer understanding and rate administration/billing.

KEY FINANCIAL ASSUMPTIONS

The following are the key assumptions used in the water and sewer rate analyses:

- **Funding Capital Projects** – The analysis for both utilities assumes:
 - Capital costs attributable to existing customers are funded with rate revenue.
 - Capital costs attributable to growth or expansion-related costs will be funded through connection fee revenue to the extent those revenues are available.
 - All capital projects listed in the financial plans are District projections.
- **Reserve Targets for Water and Sewer** – Reserves for operations and capital needs are set at levels established by District staff and adopted by the District Board. Reserve targets used in the analysis are as follows:
 - Operating & Maintenance Reserve – 180 days of O&M costs for water and 90 days for sewer.
 - Capital Rehabilitation and Replacement Reserve – \$2 million for water and 3 percent of net asset values for sewer.
- **Inflation and Growth Projections** – District-provided inflation and growth projections were applied equally to the water and sewer utilities:
 - General inflation is 2.65 percent annually.
 - Customer growth is 0.00 percent annually.
 - Labor cost inflation is 2.69 percent annually.
 - Energy cost inflation is 4.40 percent annually.
 - Chemical cost inflation is 5.00 percent annually.

The next two sections discuss the water and sewer rate studies in further detail.

⁷ These are typically referred to as "hydraulic capacity factors" that represent the relative capacity required in the water system. See American Water Works Association, *Water Meters – Selection, Installation, Testing and Maintenance, M6 Manual, Table 5-3*.

Section 3. WATER RATE DESIGN

Developing the Recommended Water Rate Design Alternative

The broader water rate study, including the cost-of-service analysis, was undertaken with a few specific objectives in mind, including:

- Generating sufficient additional revenue needed to meet projected funding requirements, particularly the costs of capital improvement projects,
- Providing revenue stability,
- In light of recent impacts from the drought and conservation efforts, evaluating and incorporating projected water consumption levels.

Although the previous cost-of-service study developed financial plans, NBS re-evaluated those plans and developed multiple additional financial plan scenarios and corresponding water rate alternatives as requested by District staff as a part of this focused water rate study. Each financial plan scenario provided different levels of CIP funding and projected reserve fund balances. All rate structure alternatives were developed using general industry standards and cost-of-service principles.

The District's Board of Directors selected the rate alternative recommended in this report at the May 24, 2017 special board meeting, noting that it provided the most favorable mix of cost-of-service results and the current rate structure. The following are the basic components included in the cost-of-service and/or rate design analysis:

- **Developing Revenue Requirements:** The water revenue requirements were projected based on the current annual budget and input from District staff. Revenue requirements were developed in the cost-of-service study and re-evaluated in the focused rate design study.
- **Developing Cost Allocations:** The cost-of-service study used these projected water revenue requirements to "functionalized" them into three categories: (1) fixed capacity costs; (2) variable (or volume-based) costs; and (3) customer service costs. Each of these functional costs has a distinct allocation factor used to determine revenue requirements by customer class.
- **Determining Revenue Requirements by Customer Class⁸:** As the next step in the cost-of-service analysis, revenue requirements for each customer class were determined based on allocation factors such as water consumption, capacity peaking factors, and number of accounts by meter size. For example, volume-related costs are allocated based on the water consumption for each class, while customer costs are allocated based on number of accounts.
- **Rate Design and Fixed vs. Variable Costs:** These revenue requirements by class are used to evaluate rate-design alternatives, which include determining how much revenue to collect from fixed charges versus variable rates. Fixed costs, such as capacity-related costs, billing, and general administrative costs, are typically collected through a fixed monthly charge, while variable costs such as pumping and purchased water costs are typically collected through volumetric charges. While this study determined that the District's fixed and variable costs are approximately 61 percent fixed and 39 percent variable⁹, industry practices provide flexibility regarding the actual

⁸ In the District's case, meter sizes serve as customer classes for the water utility.

⁹ A more strict "accounting-based" approach determined fixed/variable costs were closer to 82%/18%, respectively.

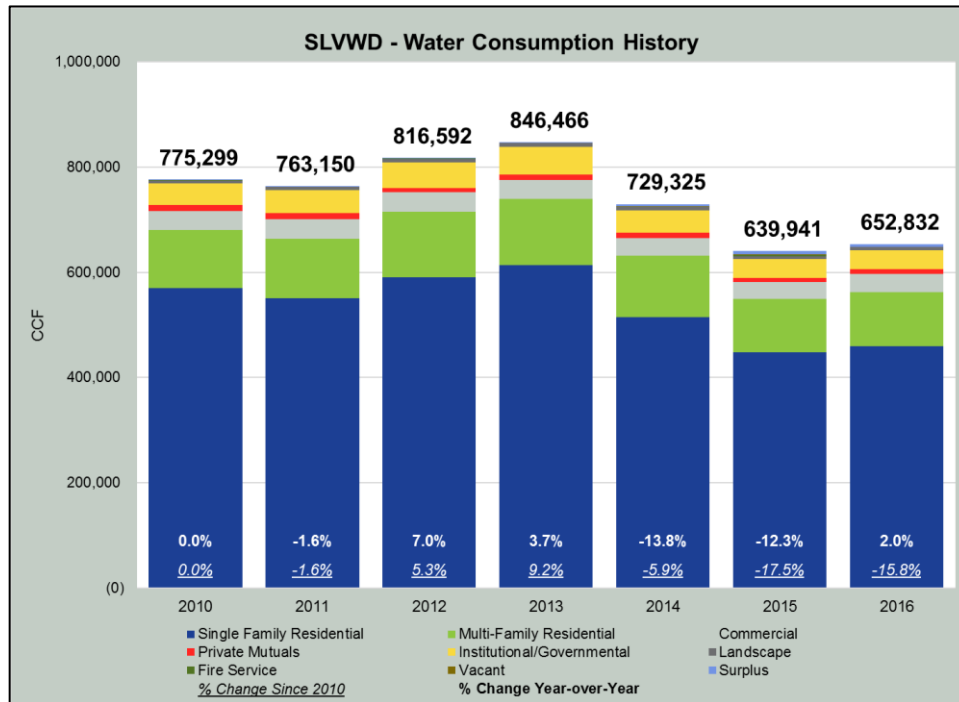
percentages collected from fixed vs. variable rates. After evaluating various combinations of fixed vs. variable costs, and based on direction from District staff and the District Board, a rate structure that recovers 30 percent from fixed charges and 70 percent from variable was selected¹⁰.

- **Elimination of the Drought Surcharge:** This study assumes the \$1.00/ccf drought charge currently in place will end when the proposed rates are implemented.
- **Revenue Stabilization Rates:** New revenue stabilization rates were developed as part of the study with the intent of stabilizing the District's variable rate revenue that may be effected by low water sales due to conservation or unusual weather patterns.
 - Once adopted through Prop 218, these rates can be implemented by Board of Directors on an as-needed basis.
 - Revenue Stabilization rates are reversible; when volumetric revenue losses subside, use of revenue stabilization rates would rescinded and the current volumetric rate (\$/CCF) would be used.
 - The District will provide adequate notice prior to implementation and rescission¹¹.
 - Although details are yet to be finalized, a key qualification for revenue stabilization rates to be implemented is the period and level of volumetric rate revenue losses (i.e., revenues below the expected revenue level). Higher volumetric rates, beginning with 10 percent increase would be implemented and, depending on the level of revenue losses, can be increased by additional increments of five percent but capped at 20 percent.
- **Water Conservation:** Minimal water conservation was included in projected water sales of 650,000 ccf for FY 2017/18, and is a consumption level the District is comfortable with for FY 2017/18. Figure 2 below shows the District's water consumption history for the last seven years.

¹⁰ The District's current revenue allocation is about 54 percent fixed and 46 percent variable.

¹¹ Details of proposed revenue stabilization rates and how they are implemented and rescinded are provided in Appendix B.

FIGURE 2. WATER CONSUMPTION HISTORY



Water Utility Revenue Requirements

It is important for municipal utilities to maintain reasonable reserves in order to handle emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate increases typically consider the need to meet several objectives:

- **Meeting Operating Costs:** For Fiscal Years 2017/18 through 2021/22, the net revenue requirement (i.e., total annual O&M expenses, debt service, and rate-funded capital costs less non-rate revenues) is estimated to be approximately \$9.7 mil to \$11.4 mil. If no rate increases are implemented, current revenue is expected to be insufficient to cover these operating costs.
- **Maintaining Adequate Bond Coverage:** The District is required by its bond covenants for its 2012 water bonds to maintain debt-service coverage ratios of at least 1.15. The benefit of maintaining a higher coverage ratio is that it strengthens the District's credit rating, which can help lower the interest rates for future debt-funded capital projects, and in turn reduce interest payments for future debt issuances. This analysis assumes that the District will not be incurring any new debt. It is projected that with the recommended rate increases, the District will meet or exceed the 1.15 debt coverage ratio for existing debt through Fiscal Year 2021/22.
- **Maintaining Reserve Funds:** If no rate increases are implemented, reserves will be insufficient to fund ongoing water utility operations. Annual rate increases are necessary to meet reserve fund target levels. Based on the need to be responsive to unforeseen emergencies, District staff chose the following reserve targets:
 - **Operating Reserves** equal to 50 percent of the utility's annual operating expenses. This reserve target builds up to a six-month (or 180-day) cash cushion for normal operations. For Fiscal Year 2017/18, this is estimated to be \$1.9 million.

- **Capital Reserves** of \$2 million or 3 percent of net assets serves as a starting point for addressing longer-term capital needs. For Fiscal Year 2017/18 and into the near future, this is equal to \$2 million.
- **Debt Reserves** have a required reserve fund balance of almost \$500,000. The utility will have debt service obligations for many years to come; however, several obligations should be completed within the next 10 to 15 years.

Figure 3 summarizes the sources and uses of funds and net revenue requirements for the next five years, and includes the recommended annual rate increases. Figure 4 summarizes the projected reserve fund balances and reserve targets. A summary of the water utility's proposed 10-year financial plan, which is included in Appendix B – Water Rate Study Summary Tables, includes revenue requirements, reserve funds, revenue sources, proposed rate increases, and the District's capital improvement program.

FIGURE 3. SUMMARY OF WATER REVENUE REQUIREMENTS

Cost of Service Summary	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Sources of Water Funds						
Rate Revenue Under Prevailing Rates	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640
Non-Rate Revenues	1,143,800	1,143,800	1,143,800	1,143,800	1,143,800	1,143,800
Interest Earnings	5,000	-	-	-	-	-
Total Sources of Funds	\$ 7,996,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440
Costs of Water Service						
Water Fund Expenses	\$ 7,567,612	\$ 7,969,789	\$ 8,282,159	\$ 8,502,813	\$ 8,729,059	\$ 8,961,692
Debt Service	1,000,751	1,000,751	899,339	797,926	395,840	291,041
Capital Expenses	1,678,988	1,862,385	1,918,257	2,116,934	2,180,442	3,299,649
Total	\$ 10,247,352	\$ 10,832,926	\$ 11,099,754	\$ 11,417,672	\$ 11,305,340	\$ 12,552,382
Surplus / (Deficiency)	\$ (2,250,912)	\$ (2,841,486)	\$ (3,108,314)	\$ (3,426,232)	\$ (3,313,900)	\$ (4,560,942)
Additional Revenue from Rate Increases (1)	-	2,533,627	3,190,315	3,792,593	4,324,604	4,883,217
Surplus (Deficiency) after Rate Increase	\$ (2,250,912)	\$ (307,859)	\$ 82,002	\$ 366,361	\$ 1,010,705	\$ 322,275
Projected Annual Rate Increase	0.00%	37.00%	7.00%	6.00%	5.00%	5.00%
Cumulative Rate Increases	0.00%	37.00%	46.59%	55.39%	63.15%	71.31%
Net Revenue Requirement (2)	\$ 9,098,552	\$ 9,689,126	\$ 9,955,954	\$ 10,273,872	\$ 10,161,540	\$ 11,408,582

1. Assumes new rates are implemented July 1, 2017.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from water rates.

FIGURE 4. SUMMARY OF WATER RESERVE FUNDS

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Operating Reserve						
Ending Balance	\$ 407,815	\$ 759,703	\$ 1,451,579	\$ 2,126,000	\$ 2,182,000	\$ 2,808,482
<i>Recommended Minimum Target</i>	<i>1,892,000</i>	<i>1,992,000</i>	<i>2,071,000</i>	<i>2,126,000</i>	<i>2,182,000</i>	<i>2,987,000</i>
Capital Rehabilitation & Replacement Reserve						
Ending Balance	\$ -	\$ -	\$ -	\$ 242,096	\$ 1,794,566	\$ 1,825,971
<i>Recommended Minimum Target</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>
Debt Reserve						
Ending Balance	\$ 376,765	\$ 379,591	\$ 383,387	\$ 388,179	\$ 394,002	\$ 400,897
<i>Recommended Minimum Target</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>
Total Ending Balance	\$ 784,580	\$ 1,139,294	\$ 1,834,966	\$ 2,756,275	\$ 4,370,568	\$ 5,035,349
<i>Total Recommended Minimum Target</i>	<i>\$ 4,390,687</i>	<i>\$ 4,490,687</i>	<i>\$ 4,569,687</i>	<i>\$ 4,624,687</i>	<i>\$ 4,680,687</i>	<i>\$ 5,485,687</i>

Characteristics of Water Customers by Class

Water customer characteristics are used in the cost-of-service analysis for allocating costs to customer classes. The District's most recent customer class data includes the consumption data in Figure 5, peaking factors in Figure 6, and the total number of accounts in Figure 7.

FIGURE 5. WATER CONSUMPTION BY CUSTOMER CLASS

Development of the COMMODITY (Volumetric) Allocation Factor - Water Utility				
Customer Class	CY 2016 Volume (ccf) (1)	Conservation for Test Year (FY 2017/18)	Adjusted Volume with Conservation	Percent of Total Volume
Single Family Residential	459,680	0.4%	457,673	70.9%
Multi-Family Residential	102,921	0.4%	102,472	15.9%
Commercial	34,197	0.4%	34,047	5.3%
Private Mutuals	8,710	0.4%	8,671	1.3%
Institutional/Governmental	35,934	0.4%	35,777	5.5%
Landscape	6,901	0.4%	6,870	1.1%
Fire Service accounts	-	0.4%	-	0.0%
Vacant	382	0.4%	380	0.1%
Total	648,724	--	645,891	100%
Surplus Water accounts (2)	4,109	0.0%	4,109	0.6%
Grand Total	652,832	0.4%	650,000	101%

1. Consumption data is based on the SLVWD's billing data (February 2016 - January 2017).
2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

FIGURE 6. PEAKING FACTORS BY CUSTOMER CLASS

Development of the CAPACITY (MAX MONTH) Allocation Factor - Water Utility				
Customer Class	Average Monthly Use (ccf)	Peak Monthly Use (ccf) (1)	Peak Monthly Factor	Max Month Capacity Factor
Single Family Residential	38,307	53,529	1.40	69.4%
Multi-Family Residential	8,577	10,872	1.27	14.1%
Commercial	2,850	3,745	1.31	4.9%
Private Mutuals	726	1,368	1.88	1.8%
Institutional/Governmental	2,994	5,940	1.98	7.7%
Landscape	575	1,571	2.73	2.0%
Fire Service accounts	0	0	0.00	0.0%
Vacant	32	83	2.61	0.1%
Total	54,060	77,107	1.43	100%
Surplus Water accounts (2)	342	972	2.84	1.2%
Grand Total	54,403	78,079	1.44	101%

1. Based on peak monthly data (peak day data not available).
2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

FIGURE 7. NUMBER OF ACCOUNTS BY CUSTOMER CLASS

Development of the CUSTOMER Allocation Factor - Water Utility		
Customer Class	Number of Meters (1)	Percent of Total
Single Family Residential	7,102	89.4%
Multi-Family Residential	513	6.5%
Commercial	201	2.5%
Private Mutuals	6	0.1%
Institutional/Governmental	53	0.7%
Landscape	14	0.2%
Fire Service accounts	-	0.0%
Vacant	58	0.7%
Total	7,947	100.0%
Surplus Water accounts (2)	15	0.2%
Grand Total	7,962	100.2%

1. Meter Count data is based on the SLVWD's billing data for January 2017.

2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

Cost of Service Analysis – Water

The District's previous cost-of-service study resulted in a study report at the end of 2016. While those results are not repeated here, they are summarized in Figure 8, and more detailed fixed and variable allocations are shown in Appendix B. Figure 8 only shows the fixed/variable percentages for the recommended rate design; other alternatives included 50/50 and 30/70 percent fixed/variable options.

FIGURE 8. SUMMARY OF FIXED AND VARIABLE RATE REVENUE REQUIREMENTS

Classification Components (1)	Adjusted Net Revenue Requirements (2017/18)	
	(30% Fixed / 70% Variable)	
Commodity-Related Costs (Volumetric Share)	\$ 3,642,457	38.8%
Capacity-Related Costs (Volumetric Share)	2,924,429	31.2%
Capacity-Related Costs (Fixed Share)	2,135,597	22.8%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirements	\$ 9,381,267	100%

1. Surplus Water Net Revenue Requirements are excluded from total; rates are developed separately.

Based on the 30% fixed/70% variable results of the cost allocation process, Figure 9 summarizes the revenue requirement from each type of customer, with a total revenue requirement of \$9.38 million.

FIGURE 9. SUMMARY OF ADJUSTED RATE REVENUE REQUIREMENTS BY CUSTOMER CLASS

<i>Recommended Rate Alternative - 30% Fixed / 70% Variable)</i>						
Customer Classes	Classification Components				Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	Commodity-Related Costs (Variable Portion)	Capacity-Related Costs (Variable Portion)	Capacity-Related Costs (Fixed Portion)	Customer-Related Costs		
Single Family Residential	\$ 2,581,016	\$ 2,030,191	\$ 1,482,569	\$ 606,609	\$ 6,700,385	71.4%
Multi-Family Residential	577,882	412,354	301,126	43,817	1,335,180	14.2%
Commercial	192,008	142,028	103,718	17,168	454,922	4.8%
Private Mutuals	48,902	51,869	37,878	512	139,161	1.5%
Institutional/Governmental	201,762	225,275	164,509	4,527	596,072	6.4%
Landscape	38,745	59,564	43,497	1,196	143,002	1.5%
Fire Service accounts	-	-	-	-	-	0.0%
Vacant	2,143	3,148	2,299	4,954	12,544	0.1%
Total Net Revenue Requirement	\$ 3,642,457	\$ 2,924,429	\$ 2,135,597	\$ 678,783	\$ 9,381,267	100%
<i>Total Net Revenue Requirement by Classification Component</i>	<u>VARIABLE</u> \$6,566,887		<u>FIXED</u> \$2,814,380		\$9,381,267	

Current vs. Proposed Water Rate Structures

Besides merely providing the mechanism for collecting rate revenue from individual customers, water rate design presents an opportunity to consider broader rate-design objectives and policies, including revenue stability and water conservation.

During the rate-design analysis, District staff and NBS developed several water rate structure alternatives.

- **Current Rate Design/Customer Classes** – Preserving the current rate structure that maintains fixed monthly service charges by meter size was important to the District to maintain administrative efficiency and ease of billing.
- **Fixed/Variable Rate Alternatives:**
 - Rate Alternative #1: 70% fixed/30% variable
 - Rate Alternative #2: 50% fixed/50% variable (the current rate design)
 - Rate Alternative #3: 30% fixed/70% variable
- **Variable Rates:** As previously noted, based on Proposition 218 requirements and recent court cases, adopting a uniform volumetric rate was determined to be the most defensible volumetric rate structure¹².
- **Revenue Stabilization Rates:** To help the District respond to losses in volumetric rate revenue due to extraordinary conservation or unusual weather patterns, “revenue-stabilization rates” were developed.
- **Surplus Water:** Bulk water is sold directly to customers from a dedicated connection at the District’s office; customers must provide their own containers to fill. While District counsel confirmed that surplus water rates are not governed by Prop 218, a revised rate was calculated as part of this study.

¹² Although tiered rates were considered, it was the opinion of NBS, District staff, and the District’s legal counsel that uniform rates were the most defensible option.

Figure 10 compares the current and recommended rates for FY 2016/17 through 2021/22 (including surplus water rates). Cost-of-service adjustments are reflected in the FY 2017/18 rates; thereafter rate increases are applied on an across-the-board basis. Figure 11 shows the recommended revenue stabilization rates for FY 2017/18 through 2021/22 at various levels. Appendix B provides more detail on the development of the proposed water rates.

FIGURE 10. CURRENT AND PROPOSED WATER RATES FISCAL YEAR 2016/17 – 2021/22

Water Rate Schedule			Proposed Rates - 30% Fixed / 70% Variable				
			FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<i>Projected Increase in Rate Revenue per Financial Plan:</i>			37.00%	7.00%	6.00%	5.00%	5.00%
Fixed Service Charge							
Monthly Fixed Service Charges:							
5/8 inch	<i>per account</i>	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
3/4 inch	<i>per account</i>	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
1 inch	<i>per account</i>	\$56.50	\$42.36	\$45.33	\$48.05	\$50.45	\$52.97
1 1/2 inch	<i>per account</i>	\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
2 inch	<i>per account</i>	\$181.50	\$119.91	\$128.30	\$136.00	\$142.80	\$149.94
3 inch	<i>per account</i>	\$341.00	\$232.70	\$248.98	\$263.92	\$277.12	\$290.97
4 inch	<i>per account</i>	\$567.00	\$359.58	\$384.75	\$407.84	\$428.23	\$449.64
Surplus Water (1)	<i>per account</i>	\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
Volumetric Charges for All Water Consumed							
Tier 1	<i>0 - 4 ccf</i>	\$3.81	--	--	--	--	--
Tier 2	<i>5 - 15 ccf</i>	\$4.97	--	--	--	--	--
Tier 3	<i>16 - 50 ccf</i>	\$5.96	--	--	--	--	--
Tier 4	<i>51+ ccf</i>	\$6.61	--	--	--	--	--
Drought Surcharge	<i>per CCF</i>	\$1.00	--	--	--	--	--
Flat Rate (Uniform Rate)	<i>per CCF</i>	\$4.64	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Surplus Water	<i>per CCF</i>	\$10.00	\$14.39	\$15.40	\$16.32	\$17.14	\$17.99

1. Per District policy, Surplus water accounts are charged the 1 1/2 inch meter monthly fee.

FIGURE 11. PROPOSED WATER REVENUE STABILIZATION RATES FISCAL YEAR 2017/18 – 2021/22

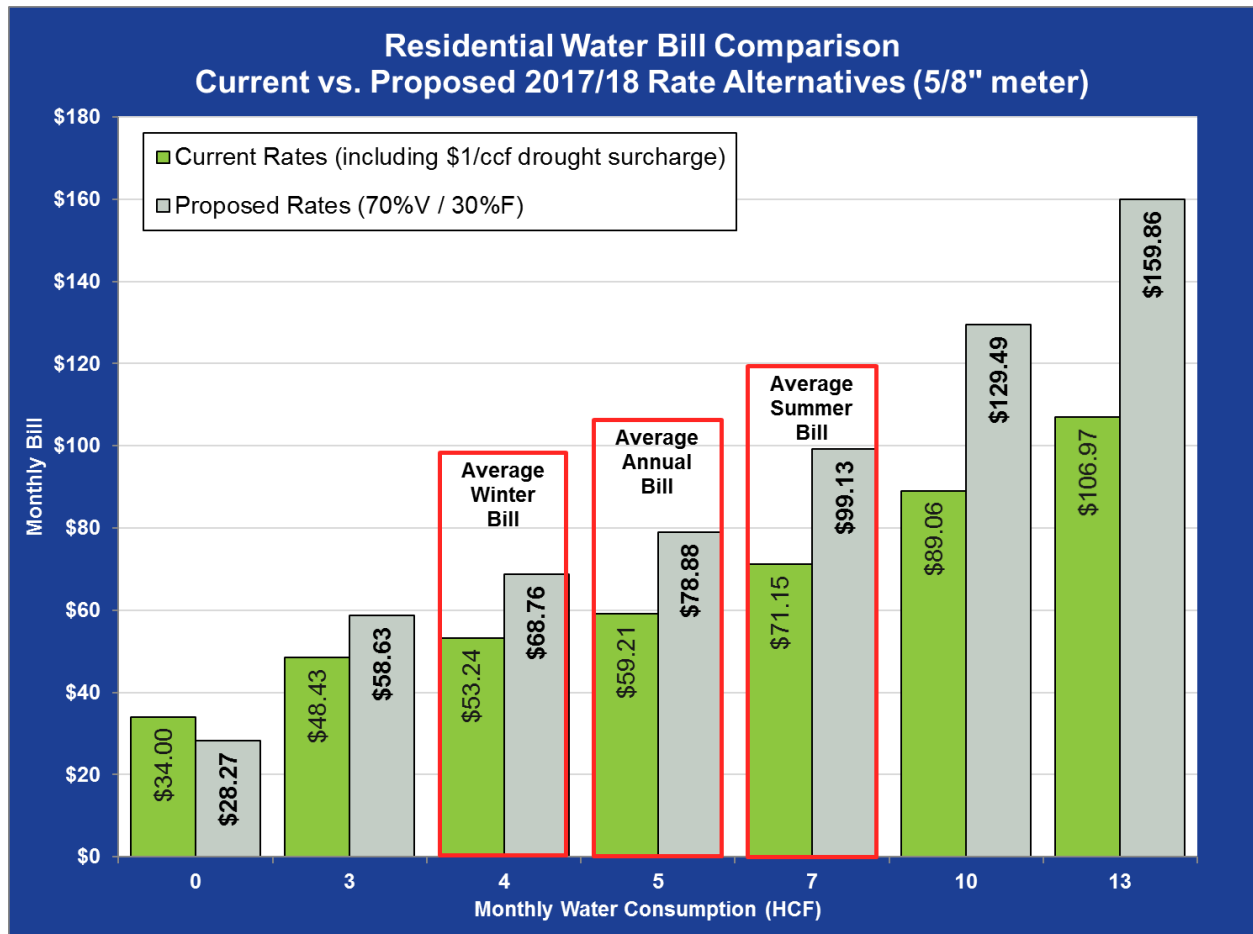
Water Rate Schedule	Proposed Revenue-Stabilization Volumetric Rates				
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Volumetric Charges for All Water Consumed					
Flat Rate (Uniform Rate)	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Revenue Stabilization Rates for All Water Consumed					
10%	\$11.14	\$11.91	\$12.63	\$13.26	\$13.92
15%	\$11.64	\$12.46	\$13.20	\$13.86	\$14.56
20%	\$12.15	\$13.00	\$13.78	\$14.47	\$15.19

Comparison of Current and Proposed Monthly Water Bills

SINGLE-FAMILY WATER CUSTOMERS

Figure 12 compares monthly water bills under the current and proposed FY 2017/18 rates for single-family customers for a 5/8" inch meter – the most common meter size.

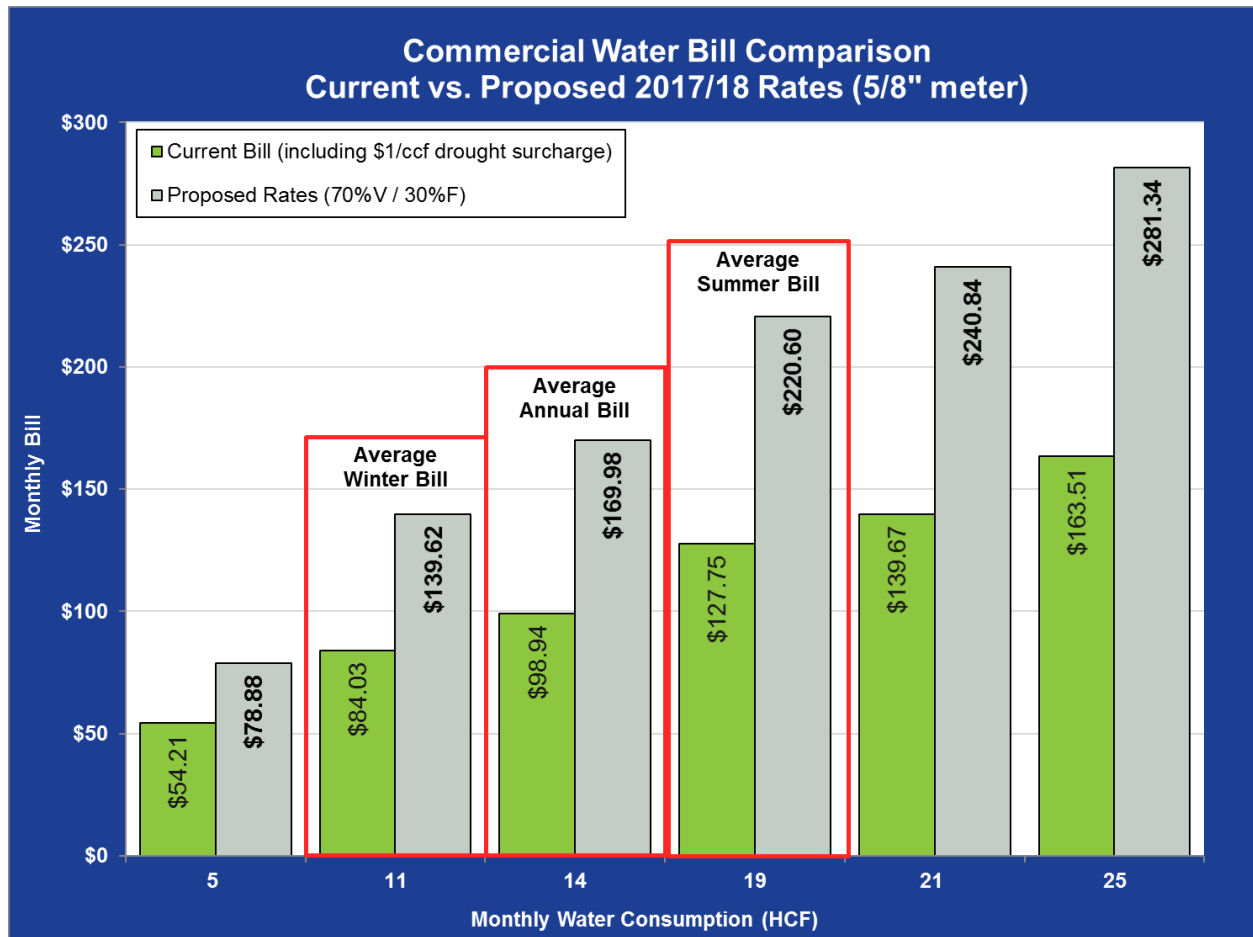
FIGURE 12. MONTHLY WATER BILL COMPARISON FOR RESIDENTIAL CUSTOMERS



COMMERCIAL WATER CUSTOMERS

Commercial customers are currently subject to the same fixed monthly charges by meter size and uniform volumetric rate as single-family customers; proposed rates follow the same rate structure. Figure 13 compares current and proposed FY 2017/18 monthly bills for commercial customers, also with a 5/8-inch meter at various levels of consumption.

FIGURE 13. MONTHLY WATER BILL COMPARISON FOR COMMERCIAL USERS



Section 4. SEWER RATE DESIGN

Developing the Recommended Sewer Rate Design Alternative

The District maintains a small wastewater system for a small residential area (55 total connections). Although the sewer rate study included objectives similar to those in the water rate study, the overriding concern was building and maintaining the financial health of the sewer utility.

The earlier cost-of-service study addressed sewer rate tasks were similar to those performed for the water rates, including developing a financial plan (revenue requirements), functional cost allocations, and revenue requirements by customer class. The rate design analysis then developed individual rates within customer classes. Detailed tables showing the systematic development of the analysis are presented in Appendix C – Sewer Rate Summary Tables.

Figure 14 summarizes the financial plan and net revenue requirements for the next five years, and indicates that annual net revenue requirements cannot be fully funded by current rate revenues. Although initial results indicated that the sewer utility needs a rate increase of 100 percent in FY 2017/18, 20-percent annual rate increases are recommended over the next five years to dampen the rate shock of a 100-percent increase.

FIGURE 14. SUMMARY OF SEWER REVENUE REQUIREMENTS

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Sources of Sewer Funds						
Rate Revenue Under Prevailing Rates	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Non-Rate Revenues	-	-	-	-	-	-
Total Sources of Funds	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Uses of Sewer Funds						
Operating Expenses	\$ 127,016	\$ 130,429	\$ 133,932	\$ 137,528	\$ 141,219	\$ 145,010
Debt Service	-	-	-	-	-	-
Capital Expenses	63,880	65,796	67,770	69,803	71,898	74,054
Total Uses of Funds	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064
Surplus / (Deficiency) before Rate Increases	\$ (90,896)	\$ (96,226)	\$ (101,703)	\$ (107,332)	\$ (113,116)	\$ (119,064)
Additional Revenue from Rate Increases (1)	-	20,000	44,000	72,800	107,360	148,832
Surplus (Deficiency) after Rate Increase	\$ (90,896)	\$ (76,226)	\$ (57,703)	\$ (34,532)	\$ (5,756)	\$ 29,768
Projected Annual Rate Increase	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Cumulative Rate Increases	0.00%	20.00%	44.00%	72.80%	107.36%	148.83%
Net Revenue Requirement (2)	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064

1. Assumes new rates are implemented July 1, 2017.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from sewer rates.

A summary of the entire 20-year financial plan, showing revenue requirements, revenues, and recommended rate increases is presented in Appendix C, along with a summary of the District's capital improvement program.

Cost of Service Analysis – Sewer

The 2016 Cost of Service Study performed by NBS developed the cost of service analysis that fairly and equitably allocates annual revenue requirements to customer classes, although the District's sewer customers are all residential customers.

Current vs. Proposed Sewer Rates

Currently, the District's sewer rates consist of a fixed monthly base charge per account (\$149.00 per month). Figure 15 shows the current and proposed sewer rates through FY 2021/22. The proposed rates maintain the existing rate structure with a fixed monthly base charge only (i.e. no volumetric component).

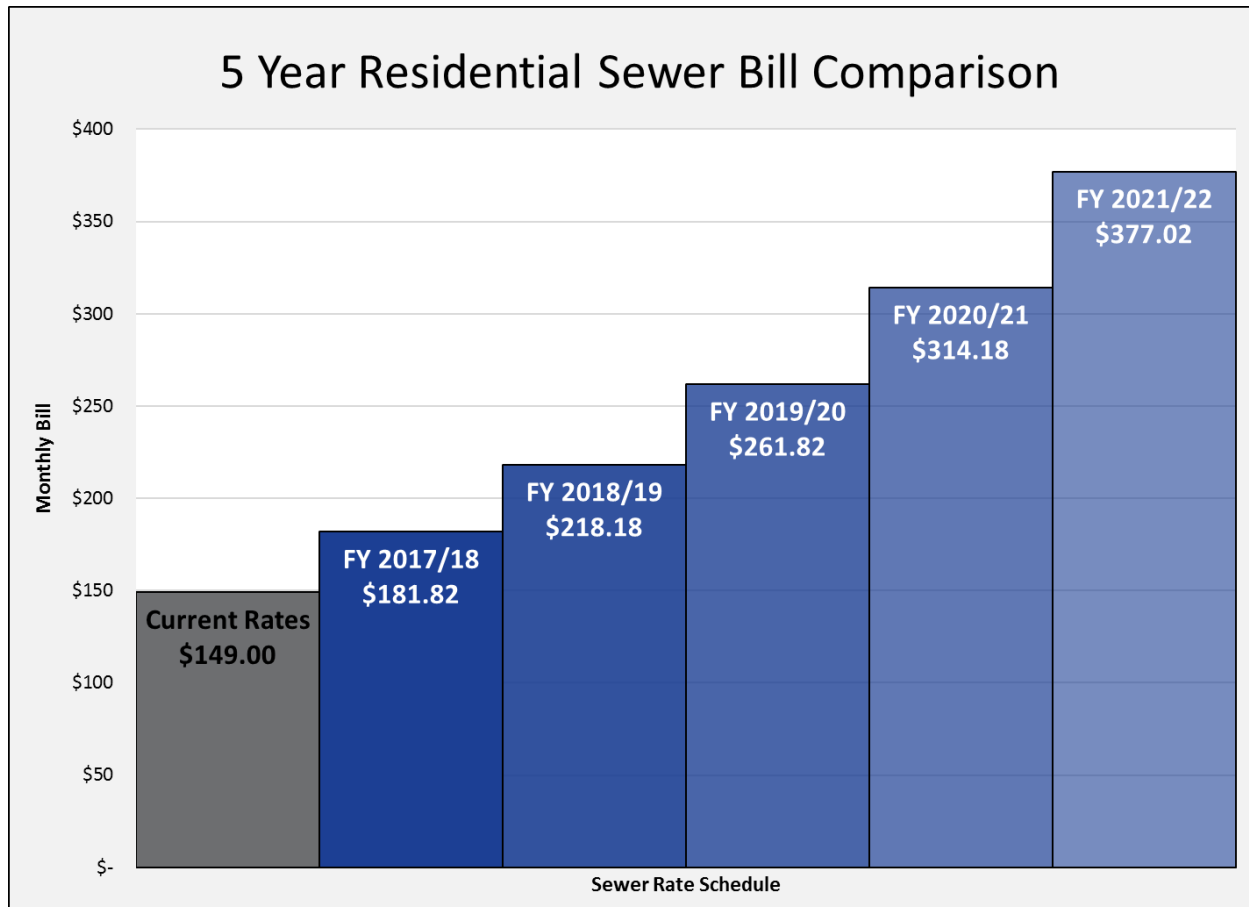
FIGURE 15. CURRENT AND PROPOSED SEWER RATES FISCAL YEAR 2016/17 – 2021/22

Sewer Rate Schedule	Current Rates	Proposed Rates				
		FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Projected Increase in Rate Revenue per Financial Plan:		20.00%	20.00%	20.00%	20.00%	20.00%
Monthly Fixed Service Charges:						
All Customers	\$149.00	\$181.82	\$218.18	\$261.82	\$314.18	\$377.02

SINGLE-FAMILY SEWER CUSTOMERS

Figure 16 compares typical single-family monthly sewer bills in under the current and proposed rates for the next five years.

FIGURE 16. MONTHLY SINGLE-FAMILY SEWER BILL COMPARISON



Section 5. WATER CONNECTION FEE STUDY

Background and Purpose

Connection fees are one-time fees intended to reflect the cost of existing infrastructure and planned improvements available to new services, and place new utility customers on equal basis from a financial perspective with existing customers. Once new customers are added to the system, they then incur the obligation to pay the same service charges or water rates that existing customers pay.

The District is conducting a water connection fee study because the District's connection fees needed updating to comply with industry standards, and these fees need to reflect the cost of capital infrastructure required to serve new customers. The next few sections summarize the results of the analysis and presents the updated connection fees that are imposed on new or upsized connections.

General Connection Fee Requirements

Connection fees imposed by the District are subject to California's Mitigation Fee Act ("Act"), embodied in Government Code 66000 et seq., which the State Legislature passed, starting with Assembly Bill 1600 in 1989. The Act prescribes the means by which public agencies may impose development impact fees, including water connection fees. The connection fees presented herein are calculated with the intent of complying with the Act and are based on typical industry methodologies.

In its simplest form, connection fees (for utilities they are often also referred to as developer fees, capacity fees, or system development charges) are calculated by dividing the costs allocated to future development by the number of units of new development:

- Costs of planned future facilities and improvements required to serve new development are those that can reasonably be allocated to future development.
- The number of new units (i.e., growth) are those units projected to occur within the timeframe covered by the connection fee analysis.

Connection fee revenues may not be used for annual operations or maintenance of existing or new facilities. The cost of the public facilities analyzed do not include the operational costs of these facilities, which, over their useful life, may be quite substantial, and will be borne by customers connected to the system at the time of operation.

Another fundamental premise of connection fees is that the burden of the fees cannot exceed the actual cost of the public facilities needed to serve the development paying the fee, including costs associated with administering the fee program. In addition, fee revenues can only be used for their intended purposes and the Act has specific accounting and reporting requirements both annually and after every five-year period for the use of fee revenues.

Facility Standards, Level of Service, and Deficiencies

The words "standard" and "level of service" are used (at times interchangeably) to describe the level of investment in capital facilities that are needed to serve water and sewer customers. A standard is defined as the adopted policy, or benchmark, that the District currently provides or intends to achieve for any

particular facility. On the other hand, level of service (LOS) refers to the actual level of benefit that the current population experiences. Level of service may be different from the standard for a given facility. If the existing LOS is less than the standard, a deficiency exists for that facility.

New development alone cannot be required to improve the LOS provided by those facilities that serve both new and existing development¹³. State law limits connection fees to the cost of maintaining services for new development at the same LOS as existing development.

Mitigation Fee Act and Required Findings

The Mitigation Fee Act establishes requirements for imposing connection fees, including necessary funding for the ongoing administration of connection fee programs. It also requires local governments to document the following when adopting a connection fee:

- Identify the purpose of the fee.
- Identify the use of fee revenues.
- Determine a reasonable relationship exists between the fee's use and the type of development paying the fee.
- Determine a reasonable relationship exists between the need for the fee and the type of development paying the fee.
- Determine a reasonable relationship exists between the amount of the fee and the cost of the facility attributable to development paying the fee.

Together, these items constitute a “nexus study” when documented and presented in a report. This report provides the required documentation for the above findings and the determinations that establish the basis for the recommended fees. The following sections discuss the development of the water connection fees.

Connection Fee Methodology

Various methodologies have been and are currently used to calculate water connection fees. The most common are:

- The value of existing (historical) system assets, often called a “buy-in” methodology.
- The value of planned future improvements, also called the “incremental” or “system development” methodology.
- A combination of these two approaches.

This analysis uses the combination approach, which requires new customers to pay both their fair share of existing system assets as well as their share of the planned future capital improvements needed to provide them with capacity in the District’s water system. As a result, new customers connecting to the District’s water system would enter as equal participants with regard to their financial commitment and obligations to the utility.

In calculating the water connection fees, the replacement-cost-new-less-depreciation (RCNLD) value of existing system assets was used to calculate the buy-in component of the connection fee. The Handy

13 New development can, and often does fund facilities beyond those covered by connection fees through “developer agreements”, which are voluntarily and mutually agreed upon by new development and an individual utility. Developer agreements are outside the scope of this report, and not considered a part of the connection fee programs addressed herein.

Whitman Index of Public Utility Construction Costs¹⁴, which is a regionally specific construction cost index that tracks water utility construction costs, was used to estimate the replacement value of the existing system assets. We believe this is an accurate inflation index and appropriate for water utilities.

A detailed summary of the water utility's connection fee calculations is included in Appendix D – Water Connection Fee Study Summary Tables.

Existing Connections and Projected Future Growth

Larger meters have the potential to use more of the water system's capacity, compared to smaller meters. The potential capacity used is proportional to the maximum hydraulic flow through each meter size as established by the American Water Works Association (AWWA) hydraulic capacity ratios. The AWWA capacity ratios (also known as Flow Factors) used in this study are shown in the fourth column of Figure 17.

As an example, a 2-inch meter has a greater capacity, or potential peak demand than a 5/8-inch meter. A "hydraulic capacity factor" is calculated by dividing the maximum capacity or flow of large meters by the capacity of the base meter size, which is typically the most common residential meter size (in this case a 5/8-inch or 3/4-inch meter).

The flow factors shown in Figure 17 are the ratio of potential flow through each meter size compared to the flow through a 5/8-inch meter, which is the most common meter size for the District's water utility, and is used to compare the capacities of the larger meters. For example, the fourth column in Figure 17 shows the hydraulic capacity of a two-inch meter is 8 times that of a 5/8-inch meter. As a result, while there are currently 7,369 total water connections, there are 8,055 equivalent meter connections.

FIGURE 17. METER EQUIVALENCE – WATER

Meter Size	Existing Water Meters (1)	Meter Equivalence		Water Meter Equivalent Units
		Maximum Flow (gpm) (2)	Flow Factor for 5/8 or 3/4 inch Base Meter	
5/8 Inch	6,439	20	1.00	6,439
3/4 Inch	241	30	1.00	241
1 Inch	616	50	1.67	1,027
1 1/2 Inch	37	100	3.33	123
2 Inch	31	160	5.33	165
3 Inch	4	320	10.67	43
4 Inch	1	500	16.67	17
6 Inch	-	1,000	33.33	-
8 Inch	-	1,600	53.33	-
Total	7,369			8,055

1. Data is based on SLVWD billing data. Meter count is from February 2016.
2. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2" and Compound Class I for 3" through 8".

¹⁴ The Handy-Whitman Index of Public Utility Construction Costs. Baltimore, MD: Whitman, Requardt and Associates, 2017.

The actual number of meters by size is multiplied by the corresponding flow factor to calculate the total number of equivalent meters, which is used as a proxy for the potential demand that each customer can place on the water system. A significant portion of a water system’s peak capacity, and in turn, the utility’s fixed capital costs are related to meeting system capacity requirements. Therefore, the connection fee for a new service will be proportional to the service’s meter equivalents.

The state now requires fire suppression systems in all new single-family home construction with a minimum meter size of 1-inch. Although the expected use within single-family homes does not change because of this requirement, the District has a policy of charging all new connection fees based on actual meter size.

The District’s capital improvement plan has a 20-year outlook (through Fiscal Year 2034/35), which is the basis for defining the costs of planned future capital assets. Based on the District’s customer growth projections, there will be approximately 1.19 percent annual growth in the water system over the next 20 years. The result, as shown in Figure 18, is that the District expects 2,027 new 5/8-inch equivalent meters over the next twenty years, equivalent to 2.01 percent total growth during the same time.

FIGURE 18. PROJECTED CUSTOMER GROWTH – WATER

Demographic Statistics	Existing Total	Projected Service Total	Allocation Factors		Cumulative Change	
			Existing Services	Future Services	Number of Units	% Increase
SFR Meter Equivalent Units	8,055	10,082	79.9%	20.1%	2,027	25.2%

Existing and Planned Future Assets

The water utility’s capital assets include existing assets and planned capital improvements (i.e., the buy-in and incremental assets). Existing assets are often valued using “book value” (i.e., original cost less depreciation). However, replacement costs provide a more accurate estimate of these asset values. Ideally, replacement values would reflect the actual field condition of the assets (i.e., whether they are behind or ahead of the depreciation curve based on actual condition rather than just the remaining years of expected life). Unfortunately, this information was not available for this study, and the estimated replacement-cost-new-less-depreciation or RCNLD value was developed as the cost basis for the new connection fees. A field assessment was performed as part of the Cost of Service Study completed in November 2016; planned capital improvements are based on this assessment.

For the purpose of this analysis, assets that have exceeded their useful life (as defined in the District’s asset records) were considered to have no remaining value. The resulting RCNLD value of existing assets are about \$52 million; see Appendix D for full details.

Most of the RCNLD costs were allocated to existing users based on the 79.9 percent allocation factor shown in Figure 18 (and 20.1 percent allocation factor for future users). The resulting allocation of exiting system assets to existing and future users is summarized in Figure; future customers are allocated \$10,474,476 of existing water assets.

As noted earlier, the District’s capital improvement plans extend through 2035. The estimated cost of planned future improvements (in 2017 dollars) used to calculate the system development component of the

connection fee are also summarized in Figure 19; based on the 20.1 percent allocation factor, future customers were allocated \$11,446,715 of these future capital project costs.

Adjustments to the Cost Basis

Before the connection fees are developed, two adjustments were applied to the cost basis to account for existing cash reserves and outstanding debt. Existing cash reserves are treated as an asset, since existing customers contributed them and they are available to pay for capital and/or operating costs of the water utility. The cash reserves are, in a sense, no different from any other system asset. The existing cash 20.1 percent allocation factor is from Figure 18. The allocation of cash reserves to future users is \$521,778.

There was also a credit to the cost basis related to outstanding bonds. This credit was included because some existing assets were at least partially funded with revenue bonds that will be paid in future years by the “existing customers” at that time. Since new connections pay their share of existing asset values, including the remaining outstanding debt on those same assets would be double counting the asset values in the connection fees. Therefore, a credit is given in the connection fee calculation for the value of future principal, to avoid double-charging new customers for bond-funded assets. Figure 19 summarizes the \$1,003,901 credit provided to future users in the connection fee development.

Calculated Connection Fees

The sum of the existing and planned asset values (that is, the system buy-in and system development costs), along with the adjustments for existing cash reserves and outstanding principal payments, defines the total cost basis allocated to future customers. Figure 19 summarizes how this cost basis is developed.

FIGURE 19. SUMMARY OF COST BASIS FOR FUTURE WATER CUSTOMERS

System Asset Values Allocated to Future Development	
System Asset Values Allocated to Future Development	
<i>System Asset Values Allocated to New Development</i>	
Existing System Buy-In (2)	\$ 10,474,476
Future System Expansion (3)	<u>11,446,715</u>
Total: Existing & Future System Costs	\$ 21,921,191
<i>Adjustments to Cost Basis:</i>	
Cash Reserves	\$ 521,778
Outstanding Long-Term Debt (Principal) Allocated to Future Users	<u>(1,003,901)</u>
Total: Adjustments to Cost Basis	\$ (482,123)
Total Adjusted Cost Basis for New Development	\$ 21,439,068

The total adjusted cost basis is then divided by the number of future customers, measured in 5/8-inch meter equivalents, expected to connect to the system (that is, the 2,027 meter equivalents shown in Figure 18). This calculation is shown in Figure 20.

FIGURE 20. COSTS ALLOCATED TO FUTURE WATER CUSTOMERS & NEW CONNECTION FEES

Summary of Costs Allocated to Connection Fees	Adjusted System Cost Basis	Planned Additional EDU's	Maximum Connection Fee
Maximum Water Connection Per 5/8-inch meter	\$ 21,439,068	2,027	\$ 10,577

Based on the combined system buy-in and incremental connection fee methodology, and the assumptions used in this analysis, NBS has calculated the new connection fees for each meter size, as shown in Figure 21. The updated connection fees represent the maximum fee that the District could charge for new connections.

FIGURE 21. UPDATED WATER CONNECTION FEES

Meter Size	Equivalency Factor		Maximum Unit Cost (\$/EDU)	Updated Maximum Connection Fee Per Meter
	Maximum Continuous Flow (gpm) (1)	Equivalency to 5/8 or 3/4-inch Base Meter Size		
5/8 Inch	20	1.00	\$10,577	\$10,577
3/4 Inch	30	1.00	\$10,577	\$10,577
1 Inch	50	1.67	\$10,577	\$17,629
1 1/2 Inch	100	3.33	\$10,577	\$35,257
2 Inch	160	5.33	\$10,577	\$56,412
3 Inch	320	10.67	\$10,577	\$112,824
4 Inch	500	16.67	\$10,577	\$176,287
6 Inch	1,000	33.33	\$10,577	\$352,575
8 Inch	1,600	53.33	\$10,577	\$564,120

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3" through 8", and Turbine Class II for 10" through 12" meters.

Fee Updates

This connection fee study and the recommended fees assume a given level of development activity over the study period based on the best available data. The development that actually occurs may result in both different impacts and fee revenues than those that are calculated in this study. For that reason, regular updates are recommended to adjust the connection fees to match the needs created by the rate of actual development.

Water Connection Fee Findings Statements

The new water connection fees calculated in this report are based on regulatory requirements and generally accepted industry standards, and are further documented in Appendix D. This study makes the following findings:

- The purpose of the District's water connection fee is to ensure that new and upsized connections reimburse and/or mitigate a reasonable portion of the District's planned capital investments. These investments benefit and/or are necessary to accommodate increased demand for water service.
- The District uses connection fee proceeds to fund capital investments in the water system, which include the future design and construction of planned facilities and partial payment of debt service related to capital improvements.
- All parcels seeking permission to connect to the District's water system are subject to the water connection fee, payment of which is a condition of connection approval. Figure 18 identifies the total number of projected future water customers.
- Connection fees for new water customers vary depending on the size of the water meter serving the connection. Meter size is generally proportionate to the demands a parcel places on the water utility system, specifically the peaking requirements related to the meter size.
- Figure 17 illustrates the equivalency factors differentiating meter sizes, based on their maximum continuous flow. Of the meters currently connected to the system, a majority are 5/8-inch or ¾-inch meters, representing an equivalency factor of 1.0, from which the number of equivalent meters for all larger meters is calculated.
- The District has made investments in water infrastructure, and plans to invest further in expanded and upgraded facilities. These investments make possible the availability and continued reliable provision of utility service of high quality water sufficient to meet demands of growth within the District's service area.
- Without capital investment in existing facilities, the water system capacity available to serve the needs of future connections would be uncertain. Without planned investments in future facilities, water service would not be sustainable at the level of service enjoyed by current users. The total value of planned water system assets that are attributable to serving future connections is identified in Figure 19.
- Connection fees are derived directly from the value of capital investments in existing and planned water facilities.
- Figure 20 identifies the water infrastructure cost per single-family equivalent dwelling unit (EDU) for a new connection, resulting in connection fee unit cost of \$10,577 per EDU.
- Upon payment of a connection fee, a new customer incurs the obligation to pay the same ongoing service rates as existing customers, regardless of the date of connection to the systems or the actual start of service. Connection fees ensure that, over time, ongoing service rates are not disproportionately burdened by the accommodation of system growth.

Section 6. RECOMMENDATIONS AND NEXT STEPS

Consultant Recommendations

This rate and connection fee study reflects input from District staff and the District Board and is intended to comply with general industry standards and State law, and specifically the requirements of Proposition 218 and the Mitigation Fee Act. Public hearings and protest balloting requirements are the next steps required to complete the adoption and implementation requirements for water and sewer rates. The District Board can directly adopt new connection fees, which are not subject to Proposition 218 requirements. As a part of this process, NBS recommends the District take the following actions:

- **Approve and Accept This Study Report:** NBS recommends the District Board formally approve and adopt this report and its recommendations. This will provide the documentation and administrative record necessary to adopt and implement these rates and connection fees.
- **Implement Recommended Levels of Rate Increases and Proposed Rates:** Based on successfully meeting the Proposition 218 balloting requirements, the District Board should proceed with implementing the rate increases and rate structures recommended in this report for both utilities for the next five years (see Figure 10, Figure 11, and Figure 15). These rate increases are necessary to ensure the continued financial health of the District's water and sewer utilities.
- **Implement New Connection Fees:** Based on the analysis presented in this report, the District Board should implement the new connection fees recommended in this report, which are \$10,577 per 5/8-inch meter equivalent.
- **Adopt Reserve Fund Targets:** NBS recommends the District Board adopt and strive to meet the recommended reserve fund targets described in this report for each utility.

Next Steps

ANNUALLY REVIEW RATES AND REVENUE

Any time an agency adopts new utility rates, particularly when facing significant future capital costs, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and water consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements, particularly those related to capital improvement and repair and replacement costs that can significantly affect annual cash flows.

PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

In preparing this report and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, including the District's operating budgets, capital improvement plans, customer account data, water consumption records, and other conditions and events projected to occur in the future. This information and these assumptions were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein or may

vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

Section 7. APPENDIX A – ABBREVIATIONS & ACRONYMS¹⁵

AAF	Average Annual Flow
AF	Acre Foot, equal to 435.6 HCF/CCF or 325,851 gallons
Alt.	Alternative
Avg.	Average
AWWA	American Water Works Association
BMP	Best Management Practice
BOD	Biochemical Oxygen Demand
CA	Customer
CAP	Capacity
CCF	Hundred Cubic Feet (same as HCF); equal to 748 gallons
CCI	Construction Cost Index
COD	Chemical Oxygen Demand
COM	Commodity
Comm.	Commercial
COS	Cost of Service
COSA	Cost of Service Analysis
CPI	Consumer Price Index
CIP	Capital Improvement Program
DU	Dwelling Unit
Excl.	Exclude
ENR	Engineering News Record
EDU	Equivalent Dwelling Unit
Exp.	Expense
FP	Fire Protection
FY	Fiscal Year (e.g., July 1st to June 30th)
FY 2016/17	July 1, 2016 through June 30, 2017
GPD	Gallons per Day
GPM	Gallons per Minute
HCF	Hundred Cubic Feet; equal to 748 gallons or 1 CCF
Ind.	Industrial
Irr.	Irrigation
LAIF	Local Agency Investment Fund
Lbs.	Pounds
MFR	Multi-Family Residential
MGD	Million Gallons per Day
MG/L	Milligrams per Liter
Mo.	Month
Muni.	Municipal
NH3	Ammonia
NPV	Net Present Value
N/A	Not Available or Not Applicable
O&M	Operational & Maintenance Expenses
Prop 13	Proposition 13 (1978) – Article XIII A of the California Constitution which limits taxes on real property to 1 percent of the full cash value of such property.
Prop 218	Proposition 218 (1996) – State Constitutional amendment expanded restrictions of local government revenue collections.
Req't	Requirement

15 This appendix identifies abbreviations and acronyms that may be used in this report. This appendix has not been viewed, arranged, or edited by an attorney, nor should it be relied on as legal advice. The intent of this appendix is to support the recognition and analysis of this report. Any questions regarding clarification of this document should be directed to staff or an attorney specializing in this particular subject matter.

Appendix A, continued

Res.	Residential
Rev.	Revenue
RTS	Readiness-to-Serve
R&R	Rehabilitation & Replacement
SFR	Single Family Residential
SRF Loan	State Revolving Fund Loan
SWRCB	State Water Resources Control Board
TSS / SS	Total Suspended Solids
V. / Vs. /vs.	Versus
WWTP	Waste Water Treatment Plant

Section 8. APPENDIX B – WATER REVENUE-STABILIZATION RATES & SUMMARY TABLES

DETAILS OF HOW REVENUE STABILIZATION RATES ARE IMPLEMENTED

Revenue-Stabilization Rate Trigger and Board Notification:

1. For background/informational purposes, District Manager (DM) will provide the District Board with the average units of water sales (by month) for the rolling previous three years, which will serve as the “baseline” against which current annual sales to date will be compared. District will include a revenue stabilization rate schedule in each budget year (and Proposition 218 Notices) indicating the volumetric rate for increases of 10%, 15%, and 20%. This information will be provided as a part of the budget package each year.
2. If DM determines that annual water sales (in units) to date is more than 10% below expected year-to-date levels (based on monthly averages over the previous three-years), DM will inform the Board. When informing the Board, DM will include expense reduction measures for consideration by the Board that will match the revenue gap. DM will also update the Board on current reserve levels. DM will also provide staff analysis of why the water sales gap is occurring and a six-month projection of anticipated water sales.

Board Action to Implement: Once so informed by DM, Board may:

- Order DM to implement all or part of the proposed expense reductions,
- Order DM to utilize reserves to meet all or part of the revenue gap,
- Order DM to implement revenue stabilization rates from the revenue-stabilization rate schedule* provided by the DM corresponding to the level of volumetric water sales deficit (10%, 15%, or 20%).

**Technical Note: the Revenue-Stabilization rate schedule will be the current uniform volumetric rate that is 10%, 15%, and 20% higher.*

Board Action to Rescind: Once the Board is informed by DM that volumetric water sales revenue has returned to expected levels*, the rate stabilization rates will be automatically rescinded and return to the previous adopted uniform volumetric rate.

**Technical Note: The expected year-to-date volumetric rate revenue is the three-year rolling average monthly water sales (in units) times the currently adopted uniform volumetric water rate. This monthly revenue schedule should be proportionally adjusted to match your budgeted volumetric revenue number.*

Proposed Revenue Stabilization Rates (Previously Shown in Figure 11):

Water Rate Schedule	Proposed Revenue-Stabilization Volumetric Rates				
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Volumetric Charges for All Water Consumed					
Flat Rate (Uniform Rate)	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Revenue Stabilization Rates for All Water Consumed					
10%	\$11.14	\$11.91	\$12.63	\$13.26	\$13.92
15%	\$11.64	\$12.46	\$13.20	\$13.86	\$14.56
20%	\$12.15	\$13.00	\$13.78	\$14.47	\$15.19

Section 9. **APPENDIX C – SEWER RATE SUMMARY TABLES**

Section 10. **APPENDIX D – WATER CONNECTION FEE SUMMARY TABLES**

TABLE 1
FINANCIAL PLAN AND SUMMARY OF WATER COST REQUIREMENTS

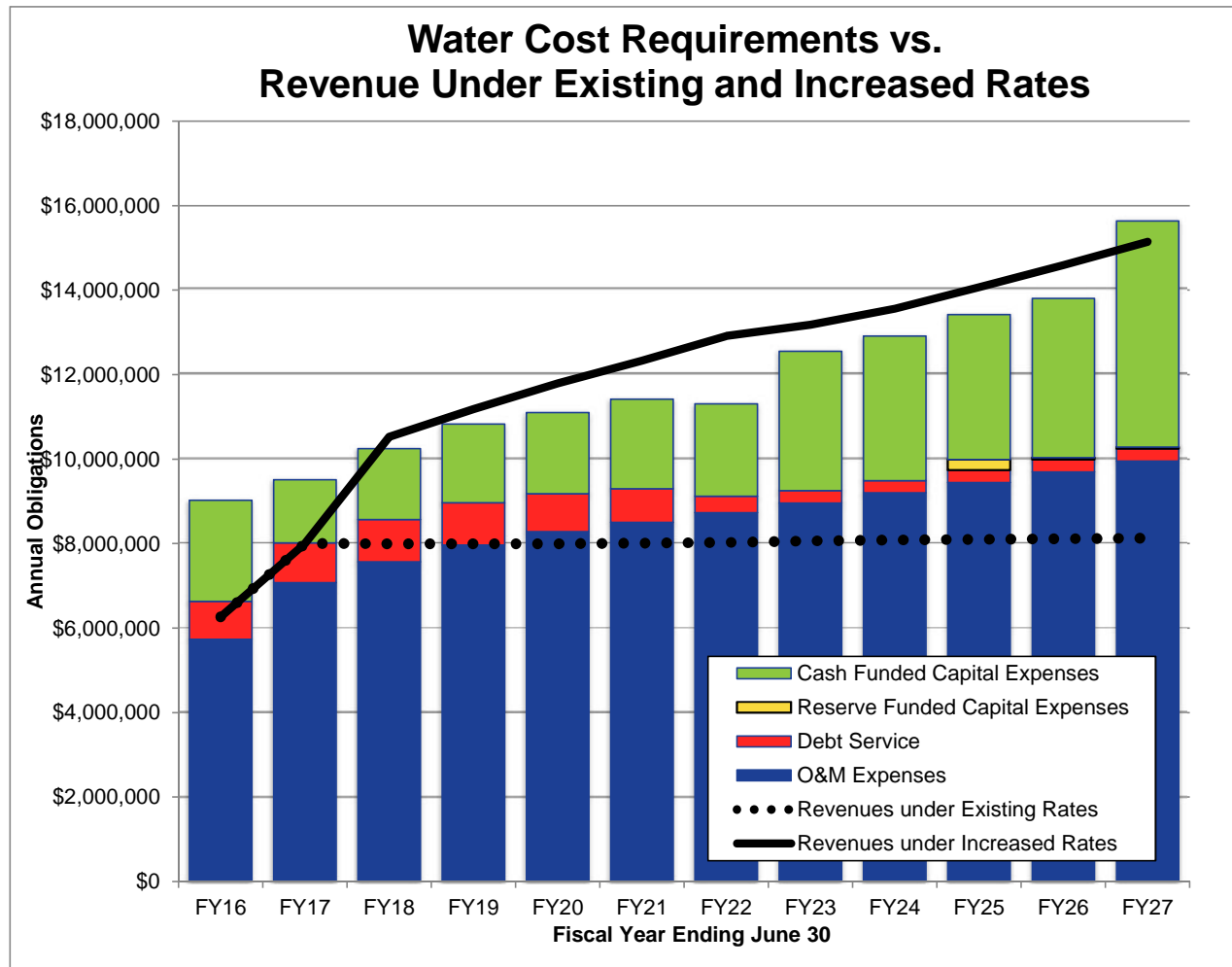
WATER REVENUE REQUIREMENTS SUMMARY	Actual	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Funds										
<i>Water Rate Revenue: (1)</i>										
Service & Usage Fees	\$ 5,575,000	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640
<i>Water Non-Rate Revenue:</i>										
Property Taxes (2)	\$ 525,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000
Rental Revenue	32,500	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800
Investment Earnings	2,500	5,000	-	-	-	-	-	-	-	-
Gain/Loss on Sale of Assets	-	-	-	-	-	-	-	-	-	-
Other Income	123,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000
Interest Income	7,699	5,699	647	3,059	7,597	18,145	35,521	69,590	92,689	106,408
Grand Total: Sources of Funds	\$ 6,265,699	\$ 8,002,139	\$ 7,992,087	\$ 7,994,499	\$ 7,999,037	\$ 8,009,585	\$ 8,026,961	\$ 8,061,030	\$ 8,084,129	\$ 8,097,848
Uses of Funds										
<i>Water Fund Operating Expenses (3):</i>										
Administration	\$ 878,273	\$ 1,016,359	\$ 1,043,312	\$ 1,071,089	\$ 1,099,359	\$ 1,128,613	\$ 1,158,459	\$ 1,189,092	\$ 1,220,514	\$ 1,253,019
Finance	709,176	807,048	928,600	1,153,500	1,284,400	1,318,600	1,353,900	1,390,100	1,427,300	1,465,400
Engineering	168,642	279,531	287,000	294,600	302,400	310,400	318,500	326,800	335,200	343,800
Operations/Distribution	1,918,473	2,204,499	2,363,600	2,426,800	2,491,700	2,558,400	2,626,700	2,696,900	2,769,100	2,843,300
Watershed	467,133	619,422	636,000	652,800	670,000	687,600	705,600	724,400	743,700	763,500
Operations/Supply & Treatment	1,592,866	2,151,707	2,309,100	2,371,000	2,434,300	2,499,200	2,565,900	2,634,400	2,704,800	2,777,100
Subtotal: Operating Expenditures	\$ 5,734,563	\$ 7,078,566	\$ 7,567,612	\$ 7,969,789	\$ 8,282,159	\$ 8,502,813	\$ 8,729,059	\$ 8,961,692	\$ 9,200,614	\$ 9,446,119
<i>Other Expenditures:</i>										
Existing Debt Service	\$ 896,508	\$ 936,526	\$ 1,000,751	\$ 1,000,751	\$ 899,339	\$ 797,926	\$ 395,840	\$ 291,041	\$ 291,041	\$ 291,041
New Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses	2,397,525	1,500,000	1,678,988	1,862,385	1,918,257	2,116,934	2,180,442	3,299,649	3,419,826	3,427,845
Subtotal: Other Expenditures	\$ 3,294,033	\$ 2,436,526	\$ 2,679,740	\$ 2,863,137	\$ 2,817,595	\$ 2,914,859	\$ 2,576,281	\$ 3,590,690	\$ 3,710,867	\$ 3,718,886
Grand Total: Uses of Funds	\$ 9,028,596	\$ 9,515,093	\$ 10,247,352	\$ 10,832,926	\$ 11,099,754	\$ 11,417,672	\$ 11,305,340	\$ 12,552,382	\$ 12,911,481	\$ 13,165,004
<i>plus: Revenue from Rate Increases (5)</i>	-	-	2,533,627	3,190,315	3,792,593	4,324,604	4,883,217	5,117,834	5,476,798	5,969,776
Annual Surplus/(Deficit)	\$ (2,762,897)	\$ (1,512,954)	\$ 278,363	\$ 351,888	\$ 691,876	\$ 916,517	\$ 1,604,838	\$ 626,482	\$ 649,446	\$ 902,620
Water Net Revenue Requirements (Total Uses less Non-Rate Revenue)	\$ 8,337,897	\$ 8,360,594	\$ 9,102,904	\$ 9,686,067	\$ 9,948,357	\$ 10,255,727	\$ 10,126,018	\$ 11,338,992	\$ 11,674,992	\$ 11,914,796
Total Rate Revenue After Rate Increases	\$ 5,575,000	\$ 6,847,640	\$ 9,381,267	\$ 10,037,955	\$ 10,640,233	\$ 11,172,244	\$ 11,730,857	\$ 11,965,474	\$ 12,324,438	\$ 12,817,416
Projected Annual Rate Revenue Increase	0.00%	0.00%	37.00%	7.00%	6.00%	5.00%	5.00%	2.00%	3.00%	4.00%
<i>Cumulative Increase from Annual Revenue Increases</i>	<i>0.00%</i>	<i>0.00%</i>	<i>37.00%</i>	<i>46.59%</i>	<i>55.39%</i>	<i>63.15%</i>	<i>71.31%</i>	<i>74.74%</i>	<i>79.98%</i>	<i>87.18%</i>
<i>Debt Coverage After Rate Increase</i>	<i>(0.18)</i>	<i>(0.25)</i>	<i>1.81</i>	<i>2.07</i>	<i>2.62</i>	<i>3.35</i>	<i>7.58</i>	<i>10.32</i>	<i>10.73</i>	<i>11.58</i>

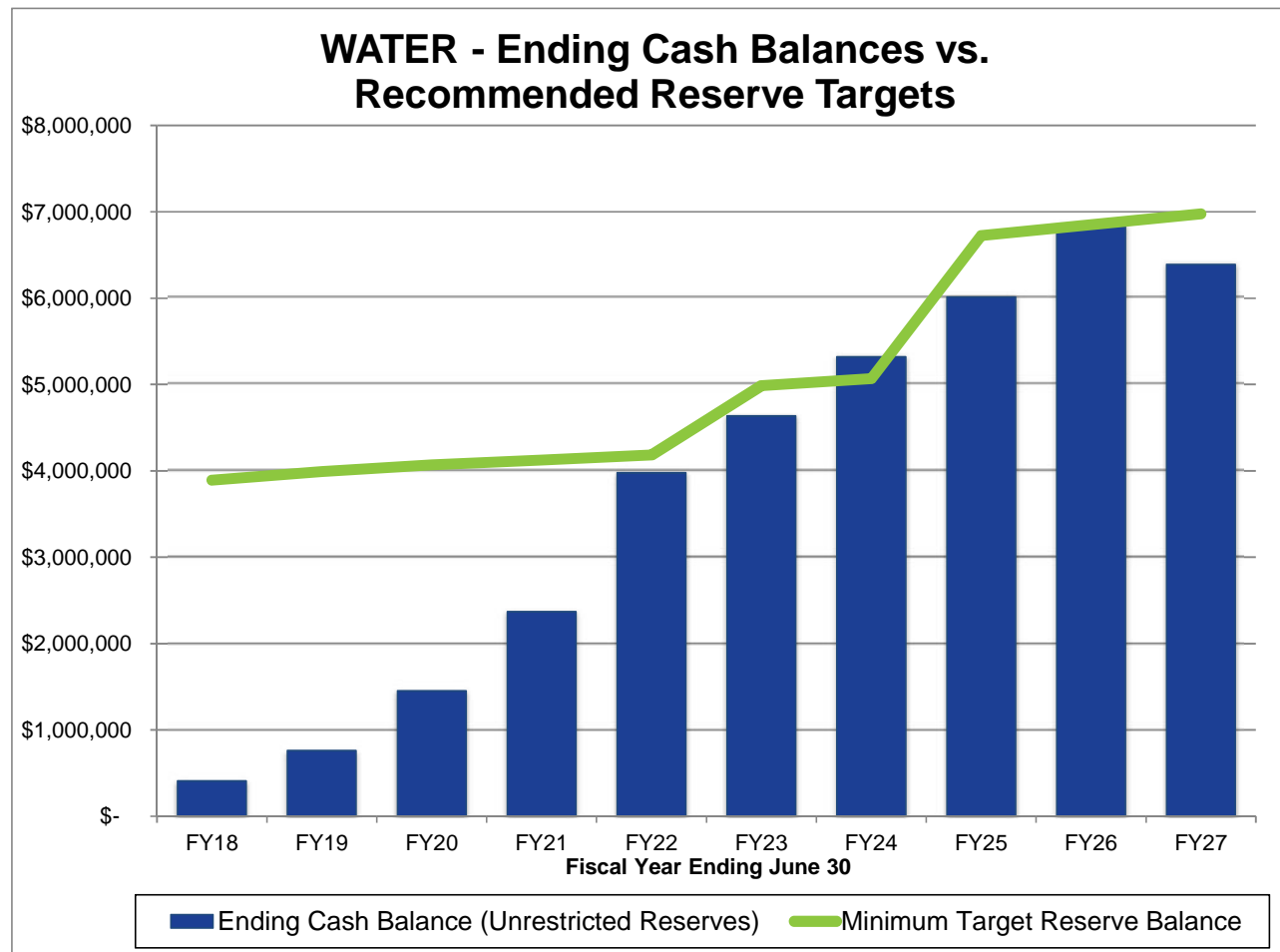
1. Revenues are from the Final Trial Balance on June 30, 2015 from source file: SLVWD 2015 Working TB.xls and are actual revenues from FY 14/15.
2. OLY Assessment (Property Tax) Revenue expected to increase after FY 2015/16.
3. Expenses are from the FY 2015/16 Budget and from source file: FY1516 BUDGET FINAL.pdf. All projected expenses are rounded to the nearest \$100.
4. Calculated as the Total Rate Revenue after Rate Increases less Total Uses of Funds and Non-Rate Revenues.
5. Revenue from rate increases assumes an implementation date of July 1, 2017 for new rates.
For each year thereafter, the assumption is that new rates will be implemented on July 1st of each year.

TABLE 2
RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY UN-RESTRICTED RESERVES - WATER	Actual	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Beginning Cash (1)	\$ 2,595,259	\$ 2,016,000								
Operational Reserve Fund										
Beginning Reserve Balance (2)	\$ 2,218,677	\$ 1,642,406	\$ 129,452	\$ 407,815	\$ 759,703	\$ 1,451,579	\$ 2,126,000	\$ 2,182,000	\$ 2,808,482	\$ 3,067,000
Plus: Net Cash Flow (After Rate Increases)	(2,762,897)	(1,512,954)	278,363	351,888	691,876	916,517	1,604,838	626,482	649,446	902,620
Plus: Transfer in from Debt Reserve Surpluses	4,294	-	-	-	-	-	-	-	-	-
Plus: Transfer in from Capital Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Less: Transfer out to Capital Replacement Reserve	-	-	-	-	-	(242,096)	(1,548,838)	-	(390,928)	-
Ending Operating Reserve Balance	\$ (539,926)	\$ 129,452	\$ 407,815	\$ 759,703	\$ 1,451,579	\$ 2,126,000	\$ 2,182,000	\$ 2,808,482	\$ 3,067,000	\$ 3,969,620
Target Ending Balance (\$1.5M, then graduating to 6 months of O&M)	\$ 1,500,000	\$ 1,500,000	\$ 1,892,000	\$ 1,992,000	\$ 2,071,000	\$ 2,126,000	\$ 2,182,000	\$ 2,987,000	\$ 3,067,000	\$ 4,723,000
Capital Reserve Fund										
Beginning Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,096	\$ 1,794,566	\$ 1,825,971	\$ 2,253,418
Plus: Grant Proceeds	1,270,475	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	-	-	-	-	-	242,096	1,548,838	-	390,928	-
Plus: Interest Earnings	-	-	-	-	-	-	3,631	31,405	36,519	45,068
Less: Use of Reserves for Capital Projects	(1,270,475)	-	-	-	-	-	-	-	-	(253,418)
Less: Use of Reserves for Operating Reserve	-	-	-	-	-	-	-	-	-	-
Ending Capital Replacement Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,096	\$ 1,794,566	\$ 1,825,971	\$ 2,253,418	\$ 2,045,068
Capital Replacement Reserve (\$2M or 3% of Net Assets)	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Ending Balance - Excl. Restricted Reserves	\$ (539,926)	\$ 129,452	\$ 407,815	\$ 759,703	\$ 1,451,579	\$ 2,368,096	\$ 3,976,566	\$ 4,634,452	\$ 5,320,418	\$ 6,014,688
Min. Target Ending Balance - Excl. Restricted Reserves	\$ 3,500,000	\$ 3,500,000	\$ 3,892,000	\$ 3,992,000	\$ 4,071,000	\$ 4,126,000	\$ 4,182,000	\$ 4,987,000	\$ 5,067,000	\$ 6,723,000
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ (4,039,926)	\$ (3,370,548)	\$ (3,484,185)	\$ (3,232,297)	\$ (2,619,421)	\$ (1,757,904)	\$ (205,434)	\$ (352,548)	\$ 253,418	\$ (708,312)
Restricted Reserves:										
Debt Service Reserve Fund										
Beginning Reserve Balance (3)	\$ 376,582	\$ 373,594	\$ 374,891	\$ 376,765	\$ 379,591	\$ 383,387	\$ 388,179	\$ 394,002	\$ 400,897	\$ 408,915
Plus: Reserve Funding from New Debt Obligations	-	-	-	-	-	-	-	-	-	-
Plus: Interest Earnings	1,307	1,296	1,874	2,826	3,796	4,792	5,823	6,895	8,018	8,178
Less: Transfer of Surplus to Operating Reserve	(4,294)	-	-	-	-	-	-	-	-	-
Ending Debt Reserve Balance	\$ 373,594	\$ 374,891	\$ 376,765	\$ 379,591	\$ 383,387	\$ 388,179	\$ 394,002	\$ 400,897	\$ 408,915	\$ 417,093
Target Ending Balance	\$ 373,594	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687
Bond Project Fund										
Beginning Reserve Balance (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: SRF Loan Funding Proceeds	-	-	-	-	-	-	-	-	-	-
Plus: Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Less: Use of Bond & Loan Funds for Capital Projects	-	-	-	-	-	-	-	-	-	-
Ending Bond Project Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Target Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Interest Earnings Rate (4)	0.35%	0.35%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%

1. The beginning Cash balance is from June 2016 Liquid Assets report for FY 2015/16; beginning cash balance for FY 2016/17 confirmed via email.
2. Operating Reserve is comprised of Cash and SC County Fund for SLV.
3. Debt Reserve Fund is comprised of the Liberty Savings, Morgan Stanley accounts, SC County Fund - Lompico, and LAIF funds.
4. Historical interest earning rates were referenced on the CA Treasurer's Office website for funds invested in LAIF. Future years earnings were conservatively estimated through 2024 and phase into the historical 10 year average interest earnings rate.





SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

WATER REVENUE FORECAST:

DESCRIPTION (1)	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
WATER FUND REVENUES:											
7101 Water Sales											
WATER SERVICE FEES	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WATER USAGE FEES	1	-	-	-	-	-	-	-	-	-	-
BASIC SERVICE FEES	1	2,980,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000	3,326,000
WATER USAGE FEES	1	2,595,000	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640	3,521,640
Subtotal		\$ 5,575,000	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640
7501 Property Taxes											
PROPERTY TAXES	1	\$ 525,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
ASSESSMENT REVENUE	1	-	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Subtotal		\$ 525,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000
7502 Rental Revenue											
MOBILE SERVICES LEASE FEES	1	\$ 15,500	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800	\$ 15,800
JOHNSON PROPERTY RENTS	1	17,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Subtotal		\$ 32,500	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800	\$ 51,800
7503 Investment Earnings											
LOMPICO LOAN - INTEREST	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTEREST - WATER	1	2,500	5,000	-	-	-	-	-	-	-	-
INTEREST - FELTON LOAN RESERVE	1	-	-	-	-	-	-	-	-	-	-
REALIZED G/L - MSDW	1	-	-	-	-	-	-	-	-	-	-
UNREALIZED GAINS/LOSS - MSDW	1	-	-	-	-	-	-	-	-	-	-
INTEREST DIVIDEND - MSDW	1	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 2,500	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7504 Gain/Loss on Sale of Assets											
SALE OF SURPLUS PROPERTY	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LOSS ON SALE/ABAND FIXED ASSET	1	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7505 Other Income											
ACCT. ESTAB. CHARGES & PENALTY	1	\$ 75,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000
ASSESSMENT BOND - N.B.C.	1	-	-	-	-	-	-	-	-	-	-
SALE OF METERS	1	45,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
MISCELLANEOUS	1	-	-	-	-	-	-	-	-	-	-
REIMB. FOR MANANA WOODS	1	-	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
LOMPICO LOAN - PRINCIPAL	1	-	-	-	-	-	-	-	-	-	-
CSI - #34053 MANANA WOODS	1	-	-	-	-	-	-	-	-	-	-
CSI - # 34057 LYON WTP	1	-	-	-	-	-	-	-	-	-	-
CSI - #34058 KIRBY WTP	1	3,000	-	-	-	-	-	-	-	-	-
Subtotal		\$ 123,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000
GRAND TOTAL: REVENUE		\$ 6,258,000	\$ 7,996,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440

WATER REVENUE SUMMARY:

WATER REVENUES:											
RATE REVENUE:											
7101 Water Sales		\$ 5,575,000	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640	\$ 6,847,640
OTHER REVENUE:											
7501 Property Taxes		\$ 525,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000
7502 Rental Revenue		32,500	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800
7503 Investment Earnings		2,500	5,000	-	-	-	-	-	-	-	-
7504 Gain/Loss on Sale of Assets		-	-	-	-	-	-	-	-	-	-
7505 Other Income		123,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000
GRAND TOTAL: REVENUE		\$ 6,258,000	\$ 7,996,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440	\$ 7,991,440
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: ADMINISTRATION - 01	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 243,062	\$ 257,045	\$ 263,900	\$ 271,000	\$ 278,300	\$ 285,800	\$ 293,500	\$ 301,400	\$ 309,500	\$ 317,800
DIRECTORS FEES	3	23,000	23,000	23,600	24,200	24,800	25,500	26,200	26,900	27,600	28,300
Subtotal		\$ 266,062	\$ 280,045	\$ 287,500	\$ 295,200	\$ 303,100	\$ 311,300	\$ 319,700	\$ 328,300	\$ 337,100	\$ 346,100
Benefits											
MEDICAL INSURANCE	3	\$ 47,074	\$ 29,915	\$ 30,700	\$ 31,500	\$ 32,300	\$ 33,200	\$ 34,100	\$ 35,000	\$ 35,900	\$ 36,900
DENTAL INSURANCE	3	5,800	3,159	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
VISION INSURANCE	3	481	590	600	600	600	600	600	600	600	600
LIFE INSURANCE	3	667	599	600	600	600	600	600	600	600	600
LONG TERM DISABILITY	3	1,258	1,285	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
PERS - RETIREMENT	3	17,520	1,465	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
FICA - SOCIAL SECURITY	3	10,506	126	100	100	100	100	100	100	100	100
WORKERS COMPENSATION	3	2,500	17,000	17,500	18,000	18,500	19,000	19,500	20,000	20,500	21,000
ASSISTANCE PROGRAM	3	38	33,014	33,900	34,800	35,700	36,700	37,700	38,700	39,700	40,800
OTHER PAYROLL CHARGES	3	1,217	10,512	10,800	11,100	11,400	11,700	12,000	12,300	12,600	12,900
MEDICARE RETIRED MEDICAL	3	3,593	3,227	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000
RETIRED MEDICAL	3	11,974	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800
ANNUAL OPEB	3	35,000	40,000	41,100	42,200	43,300	44,500	45,700	46,900	48,200	49,500
Subtotal		\$ 137,628	\$ 142,892	\$ 146,700	\$ 150,600	\$ 154,500	\$ 158,700	\$ 162,900	\$ 167,100	\$ 171,400	\$ 176,000
TOTAL: PERSONNEL		\$ 403,690	\$ 422,937	\$ 434,200	\$ 445,800	\$ 457,600	\$ 470,000	\$ 482,600	\$ 495,400	\$ 508,500	\$ 522,100
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 140,000	\$ 285,200	\$ 292,800	\$ 300,600	\$ 308,600	\$ 316,800	\$ 325,200	\$ 333,800	\$ 342,600	\$ 351,700
LEGAL SERVICES	2	79,364	80,000	82,100	84,300	86,500	88,800	91,200	93,600	96,100	98,600
UTILITIES DISTRICT OFFICE	2	10,572	12,000	12,300	12,600	12,900	13,200	13,500	13,900	14,300	14,700
AUTO ALLOWANCE	2	4,200	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000
RENTALS/LEASES/PERMITS	2	754	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
FACILITIES MAINTENANCE	2	35,843	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
TELEPHONE/COMMUNICATIONS	2	24,177	18,000	18,500	19,000	19,500	20,000	20,500	21,000	21,600	22,200
OFFICE SUPPLIES (includes 5078)	2	8,224	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400
WATER CONSERVATION PROGRAM	2	338	-	-	-	-	-	-	-	-	-
EDUCATION PROGRAM	2	6,200	-	-	-	-	-	-	-	-	-
EMPLOYEE RECOGNITION PROGRAM	2	54	-	-	-	-	-	-	-	-	-
POSTAGE	2	12,062	13,000	13,300	13,700	14,100	14,500	14,900	15,300	15,700	16,100
SUBSCRIPTIONS/BOOKS	2	652	500	500	500	500	500	500	500	500	500
ADVERTISING	2	5,270	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,900
TRAINING, CONFERENCES & MEETINGS	2	14,510	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
MEMBERSHIPS & DUES (includes 5085)	2	40,388	40,000	41,100	42,200	43,300	44,400	45,600	46,800	48,000	49,300
INSURANCE - PROPERTY (SDRMA)	2	105,350	110,000	112,900	115,900	119,000	122,200	125,400	128,700	132,100	135,600
LEGAL SETTLEMENTS	2	-	-	-	-	-	-	-	-	-	-
ELECTION FEES	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 487,958	\$ 608,900	\$ 625,000	\$ 641,600	\$ 658,500	\$ 675,800	\$ 693,500	\$ 711,800	\$ 730,600	\$ 750,000
TOTAL: MATERIALS & SERVICES		\$ 487,958	\$ 608,900	\$ 625,000	\$ 641,600	\$ 658,500	\$ 675,800	\$ 693,500	\$ 711,800	\$ 730,600	\$ 750,000
ADMINISTRATION OVERHEAD ALLOCATION TO SEWER (1.5%) (3)		(13,375)	(15,478)	(15,888)	(16,311)	(16,742)	(17,187)	(17,642)	(18,108)	(18,587)	(19,082)
TOTAL: ADMINISTRATION		\$ 878,273	\$ 1,016,359	\$ 1,043,312	\$ 1,071,089	\$ 1,099,359	\$ 1,128,613	\$ 1,158,459	\$ 1,189,092	\$ 1,220,514	\$ 1,253,019

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: FINANCE - 02	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 364,457	\$ 358,537	\$ 368,200	\$ 378,100	\$ 388,300	\$ 398,700	\$ 409,400	\$ 420,400	\$ 431,700	\$ 443,300
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
OVERTIME WAGES	3	1,877	-	-	-	-	-	-	-	-	-
Subtotal		\$ 366,334	\$ 358,537	\$ 368,200	\$ 378,100	\$ 388,300	\$ 398,700	\$ 409,400	\$ 420,400	\$ 431,700	\$ 443,300
Benefits											
MEDICAL INSURANCE	3	\$ 66,000	\$ 68,945	\$ 70,800	\$ 72,700	\$ 74,700	\$ 76,700	\$ 78,800	\$ 80,900	\$ 83,100	\$ 85,300
DENTAL INSURANCE	3	9,452	6,859	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400
VISION INSURANCE	3	963	1,180	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
LIFE INSURANCE	3	1,187	1,199	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
LONG TERM DISABILITY	3	1,940	1,793	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
PERS - RETIREMENT	3	24,213	4,087	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
FICA - SOCIAL SECURITY	3	23,155	252	300	300	300	300	300	300	300	300
WORKERS COMPENSATION	3	2,600	24,468	25,100	25,800	26,500	27,200	27,900	28,600	29,400	30,200
ASSISTANCE PROGRAM	3	105	22,229	22,800	23,400	24,000	24,600	25,300	26,000	26,700	27,400
MEDICARE RETIRED MEDICAL	3	5,415	5,199	5,300	5,400	5,500	5,600	5,800	6,000	6,200	6,400
Subtotal		\$ 135,030	\$ 136,211	\$ 139,700	\$ 143,300	\$ 147,000	\$ 150,700	\$ 154,700	\$ 158,700	\$ 162,900	\$ 167,100
Additional Positions (4)											
Fully Loaded Cost of New Position #1	3	\$ -	\$ 100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300	\$ 120,400	\$ 123,600
Fully Loaded Cost of New Position #2	3	-	-	100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300	\$ 120,400
Fully Loaded Cost of New Position #3	3	-	-	-	100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300
Fully Loaded Cost of New Position #4	3	-	-	-	100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300
Fully Loaded Cost of New Position #5	3	-	-	-	-	100,000	102,700	105,500	108,300	111,200	114,200
Subtotal		\$ -	\$ 100,000	\$ 202,700	\$ 408,200	\$ 519,200	\$ 533,200	\$ 547,500	\$ 562,200	\$ 577,300	\$ 592,800
TOTAL: PERSONNEL		\$ 501,364	\$ 594,748	\$ 710,600	\$ 929,600	\$ 1,054,500	\$ 1,082,600	\$ 1,111,600	\$ 1,141,300	\$ 1,171,900	\$ 1,203,200
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 75,000	\$ 82,000	\$ 84,200	\$ 86,400	\$ 88,700	\$ 91,100	\$ 93,500	\$ 96,000	\$ 98,500	\$ 101,100
AUDIT SERVICES	2	20,000	24,000	24,600	25,300	26,000	26,700	27,400	28,100	28,800	29,600
EQUIP NON-CAP	2	2,929	-	-	-	-	-	-	-	-	-
OFFICE SUPPLIES (includes 5078)	2	14,410	12,000	12,300	12,600	12,900	13,200	13,500	13,900	14,300	14,700
POSTAGE	2	39,473	35,900	36,900	37,900	38,900	39,900	41,000	42,100	43,200	44,300
TRAINING, CONFERENCES & MEETINGS	2	-	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800
COLLECTION COSTS/BANK FEES	2	50,000	50,400	51,700	53,100	54,500	55,900	57,400	58,900	60,500	62,100
BAD DEBTS	2	6,000	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600
Subtotal		\$ 207,812	\$ 212,300	\$ 218,000	\$ 223,900	\$ 229,900	\$ 236,000	\$ 242,300	\$ 248,800	\$ 255,400	\$ 262,200
TOTAL: MATERIALS & SERVICES		\$ 207,812	\$ 212,300	\$ 218,000	\$ 223,900	\$ 229,900	\$ 236,000	\$ 242,300	\$ 248,800	\$ 255,400	\$ 262,200
TOTAL: FINANCE		\$ 709,176	\$ 807,048	\$ 928,600	\$ 1,153,500	\$ 1,284,400	\$ 1,318,600	\$ 1,353,900	\$ 1,390,100	\$ 1,427,300	\$ 1,465,400

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: ENGINEERING - 03	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	2	\$ 117,871	\$ 106,553	\$ 109,400	\$ 112,300	\$ 115,300	\$ 118,400	\$ 121,500	\$ 124,700	\$ 128,000	\$ 131,400
OVERTIME WAGES	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 117,871	\$ 106,553	\$ 109,400	\$ 112,300	\$ 115,300	\$ 118,400	\$ 121,500	\$ 124,700	\$ 128,000	\$ 131,400
Benefits											
MEDICAL INSURANCE	2	\$ 15,812	\$ 16,681	\$ 17,100	\$ 17,600	\$ 18,100	\$ 18,600	\$ 19,100	\$ 19,600	\$ 20,100	\$ 20,600
DENTAL INSURANCE	2	1,517	1,365	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
VISION INSURANCE	2	196	205	200	200	200	200	200	200	200	200
LIFE INSURANCE	2	233	200	200	200	200	200	200	200	200	200
LONG TERM DISABILITY	2	424	533	500	500	500	500	500	500	500	500
PERS - RETIREMENT	2	8,555	19,819	20,300	20,800	21,400	22,000	22,600	23,200	23,800	24,400
FICA - SOCIAL SECURITY	2	7,359	6,606	6,800	7,000	7,200	7,400	7,600	7,800	8,000	8,200
WORKERS COMPENSATION	2	700	607	600	600	600	600	600	600	600	600
ASSISTANCE PROGRAM	2	19	42	-	-	-	-	-	-	-	-
MEDICARE RETIRED MEDICAL	2	1,721	1,545	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
SPECIAL CLOTHING	2	1,020	675	700	700	700	700	700	700	700	700
ANNUAL OPEB	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 37,556	\$ 48,278	\$ 49,400	\$ 50,600	\$ 51,900	\$ 53,200	\$ 54,500	\$ 55,800	\$ 57,100	\$ 58,400
Additional Positions (4)											
Fully Loaded Cost of New Position #6	3	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	123,600
Subtotal		\$ -	\$ 100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300	\$ 120,400	\$ 123,600
TOTAL: PERSONNEL		\$ 155,427	\$ 254,831	\$ 261,500	\$ 268,400	\$ 275,500	\$ 282,800	\$ 290,200	\$ 297,800	\$ 305,500	\$ 313,400
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 6,316	\$ 10,000	\$ 10,300	\$ 10,600	\$ 10,900	\$ 11,200	\$ 11,500	\$ 11,800	\$ 12,100	\$ 12,400
EQUIPMENT REPLACEMENT FUND	2	-	-	-	-	-	-	-	-	-	-
MAINT/OPERATIONS OF VEHICLES	2	1,910	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800
SMALL TOOLS/MAINT & REPAIRS	2	-	-	-	-	-	-	-	-	-	-
EQUIP. NON-CAP	2	-	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600
COMMUNICATIONS	2	3,028	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
OFFICE SUPPLIES	2	705	750	800	800	800	800	800	800	800	800
SUBSCRIPTIONS/BOOKS	2	-	250	300	300	300	300	300	300	300	300
TRAINING, CONFERENCES & MEETINGS	2	-	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
MEMBERSHIPS & DUES	2	1,256	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Subtotal		\$ 13,215	\$ 24,700	\$ 25,500	\$ 26,200	\$ 26,900	\$ 27,600	\$ 28,300	\$ 29,000	\$ 29,700	\$ 30,400
TOTAL: MATERIALS & SERVICES		\$ 13,215	\$ 24,700	\$ 25,500	\$ 26,200	\$ 26,900	\$ 27,600	\$ 28,300	\$ 29,000	\$ 29,700	\$ 30,400
TOTAL: ENGINEERING		\$ 168,642	\$ 279,531	\$ 287,000	\$ 294,600	\$ 302,400	\$ 310,400	\$ 318,500	\$ 326,800	\$ 335,200	\$ 343,800

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: OPERATIONS/DISTRIBUTION - 04	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 943,271	\$ 1,005,219	\$ 1,032,200	\$ 1,059,900	\$ 1,088,400	\$ 1,117,600	\$ 1,147,600	\$ 1,178,400	\$ 1,210,000	\$ 1,242,500
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
OVERTIME WAGES	3	40,986	36,000	37,000	38,000	39,000	40,000	41,100	42,200	43,300	44,500
STANDBY WAGES	3	27,000	27,000	27,700	28,400	29,200	30,000	30,800	31,600	32,400	33,300
Subtotal		\$ 1,011,257	\$ 1,068,219	\$ 1,096,900	\$ 1,126,300	\$ 1,156,600	\$ 1,187,600	\$ 1,219,500	\$ 1,252,200	\$ 1,285,700	\$ 1,320,300
Benefits											
MEDICAL INSURANCE	3	\$ 210,860	\$ 205,918	\$ 211,400	\$ 217,100	\$ 222,900	\$ 228,900	\$ 235,000	\$ 241,300	\$ 247,800	\$ 254,500
DENTAL INSURANCE	3	24,671	21,612	22,200	22,800	23,400	24,000	24,600	25,300	26,000	26,700
VISION INSURANCE	3	3,326	3,752	3,900	4,000	4,100	4,200	4,300	4,400	4,500	4,600
LIFE INSURANCE	3	2,816	2,637	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400
LONG TERM DISABILITY	3	4,456	4,981	5,100	5,200	5,300	5,400	5,500	5,600	5,800	6,000
PERS - RETIREMENT	3	65,025	135,291	138,900	142,600	146,400	150,300	154,300	158,400	162,700	167,100
FICA - SOCIAL SECURITY	3	58,224	61,483	63,100	64,800	66,500	68,300	70,100	72,000	73,900	75,900
WORKERS COMPENSATION	3	72,000	56,795	58,300	59,900	61,500	63,200	64,900	66,600	68,400	70,200
ASSISTANCE PROGRAM	3	233	575	600	600	600	600	600	600	600	600
MEDICARE RETIRED MEDICAL	3	14,374	14,576	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000
SPECIAL CLOTHING	3	10,196	8,910	9,100	9,300	9,500	9,800	10,100	10,400	10,700	11,000
CERTIFICATIONS	3	460	750	800	800	800	800	800	800	800	800
Subtotal		\$ 466,641	\$ 517,280	\$ 531,100	\$ 545,300	\$ 559,700	\$ 574,700	\$ 589,900	\$ 605,600	\$ 622,000	\$ 638,800
Additional Positions (4)											
Fully Loaded Cost of New Position #7	3	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	123,600
Fully Loaded Cost of New Position #8	3	-	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400
Subtotal		\$ -	\$ 100,000	\$ 202,700	\$ 208,200	\$ 213,800	\$ 219,500	\$ 225,400	\$ 231,500	\$ 237,700	\$ 244,000
TOTAL: PERSONNEL		\$ 1,477,898	\$ 1,685,499	\$ 1,830,700	\$ 1,879,800	\$ 1,930,100	\$ 1,981,800	\$ 2,034,800	\$ 2,089,300	\$ 2,145,400	\$ 2,203,100
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 81,217	\$ 120,000	\$ 123,200	\$ 126,500	\$ 129,900	\$ 133,300	\$ 136,800	\$ 140,400	\$ 144,100	\$ 147,900
EQUIPMENT REPLACEMENT FUND	2	-	-	-	-	-	-	-	-	-	-
UTILITIES	2	86,647	110,000	112,900	115,900	119,000	122,200	125,400	128,700	132,100	135,600
OPERATING SUPPLIES	2	70,463	90,000	92,400	94,800	97,300	99,900	102,500	105,200	108,000	110,900
MAINT & OPERATIONS OF VEHICLES	2	92,660	78,000	80,100	82,200	84,400	86,600	88,900	91,300	93,700	96,200
RENTAL/LEASES/PERMITS	2	7,701	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400
SMALL TOOLS-MAINT & REPAIRS	2	5,873	12,500	12,800	13,100	13,400	13,800	14,200	14,600	15,000	15,400
EQUIPMENT NON-CAP	2	4,757	-	-	-	-	-	-	-	-	-
SAFETY EQUIPMENT - MAINTENANCE	2	2,880	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800
FACILITIES MAINTENANCE	2	8,311	16,000	16,400	16,800	17,200	17,700	18,200	18,700	19,200	19,700
COMMUNICATIONS & TELEMETERING	2	65,711	67,000	68,800	70,600	72,500	74,400	76,400	78,400	80,500	82,600
OFFICE SUPPLIES (included 5078)	2	7,346	6,500	6,700	6,900	7,100	7,300	7,500	7,700	7,900	8,100
SUBSCRIPTIONS/BOOKS	2	-	-	-	-	-	-	-	-	-	-
TRAINING, CONFERENCES & MEETINGS	2	7,009	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,600
SPECIAL PROJECTS	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 440,575	\$ 519,000	\$ 532,900	\$ 547,000	\$ 561,600	\$ 576,600	\$ 591,900	\$ 607,600	\$ 623,700	\$ 640,200
TOTAL: MATERIALS & SERVICES		\$ 440,575	\$ 519,000	\$ 532,900	\$ 547,000	\$ 561,600	\$ 576,600	\$ 591,900	\$ 607,600	\$ 623,700	\$ 640,200
TOTAL: OPERATIONS/DISTRIBUTION		\$ 1,918,473	\$ 2,204,499	\$ 2,363,600	\$ 2,426,800	\$ 2,491,700	\$ 2,558,400	\$ 2,626,700	\$ 2,696,900	\$ 2,769,100	\$ 2,843,300

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: WATERSHED - 05		Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL												
Salaries												
REGULAR SALARIES	3	\$	96,042	\$ 133,988	\$ 137,600	\$ 141,300	\$ 145,100	\$ 149,000	\$ 153,000	\$ 157,100	\$ 161,300	\$ 165,600
TEMPORARY SALARIES	3		-	-	-	-	-	-	-	-	-	-
Subtotal		\$	96,042	\$ 133,988	\$ 137,600	\$ 141,300	\$ 145,100	\$ 149,000	\$ 153,000	\$ 157,100	\$ 161,300	\$ 165,600
Benefits												
MEDICAL INSURANCE	3	\$	19,832	\$ 25,043	\$ 25,700	\$ 26,400	\$ 27,100	\$ 27,800	\$ 28,500	\$ 29,300	\$ 30,100	\$ 30,900
DENTAL INSURANCE	3		830	2,979	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
VISION INSURANCE	3		98	458	500	500	500	500	500	500	500	500
LIFE INSURANCE	3		117	107	100	100	100	100	100	100	100	100
LONG TERM DISABILITY	3		271	670	700	700	700	700	700	700	700	700
PERS - RETIREMENT	3		7,998	17,988	18,500	19,000	19,500	20,000	20,500	21,100	21,700	22,300
FICA - SOCIAL SECURITY	3		5,609	8,307	8,500	8,700	8,900	9,100	9,300	9,500	9,800	10,100
WORKERS COMPENSATION	3		900	764	800	800	800	800	800	800	800	800
ASSISTANCE PROGRAM	3		19	42	-	-	-	-	-	-	-	-
MEDICARE	3		1,312	1,943	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700
SPECIAL CLOTHING	3		-	-	-	-	-	-	-	-	-	-
Subtotal		\$	36,986	\$ 58,301	\$ 59,900	\$ 61,500	\$ 63,100	\$ 64,700	\$ 66,300	\$ 68,100	\$ 70,000	\$ 71,900
TOTAL: PERSONNEL		\$	133,028	\$ 192,289	\$ 197,500	\$ 202,800	\$ 208,200	\$ 213,700	\$ 219,300	\$ 225,200	\$ 231,300	\$ 237,500
MATERIALS & SERVICES												
CONTRACT/PROFESSIONAL SERVICES	2	\$	200,000	\$ 347,283	\$ 356,500	\$ 365,900	\$ 375,600	\$ 385,600	\$ 395,800	\$ 406,300	\$ 417,100	\$ 428,200
ROAD MAINTENANCE	2		5,000	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
OPERATING SUPPLIES	2		146	500	500	500	500	500	500	500	500	500
EQUIPMENT NON-CAP	2		-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
COMMUNICATIONS & TELEMETERING	2		89	300	300	300	300	300	300	300	300	300
SUBSCRIPTIONS/BOOKS	2		-	300	300	300	300	300	300	300	300	300
TRAINING, CONFERENCES & MEETINGS	2		490	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
MEMBERSHIP & DUES	2		1,000	1,250	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
WATERSHED & DATA COLLECTION GRNTS	2		15,000	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
WATER CONSERVATION PROGRAM	2		97,080	26,000	26,700	27,400	28,100	28,800	29,600	30,400	31,200	32,000
EDUCATION GRANT PROGRAM	2		15,300	17,500	18,000	18,500	19,000	19,500	20,000	20,500	21,000	21,600
SPECIAL PROJECTS	2		-	-	-	-	-	-	-	-	-	-
Subtotal		\$	334,105	\$ 427,133	\$ 438,500	\$ 450,000	\$ 461,800	\$ 473,900	\$ 486,300	\$ 499,200	\$ 512,400	\$ 526,000
TOTAL: MATERIALS & SERVICES		\$	334,105	\$ 427,133	\$ 438,500	\$ 450,000	\$ 461,800	\$ 473,900	\$ 486,300	\$ 499,200	\$ 512,400	\$ 526,000
TOTAL: WATERSHED		\$	467,133	\$ 619,422	\$ 636,000	\$ 652,800	\$ 670,000	\$ 687,600	\$ 705,600	\$ 724,400	\$ 743,700	\$ 763,500

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: OPERATIONS/SUPPLY & TREATMENT -08	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 670,578	\$ 815,280	\$ 837,200	\$ 859,700	\$ 882,800	\$ 906,500	\$ 930,800	\$ 955,800	\$ 981,500	\$ 1,007,900
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
OVERTIME WAGES	3	48,909	30,000	30,800	31,600	32,400	33,300	34,200	35,100	36,000	37,000
STANDBY	3	4,000	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800
Subtotal		\$ 723,487	\$ 849,280	\$ 872,100	\$ 895,500	\$ 919,500	\$ 944,200	\$ 969,500	\$ 995,500	\$ 1,022,200	\$ 1,049,700
Benefits											
MEDICAL INSURANCE	3	\$ 38,402	\$ 117,981	\$ 121,100	\$ 124,400	\$ 127,700	\$ 131,100	\$ 134,600	\$ 138,200	\$ 141,900	\$ 145,700
DENTAL INSURANCE	3	6,048	12,099	12,400	12,700	13,000	13,300	13,700	14,100	14,500	14,900
VISION INSURANCE	3	876	2,460	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200
LIFE INSURANCE	3	919	1,958	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700
LONG TERM DISABILITY	3	1,665	4,083	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
PERS - RETIREMENT	3	45,623	120,171	123,400	126,700	130,100	133,600	137,200	140,900	144,700	148,600
FICA - SOCIAL SECURITY	3	43,222	52,343	53,700	55,100	56,600	58,100	59,700	61,300	62,900	64,600
WORKERS COMPENSATION	3	35,000	46,911	48,200	49,500	50,800	52,200	53,600	55,000	56,500	58,000
ASSISTANCE PROGRAM	3	82	433	400	400	400	400	400	400	400	400
MEDICARE RETIRED MEDICAL	3	10,661	12,373	12,700	13,000	13,300	13,700	14,100	14,500	14,900	15,300
SPECIAL CLOTHING	3	3,727	6,615	6,800	7,000	7,200	7,400	7,600	7,800	8,000	8,200
CERTIFICATIONS	3	2,910	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Subtotal		\$ 189,135	\$ 378,927	\$ 388,900	\$ 399,300	\$ 409,900	\$ 420,900	\$ 432,300	\$ 443,900	\$ 455,800	\$ 468,000
Additional Positions (4)											
Fully Loaded Cost of New Position #9	3	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	123,600
Fully Loaded Cost of New Position #10	3	-	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400
Subtotal		\$ -	\$ 100,000	\$ 202,700	\$ 208,200	\$ 213,800	\$ 219,500	\$ 225,400	\$ 231,500	\$ 237,700	\$ 244,000
TOTAL: PERSONNEL		\$ 912,622	\$ 1,328,207	\$ 1,463,700	\$ 1,503,000	\$ 1,543,200	\$ 1,584,600	\$ 1,627,200	\$ 1,670,900	\$ 1,715,700	\$ 1,761,700
MATERIALS & SERVICES											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 114,335	\$ 150,000	\$ 154,000	\$ 158,100	\$ 162,300	\$ 166,600	\$ 171,000	\$ 175,500	\$ 180,200	\$ 185,000
CONTRACT SERVICES MANANA WOODS	2	-	-	-	-	-	-	-	-	-	-
OUTSIDE WATER ANALYSIS	2	76,946	75,000	77,000	79,000	81,100	83,200	85,400	87,700	90,000	92,400
LAB SUPPLIES	2	8,465	24,500	25,100	25,800	26,500	27,200	27,900	28,600	29,400	30,200
EQUIPMENT REPLACEMENT	2	-	-	-	-	-	-	-	-	-	-
UTILITIES	2	242,913	275,000	282,300	289,800	297,500	305,400	313,500	321,800	330,300	339,100
CHEMICALS	2	28,579	35,000	35,900	36,900	37,900	38,900	39,900	41,000	42,100	43,200
OPERATING SUPPLIES	2	54,078	57,000	58,500	60,100	61,700	63,300	65,000	66,700	68,500	70,300
MAINTENANANCE/OPERATIONS OF VEHICLES	2	15,612	21,000	21,600	22,200	22,800	23,400	24,000	24,600	25,300	26,000
RENTAL/LEASES/PERMITS	2	100,000	110,000	112,900	115,900	119,000	122,200	125,400	128,700	132,100	135,600
SMALL TOOLS-MAINTENANCE & REPAIRS	2	13	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600
EQUIPMENT NON-CAP	2	208	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500
FACILITIES MAINTENANCE	2	261	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100
COMMUNICATIONS & TELEMETERING	2	37,492	40,000	41,100	42,200	43,300	44,400	45,600	46,800	48,000	49,300
OFFICE SUPPLIES (included 5078)	2	1,089	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300
SUBSCRIPTIONS/BOOKS	2	-	500	500	500	500	500	500	500	500	500
TRAINING, CONFERENCES & MEETINGS	2	253	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300
OTHER HOUSEHOLD SUPPLIES	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 680,244	\$ 823,500	\$ 845,400	\$ 868,000	\$ 891,100	\$ 914,600	\$ 938,700	\$ 963,500	\$ 989,100	\$ 1,015,400
TOTAL: MATERIALS & SERVICES		\$ 680,244	\$ 823,500	\$ 845,400	\$ 868,000	\$ 891,100	\$ 914,600	\$ 938,700	\$ 963,500	\$ 989,100	\$ 1,015,400
TOTAL: OPERATIONS/SUPPLY & TREATMENT		\$ 1,592,866	\$ 2,151,707	\$ 2,309,100	\$ 2,371,000	\$ 2,434,300	\$ 2,499,200	\$ 2,565,900	\$ 2,634,400	\$ 2,704,800	\$ 2,777,100
GRAND TOTAL: WATER FUND OPERATING EXPENSES		\$ 5,734,563	\$ 7,078,566	\$ 7,567,612	\$ 7,969,789	\$ 8,282,159	\$ 8,502,813	\$ 8,729,059	\$ 8,961,692	\$ 9,200,614	\$ 9,446,119

NON-CASH ITEMS, EXCLUDED FROM ABOVE:

DESCRIPTION	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEPRECIATION											
DEPRECIATION TRANSPORTATION	1	\$ 880	\$ -	-	-	-	-	-	-	-	-
DEPRECIATION	1	1,084,474	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000
DEPRECIATION-PUMPING	1	11,430	-	-	-	-	-	-	-	-	-
DEPRECIATION-MAINTENANCE	1	554	-	-	-	-	-	-	-	-	-
DEPRECIATION EXPENSE (Bear Creek)	1	41,773	-	-	-	-	-	-	-	-	-
SUBTOTAL: DEPRECIATION		\$ 1,139,110	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000	\$ 1,504,000

FORECASTING ASSUMPTIONS, Shown for Reference Purposes Only

INFLATION FACTORS	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Growth	1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General Cost Inflation (5)	2	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
Labor Cost Inflation (6)	3	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%
Water Purchases	4	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Energy (7)	5	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
Chemicals (8)	6	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fuel	7	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
No Escalation	8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

1. Revenues are from the *Revenues.xls* and are estimated actual revenues for FY 2015/16, and FY 2016/17 Requested Budget amounts.
2. Expenses are from estimated actuals for FY 2015/16 and requested FY 2016/17 budget amounts from file: *WATER expenses.xls*.
3. 1.5 percent of Administration budget items are allocated to the sewer utility; per District staff, via email September 2016.
4. New Positions are recommendations found in the Staffing Study Report, prepared by DeLoach & Associates, Inc., August 2016.
5. Expected Inflation factors based on expense type from 5 year average from Bureau of Labor Statistics Data.
http://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm
6. Labor cost inflation is based on the 5-year average annual change in the Quarterly Census of Employment and Wages (San Jose area, CA).
http://www.bls.gov/regions/west/news-release/2016/employmentcostindex_sanjose_20161031.htm
7. Estimated energy cost inflation provided by a University of California Davis report:
The Future of Electricity Prices in California: Understanding Market Drivers and Forecasting Prices to 2040, by Johnathan Cook, Ph.D., page 31, Table 7.
8. Inflation factor recently used by other California water agencies (e.g., City of Sunnyvale, City of Eureka, Humboldt CSD).

CAPITAL FUNDING SUMMARY - WATER

CAPITAL FUNDING FORECAST - WATER										
Funding Sources:	Actual	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Grants	\$ 1,270,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves	-	-	-	-	-	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-	-	-	-	-	-
Use of New Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	-	-	-	-	-	-	-	-	-	253,418
Rate Revenue	2,397,525	1,500,000	1,678,988	1,862,385	1,918,257	2,116,934	2,180,442	3,299,649	3,419,826	3,427,845
Total Sources of Capital Funds	\$ 3,668,000	\$ 1,500,000	\$ 1,678,988	\$ 1,862,385	\$ 1,918,257	\$ 2,116,934	\$ 2,180,442	\$ 3,299,649	\$ 3,419,826	\$ 3,681,263
Uses of Capital Funds:										
Total Project Costs	\$ 3,668,000	\$ 1,500,000	\$ 1,678,988	\$ 1,862,385	\$ 1,918,257	\$ 2,116,934	\$ 2,180,442	\$ 3,299,649	\$ 3,419,826	\$ 3,681,263
Capital Funding Surplus (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SRF Loan Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Revenue Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT PROGRAM FUNDING OPTIONS

CIP Funding Choice	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1 Mid Flat Rate Increases (Limited CIP through Year 5; Reserves re	\$ 3,668,000	\$ 1,500,000	\$ 516,612	\$ 931,193	\$ 1,233,165	\$ 1,552,418	\$ 2,907,255	\$ 5,060,920	\$ 4,813,665	\$ 4,684,038
2 10-Year Phase In (CIP & Reserves at 100% by Year 10)	\$ 3,668,000	\$ 1,500,000	\$ 2,583,059	\$ 2,660,550	\$ 2,740,367	\$ 2,822,578	\$ 2,907,255	\$ 2,994,473	\$ 3,084,307	\$ 3,176,836
3 5-Year Phase In (CIP & Reserves at 100% by Year 5)	\$ 3,668,000	\$ 1,500,000	\$ 2,583,059	\$ 2,660,550	\$ 2,740,367	\$ 2,822,578	\$ 2,907,255	\$ 2,994,473	\$ 3,084,307	\$ 3,176,836
4 Rates with Phased-In CIP Spending (Reserves at 100% by Year 5)	\$ 3,668,000	\$ 1,500,000	\$ 1,678,988	\$ 1,862,385	\$ 1,918,257	\$ 2,116,934	\$ 2,180,442	\$ 3,299,649	\$ 3,419,826	\$ 3,681,263
5 Low Flat Rate Increases (Limited CIP through Year 5; with phased	\$ 3,668,000	\$ 1,500,000	\$ 129,153	\$ 266,055	\$ 411,055	\$ 423,387	\$ 436,088	\$ 3,202,524	\$ 3,936,649	\$ 4,711,939

CIP Funding Choice linked to choice made on <i>Assumptions</i> tab:	4
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1 Phased-In Funding Factors (Amounts foregone in any year are built back in over time, beginning in FY 2022/23.)	100.0%	100.0%	20.0%	35.0%	45.0%	55.0%	100.0%	100.0%	100.0%	100.0%
Remaining Annual CIP; added back in FY 2022/23 and beyond.			\$ 2,066,447	\$ 1,729,358	\$ 1,507,202	\$ 1,270,160	\$ -	\$ -	\$ -	\$ -
4 Phased-In Funding Factors (Amounts foregone in any year are built back in over time, beginning in FY 2022/23.)	100.0%	100.0%	65.0%	70.0%	70.0%	75.0%	75.0%	80.0%	85.0%	90.0%
Remaining Annual CIP; added back in FY 2022/23 and beyond.			\$ 904,071	\$ 798,165	\$ 822,110	\$ 705,645	\$ 726,814	\$ 598,895	\$ 462,646	\$ 317,684
5 Phased-In Funding Factors (Amounts foregone in any year are built back in over time, beginning in FY 2022/23.)	100.0%	100.0%	5.0%	10.0%	15.0%	15.0%	15.0%	25.0%	50.0%	75.0%
Remaining Annual CIP; added back in FY 2022/23 and beyond.			\$ 2,453,906	\$ 2,394,495	\$ 2,329,312	\$ 2,399,191	\$ 2,471,167	\$ 2,245,855	\$ 1,542,154	\$ 794,209

CAPITAL IMPROVEMENT PROGRAM - WATER

Water Capital Improvement Program Costs (in Current-Year Dollars) (1):

Project Description & ID	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Engineering: Other Capital Projects										
Interties 2, 3 & 4	\$ 2,855,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fall Creek Fish Ladder Design	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Probation Tank Site Design	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Swim Tank Site Design	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Swim Tank Site Construction	\$ 324,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Distribution: Water Meters & Registers										
5888-1736 Replacement Meters	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Distribution: Other Capital Projects										
5890-9901 Replacement Pumps & Motors	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5890-1202 Felton Heights Mutual Consolidation Project	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Supply & Treatment: Other Capital Projects										
5890-9906 Replacement Pumps & Motors	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SCADA Upgrade/Replacement Lyon	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lyon WTP Control Upgrade	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pasatiempo Well 6 Elect Upgrade	\$ 42,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Capital Expenditures										
Pipes	\$ -	\$ -	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448
Tanks (including 10% volume contingency)	\$ -	\$ -	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400
Pump Stations	\$ -	\$ -	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000
Wells	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Diversions	\$ -	\$ -	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500
Admin/Operations Building	\$ -	\$ -	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476
Other	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: CIP Program Costs (Future-Year Dollars)	\$ 3,668,000	\$ 1,500,000	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824	\$ 2,507,824

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Capital Improvement Plan Expenditures

EXHIBIT 2

Water Capital Improvement Program Costs (in Future-Year Dollars) (2):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Engineering: Other Capital Projects										
-- Interties 2, 3 & 4	\$ 2,855,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Fall Creek Fish Ladder Design	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Probation Tank Site Design	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Swim Tank Site Design	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Swim Tank Site Construction	\$ 324,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Distribution: Water Meters & Registers										
5888-1736 Replacement Meters	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Distribution: Other Capital Projects										
5890-9901 Replacement Pumps & Motors	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5890-1202 Felton Heights Mutual Consolidation Project	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Supply & Treatment: Other Capital Projects										
5890-9906 Replacement Pumps & Motors	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- SCADA Upgrade/Replacement Lyon	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Lyon WTP Control Upgrade	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Pasatiempo Well 6 Elect Upgrade	\$ 42,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Capital Expenditures										
-- Pipes	\$ -	\$ -	\$ 1,096,381	\$ 1,129,273	\$ 1,163,151	\$ 1,198,046	\$ 1,233,987	\$ 1,271,007	\$ 1,309,137	\$ 1,348,411
-- Tanks (including 10% volume contingency)	\$ -	\$ -	\$ 571,032	\$ 588,163	\$ 605,808	\$ 623,982	\$ 642,702	\$ 661,983	\$ 681,842	\$ 702,297
-- Pump Stations	\$ -	\$ -	\$ 638,600	\$ 657,758	\$ 677,491	\$ 697,815	\$ 718,750	\$ 740,312	\$ 762,522	\$ 785,397
-- Wells	\$ -	\$ -	\$ 154,500	\$ 159,135	\$ 163,909	\$ 168,826	\$ 173,891	\$ 179,108	\$ 184,481	\$ 190,016
-- Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Diversions	\$ -	\$ -	\$ 38,625	\$ 39,784	\$ 40,977	\$ 42,207	\$ 43,473	\$ 44,777	\$ 46,120	\$ 47,504
-- Admin/Operations Building	\$ -	\$ -	\$ 83,920	\$ 86,438	\$ 89,031	\$ 91,702	\$ 94,453	\$ 97,287	\$ 100,205	\$ 103,211
-- Other	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: CIP Program Costs (Future-Year Dollars)	\$ 3,668,000	\$ 1,500,000	\$ 2,583,059	\$ 2,660,550	\$ 2,740,367	\$ 2,822,578	\$ 2,907,255	\$ 2,994,473	\$ 3,084,307	\$ 3,176,836

FORECASTING ASSUMPTIONS:

Economic Variables	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record (2)	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from 2016	1.00	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27

1. Capital project costs were provided by City Staff in source file: *VWHA_Capital_Asset_Cost_of_Service_9_02_16.pdf*.

2. For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2005-2015 (3.0%). Source: *Engineering News Record website (http://enr.construction.com)*.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Debt Service

EXHIBIT 3

EXISTING DEBT OBLIGATIONS - WATER	Actual	Projected								
Annual Repayment Schedules:	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
2004 Refunding Water Revenue Bond, 2012 (1)										
Principal Payment	\$ 616,350	\$ 632,479	\$ 649,030	\$ 666,015	\$ 582,031	\$ 494,531	\$ 103,454	\$ -	\$ -	\$ -
Interest Payment	93,361	77,231	60,680	43,696	26,267	12,354	1,345	-	-	-
Subtotal: Annual Debt Service	\$ 709,710	\$ 709,710	\$ 709,710	\$ 709,710	\$ 608,298	\$ 506,885	\$ 104,799	\$ -	\$ -	\$ -
Coverage Requirement (\$-Amnt above annual payment) (2)	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ -	\$ -	\$ -
Reserve Requirement (total fund balance) (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2008 Safe Drinking Water Loan (3)										
Principal Payment	\$ 139,174	\$ 142,556	\$ 146,026	\$ 149,577	\$ 153,215	\$ 156,938	\$ 160,758	\$ 164,668	\$ 168,673	\$ 172,772
Interest Payment	47,623	44,242	40,771	37,220	33,582	29,859	26,039	22,129	18,124	14,025
Subtotal: Annual Debt Service	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797	\$ 186,797
Coverage Requirement (\$-Amnt above annual payment) (4)	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817	\$ 214,817
Reserve Requirement (total fund balance) (4)	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594
SWRCB State Revolving Fund Loan (5)										
Principal Payment	\$ -	\$ -	\$ 63,128	\$ 64,587	\$ 66,258	\$ 67,972	\$ 69,730	\$ 71,533	\$ 73,383	\$ 75,281
Interest Payment	-	40,019	41,116	39,657	37,986	36,272	34,514	32,711	30,860	28,962
Subtotal: Annual Debt Service	\$ -	\$ 40,019	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244	\$ 104,244
Coverage Requirement (\$-Amnt above annual payment)	\$ -	\$ 44,021	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668	\$ 114,668
Reserve Requirement (total fund balance)	\$ -	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092	\$ 125,092

1. Source file: *2012 Water Revenue Refunding Bond Payment Schedule.pdf* was provided by staff.
2. Coverage requirement is set to 115% of the maximum annual debt service; Source file: *Revenue Refunding Bond Bank of Nevada.pdf*, page 19, Section 5.13(a)(2).
No reserve fund requirement for refunding bond; Source file: *Revenue Refunding Bond Bank of Nevada.pdf*, page 19, Section 5.13(a)(3).
3. Source file: *Felton WTP SDWBL Loan.pdf* was provided by staff.
4. Coverage requirement is set to 115% of the maximum annual debt service. Reserve requirement equal to two years of annual payments. Source file: *Felton WTP SDWBL Loan.pdf*; Article B-6.
5. Source file: *OLY 2014CX108_San Lorenzo Valley Water District_Schedule.pdf* was provided by staff. Coverage requirement set at 110% and reserve requirement set at 120% of annual payment.

Existing Annual Debt Obligations to be Satisfied by Water Rates:

Existing Annual Debt Service	\$ 896,508	\$ 936,526	\$ 1,000,751	\$ 1,000,751	\$ 899,339	\$ 797,926	\$ 395,840	\$ 291,041	\$ 291,041	\$ 291,041
Existing Annual Coverage Requirement	\$ 1,030,984	\$ 1,075,004	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 329,485	\$ 329,485	\$ 329,485
Existing Debt Reserve Target	\$ 373,594	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687

FUTURE DEBT FINANCING ASSUMPTIONS:

Long-Term Debt Terms	State Revolving Fund Loan	Revenue Bonds
Issuance Cost	0.00%	2.00%
Annual Interest Cost (%)	3.00%	5.50%
Term	30	30
Debt Reserve Funded?	Yes	Yes
Coverage Requirement (% above annual pmt)	20%	25%

FUTURE DEBT OBLIGATIONS:

Annual Repayment Schedules	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SRF Loan Funding										
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-
Subtotal: Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds										
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-
Subtotal: Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Future Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Future Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Future Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL DEBT SERVICE:

Annual Obligations	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Debt Service	\$ 896,508	\$ 936,526	\$ 1,000,751	\$ 1,000,751	\$ 899,339	\$ 797,926	\$ 395,840	\$ 291,041	\$ 291,041	\$ 291,041
Annual Coverage Requirement	\$ 1,030,984	\$ 1,075,004	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 1,145,652	\$ 329,485	\$ 329,485	\$ 329,485
Total Debt Reserve Target	\$ 373,594	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687	\$ 498,687

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Existing Water Rate Schedule

EXHIBIT 4

Current Water Rate Schedule:

Fixed Charges	Current Monthly
<i>Standard Meters:</i>	
5/8 inch	\$34.00
3/4 inch	\$34.00
1 inch	\$56.50
1 1/2 inch	\$114.00
2 inch	\$181.50
3 inch	\$341.00
4 inch	\$567.00
Surplus Water	\$114.00

Volumetric Charges (1)	Tier Thresholds	Current Rates
		Volumetric Charge
Tier 1	0 - 4 ccf	\$3.81
Tier 2	5 - 15 ccf	\$4.97
Tier 3	16 - 50 ccf	\$5.96
Tier 4	51+ ccf	\$6.61
Drought Surcharge	per CCF	\$1.00
Flat Rate	per CCF	\$5.64
Surplus Water	per CCF	\$10.00

1. CCF = Hundred Cubic Feet or 748 gallons.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: ADMINISTRATION - 01							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 263,900	\$ 105,560	\$ 131,950	\$ 26,390	40.0%	50.0%	10.0%
DIRECTORS FEES	\$ 23,600	\$ 9,440	\$ 11,800	\$ 2,360	40.0%	50.0%	10.0%
<i>Subtotal</i>	<i>\$ 287,500</i>	<i>\$ 115,000</i>	<i>\$ 143,750</i>	<i>\$ 28,750</i>	<i>40.0%</i>	<i>50.0%</i>	<i>10.0%</i>
Benefits							
MEDICAL INSURANCE	\$ 30,700	\$ 12,280	\$ 15,350	\$ 3,070	40.0%	50.0%	10.0%
DENTAL INSURANCE	\$ 3,200	\$ 1,280	\$ 1,600	\$ 320	40.0%	50.0%	10.0%
VISION INSURANCE	\$ 600	\$ 240	\$ 300	\$ 60	40.0%	50.0%	10.0%
LIFE INSURANCE	\$ 600	\$ 240	\$ 300	\$ 60	40.0%	50.0%	10.0%
LONG TERM DISABILITY	\$ 1,300	\$ 520	\$ 650	\$ 130	40.0%	50.0%	10.0%
PERS - RETIREMENT	\$ 1,500	\$ 600	\$ 750	\$ 150	40.0%	50.0%	10.0%
FICA - SOCIAL SECURITY	\$ 100	\$ 40	\$ 50	\$ 10	40.0%	50.0%	10.0%
WORKERS COMPENSATION	\$ 17,500	\$ 7,000	\$ 8,750	\$ 1,750	40.0%	50.0%	10.0%
ASSISTANCE PROGRAM	\$ 33,900	\$ 13,560	\$ 16,950	\$ 3,390	40.0%	50.0%	10.0%
OTHER PAYROLL CHARGES	\$ 10,800	\$ 4,320	\$ 5,400	\$ 1,080	40.0%	50.0%	10.0%
MEDICARE RETIRED MEDICAL	\$ 3,300	\$ 1,320	\$ 1,650	\$ 330	40.0%	50.0%	10.0%
RETIRED MEDICAL	\$ 2,100	\$ 840	\$ 1,050	\$ 210	40.0%	50.0%	10.0%
ANNUAL OPEB	\$ 41,100	\$ 16,440	\$ 20,550	\$ 4,110	40.0%	50.0%	10.0%
<i>Subtotal</i>	<i>\$ 146,700</i>	<i>\$ 58,680</i>	<i>\$ 73,350</i>	<i>\$ 14,670</i>	<i>40.0%</i>	<i>50.0%</i>	<i>10.0%</i>
TOTAL: PERSONNEL	\$ 434,200	\$ 173,680	\$ 217,100	\$ 43,420	40.0%	50.0%	10.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 292,800	\$ 146,400	\$ 146,400	\$ -	50.0%	50.0%	0.0%
LEGAL SERVICES	\$ 82,100	\$ 41,050	\$ 41,050	\$ -	50.0%	50.0%	0.0%
UTILITIES DISTRICT OFFICE	\$ 12,300	\$ 6,150	\$ 6,150	\$ -	50.0%	50.0%	0.0%
AUTO ALLOWANCE	\$ 4,300	\$ 2,150	\$ 2,150	\$ -	50.0%	50.0%	0.0%
RENTALS/LEASES/PERMITS	\$ 1,000	\$ 500	\$ 500	\$ -	50.0%	50.0%	0.0%
FACILITIES MAINTENANCE	\$ 15,400	\$ 7,700	\$ 7,700	\$ -	50.0%	50.0%	0.0%
TELEPHONE/COMMUNICATIONS	\$ 18,500	\$ 9,250	\$ 9,250	\$ -	50.0%	50.0%	0.0%
OFFICE SUPPLIES (includes 5078)	\$ 10,300	\$ 5,150	\$ 5,150	\$ -	50.0%	50.0%	0.0%
POSTAGE	\$ 13,300	\$ 6,650	\$ 6,650	\$ -	50.0%	50.0%	0.0%
SUBSCRIPTIONS/BOOKS	\$ 500	\$ 250	\$ 250	\$ -	50.0%	50.0%	0.0%
ADVERTISING	\$ 5,100	\$ 2,550	\$ 2,550	\$ -	50.0%	50.0%	0.0%
TRAINING, CONFERENCES & MEETINGS	\$ 15,400	\$ 7,700	\$ 7,700	\$ -	50.0%	50.0%	0.0%
MEMBERSHIPS & DUES (includes 5085)	\$ 41,100	\$ 20,550	\$ 20,550	\$ -	50.0%	50.0%	0.0%
INSURANCE - PROPERTY (SDRMA)	\$ 112,900	\$ 56,450	\$ 56,450	\$ -	50.0%	50.0%	0.0%
LEGAL SETTLEMENTS	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
ELECTION FEES	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	<i>\$ 625,000</i>	<i>\$ 312,500</i>	<i>\$ 312,500</i>	<i>\$ -</i>	<i>50.0%</i>	<i>50.0%</i>	<i>0.0%</i>
ADMINISTRATION OVERHEAD ALLOCATION TO	\$ (15,888)	\$ (7,944)	\$ (7,944)	\$ -	50.0%	50.0%	0.0%
TOTAL: MATERIALS & SERVICES	\$ 609,112	\$ 304,556	\$ 304,556	\$ -	50.0%	50.0%	0.0%
TOTAL: ADMINISTRATION	\$ 1,043,312	\$ 478,236	\$ 521,656	\$ 43,420	45.8%	50.0%	4.2%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: FINANCE - 02							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 368,200	\$ -	\$ 184,100	\$ 184,100	0.0%	50.0%	50.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
OVERTIME WAGES	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 368,200	\$ -	\$ 184,100	\$ 184,100	0.0%	50.0%	50.0%
Benefits							
MEDICAL INSURANCE	\$ 70,800	\$ -	\$ 35,400	\$ 35,400	0.0%	50.0%	50.0%
DENTAL INSURANCE	\$ 7,000	\$ -	\$ 3,500	\$ 3,500	0.0%	50.0%	50.0%
VISION INSURANCE	\$ 1,200	\$ -	\$ 600	\$ 600	0.0%	50.0%	50.0%
LIFE INSURANCE	\$ 1,200	\$ -	\$ 600	\$ 600	0.0%	50.0%	50.0%
LONG TERM DISABILITY	\$ 1,800	\$ -	\$ 900	\$ 900	0.0%	50.0%	50.0%
PERS - RETIREMENT	\$ 4,200	\$ -	\$ 2,100	\$ 2,100	0.0%	50.0%	50.0%
FICA - SOCIAL SECURITY	\$ 300	\$ -	\$ 150	\$ 150	0.0%	50.0%	50.0%
WORKERS COMPENSATION	\$ 25,100	\$ -	\$ 12,550	\$ 12,550	0.0%	50.0%	50.0%
ASSISTANCE PROGRAM	\$ 22,800	\$ -	\$ 11,400	\$ 11,400	0.0%	50.0%	50.0%
MEDICARE RETIRED MEDICAL	\$ 5,300	\$ -	\$ 2,650	\$ 2,650	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 139,700	\$ -	\$ 69,850	\$ 69,850	0.0%	50.0%	50.0%
Additional Positions (4)							
Fully Loaded Cost of New Position #1	\$ 102,700	\$ -	\$ 51,350	\$ 51,350	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #2	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #3	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #4	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #5	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 202,700	\$ -	\$ 101,350	\$ 101,350	0.0%	50.0%	50.0%
TOTAL: PERSONNEL	\$ 710,600	\$ -	\$ 355,300	\$ 355,300	0.0%	50.0%	50.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 84,200	\$ -	\$ 42,100	\$ 42,100	0.0%	50.0%	50.0%
AUDIT SERVICES	\$ 24,600	\$ -	\$ 12,300	\$ 12,300	0.0%	50.0%	50.0%
OFFICE SUPPLIES (includes 5078)	\$ 12,300	\$ -	\$ 6,150	\$ 6,150	0.0%	50.0%	50.0%
POSTAGE	\$ 36,900	\$ -	\$ 18,450	\$ 18,450	0.0%	50.0%	50.0%
TRAINING, CONFERENCES & MEETINGS	\$ 2,100	\$ -	\$ 1,050	\$ 1,050	0.0%	50.0%	50.0%
COLLECTION COSTS/BANK FEES	\$ 51,700	\$ -	\$ 25,850	\$ 25,850	0.0%	50.0%	50.0%
BAD DEBTS	\$ 6,200	\$ -	\$ 3,100	\$ 3,100	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 218,000	\$ -	\$ 109,000	\$ 109,000	0.0%	50.0%	50.0%
TOTAL: MATERIALS & SERVICES	\$ 218,000	\$ -	\$ 109,000	\$ 109,000	0.0%	50.0%	50.0%
TOTAL: FINANCE	\$ 928,600	\$ -	\$ 464,300	\$ 464,300	0.0%	50.0%	50.0%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: ENGINEERING - 03							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 109,400	\$ 49,230	\$ 54,700	\$ 5,470	45.0%	50.0%	5.0%
OVERTIME WAGES	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 109,400	\$ 49,230	\$ 54,700	\$ 5,470	45.0%	50.0%	5.0%
Benefits							
MEDICAL INSURANCE	\$ 17,100	\$ 7,695	\$ 8,550	\$ 855	45.0%	50.0%	5.0%
DENTAL INSURANCE	\$ 1,400	\$ 630	\$ 700	\$ 70	45.0%	50.0%	5.0%
VISION INSURANCE	\$ 200	\$ 90	\$ 100	\$ 10	45.0%	50.0%	5.0%
LIFE INSURANCE	\$ 200	\$ 90	\$ 100	\$ 10	45.0%	50.0%	5.0%
LONG TERM DISABILITY	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
PERS - RETIREMENT	\$ 20,300	\$ 9,135	\$ 10,150	\$ 1,015	45.0%	50.0%	5.0%
FICA - SOCIAL SECURITY	\$ 6,800	\$ 3,060	\$ 3,400	\$ 340	45.0%	50.0%	5.0%
WORKERS COMPENSATION	\$ 600	\$ 270	\$ 300	\$ 30	45.0%	50.0%	5.0%
ASSISTANCE PROGRAM	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
MEDICARE RETIRED MEDICAL	\$ 1,600	\$ 720	\$ 800	\$ 80	45.0%	50.0%	5.0%
SPECIAL CLOTHING	\$ 700	\$ 315	\$ 350	\$ 35	45.0%	50.0%	5.0%
ANNUAL OPEB	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 49,400	\$ 22,230	\$ 24,700	\$ 2,470	45.0%	50.0%	5.0%
Additional Positions (4)							
Fully Loaded Cost of New Position #6	\$ 102,700	\$ 46,215	\$ 51,350	\$ 5,135	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 102,700	\$ 46,215	\$ 51,350	\$ 5,135	45.0%	50.0%	5.0%
TOTAL: PERSONNEL	\$ 261,500	\$ 117,675	\$ 130,750	\$ 13,075	45.0%	50.0%	5.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 10,300	\$ 4,635	\$ 5,150	\$ 515	45.0%	50.0%	5.0%
EQUIPMENT REPLACEMENT FUND	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
MAINT/OPERATIONS OF VEHICLES	\$ 2,100	\$ 945	\$ 1,050	\$ 105	45.0%	50.0%	5.0%
SMALL TOOLS/MAINT & REPAIRS	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
EQUIP. NON-CAP	\$ 6,200	\$ 2,790	\$ 3,100	\$ 310	45.0%	50.0%	5.0%
COMMUNICATIONS	\$ 3,100	\$ 1,395	\$ 1,550	\$ 155	45.0%	50.0%	5.0%
OFFICE SUPPLIES	\$ 800	\$ 360	\$ 400	\$ 40	45.0%	50.0%	5.0%
SUBSCRIPTIONS/BOOKS	\$ 300	\$ 135	\$ 150	\$ 15	45.0%	50.0%	5.0%
TRAINING, CONFERENCES & MEETINGS	\$ 1,200	\$ 540	\$ 600	\$ 60	45.0%	50.0%	5.0%
MEMBERSHIPS & DUES	\$ 1,500	\$ 675	\$ 750	\$ 75	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 25,500	\$ 11,475	\$ 12,750	\$ 1,275	45.0%	50.0%	5.0%
TOTAL: MATERIALS & SERVICES	\$ 25,500	\$ 11,475	\$ 12,750	\$ 1,275	45.0%	50.0%	5.0%
TOTAL: ENGINEERING	\$ 287,000	\$ 129,150	\$ 143,500	\$ 14,350	45.0%	50.0%	5.0%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: OPERATIONS/DISTRIBUTION - 04							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 1,032,200	\$ 670,930	\$ 309,660	\$ 51,610	65.0%	30.0%	5.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
OVERTIME WAGES	\$ 37,000	\$ 24,050	\$ 11,100	\$ 1,850	65.0%	30.0%	5.0%
STANDBY WAGES	\$ 27,700	\$ 18,005	\$ 8,310	\$ 1,385	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 1,096,900	\$ 712,985	\$ 329,070	\$ 54,845	65.0%	30.0%	5.0%
Benefits							
MEDICAL INSURANCE	\$ 211,400	\$ 137,410	\$ 63,420	\$ 10,570	65.0%	30.0%	5.0%
DENTAL INSURANCE	\$ 22,200	\$ 14,430	\$ 6,660	\$ 1,110	65.0%	30.0%	5.0%
VISION INSURANCE	\$ 3,900	\$ 2,535	\$ 1,170	\$ 195	65.0%	30.0%	5.0%
LIFE INSURANCE	\$ 2,700	\$ 1,755	\$ 810	\$ 135	65.0%	30.0%	5.0%
LONG TERM DISABILITY	\$ 5,100	\$ 3,315	\$ 1,530	\$ 255	65.0%	30.0%	5.0%
PERS - RETIREMENT	\$ 138,900	\$ 90,285	\$ 41,670	\$ 6,945	65.0%	30.0%	5.0%
FICA - SOCIAL SECURITY	\$ 63,100	\$ 41,015	\$ 18,930	\$ 3,155	65.0%	30.0%	5.0%
WORKERS COMPENSATION	\$ 58,300	\$ 37,895	\$ 17,490	\$ 2,915	65.0%	30.0%	5.0%
ASSISTANCE PROGRAM	\$ 600	\$ 390	\$ 180	\$ 30	65.0%	30.0%	5.0%
MEDICARE RETIRED MEDICAL	\$ 15,000	\$ 9,750	\$ 4,500	\$ 750	65.0%	30.0%	5.0%
SPECIAL CLOTHING	\$ 9,100	\$ 5,915	\$ 2,730	\$ 455	65.0%	30.0%	5.0%
CERTIFICATIONS	\$ 800	\$ 520	\$ 240	\$ 40	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 531,100	\$ 345,215	\$ 159,330	\$ 26,555	65.0%	30.0%	5.0%
Additional Positions (4)							
Fully Loaded Cost of New Position #7	\$ 102,700	\$ 66,755	\$ 30,810	\$ 5,135	65.0%	30.0%	5.0%
Fully Loaded Cost of New Position #8	\$ 100,000	\$ 65,000	\$ 30,000	\$ 5,000	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 202,700	\$ 131,755	\$ 60,810	\$ 10,135	65.0%	30.0%	5.0%
TOTAL: PERSONNEL	\$ 1,830,700	\$ 1,189,955	\$ 549,210	\$ 91,535	65.0%	30.0%	5.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 123,200	\$ 80,080	\$ 36,960	\$ 6,160	65.0%	30.0%	5.0%
EQUIPMENT REPLACEMENT FUND	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
UTILITIES	\$ 112,900	\$ 73,385	\$ 33,870	\$ 5,645	65.0%	30.0%	5.0%
OPERATING SUPPLIES	\$ 92,400	\$ 60,060	\$ 27,720	\$ 4,620	65.0%	30.0%	5.0%
MAINT & OPERATIONS OF VEHICLES	\$ 80,100	\$ 52,065	\$ 24,030	\$ 4,005	65.0%	30.0%	5.0%
RENTAL/LEASES/PERMITS	\$ 10,300	\$ 6,695	\$ 3,090	\$ 515	65.0%	30.0%	5.0%
SMALL TOOLS-MAINT & REPAIRS	\$ 12,800	\$ 8,320	\$ 3,840	\$ 640	65.0%	30.0%	5.0%
EQUIPMENT NON-CAP	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
SAFETY EQUIPMENT - MAINTENANCE	\$ 2,100	\$ 1,365	\$ 630	\$ 105	65.0%	30.0%	5.0%
FACILITIES MAINTENANCE	\$ 16,400	\$ 10,660	\$ 4,920	\$ 820	65.0%	30.0%	5.0%
COMMUNICATIONS & TELEMETERING	\$ 68,800	\$ 44,720	\$ 20,640	\$ 3,440	65.0%	30.0%	5.0%
OFFICE SUPPLIES (included 5078)	\$ 6,700	\$ 4,355	\$ 2,010	\$ 335	65.0%	30.0%	5.0%
SUBSCRIPTIONS/BOOKS	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
TRAINING, CONFERENCES & MEETINGS	\$ 7,200	\$ 4,680	\$ 2,160	\$ 360	65.0%	30.0%	5.0%
SPECIAL PROJECTS	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 532,900	\$ 346,385	\$ 159,870	\$ 26,645	65.0%	30.0%	5.0%
TOTAL: MATERIALS & SERVICES	\$ 532,900	\$ 346,385	\$ 159,870	\$ 26,645	65.0%	30.0%	5.0%
TOTAL: OPERATIONS/DISTRIBUTION	\$ 2,363,600	\$ 1,536,340	\$ 709,080	\$ 118,180	65.0%	30.0%	5.0%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: WATERSHED - 05							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 137,600	\$ 61,920	\$ 68,800	\$ 6,880	45.0%	50.0%	5.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 137,600	\$ 61,920	\$ 68,800	\$ 6,880	45.0%	50.0%	5.0%
Benefits							
MEDICAL INSURANCE	\$ 25,700	\$ 11,565	\$ 12,850	\$ 1,285	45.0%	50.0%	5.0%
DENTAL INSURANCE	\$ 3,100	\$ 1,395	\$ 1,550	\$ 155	45.0%	50.0%	5.0%
VISION INSURANCE	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
LIFE INSURANCE	\$ 100	\$ 45	\$ 50	\$ 5	45.0%	50.0%	5.0%
LONG TERM DISABILITY	\$ 700	\$ 315	\$ 350	\$ 35	45.0%	50.0%	5.0%
PERS - RETIREMENT	\$ 18,500	\$ 8,325	\$ 9,250	\$ 925	45.0%	50.0%	5.0%
FICA - SOCIAL SECURITY	\$ 8,500	\$ 3,825	\$ 4,250	\$ 425	45.0%	50.0%	5.0%
WORKERS COMPENSATION	\$ 800	\$ 360	\$ 400	\$ 40	45.0%	50.0%	5.0%
ASSISTANCE PROGRAM	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
MEDICARE	\$ 2,000	\$ 900	\$ 1,000	\$ 100	45.0%	50.0%	5.0%
SPECIAL CLOTHING	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 59,900	\$ 26,955	\$ 29,950	\$ 2,995	45.0%	50.0%	5.0%
TOTAL: PERSONNEL	\$ 197,500	\$ 88,875	\$ 98,750	\$ 9,875	45.0%	50.0%	5.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 356,500	\$ 160,425	\$ 178,250	\$ 17,825	45.0%	50.0%	5.0%
ROAD MAINTENANCE	\$ 15,400	\$ 6,930	\$ 7,700	\$ 770	45.0%	50.0%	5.0%
OPERATING SUPPLIES	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
EQUIPMENT NON-CAP	\$ 1,000	\$ 450	\$ 500	\$ 50	45.0%	50.0%	5.0%
COMMUNICATIONS & TELEMETERING	\$ 300	\$ 135	\$ 150	\$ 15	45.0%	50.0%	5.0%
SUBSCRIPTIONS/BOOKS	\$ 300	\$ 135	\$ 150	\$ 15	45.0%	50.0%	5.0%
TRAINING, CONFERENCES & MEETINGS	\$ 3,100	\$ 1,395	\$ 1,550	\$ 155	45.0%	50.0%	5.0%
MEMBERSHIP & DUES	\$ 1,300	\$ 585	\$ 650	\$ 65	45.0%	50.0%	5.0%
WATERSHED & DATA COLLECTION GRNTS	\$ 15,400	\$ 6,930	\$ 7,700	\$ 770	45.0%	50.0%	5.0%
WATER CONSERVATION PROGRAM	\$ 26,700	\$ 26,700	\$ -	\$ -	100.0%	0.0%	0.0%
EDUCATION GRANT PROGRAM	\$ 18,000	\$ 8,100	\$ 9,000	\$ 900	45.0%	50.0%	5.0%
SPECIAL PROJECTS	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 438,500	\$ 212,010	\$ 205,900	\$ 20,590	48.3%	47.0%	4.7%
TOTAL: MATERIALS & SERVICES	\$ 438,500	\$ 212,010	\$ 205,900	\$ 20,590	48.3%	47.0%	4.7%
TOTAL: WATERSHED	\$ 636,000	\$ 300,885	\$ 304,650	\$ 30,465	47.3%	47.9%	4.8%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
DEPARTMENT: OPERATIONS/SUPPLY & TREATMENT -08							
PERSONNEL							
Salaries							
REGULAR SALARIES	\$ 837,200	\$ 418,600	\$ 418,600	\$ -	50.0%	50.0%	0.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
OVERTIME WAGES	\$ 30,800	\$ 15,400	\$ 15,400	\$ -	50.0%	50.0%	0.0%
STANDBY	\$ 4,100	\$ 2,050	\$ 2,050	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 872,100	\$ 436,050	\$ 436,050	\$ -	50.0%	50.0%	0.0%
Benefits							
MEDICAL INSURANCE	\$ 121,100	\$ 60,550	\$ 60,550	\$ -	50.0%	50.0%	0.0%
DENTAL INSURANCE	\$ 12,400	\$ 6,200	\$ 6,200	\$ -	50.0%	50.0%	0.0%
VISION INSURANCE	\$ 2,500	\$ 1,250	\$ 1,250	\$ -	50.0%	50.0%	0.0%
LIFE INSURANCE	\$ 2,000	\$ 1,000	\$ 1,000	\$ -	50.0%	50.0%	0.0%
LONG TERM DISABILITY	\$ 4,200	\$ 2,100	\$ 2,100	\$ -	50.0%	50.0%	0.0%
PERS - RETIREMENT	\$ 123,400	\$ 61,700	\$ 61,700	\$ -	50.0%	50.0%	0.0%
FICA - SOCIAL SECURITY	\$ 53,700	\$ 26,850	\$ 26,850	\$ -	50.0%	50.0%	0.0%
WORKERS COMPENSATION	\$ 48,200	\$ 24,100	\$ 24,100	\$ -	50.0%	50.0%	0.0%
ASSISTANCE PROGRAM	\$ 400	\$ 200	\$ 200	\$ -	50.0%	50.0%	0.0%
MEDICARE RETIRED MEDICAL	\$ 12,700	\$ 6,350	\$ 6,350	\$ -	50.0%	50.0%	0.0%
SPECIAL CLOTHING	\$ 6,800	\$ 3,400	\$ 3,400	\$ -	50.0%	50.0%	0.0%
CERTIFICATIONS	\$ 1,500	\$ 750	\$ 750	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 388,900	\$ 194,450	\$ 194,450	\$ -	50.0%	50.0%	0.0%
Additional Positions (4)							
Fully Loaded Cost of New Position #9	\$ 102,700	\$ 51,350	\$ 51,350	\$ -	50.0%	50.0%	0.0%
Fully Loaded Cost of New Position #10	\$ 100,000	\$ 50,000	\$ 50,000	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 202,700	\$ 101,350	\$ 101,350	\$ -	50.0%	50.0%	0.0%
TOTAL: PERSONNEL	\$ 1,463,700	\$ 731,850	\$ 731,850	\$ -	50.0%	50.0%	0.0%
MATERIALS & SERVICES							
CONTRACT/PROFESSIONAL SERVICES	\$ 154,000	\$ 77,000	\$ 77,000	\$ -	50.0%	50.0%	0.0%
CONTRACT SERVICES MANANA WOODS	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
OUTSIDE WATER ANALYSIS	\$ 77,000	\$ 38,500	\$ 38,500	\$ -	50.0%	50.0%	0.0%
LAB SUPPLIES	\$ 25,100	\$ 12,550	\$ 12,550	\$ -	50.0%	50.0%	0.0%
EQUIPMENT REPLACEMENT	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
UTILITIES	\$ 282,300	\$ 141,150	\$ 141,150	\$ -	50.0%	50.0%	0.0%
CHEMICALS	\$ 35,900	\$ 17,950	\$ 17,950	\$ -	50.0%	50.0%	0.0%
OPERATING SUPPLIES	\$ 58,500	\$ 29,250	\$ 29,250	\$ -	50.0%	50.0%	0.0%
MAINTENANCE/OPERATIONS OF VEHICLES	\$ 21,600	\$ 10,800	\$ 10,800	\$ -	50.0%	50.0%	0.0%
RENTAL/LEASES/PERMITS	\$ 112,900	\$ 56,450	\$ 56,450	\$ -	50.0%	50.0%	0.0%
SMALL TOOLS-MAINTENANCE & REPAIRS	\$ 6,200	\$ 3,100	\$ 3,100	\$ -	50.0%	50.0%	0.0%
EQUIPMENT NON-CAP	\$ 15,400	\$ 7,700	\$ 7,700	\$ -	50.0%	50.0%	0.0%
FACILITIES MAINTENANCE	\$ 7,700	\$ 3,850	\$ 3,850	\$ -	50.0%	50.0%	0.0%
COMMUNICATIONS & TELEMETERING	\$ 41,100	\$ 20,550	\$ 20,550	\$ -	50.0%	50.0%	0.0%
OFFICE SUPPLIES (included 5078)	\$ 3,600	\$ 1,800	\$ 1,800	\$ -	50.0%	50.0%	0.0%
SUBSCRIPTIONS/BOOKS	\$ 500	\$ 250	\$ 250	\$ -	50.0%	50.0%	0.0%
TRAINING, CONFERENCES & MEETINGS	\$ 3,600	\$ 1,800	\$ 1,800	\$ -	50.0%	50.0%	0.0%
OTHER HOUSEHOLD SUPPLIES	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 845,400	\$ 422,700	\$ 422,700	\$ -	50.0%	50.0%	0.0%
TOTAL: MATERIALS & SERVICES	\$ 845,400	\$ 422,700	\$ 422,700	\$ -	50.0%	50.0%	0.0%
TOTAL: OPERATIONS/SUPPLY & TREATMENT	\$ 2,309,100	\$ 1,154,550	\$ 1,154,550	\$ -	50.0%	50.0%	0.0%
GRAND TOTAL: WATER FUND OPERATING EXP	\$ 7,567,612	\$ 3,599,161	\$ 3,297,736	\$ 670,715	47.6%	43.6%	8.9%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
Debt Service Payments							
2004 Refunding Water Revenue Bond, 2012 (1)	\$ 709,710	\$ -	\$ 709,710	\$ -	0.0%	100.0%	0.0%
2008 Safe Drinking Water Loan (3)	\$ 186,797	\$ -	\$ 186,797	\$ -	0.0%	100.0%	0.0%
SWRCB State Revolving Fund Loan (5)	\$ 104,244	\$ -	\$ 104,244	\$ -	0.0%	100.0%	0.0%
Future New Debt	\$ -	\$ -	\$ -	\$ -	0.0%	100.0%	0.0%
Total Debt Service Payments	\$ 1,000,751	\$ -	\$ 1,000,751	\$ -	0.0%	100.0%	0.0%
Capital Expenditures							
Rate Funded Capital Expenses	\$ 1,678,988	\$ -	\$ 1,678,988	\$ -	0.0%	100.0%	0.0%
TOTAL REVENUE REQUIREMENTS	\$ 10,247,352	\$ 3,599,161	\$ 5,977,476	\$ 670,715	35.1%	58.3%	6.5%
Less: Non-Rate Revenues							
7501 Property Taxes							
PROPERTY TAXES	\$ (600,000)	\$ -	\$ (600,000)	\$ -	0.0%	100.0%	0.0%
ASSESSMENT REVENUE	\$ (360,000)	\$ -	\$ (360,000)	\$ -	0.0%	100.0%	0.0%
7502 Rental Revenue							
MOBILE SERVICES LEASE FEES	\$ (15,800)	\$ (5,549)	\$ (9,216)	\$ (1,034)	35.1%	58.3%	6.5%
JOHNSON PROPERTY RENTS	\$ (36,000)	\$ (12,644)	\$ (20,999)	\$ (2,356)	35.1%	58.3%	6.5%
7503 Investment Earnings							
LOMPICO LOAN - INTEREST	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
INTEREST - WATER	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
INTEREST - FELTON LOAN RESERVE	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
REALIZED G/L - MSDW	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
UNREALIZED GAINS/LOSS - MSDW	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
INTEREST DIVIDEND - MSDW	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
7504 Gain/Loss on Sale of Assets							
SALE OF SURPLUS PROPERTY	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
LOSS ON SALE/ABAND FIXED ASSET	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
7505 Other Income							
ACCT. ESTAB. CHARGES & PENALTY	\$ (72,000)	\$ (25,288)	\$ (41,999)	\$ (4,713)	35.1%	58.3%	6.5%
ASSESSMENT BOND - N.B.C.	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
SALE OF METERS	\$ (25,000)	\$ (8,781)	\$ (14,583)	\$ (1,636)	35.1%	58.3%	6.5%
MISCELLANEOUS	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
REIMB. FOR MANANA WOODS	\$ (35,000)	\$ (12,293)	\$ (20,416)	\$ (2,291)	35.1%	58.3%	6.5%
LOMPICO LOAN - PRINCIPAL	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
CSI - #34053 MANANA WOODS	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
CSI - # 34057 LYON WTP	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
CSI - #34058 KIRBY WTP	\$ -	\$ -	\$ -	\$ -	35.1%	58.3%	6.5%
Interest Income (From Financial Plan)	\$ (647)	\$ (227)	\$ (378)	\$ (42)	35.1%	58.3%	6.5%
NET REVENUE REQUIREMENTS - WATER	\$ 9,102,904	\$ 3,534,378	\$ 4,909,884	\$ 658,642			
Allocation of Revenue Requirements	100.0%	38.8%	53.9%	7.2%			
<i>Net Revenue Req. Check from Financial Plan \$ -</i>							

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Water				
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer
	FY 2017/18	(COM)	(CAP)	(CA)
Classification of Expenses - Water, continued				
Adjustments to Classification of Expenses				
Adjustment for Current Rate Level:	Total	(COM)	(CAP)	(CA)
Test Year (FY 2017/18) Target Rate Revenue	\$ 9,381,267			
Projected Rate Revenue at Current Rates	\$ 5,575,000			
Test Year (FY 2017/18) Projected Rate Adjustment	37%			
Adjusted Net Revenue Req'ts	\$ 9,381,267	\$ 3,642,457	\$ 5,060,026	\$ 678,783
Percent of Revenue	100.0%	38.8%	53.9%	7.2%

Recommended Rate Alternative Net Revenue Requirements Allocation of 30% Fixed / 70% Variable	Total Rate Revenue Requirements FY 2017/18	Variable Costs	Fixed Costs	
		Commodity Related Costs	Capacity Related Costs	Customer Related Costs
Rate-Design Adjustments to Fixed/Variable (%)	100.0%	70.0%	22.8%	7.2%
Rate-Design Adjustments to Fixed/Variable (\$)	\$9,381,267	\$6,566,887	\$2,135,597	\$678,783
		70%	30%	
Variable Charges (Volumetric Rates)		70.0%		
Fixed Charges		30.0%		

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Water Cost of Service Analysis

Development of the COMMODITY (Volumetric) Allocation Factor - Water Utility				
Customer Class	CY 2016 Volume (ccf) (1)	Conservation for Test Year (FY 2017/18)	Adjusted Volume with Conservation	Percent of Total Volume
Single Family Residential	459,680	0.4%	457,673	70.9%
Multi-Family Residential	102,921	0.4%	102,472	15.9%
Commercial	34,197	0.4%	34,047	5.3%
Private Mutuals	8,710	0.4%	8,671	1.3%
Institutional/Governmental	35,934	0.4%	35,777	5.5%
Landscape	6,901	0.4%	6,870	1.1%
Fire Service accounts	-	0.4%	-	0.0%
Vacant	382	0.4%	380	0.1%
Total	648,724	--	645,891	100%
Surplus Water accounts (2)	4,109	0.0%	4,109	0.6%
Grand Total	652,832	0.4%	650,000	101%

1. Consumption data is based on the SLVWD's billing data (February 2016 - January 2017).

2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

Commodity Related Costs: These costs are associated with the total consumption (flow) of water over a specified period of time (e.g. annual).

Development of the CAPACITY (MAX MONTH) Allocation Factor - Water Utility				
Customer Class	Average Monthly Use (ccf)	Peak Monthly Use (ccf) (1)	Peak Monthly Factor	Max Month Capacity Factor
Single Family Residential	38,307	53,529	1.40	69.4%
Multi-Family Residential	8,577	10,872	1.27	14.1%
Commercial	2,850	3,745	1.31	4.9%
Private Mutuals	726	1,368	1.88	1.8%
Institutional/Governmental	2,994	5,940	1.98	7.7%
Landscape	575	1,571	2.73	2.0%
Fire Service accounts	0	0	0.00	0.0%
Vacant	32	83	2.61	0.1%
Total	54,060	77,107	1.43	100%
Surplus Water accounts (2)	342	972	2.84	1.2%
Grand Total	54,403	78,079	1.44	101%

1. Based on peak monthly data (peak day data not available).

2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

Capacity Related Costs: Costs associated with the maximum demand required at one point in time or the maximum size of facilities required to meet this demand.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Water Cost of Service Analysis

Development of the CUSTOMER Allocation Factor - Water Utility		
Customer Class	Number of Meters (1)	Percent of Total
Single Family Residential	7,102	89.4%
Multi-Family Residential	513	6.5%
Commercial	201	2.5%
Private Mutuals	6	0.1%
Institutional/Governmental	53	0.7%
Landscape	14	0.2%
Fire Service accounts	-	0.0%
Vacant	58	0.7%
Total	7,947	100.0%
Surplus Water accounts (2)	15	0.2%
Grand Total	7,962	100.2%

1. Meter Count data is based on the SLVWD's billing data for January 2017.

2. Surplus water accounts shown here; revenue requirements will not be developed for these sporadic customers.

Customer Related Costs : Costs associated with having a customer on the water system. These costs vary with the addition or deletion of customers on the system. Examples: Meter-reading, Postage and billing.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Water Cost of Service Analysis

ALLOCATION OF WATER COST REQUIREMENTS:

Classification Components	Net Cost Requirements (2017/18)	
Commodity-Related Costs	\$ 3,642,457	38.8%
Capacity-Related Costs	5,060,026	53.9%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirement	\$ 9,381,267	100%

Unadjusted Net Cost Req'ts.

Total variable: 39%

Total fixed: 61%

Total: 100%

Allocation of Net Cost Requirements (Water) By Customer Class - FY 2017/18					
Customer Class	Cost Classification Components			Net Cost of Service Requirements	% of Net Cost of Service Requirements
	Commodity (1)	Capacity (2)	Customer (3)		
Single Family Residential	\$ 2,581,016	\$ 3,512,760	\$ 606,609	\$ 6,700,385	71.4%
Multi-Family Residential	577,882	713,481	43,817	1,335,180	14.2%
Commercial	192,008	245,746	17,168	454,922	4.8%
Private Mutuals	48,902	89,747	512	139,161	1.5%
Institutional/Governmental	201,762	389,784	4,527	596,072	6.4%
Landscape	38,745	103,062	1,196	143,002	1.5%
Fire Service accounts	-	-	-	-	0.0%
Vacant	2,143	5,447	4,954	12,544	0.1%
Total	\$ 3,642,457	\$ 5,060,026	\$ 678,783	\$ 9,381,267	100.0%

1. Commodity Costs are allocated based upon percentage of expected consumption.
2. Capacity Costs are allocated based upon Max Month Capacity Factor.
3. Customer Costs are allocated based upon Percentage of Total Accounts.

Current Water Rate Revenue Comparison								
Customer Class	Rate Revenue (CY 2016)				Total	% of Total	% of Net Cost of Service Requirements	Difference
	Fixed	Variable	Drought Surcharges	Lompico Surcharges				
						a	b	= b - a
Single Family Residential	\$ 2,825,755	\$ 2,031,782	\$ 458,832	\$ 92,113	\$ 5,408,484	77.2%	71.4%	-5.8%
Multi-Family Residential	370,760	417,935	102,936	188	891,819	12.7%	14.2%	1.5%
Commercial	113,491	158,672	34,197	-	306,360	4.4%	4.8%	0.5%
Private Mutuals	9,138	42,086	8,710	-	59,933	0.9%	1.5%	0.6%
Institutional/Governmental	61,405	166,862	36,306	-	264,573	3.8%	6.4%	2.6%
Landscape	10,212	32,018	6,901	-	49,131	0.7%	1.5%	0.8%
Fire Service accounts	-	-	332	-	332	0.0%	0.0%	0.0%
Vacant	24,074	1,689	382	-	26,145	0.4%	0.1%	-0.2%
Total	\$ 3,414,836	\$ 2,851,045	\$ 648,595	\$ 92,301	\$ 7,006,778	100.0%	100.0%	0.0%
	49%	41%	9%	1%	100%			

**SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Fixed Rate Calculation**

ALLOCATION OF WATER REVENUE REQUIREMENTS:

Classification Components (1)	Adjusted Net Revenue Requirements (2017/18)	
	(30% Fixed / 70% Variable)	
Commodity-Related Costs (Volumetric Share)	\$ 3,642,457	38.8%
Capacity-Related Costs (Volumetric Share)	2,924,429	31.2%
Commodity-Related Costs (Fixed Share)	-	0.0%
Capacity-Related Costs (Fixed Share)	2,135,597	22.8%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirements	\$ 9,381,267	100%

1. Surplus Water Net Revenue Requirements are excluded from total; rates are developed separately.

Adjusted Net Rev. Req'ts.

70.0% total variable

30.0% total fixed

100%

58%

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Fixed Rate Calculation

Allocation of Adjusted Net Revenue Requirements - FY 2017/18:

Recommended Rate Alternative - 30% Fixed / 70% Variable

Customer Classes	Classification Components					Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	Commodity-Related Costs (Variable Portion)	Capacity-Related Costs (Variable Portion)	Commodity-Related Costs (Fixed Portion)	Capacity-Related Costs (Fixed Portion)	Customer-Related Costs		
Single Family Residential	\$ 2,581,016	\$ 2,030,191	\$ -	\$ 1,482,569	\$ 606,609	\$ 6,700,385	71.4%
Multi-Family Residential	577,882	412,354	-	301,126	43,817	1,335,180	14.2%
Commercial	192,008	142,028	-	103,718	17,168	454,922	4.8%
Private Mutuals	48,902	51,869	-	37,878	512	139,161	1.5%
Institutional/Governmental	201,762	225,275	-	164,509	4,527	596,072	6.4%
Landscape	38,745	59,564	-	43,497	1,196	143,002	1.5%
Fire Service accounts	-	-	-	-	-	-	0.0%
Vacant	2,143	3,148	-	2,299	4,954	12,544	0.1%
Total Net Revenue Requirement	\$ 3,642,457	\$ 2,924,429	\$ -	\$ 2,135,597	\$ 678,783	\$ 9,381,267	100%
<i>Total Net Revenue Requirement by Classification Component</i>	<i>VARIABLE</i> \$6,566,887		<i>FIXED</i> \$2,814,380			\$9,381,267	
	39%	31%	0%	23%	7%	100%	

Customer Class	Rate Revenue - CY 2016		Recommended Rate Alternative - 30% Fixed / 70% Variable		
	Rate Revenue	% of Revenue	COS Rev. Req't	% of COS Rev. Req't.	% of 2015/16 vs. 2017/18
Single Family Residential	\$ 5,408,484	77.2%	\$ 6,700,385	71.4%	-5.8%
Multi-Family Residential	\$ 891,819	12.7%	\$ 1,335,180	14.2%	1.5%
Commercial	\$ 306,360	4.4%	\$ 454,922	4.8%	0.5%
Private Mutuals	\$ 59,933	0.9%	\$ 139,161	1.5%	0.6%
Institutional/Governmental	\$ 264,573	3.8%	\$ 596,072	6.4%	2.6%
Landscape	\$ 49,131	0.7%	\$ 143,002	1.5%	0.8%
Fire Service accounts	\$ 332	0.0%	\$ -	0.0%	0.0%
Vacant	\$ 26,145	0.4%	\$ 12,544	0.1%	-0.2%
Total	\$ 7,006,778	100.0%	\$ 9,381,267	100%	0.0%

**SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Fixed Rate Calculation**

Meter Equivalency Factors Used in Fixed Charges Calculations:

Meter Size	Standard Meters		Fire Meters	
	Meter Capacity (gpm) (1)	Equivalency to 5/8 inch	Meter Capacity (gpm) (2)	Equivalency to 5/8 inch
	<u>Displacement Meters</u>		<u>Displacement Meters</u>	
5/8 inch	20	1.00	20	1.00
3/4 inch	30	1.00	30	1.00
1 inch	50	1.67	50	1.67
1.5 inch	100	3.33	100	3.33
2 inch	160	5.33	160	5.33
	<u>Compound Class I Meters</u>		<u>Fire Service Type I & II Meters</u>	
3 inch	320	10.67	350	11.67
4 inch	500	16.67	700	23.33
6 inch	1,000	33.33	1,600	53.33
8 inch	1,600	53.33	2,800	93.33
	<u>Turbine Class II Meters</u>			
10 inch	4,200	140.00	4,400	146.67
12 inch	5,300	176.67	N/A	--

1. Per AWWA M-1, Table B-1.

2. Per AWWA M-6, Table 5-3.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Fixed Rate Calculation

CALCULATION OF MONTHLY FIXED METER SERVICE CHARGES FOR FY 2017/18:

Number of Meters by Class and Size (1)	FY 2017/18									Total
	5/8 inch	3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	8 inch	
Single Family Residential	6,622	242	234	2	2	-	-	-	-	7,102
Multi-Family Residential	430	4	63	7	8	1	-	-	-	513
Commercial	158	2	24	8	9	-	-	-	-	201
Private Mutuals	3	-	1	1	1	-	-	-	-	6
Institutional/Governmental	24	-	8	8	10	2	1	-	-	53
Landscape	8	-	3	2	1	-	-	-	-	14
Fire Service accounts	-	-	-	-	-	-	-	-	-	-
Vacant	52	3	3	-	-	-	-	-	-	58
Total Meters/Accounts	7,297	251	336	28	31	3	1	-	-	7,947
<i>Hydraulic Capacity Factor (2)</i>	<i>1.00</i>	<i>1.00</i>	<i>1.67</i>	<i>3.33</i>	<i>5.33</i>	<i>10.67</i>	<i>16.67</i>	<i>33.33</i>	<i>53.33</i>	
Total Equivalent Meters	7,297	251	560	93	165	32	17	-	-	8,415
Monthly Fixed Service Charges										
Customer Costs (\$/Acct/month) (3)	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	\$7.12	
Capacity Costs (\$/Acct/month) (4)	\$21.15	\$21.15	\$35.25	\$70.49	\$112.79	\$225.58	\$352.46	\$1,324.25	\$2,118.80	
Total Monthly Meter Charge	\$28.27	\$28.27	\$42.36	\$77.61	\$119.91	\$232.70	\$359.58	\$1,331.37	\$2,125.92	
Annual Fixed Costs Allocated to Monthly Meter Charges										
Customer Costs	\$ 678,783									
Capacity Costs	2,135,597									
Total Fixed Meter Costs	\$ 2,814,380									
Annual Revenue from Monthly Meter Charges										
Customer Charges	\$ 623,264	\$ 21,439	\$ 28,699	\$ 2,392	\$ 2,648	\$ 256	\$ 85	\$ -	\$ -	\$ 678,783
Capacity Charges	1,851,792	63,697	142,114	23,686	41,957	8,121	4,230	-	-	2,135,597
Total Revenue from Monthly Meter Charges	\$ 2,475,057	\$ 85,136	\$ 170,813	\$ 26,077	\$ 44,605	\$ 8,377	\$ 4,315	\$ -	\$ -	\$ 2,814,380

1. Meter by Class and Size are based on January 2017 customer billing data.
2. Source: AWWA Manual M1, "Principles of Water Rates, Fees, and Charges", Table B-2.
3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Revenue Check

Fixed Charges Revenue Check:

Number of Meters by Class and Size	FY 2017/18								Total
	5/8 inch	3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	
Single Family Residential	6,622	242	234	2	2	-	-	-	7,102
Multi-Family Residential	430	4	63	7	8	1	-	-	513
Commercial	158	2	24	8	9	-	-	-	201
Private Mutuals	3	-	1	1	1	-	-	-	6
Institutional/Governmental	24	-	8	8	10	2	1	-	53
Landscape	8	-	3	2	1	-	-	-	14
Fire Service accounts	-	-	-	-	-	-	-	-	-
Vacant	52	3	3	-	-	-	-	-	58
Total Meters/Accounts	7,297	251	336	28	31	3	1	-	7,947

Fixed Charges Revenue Check:

Recommended Rate Alternative - 30% Fixed / 70% Variable

Projected Revenue From Fixed Charges by Customer Class	FY 2017/18								Total
	5/8 inch	3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	
Charges by Meter Size	\$28.27	\$28.27	\$42.36	\$77.61	\$119.91	\$232.70	\$359.58	\$1,331.37	
Revenue from Fixed Charges									
Single Family Residential	\$ 2,246,105	\$ 82,084	\$ 118,959	\$ 1,863	\$ 2,878	\$ -	\$ -	\$ -	\$ 2,451,887
Multi-Family Residential	\$ 145,851	\$ 1,357	\$ 32,027	\$ 6,519	\$ 11,511	\$ 2,792	\$ -	\$ -	\$ 200,058
Commercial	\$ 53,592	\$ 678	\$ 12,201	\$ 7,451	\$ 12,950	\$ -	\$ -	\$ -	\$ 86,872
Private Mutuals	\$ 1,018	\$ -	\$ 508	\$ 931	\$ 1,439	\$ -	\$ -	\$ -	\$ 3,896
Institutional/Governmental	\$ 8,141	\$ -	\$ 4,067	\$ 7,451	\$ 14,389	\$ 5,585	\$ 4,315	\$ -	\$ 43,947
Landscape	\$ 2,714	\$ -	\$ 1,525	\$ 1,863	\$ 1,439	\$ -	\$ -	\$ -	\$ 7,540
Fire Service accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ 17,638	\$ 1,018	\$ 1,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,180
Total Revenue - Fixed Charges									\$ 2,814,380

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Variable Rate Calculation

ALLOCATION OF WATER COST REQUIREMENTS:

Classification Components	Adjusted Net Revenue Requirements (2017/18)	
Commodity-Related Costs (Volumetric Share)	\$ 3,642,457	38.8%
Capacity-Related Costs (Volumetric Share)	2,924,429	31.2%
Commodity-Related Costs (Fixed Share)	-	0.0%
Capacity-Related Costs (Fixed Share)	2,135,597	22.8%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirement	\$ 9,381,267	100%

PROPOSED VOLUMETRIC CHARGES FOR FY 2017/18:

Recommended Rate Alternative Net Revenue Requirements Allocation of 30% Fixed / 70% Variable

Customer Class	Number of Meters (1)	Water Consumption (ccf/yr) (1)	Commodity Assigned Costs	Capacity Assigned Costs	Total Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates (\$/ccf)	Proposed Rate Structure
Single Family Residential	7,102	459,680	\$ 2,581,016	\$ 2,030,191	\$ 4,611,207	49.2%	\$10.12	Uniform
Multi-Family Residential	513	102,921	577,882	412,354	990,236	10.6%		Uniform
Commercial	201	34,197	192,008	142,028	334,036	3.6%		Uniform
Private Mutuals	6	8,710	48,902	51,869	100,771	1.1%		Uniform
Institutional/Governmental	53	35,934	201,762	225,275	427,036	4.6%		Uniform
Landscape	14	6,901	38,745	59,564	98,309	1.0%		Uniform
Fire Service accounts	-	-	-	-	-	0.0%		Uniform
Vacant	58	382	2,143	3,148	5,291	0.1%		Uniform
Total	7,947	648,724	\$ 3,642,457	\$ 2,924,429	\$ 6,566,887	70.0%		

1. Consumption data and number of meters is based on the SLVWD's billing data.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Stabilization Rate Calculations

ALLOCATION OF WATER COST REQUIREMENTS:

Classification Components	Adjusted Net Revenue Requirements (2017/18)	
Commodity-Related Costs (Volumetric Share)	\$ 3,642,457	38.8%
Capacity-Related Costs (Volumetric Share)	2,924,429	31.2%
Commodity-Related Costs (Fixed Share)	-	0.0%
Capacity-Related Costs (Fixed Share)	2,135,597	22.8%
Customer-Related Costs	678,783	7.2%
Net Revenue Requirement	\$ 9,381,267	100%

AVERAGE MONTHLY CONSUMPTION AT VARIOUS LEVELS OF CONSERVATION

Customer Class	Water Consumption (ccf/yr)	Average Annual Consumption at Various Conservation Levels				
		10%	15%	20%	25%	30%
Single Family Residential	459,680	413,712	390,728	367,744	344,760	321,776
Multi-Family Residential	102,921	92,629	87,483	82,337	77,191	72,045
Commercial	34,197	30,777	29,067	27,357	25,648	23,938
Private Mutuals	8,710	7,839	7,403	6,968	6,532	6,097
Institutional/Governmental	35,934	32,340	30,544	28,747	26,950	25,154
Landscape	6,901	6,210	5,865	5,520	5,175	4,830
Fire Service accounts	-	-	-	-	-	-
Vacant	382	344	324	305	286	267
Total	648,724	583,851	551,415	518,979	486,543	454,107

PROPOSED RATE STABILIZATION VOLUMETRIC CHARGES FOR FY 2017/18:

Recommended Rate Alternative Net Revenue Requirements Allocation of 30% Fixed / 70% Variable		Variable Rate (\$/ccf) at Various Levels of Conservation				
Customer Class	Total Target Rev. Req't from Vol. Charges	10%	15%	20%	25%	30%
Single Family Residential	\$ 4,611,207	\$11.25	\$11.91	\$12.65	\$13.50	\$14.46
Multi-Family Residential	990,236					
Commercial	334,036					
Private Mutuals	100,771					
Institutional/Governmental	427,036					
Landscape	98,309					
Fire Service accounts	-					
Vacant	5,291					
Total	\$ 6,566,887					

1. Consumption data and number of meters is based on the SLVWD's billing data.

SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Surplus Water Rate Calculation

PROPOSED SURPLUS WATER CHARGES FOR FY 2017/18 - FY 2021/22:

Calculated Average Cost of Water for Surplus Water Rates	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Total Target Rate Revenue	\$ 9,381,267	\$ 10,037,955	\$ 10,640,233	\$ 11,172,244	\$ 11,730,857
Estimated Water Consumption <i>(rounded down)</i>	652,000	652,000	652,000	652,000	652,000
Average Cost of Water (per CCF)	\$14.39	\$15.40	\$16.32	\$17.14	\$17.99

** Surplus water sales are not guaranteed. Rounded down to nearest 1,000.*

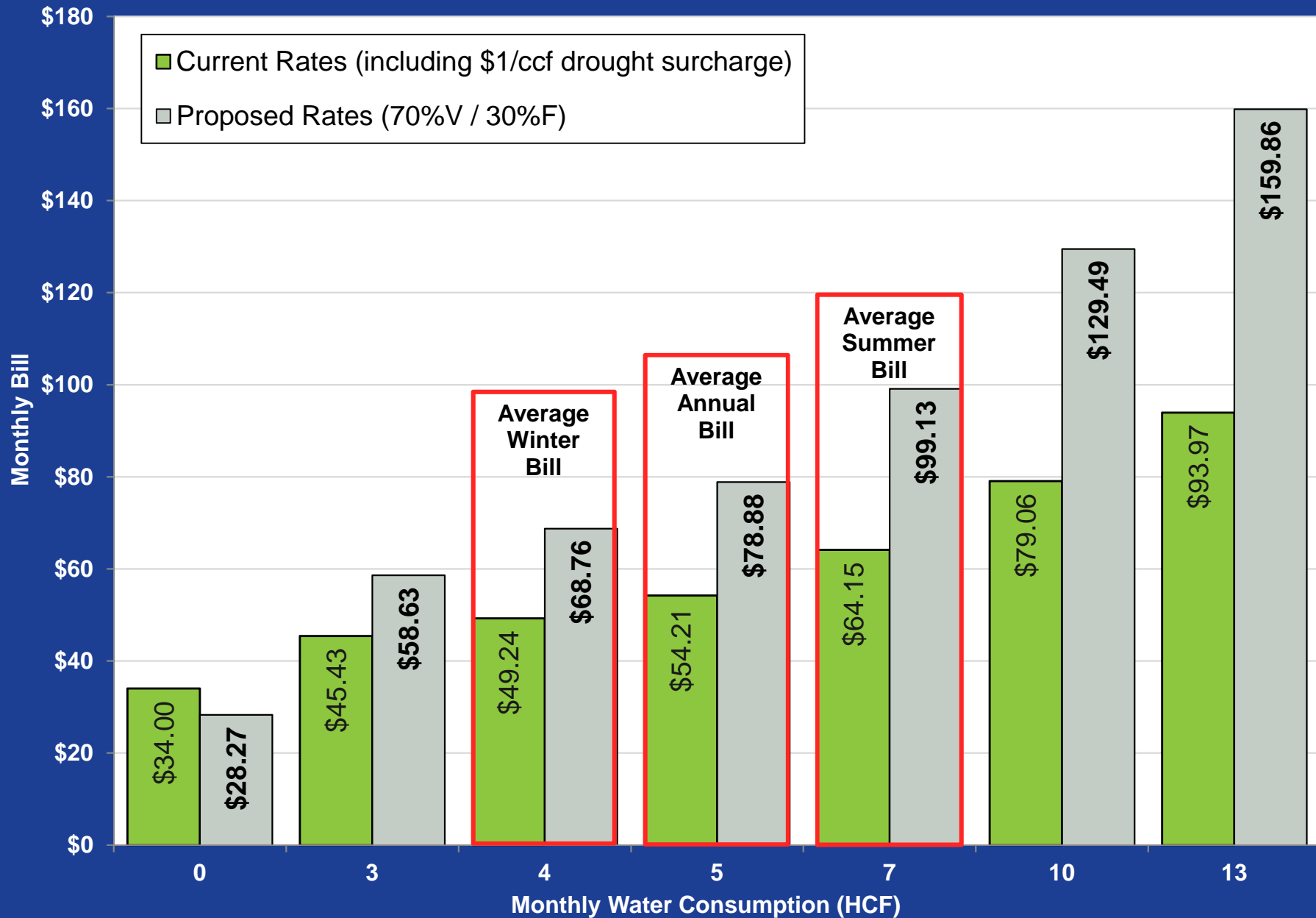
SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Proposed Rates

CURRENT VS. PROPOSED WATER RATES:

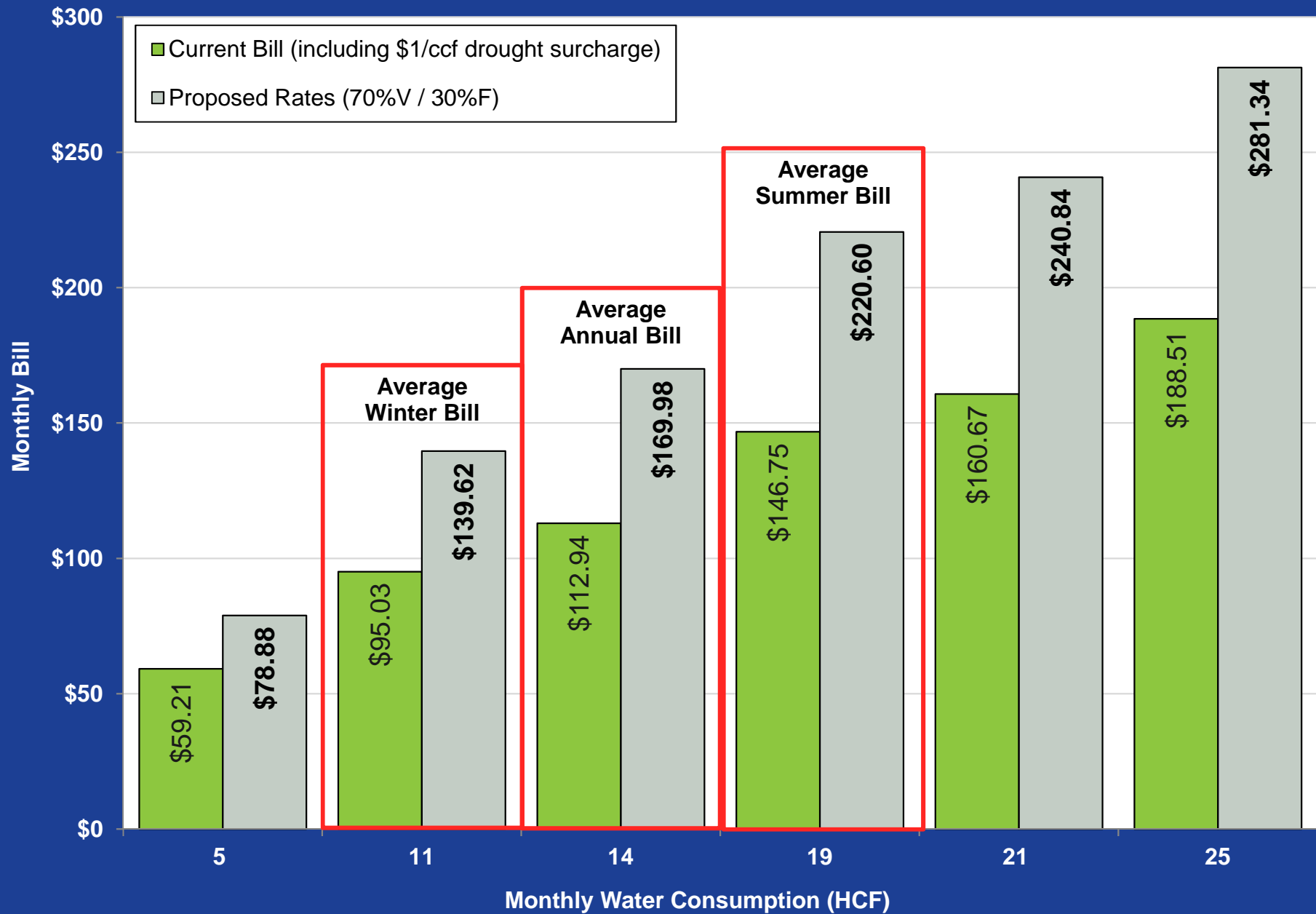
Water Rate Schedule		Current Rates	Proposed Rates - 30% Fixed / 70% Variable				
			FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
			37.00%	7.00%	6.00%	5.00%	5.00%
Fixed Service Charge							
Monthly Fixed Service Charges:							
5/8 inch	per account	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
3/4 inch		\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
1 inch		\$56.50	\$42.36	\$45.33	\$48.05	\$50.45	\$52.97
1 1/2 inch		\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
2 inch		\$181.50	\$119.91	\$128.30	\$136.00	\$142.80	\$149.94
3 inch		\$341.00	\$232.70	\$248.98	\$263.92	\$277.12	\$290.97
4 inch		\$567.00	\$359.58	\$384.75	\$407.84	\$428.23	\$449.64
Surplus Water (1)		\$114.00	\$1,331.37	\$1,424.57	\$1,510.04	\$1,585.54	\$1,664.82
Volumetric Charges for All Water Consumed							
Tier 1	0 - 4 ccf	\$3.81	--	--	--	--	--
Tier 2	5 - 15 ccf	\$4.97	--	--	--	--	--
Tier 3	16 - 50 ccf	\$5.96	--	--	--	--	--
Tier 4	51+ ccf	\$6.61	--	--	--	--	--
Drought Surcharge	per CCF	\$1.00	--	--	--	--	--
Flat Rate (Uniform Rate)	per CCF	\$4.64	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
Surplus Water	per CCF	\$10.00	\$14.39	\$15.40	\$16.32	\$17.14	\$17.99
Rate Stabilization Rates for All Water Consumed							
10%	--	--	\$11.25	\$12.03	\$12.76	\$13.39	\$14.06
15%	--	--	\$11.91	\$12.74	\$13.51	\$14.18	\$14.89
20%	--	--	\$12.65	\$13.54	\$14.35	\$15.07	\$15.82
25%	--	--	\$13.50	\$14.44	\$15.31	\$16.07	\$16.88
30%	--	--	\$14.46	\$15.47	\$16.40	\$17.22	\$18.08

1. Per District policy, Surplus water accounts are charged the 1 1/2 inch meter monthly fee.

Residential Water Bill Comparison Current vs. Proposed 2017/18 Rate Alternatives (5/8" meter)



Commercial Water Bill Comparison Current vs. Proposed 2017/18 Rates (5/8" meter)



SAN LORENZO VALLEY WATER DISTRICT
WATER RATE STUDY
Customer Data

Water Consumption Data used for Water Rate Study Rates:					
Summary of Consumption by Class	Consumption (ccf/year)	meters*	Avg. ccf by Month		
			Annual	Summer	Winter
Single Family Residential	459,680	7,102	5.39	7.23	3.97
Multi-Family Residential	102,921	513	16.72	21.19	13.30
Commercial	34,197	201	14.18	18.63	11.35
Private Mutuals	8,710	6	120.97	227.93	60.82
Institutional/Governmental	35,934	53	56.50	112.07	26.65
Surplus Water accounts	4,109	15	22.83	64.80	4.20
Landscape	6,901	14	41.07	112.18	1.25
Fire Service accounts	-	-	-	-	-
Vacant	382	58	0.55	1.43	0.12
Lompico Booster Intertie (now closed)**	3,993	-	-	-	-
Total	656,825	7,962			

* Number of meters is per SLVWD billing data. Meter count is from January 2017.

** Emergency water sales prior to annexation; this will be excluded from consumption, and is shown here for reference purposes only.

CY 2016 Approximate Rate Revenue from Water Rates (1)					
Revenue by Customer Class	Fixed Charges	Variable Charges	Drought Surcharges	Lompico Surcharges	TOTAL
Single Family Residential	\$ 2,825,755	\$ 2,031,782	\$ 458,832	\$ 92,113	\$ 5,408,484
Multi-Family Residential	370,760	417,935	102,936	188	891,819
Commercial	113,491	158,672	34,197		306,360
Private Mutuals	9,138	42,086	8,710		59,933
Institutional/Governmental	61,405	166,862	36,306		264,573
Surplus Water accounts	9,462	41,086	4,109		54,657
Landscape	10,212	32,018	6,901		49,131
Fire Service accounts			332		332
Vacant	24,074	1,689	382		26,145
Lompico Booster Intertie (no	456	18,528	3,993		22,977
Total	\$ 3,424,754	\$ 2,910,659	\$ 656,697	\$ 92,301	\$ 7,084,411
Fixed vs. Variable %	48%	41%	9%	1%	100%

1. Rate Revenue For February 2016 - January 2017 from SLVWD billing data.

TABLE 1
FINANCIAL PLAN AND SUMMARY OF SEWER COST REQUIREMENTS (1)

SEWER COST REQUIREMENTS SUMMARY	Budget	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Funds										
SEWER REVENUES:										
Sewer Service Charge	100,088	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Sources of Funds	\$ 100,088	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Uses of Funds										
OPERATING EXPENSES (2):										
PERSONNEL	\$ 20,700	\$ 19,418	\$ 19,939	\$ 20,474	\$ 21,024	\$ 21,589	\$ 22,168	\$ 22,764	\$ 23,375	\$ 24,002
MATERIALS & SERVICES	112,770	107,598	110,490	113,458	116,504	119,630	122,842	126,142	129,526	133,006
Subtotal: Operating Expenses	\$ 133,470	\$ 127,016	\$ 130,429	\$ 133,932	\$ 137,528	\$ 141,219	\$ 145,010	\$ 148,905	\$ 152,901	\$ 157,009
OTHER EXPENDITURES:										
Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses (3)	-	63,880	65,796	67,770	69,803	71,898	74,054	76,276	78,564	80,921
Subtotal: Other Expenditures	\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921
Total Uses of Water Funds	\$ 133,470	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064	\$ 225,181	\$ 231,465	\$ 237,930
Plus: Revenue from Rate Increases (4)	-	-	20,000	44,000	72,800	107,360	148,832	156,297	163,986	171,905
Annual Surplus/(Deficit) - w/o Rate Increases	\$ (33,381)	\$ (90,896)	\$ (96,226)	\$ (101,703)	\$ (107,332)	\$ (113,116)	\$ (119,064)	\$ (125,181)	\$ (131,465)	\$ (137,930)
Annual Surplus/(Deficit) - w/ Rate Increases	\$ (33,381)	\$ (90,896)	\$ (76,226)	\$ (57,703)	\$ (34,532)	\$ (5,756)	\$ 29,768	\$ 31,116	\$ 32,521	\$ 33,975
Net Cost Requirement (Total Uses less Non-Rate Revenue)	\$ 133,470	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064	\$ 225,181	\$ 231,465	\$ 237,930
Total Rate Revenue After Rate Increases	\$ 100,088	\$ 100,000	\$ 120,000	\$ 144,000	\$ 172,800	\$ 207,360	\$ 248,832	\$ 256,297	\$ 263,986	\$ 271,905
Projected Annual Rate Revenue Increase	0.00%	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%	3.00%	3.00%	3.00%
Cumulative Increase from Annual Revenue Increases	0.00%	0.00%	20.00%	44.00%	72.80%	107.36%	148.83%	156.30%	163.99%	171.91%
Debt Coverage After Rate Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1. Revenue and expenses for FY 2015/16 through FY 2020/21 were provided by City Staff. Source File: 2016 Sanitation Fund Rate Analysis-2.xlsx.

2. Assumes annual inflation of 4%, beyond FY 2020/21 (file: 2016 Sanitation Fund Rate Analysis.xls).

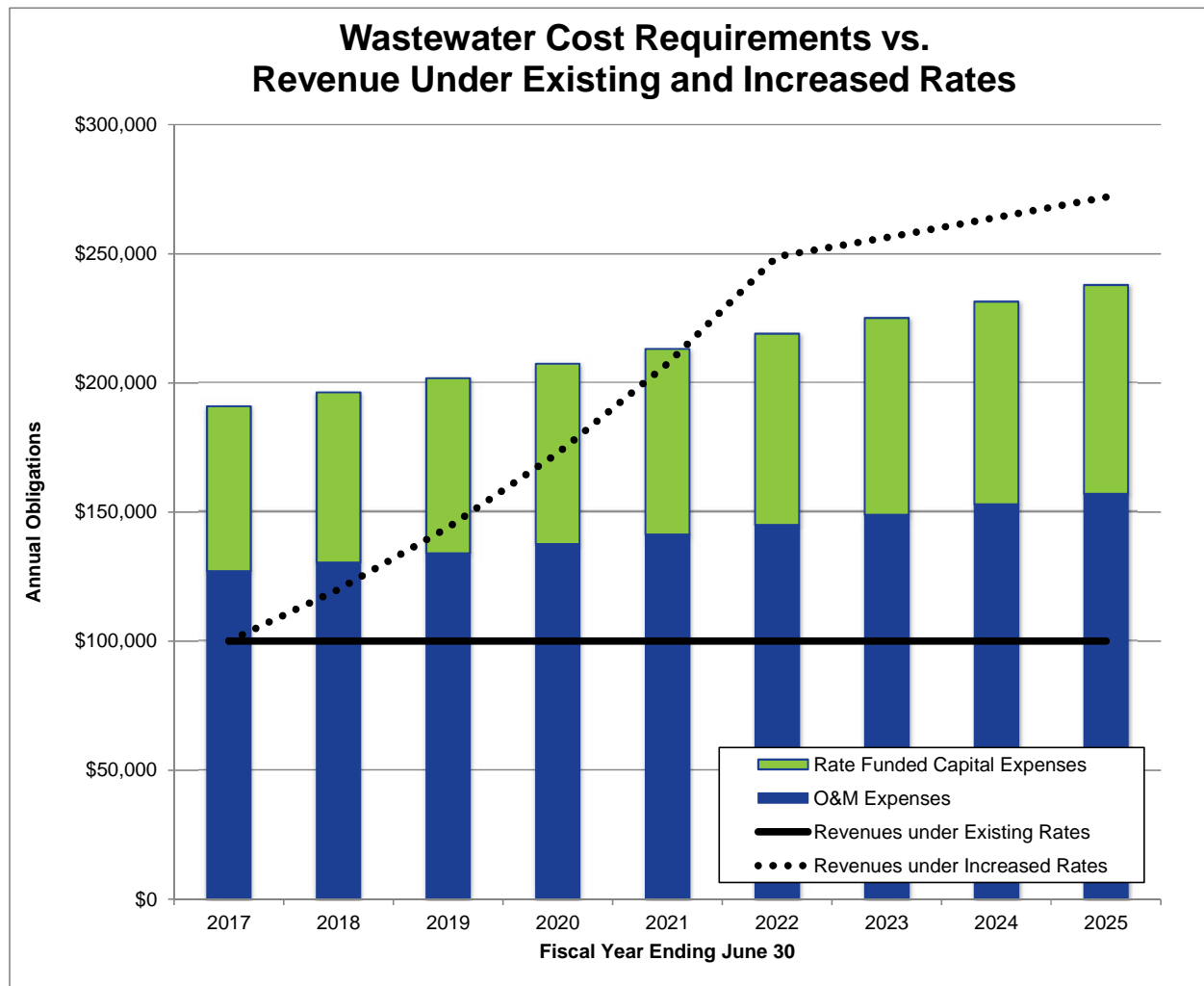
3. Assumes annual inflation of the 10 year average change in the Construction Cost Index for 2006-2015; applied to estimated future expenditures beyond FY 2020/21. Source: Engineering News Record website (<http://enr.construction.com>).

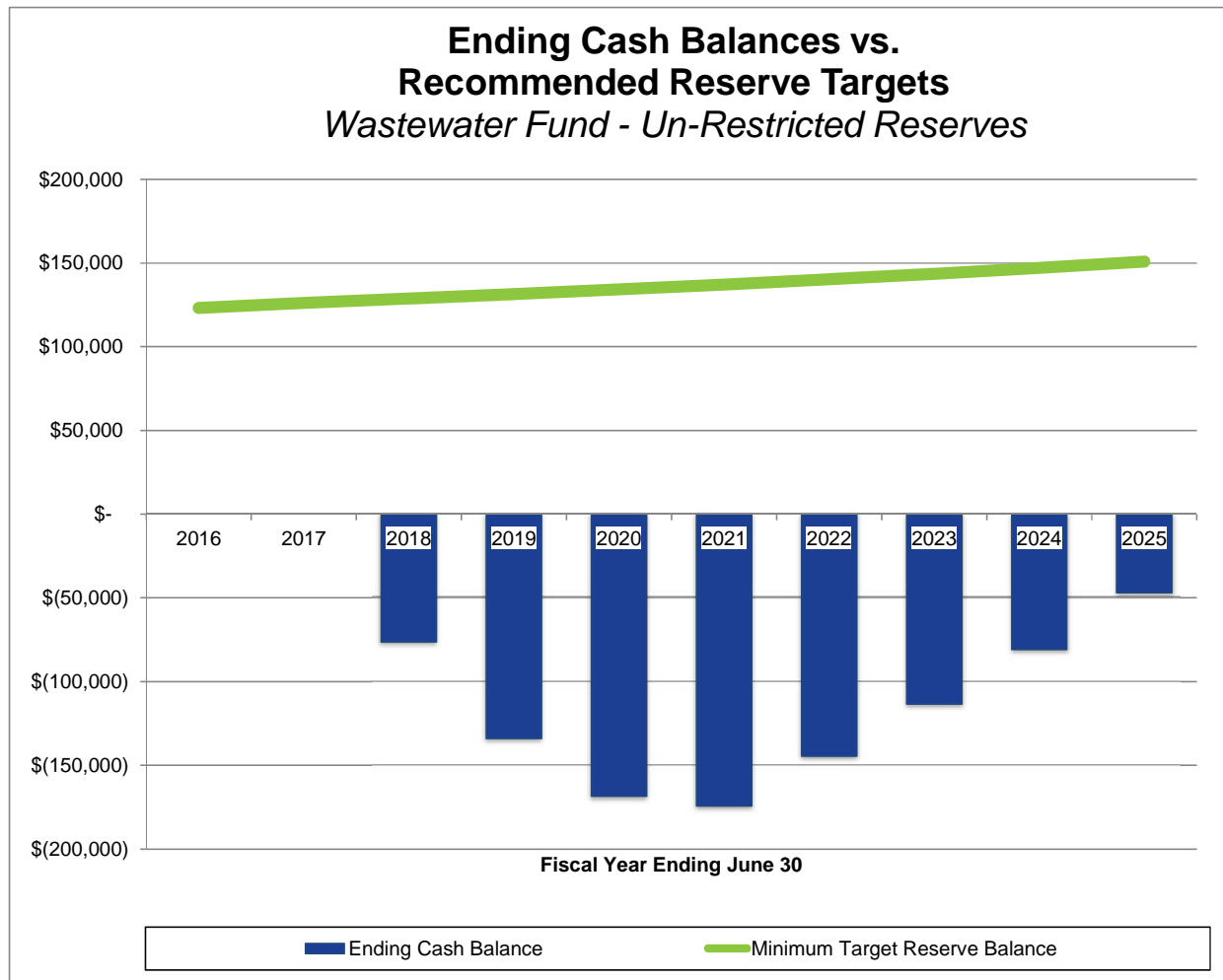
4. Assumes new rates are implemented July 1, 2017.

TABLE 2
SEWER RESERVE FUND SUMMARY, UN-RESTRICTED RESERVES

SUMMARY OF CASH ACTIVITY UN-RESTRICTED RESERVES - SEWER	Budget		Projected							
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Beginning Cash (1)	\$ 33,381	\$ -								
Un-Restricted Reserves:										
Operating Reserve										
Beginning Reserve Balance	\$ 33,381	\$ 90,896	\$ -	\$ (76,226)	\$ (133,929)	\$ (168,460)	\$ (174,217)	\$ (144,449)	\$ (113,333)	\$ (80,813)
Plus: Net Cash Flow (After Rate Increases)	(33,381)	(90,896)	(76,226)	(57,703)	(34,532)	(5,756)	29,768	31,116	32,521	33,975
Plus: Transfer of Debt Reserve Surplus	-	-	-	-	-	-	-	-	-	-
Less: Transfer Out to Capital Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Ending Operating Reserve Balance	\$ -	\$ -	\$ (76,226)	\$ (133,929)	\$ (168,460)	\$ (174,217)	\$ (144,449)	\$ (113,333)	\$ (80,813)	\$ (46,837)
Target Ending Balance (90 days of O&M)	\$ 33,400	\$ 31,800	\$ 32,600	\$ 33,500	\$ 34,400	\$ 35,300	\$ 36,300	\$ 37,200	\$ 38,200	\$ 39,300
Capital Rehabilitation & Replacement Reserve										
Beginning Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Grant Proceeds	-	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	-	-	-	-	-	-	-	-	-	-
Less: Use of Reserves for Capital Projects	-	-	-	-	-	-	-	-	-	-
Ending Capital Rehab & Replacement Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Target Ending Balance (2)	\$ 89,778	\$ 94,503	\$ 96,205	\$ 97,994	\$ 99,882	\$ 101,888	\$ 104,030	\$ 106,336	\$ 108,841	\$ 111,593
Ending Balance - Excl. Restricted Reserves	\$ -	\$ -	\$ (76,226)	\$ (133,929)	\$ (168,460)	\$ (174,217)	\$ (144,449)	\$ (113,333)	\$ (80,813)	\$ (46,837)
Min. Target Ending Balance - Excl. Restricted Reserves	\$ 123,178	\$ 126,303	\$ 128,805	\$ 131,494	\$ 134,282	\$ 137,188	\$ 140,330	\$ 143,536	\$ 147,041	\$ 150,893
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ (123,178)	\$ (126,303)	\$ (205,031)	\$ (265,422)	\$ (302,743)	\$ (311,404)	\$ (284,779)	\$ (256,869)	\$ (227,853)	\$ (197,730)
Annual Interest Earnings Rate (3)	0.35%	0.35%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%

1. Total beginning cash is based on FY 2014/15 ending Fund Balance, as listed in Source File: 2016 Sanitation Fund Rate Analysis-2.xlsx.
2. The Capital Rehabilitation & Replacement Reserve target is set to the annual average of Capital Project expenditures (in future year dollars).
3. Historical interest earning rates were referenced on the CA Treasurer's Office website for funds invested in LAIF. Future years earnings were conservatively estimated through 2021 and phase into the historical 10 year average interest earnings rate.





**SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Operating Revenue and Expenses**

EXHIBIT 1

SEWER REVENUE FORECAST:

DESCRIPTION (1)	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SEWER REVENUE											
7102 Wastewater Service											
SEWER CHARGES	1	100,088	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL: REVENUE		\$ 100,088	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

SEWER REVENUE SUMMARY:

SEWER REVENUE											
Other Revenues		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Service Charge		\$ 100,088	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
TOTAL: REVENUE		\$ 100,088	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

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SEWER FUND OPERATING EXPENSE FORECAST (2):

DESCRIPTION - SEWER	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERSONNEL											
Salaries											
REGULAR SALARIES	3	\$ 15,000	\$ 15,000	\$ 15,403	\$ 15,816	\$ 16,241	\$ 16,677	\$ 17,125	\$ 17,585	\$ 18,057	\$ 18,542
OVERTIME WAGES	3	2,500	2,500	2,567	2,636	2,707	2,780	2,854	2,931	3,009	3,090
STANDBY WAGES	3	500	500	513	527	541	556	571	586	602	618
Subtotal		\$ 18,000	\$ 18,000	\$ 18,483	\$ 18,980	\$ 19,489	\$ 20,012	\$ 20,550	\$ 21,102	\$ 21,668	\$ 22,250
Benefits											
MEDICAL INSURANCE	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DENTAL INSURANCE	3	-	-	-	-	-	-	-	-	-	-
PERS - RETIREMENT	3	1,300	-	-	-	-	-	-	-	-	-
FICA - SOCIAL SECURITY	3	1,100	1,092	1,122	1,152	1,183	1,214	1,247	1,280	1,315	1,350
WORKERS COMPENSATION	3	-	-	-	-	-	-	-	-	-	-
MEDICARE RETIRED MEDICAL	3	300	325	334	343	352	362	372	381	392	402
SPECIAL CLOTHING	3	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 2,700	\$ 1,418	\$ 1,456	\$ 1,495	\$ 1,535	\$ 1,576	\$ 1,618	\$ 1,662	\$ 1,707	\$ 1,752
Additional Positions											
Fully Loaded Cost of New Position(s)	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL: PERSONNEL		\$ 20,700	\$ 19,418	\$ 19,939	\$ 20,474	\$ 21,024	\$ 21,589	\$ 22,168	\$ 22,764	\$ 23,375	\$ 24,002
MATERIALS & SERVICES											
ADMIN OVERHEAD ALLOCATION FROM WATER (3)	1	\$ 10,970	\$ 11,298	\$ 11,639	\$ 11,987	\$ 12,344	\$ 12,710	\$ 13,088	\$ 13,479	\$ 13,878	\$ 14,294
CONTRACT/PROFESSIONAL SERVICES	2	\$ 51,000	\$ 51,000	\$ 52,352	\$ 53,739	\$ 55,163	\$ 56,625	\$ 58,125	\$ 59,666	\$ 61,247	\$ 62,870
OUTSIDE WATER ANALYSIS	2	14,600	12,000	12,318	12,644	12,980	13,323	13,677	14,039	14,411	14,793
ADMINISTRATION OVERHEAD	2	4,000	-	-	-	-	-	-	-	-	-
EQUIPMENT REPLACEMENT FUND	2	-	-	-	-	-	-	-	-	-	-
UTILITIES	2	7,000	7,000	7,186	7,376	7,571	7,772	7,978	8,189	8,406	8,629
OPERATING SUPPLIES	2	6,000	6,500	6,672	6,849	7,031	7,217	7,408	7,604	7,806	8,013
MAINT & OPERATIONS OF VEHICLES	2	500	500	513	527	541	555	570	585	600	616
RENTAL/LEASES/PERMITS	2	15,000	15,000	15,398	15,806	16,224	16,654	17,096	17,549	18,014	18,491
FACILITIES MAINTENANCE	2	500	500	513	527	541	555	570	585	600	616
COMMUNICATIONS & TELEMETERING	2	3,200	3,800	3,901	4,004	4,110	4,219	4,331	4,446	4,563	4,684
OFFICE SUPPLIES (included 5078)	2	-	-	-	-	-	-	-	-	-	-
POSTAGE	2	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 112,770	\$ 107,598	\$ 110,490	\$ 113,458	\$ 116,504	\$ 119,630	\$ 122,842	\$ 126,142	\$ 129,526	\$ 133,006
TOTAL: MATERIALS & SERVICES		\$ 112,770	\$ 107,598	\$ 110,490	\$ 113,458	\$ 116,504	\$ 119,630	\$ 122,842	\$ 126,142	\$ 129,526	\$ 133,006
GRAND TOTAL: SEWER EXPENSES		\$ 133,470	\$ 127,016	\$ 130,429	\$ 133,932	\$ 137,528	\$ 141,219	\$ 145,010	\$ 148,905	\$ 152,901	\$ 157,009

NON-CASH ITEMS, EXCLUDED FROM ABOVE:

DESCRIPTION	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEPRECIATION											
Depreciation Expense	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL: DEPRECIATION		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FORECASTING ASSUMPTIONS:

COST INFLATION FACTORS	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Growth	1	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General Cost Inflation (4)	2	--	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
Labor Cost Inflation (5)	3	--	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%
Water Purchases	4	--	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Energy (6)	5	--	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
Chemicals (7)	6	--	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fuel	7	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
No Escalation	8	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

1. Revenues are from the Final Trial Balance on June 30, 2015 from source file: *SLVWD 2015 Working TB.xls* and are actual revenues from FY 14/15.
2. Expenses are from the FY 2015/16 Budget and from source file: *FY1516 BUDGET FINAL.pdf*. FY 2017/18 Expenses are from file: *SEWER expenses.xls*. All projected expenses are rounded to the nearest \$100.
3. 1.5 percent of Administration budget items are allocated to the sewer utility; per District staff, via email September 2016.
4. Expected Inflation factors based on expense type from 5 year average from Bureau of Labor Statistics Data.
http://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm
5. Labor cost inflation is based on the 5-year average annual change in the Quarterly Census of Employment and Wages (San Jose area, CA).
http://www.bls.gov/regions/west/news-release/2016/employmentcostindex_sanjose_20161031.htm
6. Estimated energy cost inflation provided by a University of California Davis report:
The Future of Electricity Prices in California: Understanding Market Drivers and Forecasting Prices to 2040, by Johnathan Cook, Ph.D., page 31, Table 7.
7. Inflation factor recently used by other California water agencies (e.g., City of Sunnyvale, City of Eureka, Humboldt CSD).

CAPITAL FUNDING SUMMARY - SEWER

CAPITAL FUNDING FORECAST		Budget	Projected								
Sewer Funding Sources:		FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Grants		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves		-	-	-	-	-	-	-	-	-	-
SRF Loan Funding		-	-	-	-	-	-	-	-	-	-
Use of Future Revenue Bond Proceeds		-	-	-	-	-	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve		-	-	-	-	-	-	-	-	-	-
Rate Revenue		-	63,880	65,796	67,770	69,803	71,898	74,054	76,276	78,564	80,921
Total Sources of Capital Funds		\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921
Uses of Capital Funds:											
Total Project Costs		\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921
Capital Funding Surplus (Deficiency)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SRF Loan Funding		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Revenue Bond Proceeds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT PROGRAM - SEWER

Sewer Capital Improvement Program Costs (1):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pipes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tanks (including 10% volume contingency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pump Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wells	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	\$ -	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200
Diversions	\$ -	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680
Admin/Operations Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Placeholder for Future Year Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: CIP Program Costs	\$ -	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880	\$ 63,880

Sewer Capital Improvement Program Costs (in Future-Year Dollars):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pipes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tanks (including 10% volume contingency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pump Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wells	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	\$ -	\$ 19,200	\$ 19,776	\$ 20,369	\$ 20,980	\$ 21,610	\$ 22,258	\$ 22,926	\$ 23,614	\$ 24,322
Diversions	\$ -	\$ 44,680	\$ 46,020	\$ 47,401	\$ 48,823	\$ 50,288	\$ 51,796	\$ 53,350	\$ 54,951	\$ 56,599
Admin/Operations Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Placeholder for Future Year Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: Capital Improvement Program Costs (Future-Year Dollars)	\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921

FORECASTING ASSUMPTIONS:

Economic Variables	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record(2)	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from 2016	1.00	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27

1. Capital project costs were provided by City Staff in source file: VWHA_Capital_Asset_Cost_of_Service_9_02_16.pdf.

2. For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2005-2015 (3.0%). Source: Engineering News Record website (<http://enr.construction.com>).

SEWER UTILITY EXISTING DEBT OBLIGATIONS	Budget	Projected									
Annual Repayment Schedules:	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Grand Total: Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Grand Total: Existing Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Grand Total: Existing Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Existing Annual Debt Obligations to be Satisfied by Sewer Rates:

Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Current Sewer Rate Schedule:

Fixed Charges	Current Monthly
Sewer	\$149.00

SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Sewer									
Budget Categories	Total Cost Requirements	Flow	Strength		Customer	Basis of Classification			
	FY 2017/18	(VOL)	(BOD)	(TSS)	(CA)	(VOL)	(BOD)	(TSS)	(CA)
PERSONNEL									
PERSONNEL									
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	56%	22%	22%	0%
REGULAR SALARIES	\$ 15,403	\$ 8,626	\$ 3,389	\$ 3,389	\$ -	56%	22%	22%	0%
OVERTIME WAGES	\$ 2,567	\$ 1,412	\$ 513	\$ 513	\$ 128	55%	20%	20%	5%
STANDBY WAGES	\$ 513	\$ 282	\$ 103	\$ 103	\$ 26	55%	20%	20%	5%
Subtotal	\$ 18,483	\$ 10,320	\$ 4,005	\$ 4,005	\$ 154	56%	22%	22%	1%
Benefits									
MEDICAL INSURANCE	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
DENTAL INSURANCE	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
PERS - RETIREMENT	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
FICA - SOCIAL SECURITY	\$ 1,122	\$ 617	\$ 224	\$ 224	\$ 56	55%	20%	20%	5%
WORKERS COMPENSATION	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
MEDICARE RETIRED MEDICAL	\$ 334	\$ 184	\$ 67	\$ 67	\$ 17	55%	20%	20%	5%
SPECIAL CLOTHING	\$ -	\$ -	\$ -	\$ -	\$ -	56%	22%	22%	0%
Subtotal	\$ 1,456	\$ 801	\$ 291	\$ 291	\$ 73	55%	20%	20%	5%
TOTAL: PERSONNEL	\$ 19,939	\$ 11,120	\$ 4,296	\$ 4,296	\$ 227	56%	22%	22%	1%
MATERIALS & SERVICES									
ADMIN OVERHEAD ALLOCATION FROM WATER (3)	\$ 11,639	\$ 6,401	\$ 2,328	\$ 2,328	\$ 582	55%	20%	20%	5%
CONTRACT/PROFESSIONAL SERVICES	\$ 52,352	\$ 28,793	\$ 10,470	\$ 10,470	\$ 2,618	55%	20%	20%	5%
OUTSIDE WATER ANALYSIS	\$ 12,318	\$ 6,775	\$ 2,464	\$ 2,464	\$ 616	55%	20%	20%	5%
ADMINISTRATION OVERHEAD	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	100%
EQUIPMENT REPLACEMENT FUND	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
UTILITIES	\$ 7,186	\$ 3,952	\$ 1,437	\$ 1,437	\$ 359	55%	20%	20%	5%
OPERATING SUPPLIES	\$ 6,672	\$ 3,670	\$ 1,334	\$ 1,334	\$ 334	55%	20%	20%	5%
MAINT & OPERATIONS OF VEHICLES	\$ 513	\$ 282	\$ 103	\$ 103	\$ 26	55%	20%	20%	5%
RENTAL/LEASES/PERMITS	\$ 15,398	\$ 8,469	\$ 3,080	\$ 3,080	\$ 770	55%	20%	20%	5%
FACILITIES MAINTENANCE	\$ 513	\$ 282	\$ 103	\$ 103	\$ 26	55%	20%	20%	5%
COMMUNICATIONS & TELEMETERING	\$ 3,901	\$ 2,145	\$ 780	\$ 780	\$ 195	55%	20%	20%	5%
OFFICE SUPPLIES (included 5078)	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	100%
POSTAGE	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	100%
Subtotal	\$ 110,490	\$ 60,770	\$ 22,098	\$ 22,098	\$ 5,525	55%	20%	20%	5%
TOTAL: MATERIALS & SERVICES	\$ 110,490	\$ 60,770	\$ 22,098	\$ 22,098	\$ 5,525	55%	20%	20%	5%
GRAND TOTAL: SEWER EXPENSES	\$ 130,429	\$ 71,890	\$ 26,394	\$ 26,394	\$ 5,751	55%	20%	20%	4%

SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Cost of Service Analysis

Classification of Expenses - Sewer, continued									
Budget Categories	Total Revenue Requirements	Flow	Strength		Customer	Basis of Classification			
	FY 2017/18	(VOL)	(BOD)	(TSS)	(CA)	(VOL)	(BOD)	(TSS)	(CA)
Debt Service Payments									
Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	50%	25%	25%	0%
Future Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	50%	25%	25%	0%
Total Debt Service Payments	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	0%
Capital Expenditures									
Rate Funded Capital Expenses	\$ 65,796	\$ 32,898	\$ 16,449	\$ 16,449	\$ -	50%	25%	25%	0%
TOTAL COST REQUIREMENTS	\$ 196,226	\$ 104,788	\$ 42,843	\$ 42,843	\$ 5,751	53%	22%	22%	3%
Less: Non-Rate Revenues									
SEWER REVENUE									
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	53%	22%	22%	3%
Sewer Service Charge	\$ -	\$ -	\$ -	\$ -	\$ -	53%	22%	22%	3%
NET SEWER COST REQUIREMENTS	\$ 196,226	\$ 104,788	\$ 42,843	\$ 42,843	\$ 5,751				
Allocation of Sewer Cost Requirements	100.0%	53.4%	21.8%	21.8%	2.9%				

Net Revenue Req. Check from Financial Plan \$ -

Classification of Expenses - Sewer, continued					
Adjustments to Classification of Expenses					
Adjustment to Current Rate Level:	Total	(VOL)	(BOD)	(TSS)	(CA)
FY 2017/18 Target Rate Revenue	\$120,000				
Projected Rate Revenue at Current Rates	\$100,000				
FY 2017/18 Projected Rate Increase	20.0%				
Adjusted Sewer Net Revenue Requirements	\$ 120,000	\$ 64,082	\$ 26,200	\$ 26,200	\$ 3,517
<i>Percent of Revenue</i>		<i>53.4%</i>	<i>21.8%</i>	<i>21.8%</i>	<i>2.9%</i>

SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Sewer Cost of Service Analysis

Development of the BASE CAPACITY Allocation Factor (1) - Sewer					
Customer Class	Number of Accounts	Monthly Average Consumption	Estimated Annual Volume Total (CCF)	Adjusted Annual Volume Total (CCF)	Percentage of Adjusted Volume
Residential	55	292	3,505	3,505	100.0%
Grand Total:	55		3,505	3,505	100.0%
<i>3,505 Flow (ccf/yr.)</i> <i>1.00 Flow Adj. Factor</i>					

1. Consumption data is based on SLVWD water customer data; several months of consumption have been approximated.

Development of the Strength Allocation Factor - Sewer									
Customer Class	Biochemical Oxygen Demand (BOD)					Total Suspended Solids (TSS)			
	Annual Flow (gallons)	Average Strength Factor (mg/l) (1)	Calculated BOD (lbs./yr.)	Adjusted BOD (lbs./yr.)	Percent of Total	Average Strength Factor (mg/l) (1)	Calculated TSS (lbs./yr.)	Adjusted TSS (lbs./yr.)	Percent of Total
Residential	2,621,915	200	4,373	4,373	100.00%	200	4,373	4,373	100.00%
Grand Total:	2,621,915		4,373	4,373			4,373	4,373	
<i>Target, from WWTP Data</i> <i>4,373 BOD (lbs./yr.)</i> <i>1.000 BOD Adj. Factor</i> <i>4,373 TSS (lbs./yr.)</i> <i>1.000 TSS Adj. Factor</i>									

1. Average strength factors for BOD and TSS are derived from the State Water Resources Control Board Revenue Program Guidelines, Appendix G.

Capacity Related Costs: Costs associated with the maximum demand required at one point in time or the maximum size of facilities required to meet this demand.

Development of the Customer Allocation Factor - Sewer		
Customer Class	Number of Accounts	Percent of Total
Residential	55	100.00%
Grand Total:	55	100.00%

Allocation of FY 2017/18 Cost Requirements by Customer Class - Sewer						
Customer Class	Cost Classification Components				Net Cost-of-Service Requirements	% of Net Cost-of-Service Requirements
	Volume	Treatment		Customer Related		
		BOD	TSS			
Net Cost Requirements (1)	\$ 64,082	\$ 26,200	\$ 26,200	\$ 3,517	\$ 120,000	--
	53.4%	21.8%	21.8%	2.9%	100.0%	
SINGLE FAMILY	\$ 64,082	\$ 26,200	\$ 26,200	\$ 3,517	\$ 120,000	100.0%
TOTAL	\$ 64,082	\$ 26,200	\$ 26,200	\$ 3,517	\$ 120,000	100%

1. Cost requirement for each customer class is determined by multiplying the requirement from each cost classification by the allocation factors for each customer class.

SAN LORENZO VALLEY WATER DISTRICT
SEWER RATE STUDY
Sewer Rates

Customer Class	Number of Accounts
Residential	55
Grand Total:	55

Customer Class	Number of Accounts	No. of Housing Equivalent Units ¹	Annual Billable Volume ² (ccf)	Annual Rev. Req't			
				Total	Fixed - Customer	Fixed (Treatment Strength)	Volumetric (Flow)
Residential	55	55	3,505	\$ 120,000	\$ 3,517	\$ 52,400	\$ 64,082
				100%	3%	44%	53%

Customer Class	100% Fixed Rates	Current Monthly Rates
Residential	\$ 181.82	\$ 149.00

Sewer Rate Schedule	Current Rates	Proposed Rates				
		FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		20.00%	20.00%	20.00%	20.00%	20.00%
Monthly Fixed Service Charges:						
All Customers	\$149.00	\$181.82	\$218.18	\$261.82	\$314.18	\$377.02

5 Year Residential Sewer Bill Comparison

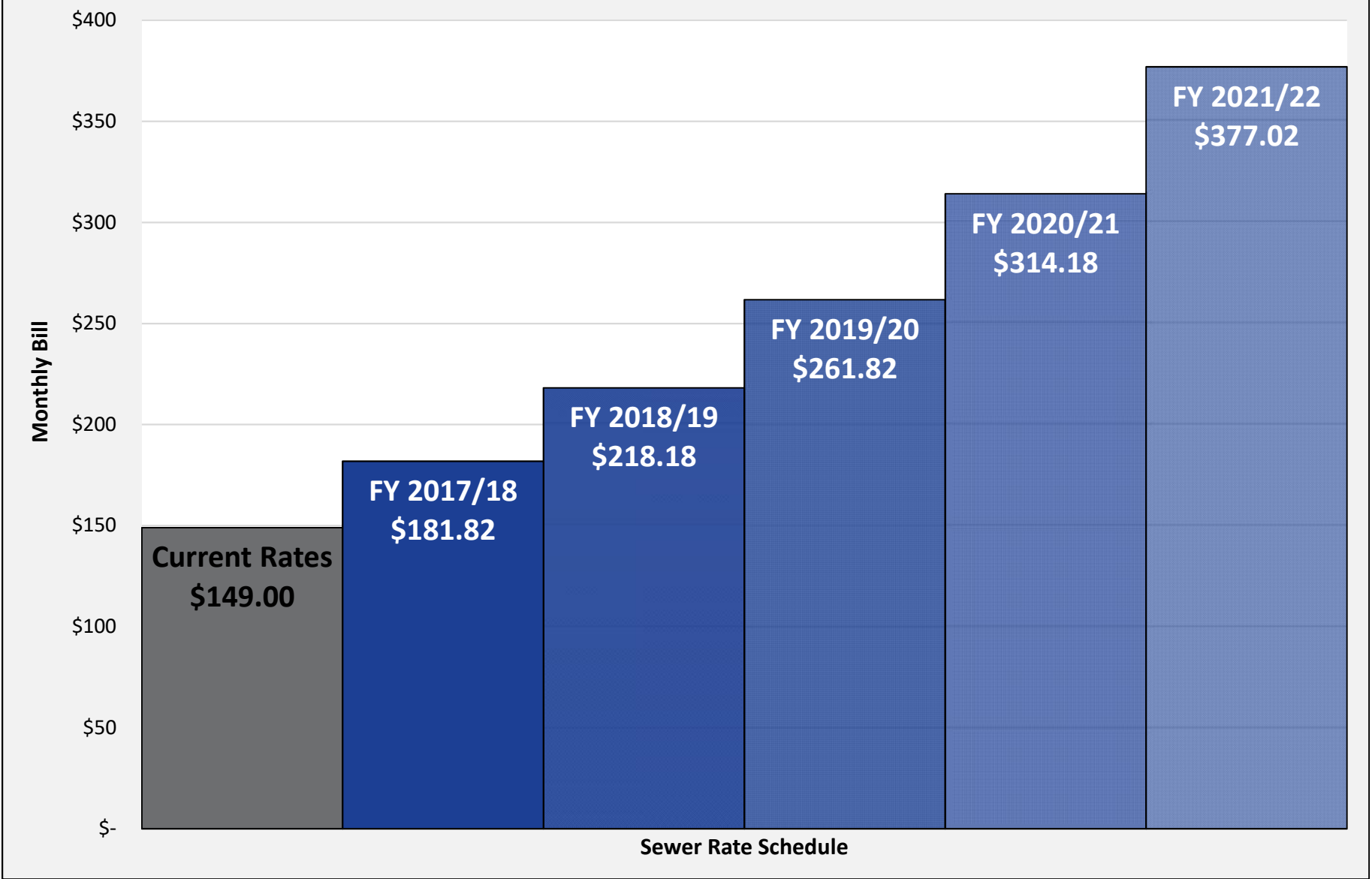


Exhibit Number	Pages	Function
1	<i>Not Printed</i>	Demographic Data and Projections
2		Summary of Existing Capital Facilities and Equipment for Consideration (System Buy-In)
3		Detail of Existing Capital Facilities and Equipment for Consideration (System Buy-In)
4		Cash Reserves and Debt Service Allocation
5		Planned Capital Facilities and Equipment for Consideration (System Development)
6	<i>Not Printed</i>	Updated Unit Cost Calculation
7		Updated Water Connection Fees
8		Inflation Factors from Handy-Whitman Index Used for Estimation of Existing System Asset Values

SAN LORENZO VALLEY WATER DISTRICT
Water Connection Fee Analysis
Demographic Data and Projections

EXHIBIT 1

METER EQUIVALENT UNITS:

Meter Size	Existing Water Meters (1)	Meter Equivalence		Water Meter Equivalent Units
		Maximum Flow (gpm) (2)	Flow Factor for 5/8 or 3/4 inch Base Meter	
5/8 Inch	6,439	20	1.00	6,439
3/4 Inch	241	30	1.00	241
1 Inch	616	50	1.67	1,027
1 1/2 Inch	37	100	3.33	123
2 Inch	31	160	5.33	165
3 Inch	4	320	10.67	43
4 Inch	1	500	16.67	17
6 Inch	-	1,000	33.33	-
8 Inch	-	1,600	53.33	-
Total	7,369			8,055

1. Data is based on SLVWD billing data. Meter count is from February 2016.
2. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2" and Compound Class I for 3" through 8".

EXISTING AND PROJECTED SERVICE NUMBERS:

Demographic Statistics	Existing Total	Projected Service Total	Allocation Factors		Cumulative Change	
			Existing Services	Future Services	Number of Units	% Increase
SFR Meter Equivalent Units	8,055	10,082	79.9%	20.1%	2,027	25.2%

Asset Category (1)	Original Values (1)		Asset Cost Less Depreciation	Replication Values (2)		System Buy-In Cost Basis for Consideration (3)	Allocation Basis (%) (4)				Distribution of Cost Basis (\$)		
	Asset Cost	Depreciation to Date		Asset Cost	Depreciation to Date		Exclude from Analysis	Existing Services	Future Services	()	Exclude from Analysis	Existing Services	Future Services
Water Fund													
Admin/Office Building	\$ 1,915,392	\$ 1,226,381	\$ 689,011	\$ 2,063,820	\$ 1,147,583	\$ 916,237	0.0%	79.9%	20.1%		\$0	\$ 732,027	\$ 184,210
Diversions	1,643,966	1,349,582	294,384	1,858,102	1,254,547	603,555	0.0%	79.9%	20.1%		0	482,210	121,345
Hydrants	17,333	11,919	5,414	48,596	34,487	14,110	0.0%	79.9%	20.1%		0	11,273	2,837
Land	5,074,098	-	5,074,098	22,096,913	-	22,096,913	0.0%	79.9%	20.1%		0	17,654,317	4,442,596
Meters	1,090,299	782,833	307,466	1,592,646	1,157,703	434,944	0.0%	79.9%	20.1%		0	347,498	87,446
Other	1,454,329	1,356,812	97,517	527,419	303,797	223,622	0.0%	79.9%	20.1%		0	178,663	44,959
Pipes	20,413,079	11,323,233	9,089,847	32,334,922	16,554,302	15,780,620	0.0%	79.9%	20.1%		0	12,607,918	3,172,702
Pump Stations	6,450,031	2,351,357	4,098,675	9,882,393	4,118,735	5,763,658	0.0%	79.9%	20.1%		0	4,604,871	1,158,786
Rolling Stock	662,164	563,085	99,079	326,649	223,623	103,025	0.0%	79.9%	20.1%		0	82,312	20,713
Tanks	3,067,699	2,823,352	244,347	12,871,568	12,012,360	859,208	0.0%	79.9%	20.1%		0	686,464	172,744
Tools	362,607	340,460	22,147	52,283	21,468	30,815	0.0%	79.9%	20.1%		0	24,620	6,195
Treatment	6,591,825	4,565,356	2,026,469	14,192,484	9,937,793	4,254,690	0.0%	79.9%	20.1%		0	3,399,283	855,408
Wells	1,605,663	787,916	817,747	2,303,912	1,286,583	1,017,329	0.0%	79.9%	20.1%		0	812,794	204,534
Total Capital Facilities & Equipmer	\$ 50,348,485	\$ 27,482,285	\$ 22,866,200	\$100,151,706	\$ 48,052,982	\$ 52,098,724	0.0%	79.9%	20.1%		\$0	\$ 41,624,248	\$ 10,474,476

1. The source of the original asset cost and depreciation to date is in the Asset Data and Acquired Date provided by District staff in source file: 2017.02.21-38575990-fa-asset listing.xls.
2. Replication values are calculated by escalating the original values (from District's fixed asset report) from service date to 2017 values using historical cost inflation factors from the Handy-Whitman Index of Public Utility Construction Costs, for Water Utility Construction in the Pacific Region. The percentage change in the asset cost is shown in column M of the Existing Assets Detail tab, labeled "Adjusted % of Original Value".
3. Cost basis for consideration is calculated as replication value less accumulated depreciation.
4. Refer to Exhibit 1: proportionate allocation between existing and future users.

ALLOCATION OF DEBT TO EXISTING AND FUTURE USERS:

Bond Issue	Outstanding Principal	% Allocation			Total	\$ - Allocation			Total	()
		Exclude from Analysis	Existing Users	Future Users		Exclude from Analysis	Existing Users	Future Users		
2004 Refunding Water Revenue Bond, 2012	\$ 3,127,540	0%	79.9%	20.1%	100%	\$ -	\$ 2,498,746	\$ 628,794	\$ 3,127,540	1
2008 Safe Drinking Water Loan	1,865,736	0%	79.9%	20.1%	100%	-	1,490,629	375,107	1,865,736	1
Grand Total	\$ 4,993,276	0%	79.9%	20.1%	100%	\$ -	\$ 3,989,375	\$ 1,003,901	\$ 4,993,276	

1. Outstanding bond principal is allocated to existing and future services based on projected growth in the system. See Demographics tab for detail.

ALLOCATION OF CASH RESERVES TO EXISTING AND FUTURE USERS:

Water Cash Reserves	Beginning Cash (1)	% Allocation			\$ - Allocation		
		Exclude from Analysis	Existing Users	Future Users	Exclude from Analysis	Existing Users	Future Users
Cash in Banks (Operating)	\$ 2,218,677	0%	79.9%	20.1%	\$ -	\$ 1,772,611	\$ 446,066
Cash with Fiscal Agent (Restricted Bond Funds)	\$ 376,582	0%	79.9%	20.1%	\$ -	\$ 300,870	\$ 75,712
Capacity Fees Held in Reserve	\$ -	0%	79.9%	20.1%	\$ -	\$ -	\$ -
Total Beginning Cash	\$ 2,595,259	0%	79.9%	20.1%	\$ -	\$ 2,073,481	\$ 521,778
Cash Net of Unspent Capacity Fees	\$ 2,595,259	0%	79.9%	20.1%	\$ -	\$ 2,073,481	\$ 521,778

1. The beginning Cash balance is from June 2016 Liquid Assets report.

SAN LORENZO VALLEY WATER DISTRICT
Water Connection Fee Analysis
Water Planned Capital Facilities and Equipment for Consideration (System Development)

EXHIBIT 5

Facility / Equipment ¹	Current Cost Estimate (\$2017) ¹	External Funding	Year to be Completed	System Development Cost Basis for Consideration ²	% Allocation			Distribution of Cost Basis (\$)		
					Exclude from Analysis	Existing Services	Future Services	Exclude from Analysis	Existing Services	Future Services
Pipes	\$ 21,076,074	\$ -	2035	\$ 21,076,074	0%	79.9%	20.1%	\$ -	\$ 16,838,718	\$ 4,237,356
Tanks (including 10% volume contingency)	10,977,120	-	2035	10,977,120	0%	79.9%	20.1%	-	8,770,164	2,206,956
Pump Stations	12,276,000	-	2035	12,276,000	0%	79.9%	20.1%	-	9,807,904	2,468,096
Wells	4,590,000	-	2035	4,590,000	0%	79.9%	20.1%	-	3,667,178	922,822
Treatment	1,274,661	-	2035	1,274,661	0%	79.9%	20.1%	-	1,018,390	256,271
Diversions	1,147,500	-	2035	1,147,500	0%	79.9%	20.1%	-	916,795	230,705
Admin/Operations Building	2,493,162	-	2035	2,493,162	0%	79.9%	20.1%	-	1,991,910	501,252
Estimated FY 2016/17 CIP Expenditures	3,100,000	-	2017	3,100,000	0%	79.9%	20.1%	-	2,476,743	623,257
Total	\$ 56,934,517			\$ 56,934,517		79.9%	20.1%	\$ -	\$ 45,487,802	\$ 11,446,715

1. Capital project costs were provided by City Staff in source file: *VWHA_Capital_Asset_Cost_of_Service_9_02_16.pdf*.

2. Project costs are allocated to existing and future services based on projected growth in the system. See Demographics tab for detail.

SAN LORENZO VALLEY WATER DISTRICT
Water Connection Fee Analysis
Unit Cost Calculation

EXHIBIT 6

DEVELOPMENT OF THE MAXIMUM CONNECTION FEE FOR A 5/8-INCH METER EQUIVALENT (or EDU):

System Asset Values Allocated to Future Development	
Projected Increase In Connections to the Water System	Customers
Increase in 5/8-inch Equivalent Meters (1)	2,027
System Asset Values Allocated to Future Development	
<i>System Asset Values Allocated to New Development</i>	
Existing System Buy-In (2)	\$ 10,474,476
Future System Expansion (3)	11,446,715
Total: Existing & Future System Costs	\$ 21,921,191
<i>Adjustments to Cost Basis:</i>	
Cash Reserves	\$ 521,778
Outstanding Long-Term Debt (Principal) Allocated to Future Users	(1,003,901)
Total: Adjustments to Cost Basis	\$ (482,123)
Total Adjusted Cost Basis for New Development	\$ 21,439,068
Maximum Water Connection Per 5/8 or 3/4-inch meter	\$ 10,577

Summary of Costs Allocated to Connection Fees	Adjusted System Cost Basis	Planned Additional EDU's	Maximum Connection Fee
Maximum Water Connection Per 5/8-inch meter	\$ 21,439,068	2,027	\$ 10,577

1. Refer to Exhibit 1 (Demographics) for growth projections.
2. Refer to Exhibits 2 and 3 for detail of existing assets.
3. Refer to Exhibit 5 for detail related to planned assets.

SAN LORENZO VALLEY WATER DISTRICT
Water Connection Fee Analysis
Water Fee Classification and Calculation of Maximum Fee

EXHIBIT 7

WATER CONNECTION FEES BASED ON METER SIZE:

Meter Size	Equivalency Factor		Maximum Unit Cost (\$/EDU)	Updated Maximum Connection Fee Per Meter
	Maximum Continuous Flow (gpm) (1)	Equivalency to 5/8 or 3/4-inch Base Meter Size		
5/8 Inch	20	1.00	\$10,577	\$10,577
3/4 Inch	30	1.00	\$10,577	\$10,577
1 Inch	50	1.67	\$10,577	\$17,629
1 1/2 Inch	100	3.33	\$10,577	\$35,257
2 Inch	160	5.33	\$10,577	\$56,412
3 Inch	320	10.67	\$10,577	\$112,824
4 Inch	500	16.67	\$10,577	\$176,287
6 Inch	1,000	33.33	\$10,577	\$352,575
8 Inch	1,600	53.33	\$10,577	\$564,120

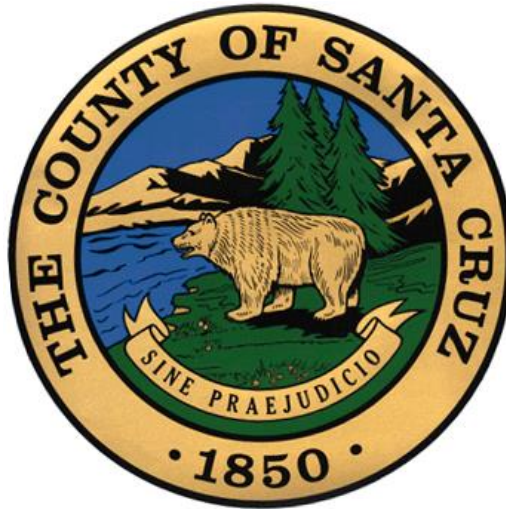
1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3" through 8", and Turbine Class II for 10" through 12" meters.

APPENDIX B:

SLVWD

Grand Jury Report

(2018)



San Lorenzo Valley Water District

Encouraging the Flow of Information to the Public

Summary

Since mid-2016 the San Lorenzo Valley Water District (SLVWD or District) has struggled to address public concerns about a number of controversial issues. The administration of the Lompico surcharge and capital projects, use of glyphosate in the watershed, and a lawsuit involving a former Board member, were among the issues that drew sharp criticism from citizen groups and the press. The criticisms tested the capacity of the District's representatives to maintain productive and civil interactions with the community and, at times, with one another.

Although the Lompico surcharge has now been eliminated, other disputes and communication challenges remain. Issues such as the District's handling of legal matters, management of the Lompico Assessment District and capital projects, and support for the Lompico citizen oversight committee continue to be divisive. In addition, District changes to meeting practices in 2017 have reduced public access to the debate and decision-making process and compromised the community's understanding of the issues.

Better communication on difficult matters, an informed and effective Assessment District oversight committee, and an unwavering commitment to public access, will enable greater transparency and may restore trust and foster better relationships within the SLVWD community.

Role of the Grand Jury

A special note: The Grand Jury conducts all investigations in a confidential manner. Witnesses are admonished not to disclose their contacts with the Grand Jury. In the course of this investigation, however, several interested parties made public statements asserting that an investigation was underway, including speculation about the likely focus and outcome. Thus, it is appropriate to clarify the proper role of the Grand Jury, including its statutory limitations.

The primary function of a civil grand jury is to investigate the function of local government agencies, publish its findings, and recommend ways to improve governmental operations.^[1]

The Grand Jury has no power to remedy individual situations. It cannot vindicate the positions of aggrieved parties nor right past wrongs. The strength of a grand jury investigative report comes from informing the public about the practices of local governmental bodies, with the expectation that an informed public will ensure effective government.

Background

The Santa Cruz County Civil Grand Jury issued a report in 2014 regarding the San Lorenzo Valley Water District's lack of transparency in dealing with the public.^[2] In the wake of that report, the District made a number of positive changes to expand access to the workings of the District, including providing better information in its annual reports and arranging for Community Television of Santa Cruz County (CTV) to record video of all regular Board of Directors meetings. It also made notable organizational and administrative changes. It brought in new senior staff in 2015; it completed its annexation of the Lompico County Water District in 2016; and in the Fall of 2017, it obtained a significant increase in water rates, paving the way for a 10-year capital improvement program to upgrade infrastructure throughout the District.

Since 2016 the District has come under fire again for its lack of transparency. The key issues concern the administration of the conditions of the Lompico merger, as well as the District's handling of several controversial matters. The Grand Jury sought to understand public concerns and to investigate the District's current standards for accountability and transparency.

LCWD-SLVWD Merger

Financial problems, an aging infrastructure, and the threat of state intervention obliged the Lompico County Water District (LCWD) to look to SLVWD for help in 2013. After two years of complex negotiations, SLVWD agreed to annex LCWD if Lompico ratepayers would pass a bond issue to fund infrastructure improvements, and agree to pay a surcharge to cover extra costs related to integrating Lompico operations into SLVWD. The conditions were laid out formally in [Resolution 953-A](#), which all parties refer to as the “merger agreement.” Similarly, while the transaction is more correctly termed an annexation, all parties refer to it as the “merger.”

A bond issue to provide SLVWD with immediate funding for the Lompico infrastructure projects failed by a narrow margin in 2015. The parties then agreed to the formation of an assessment district as a “similar revenue instrument” which would collect the required funds over a 10-year period. In addition, the parties retained the requirement that SLVWD would create a “Lompico oversight committee.”^[3] The assessment district passed in a new ballot measure in March 2016, clearing the way for the merger on June 1, 2016.

By October 2016, Lompico ratepayers were already arguing that changed financial circumstances had reduced the need for the surcharge specified in Resolution 953-A. First, during the year between the failure of the bond initiative vote and the success of the assessment district vote, LCWD passed a significant rate hike, which put it in better financial shape than the merger agreement had contemplated.^[4] Second, SLVWD decided to immediately install a temporary supervisory control and data acquisition (SCADA) system and replace water meters. Those actions substantially reduced the financial burden of integrating and operating the Lompico service area by eliminating the need for workers to monitor water storage tank levels and read the meters in Lompico manually.^[5]

Lompico ratepayers requested a speedy review of the 5-year surcharge, with the goal of bringing the surcharge to an early end. For its part, the District asserted that it needed time to understand the Lompico audited financial statements and future demands. The surcharge review process began ten months later, in April 2017. Over the months of discussions about the surcharge, the public and the District traded accusations that the other was not listening. Civility declined.

While the surcharge involved several hundred thousand dollars over five years, an early controversy arose over a set of mapping charges for three Zayante parcels totalling just \$20,847.^{[6] [7] [8]} The charges were not part of the Lompico merger, but the District included them in the original computation of LCWD’s transferred liabilities anyway.^{[9] [10] [11]} Including these mapping charges meant that Lompico ratepayers would pay for them indirectly through the monthly surcharge. Later, in the course of forecasting whether the surcharge was still needed, the District removed the mapping charges, but did not publicize the change to concerned citizens. The surcharge issue eventually came to a resolution, but because of communication issues, like the Zayante mapping charges, mistrust and dialog problems remained.

Another condition of the merger, the 10-year Assessment District, provided \$2.75 million to fund a set of capital improvement projects specified in the accompanying Engineer's Report.^[12] It also provided for the collection of an additional \$183,000 for interest payments on anticipated loans taken against future Assessment District collections. The Engineer's Report lists the Lompico capital improvement projects and the estimated cost of each project. It contains few other details about the projects or their implementation.

Since the merger, District representatives and members of the public have raised financial issues not addressed in either the merger agreement or the Engineer's Report. These concerns include questions about what adjustments are possible under the Assessment District (AD) if some projects come in substantially over or under budget, or if the District obtains grants to fund any of the listed projects.^[13]^[14] Other questions have focused on the disposition of the funds collected over the years for loan interest if no loans are obtained.^[15] Still other financial concerns are centered on what would happen with the designated AD funds if a listed project is later determined to be unnecessary.^[16]

The construction timeline has been another area of concern. Public discussions and presentations before the merger had laid out the District's plans to start the Lompico projects shortly after the merger, with funding coming from loans taken out against the AD.^[17]^[18] After the merger however, the District staff investigated loan funding and reported back that it found fewer acceptable loan opportunities than it had anticipated. Instead, the District opted for pay-as-you-go construction funding for most years, with a possible bridge loan in years four through seven.^[19]^[20]

In September 2017 the District was successful in obtaining substantial increases in water rates for the next five years to fund capital improvements. This success allowed the District to update its Capital Improvement Program (CIP) to go forward on several critical, long-delayed pre-merger projects.

The new CIP, introduced in November 2017, specifies all District projects for the next 10 years, including all of the Lompico projects identified in the Assessment District Engineer's Report.^[21] The CIP assigns priority rankings to each project. Under this new plan, Lompico projects are still scheduled to be completed within 10 years, but have a lower priority for completion than a number of projects in other service areas.^[22]

Lompico ratepayers have expressed their concerns that the lower priority ranking of the Assessment District projects might lead to delays and higher construction costs, with a possible consequence that some of the AD projects might not be done.

Lompico Assessment District Oversight Committee (LADOC)

The LCWD-SLVWD merger agreement required the formation of a "bond oversight committee." To address that requirement, the District created an oversight committee, later named the Lompico Assessment District Oversight Committee (LADOC), consisting of five citizens from the Lompico service area. The responsibilities and boundaries of LADOC's role were the subject of early debate.

SLVWD updated its policy manual to add the new oversight committee.^[23] It then solicited applicants.^[24] The policy manual described the committee's role in broad terms:

The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the District facilities and property directly related to Assessment District 2016-1, the Lompico Service Area.^[25]

LADOC's opening meeting was August 23, 2016. At its second meeting, held on October 6, 2016, the committee decided to pursue several open questions and issues that appeared to fall under its purview. Less than two weeks later, at the October 16, 2016 Board of Directors meeting, the Board debated the reduction of LADOC's duties,^[26] by changing the description of its role to one which it said more closely resembled the wording of the merger agreement.^[27] At the next Board meeting, the SLVWD policy manual was amended to read:

The Committee shall be responsible to review matters of revenue and expenses directly related to Assessment District 2016-1 projects.^{[28] [29]}

District representatives refer to this one sentence description of the responsibilities of LADOC as the LADOC "charter."^[30] The responsibilities of LADOC continue to be the subject of discussion and disagreement.^[31]

Public Meetings and Other Communication Practices

SLVWD is responsible for setting the tone for communications with the public.^[32] The communication environment includes the policies and procedures for Board meetings and other interactions with the public. The communication environment also encompasses the care the District takes to provide an atmosphere conducive to public engagement.

Communication problems came to the forefront in 2017. The District received public criticism not only for its handling of several controversial matters, but also for its handling of the resulting public fallout. During the same period, the District also instituted changes to its meeting practices that had the effect of reducing public participation and understanding. Among other changes, the District switched from holding mostly regular meetings of the Board to holding mostly special meetings of the Board, which were far less likely to be video recorded by Community TV.^{[33] [34]} It also switched from detailed minutes to brief "action minutes."^[35]

Scope of Grand Jury Investigation

From July 2017 through April 2018, the Grand Jury looked into SLVWD interactions with the public in three broad areas:

- Assessment District 2016-1, including:
 - the planning and execution of the capital improvement projects for the Lompico service area pursuant to the LCWD-SLVWD merger agreement
 - the ranking and integration of Assessment District projects into the District-wide CIP plan
- Lompico Assessment District Oversight Committee (LADOC):
 - the responsibilities of the committee established to oversee the Assessment District collections and project expenditures
 - District support of the oversight committee
- the communication environment, including:
 - District practices related to public access, transparency, financial oversight, civility and decorum, and
 - handling of controversial matters

Methodology and Approach

The Grand Jury:

- conducted a series of interviews with individuals affiliated with SLVWD as well as with District ratepayers and others with relevant knowledge
- reviewed internal SLVWD documents and communications among SLVWD Board and staff, as well as SLVWD communications with the public
- reviewed agendas, minutes, meeting notes, and where available, videos and audios of the meetings of the SLVWD Board of Directors and its five committees
- attended meetings of the SLVWD Board and its committees
- reviewed documents and other materials related to the merger of LCWD and SLVWD
- reviewed SLVWD policy and procedure manuals, as well as resolutions and proposals concerning changes to these documents
- reviewed audited financial statements, forecasts, interim financial reports, bill lists, studies (e.g. water rates), and similar financial materials
- reviewed strategic plans, capital improvement project plans, requests for proposals (RFPs), engineering reports, [Gantt charts](#), and similar technical materials
- conducted online research about SLVWD, LCWD, and other local water districts, as well as research about assessment districts and oversight committees
- reviewed applicable California codes and regulations

Investigation

Assessment District 2016-1

In its investigation of the Assessment District (AD), the Grand Jury found notable differences in understanding among District representatives regarding the construction strategy for the AD's projects, including District plans in the event of project delays, cost differences, or possible changes in projects undertaken.

While the District recognizes that AD funds may be used only for the benefit of Lompico, understandings differ among decision makers on what flexibility exists under the AD as written. Varying interpretations of the Assessment District terms have, in several cases, led to conflicting assertions made to the Grand Jury or to the public, about:

- the process for changing or removing projects from the Engineer's Report list^[36]
- the possibility of reducing Assessment District collections in later years^[37]
- ending the Assessment District early^{[38] [39] [40]}
- whether the AD is collecting interest on a future loan^[41]
- whether obtaining a loan against the AD is required^[42]
- using the \$183,000 collected for loan interest for other AD expenses^[43]
- returning unused funds to the ratepayers^{[44] [45]}
- postponing the completion of Assessment District capital projects beyond ten years^[46]

The Grand Jury has found that, nearly two years after the merger, District representatives still communicate differing views of the AD and its projects. The varying interpretations have caused public concern, and warrant serious and sustained discussion.

Capital Improvement Program (CIP)

The District-wide Capital Improvement Program introduced in November 2017 has presented another communication challenge. The District used a priority rating system to rank each capital project, which resulted in a timetable for the execution of each project on the list. The CIP assumes, however, that there are no differences between Lompico and non-Lompico projects except for the funding source; that is, that the projects for which Lompico ratepayers pay an extra assessment have no special status. In contrast, Lompico ratepayers contend that they gave their vote to accept the Assessment District in exchange for the District's promise to complete the specific projects listed in the Engineer's Report in an expeditious manner.^[47]

The November 2017 Capital Improvement Program still meets expectations to do all AD projects and to do them within 10 years of the merger, but it also incorporates delays of five months to three years for several AD projects. (See Table A below.) The substantial increase in water rates, passed in September 2017, has allowed several pre-merger capital projects to go forward immediately. Now those projects and the AD projects must vie for the time and attention of the small professional staff who will manage the District strategy for permitting, planning, construction, and financing of multiple projects.

The following table, Table A, shows the original and changed estimated start dates for all of the Assessment District projects listed in the Engineer's Report.

Table A: Scheduled Start Dates for AD Projects in 2017 District Gantt Charts

Assessment District Projects ^[48]	Cost (\$)	Project Timeline (Gantt) 2/01/17 ^[49]	Project Timeline (Gantt-CIP) 11/16/17 ^[50]	Approximate Months early / (delayed)
Service Line and Meter Replacements	862,500			
Meters & Private PRVs		7/1/16	7/1/16	0
Laterals		4/3/17	4/3/17	0
Tank Replacement	682,500			
Lewis		1/18/17	11/13/17	(10)
Madrone		7/20/20	12/7/20	(5)
Kaski		7/10/23	6/19/23	1
PRV Replacement	358,000	4/3/17	1/1/18	(8)
Refurbish Mill Creek WTP	105,000	7/19/21	7/15/24	(36)
Distribution System Interconnection	301,000	7/17/17	8/6/18	(13)
SCADA System	441,000*	7/22/19	7/22/19	0

*Includes \$19,540 for a temporary SCADA, not addressed in the Engineer's Report, installed in 2016 ^[51]

Lompico Assessment District Oversight Committee (LADOC)

The parties to the merger of LCWD and SLVWD agreed to keep the original wording of the merger agreement, Resolution 953-A, to avoid renegotiations that would have delayed the merger. ^[52] ^[53] Instead, the stakeholders relied on one another to honor the intent of the merger agreement, even if the words did not fully match the actual elements of the merger. ^[54] ^[55]

A condition of the merger, Section 7(B) of Resolution 953-A, required the formation of a “bond oversight committee.” ^[56] A bond oversight committee has clearly recognized duties and responsibilities. The California Taskforce on Bond Accountability identifies guidelines for local agencies to follow ^[57] regarding the establishment and maintenance of “internal control systems to account for and report on the expenditure of funds.” ^[58]

By requiring the formation of a bond oversight committee, the merger agreement, in effect, required a formal control system to ensure fiduciary care of the funds collected. The parties agreed that the Assessment District was a “similar revenue instrument” to a bond. The Grand Jury found no evidence to suggest that the parties agreed to a lower standard of oversight and fiduciary care for the Assessment District than the accepted standards for oversight of the proceeds of a bond issue.

Guidelines, charters, and bylaws from a variety of organizations addressing both bonds^{[59] [60] [61]} and assessment districts^{[62] [63]} show oversight responsibilities and practices that reflect the same concerns for the fiduciary care of funds. The state Taskforce on Bond Accountability describes several responsibilities for bond oversight, including creating a transparent control environment; assessing, monitoring and mitigating risk; and maintaining internal controls to ensure that the agency is “properly receiving, managing, and disbursing bond funds.”^[64]

Creating the control environment is key to all of the oversight responsibilities. The control environment prescribes seating qualified people, providing them with appropriate policies and procedures to direct their efforts, and granting them the authority they need to perform the oversight role.

Experts on oversight committees advise that members of these committees receive training, along with others in their agency who will play a role in the administration of the funds.^{[65] [66]} LADOC members have not received formal training in assessment districts, or in other key areas, such as special district governance and meeting management.^[67] For the first 14 months of its existence, the committee also did not receive support from senior financial staff, who might have provided valuable guidance in the absence of relevant formal training.^[68]

The District policy manual describes LADOC’s responsibilities in one sentence, without supporting details. In contrast, expert groups provide detailed guidelines for oversight efforts.^[69]

Oversight Committee Duties and Support ^{[70] [71] [72] [73] [74]}

At minimum, adequate guidance and support for LADOC would include:

- Comprehensive orientation prior to beginning work
- Members handbook of key documents, including items such as a LADOC charter (description of duties), the Engineer’s Report, relevant resolutions,^{[75] [76] [77] [78]} relevant District policies and procedures, project descriptions, budgets and schedules, financial reports, minutes of prior meetings, guides to Brown Act and parliamentary procedures
- Regular meeting schedule, at least quarterly

Expected duties of the oversight committee would include:

- Tracking expenditures of assessment proceeds back to the capital improvement plan
- Actively reviewing and reporting on the proper expenditure of assessment money for the Lompico construction and replacement projects listed in the Engineer’s Report
- Maintaining a committee webpage with (1) detailed information about the progress of each project, (2) committee minutes, and (3) materials it has received
- Preparing and publishing an annual report for ratepayers

Expected duties of the District would include:

- Providing timely, comprehensive data to the oversight committee, including financial reports that display original budget, current budget, actual expenditures, budget balance, and approved commitments to projects to date across all fiscal years
- Providing technical and administrative assistance

As listed above, one of the expected duties of an oversight committee is the production of an annual report. LADOC did not produce such a report, nor did the Board request that LADOC produce one.

In April 2017 the Board received a staff memo indicating that it would be “appropriate for the full Board to periodically review progress” of LADOC and to “provide guidance regarding committee functions, goals and objectives.”^[79] Other communications indicated that senior staff declined to attend LADOC meetings beginning in April 2017.^[80] LADOC meeting notes and internal emails from April 2017, and subsequent Grand Jury interviews, confirm that LADOC sought more support from the Board and staff, but the District did not have the resolve to provide effective support.^[81] ^[82] ^[83] The Grand Jury also determined that opinions differ within the District concerning the utility of LADOC and its appropriate responsibilities as a standing committee.^[84]

In October 2017, the Board considered a staff memo proposing to restrict LADOC meetings and responsibilities further -- that is, to a once-a-year, after-the-fact review of AD project expenditures.^[85] While the Board did not accept the proposal, the ensuing debate made clear that the District has not granted LADOC the authority to perform the oversight role that Resolution 953-A required. The debate also illustrated the District’s lack of recognition that it has an obligation to support a fully functioning oversight committee.^[86]

In sum, the Grand Jury found that the lack of consensus about the role of LADOC, combined with insufficient training and lack of effective support, prevented LADOC from fulfilling its responsibilities in its first year of existence.

Public Meetings and Other Communications

Meeting practices are key communication elements. Policies and procedures that promote public understanding and participation in Board and committee meetings create a trust environment. Policies and procedures that tend to restrict public understanding and participation risk public complaints and a breakdown in civility and decorum in times of controversy.

The Grand Jury looked at meeting and communication practices of nearby water districts and compared them to SLVWD’s practices in 2016 and 2017. It found that in 2016, the District excelled in practices such as publishing comprehensive minutes and arranging for Community TV filming of regular Board meetings. Unfortunately, in 2017, both the written and electronic recording of District meetings took a step backwards.

Recording Board Proceedings – Videos and Published Minutes

In 2016 the District held 24 Board of Directors meetings – 21 regular Board meetings and four special Board meetings with limited agendas. Of those 24 meetings, Community Television of Santa Cruz County (CTV) recorded 19. In contrast, in 2017 the District held 30 Board of Directors meetings – 10 regular Board meetings and 20 special Board meetings. CTV recorded just 13 of the 30 Board meetings, mostly the regular Board meetings.

As Table B shows, CTV recorded only three of the 20 special Board meetings in 2017. Two of the unrecorded special meetings had multi-item agendas indistinguishable from regular meeting agendas. The relative lack of CTV coverage of special meetings reduced access to ratepayers who could not attend those meetings.

Table B: Regular and Special Board of Directors Meetings, 2016 and 2017

	2016	2017
Regular Board of Directors Meetings	21	10
-- Minutes Posted on SLVWD website	21	10
-- CTV Videos Posted on SLVWD website	18	9
-- CTV Videos Available at CTV	18	10
Special Board of Directors Meetings	4	20
-- Limited Agenda	4	15
-- Full (multi-item) Agenda	0	5
-- Minutes Posted on SLVWD website	3	19
-- CTV Videos Posted on SLVWD website	0	2
-- CTV Videos Available at CTV	1	3
Total Board of Directors Meetings	24	30
CTV Videos Available at CTV	19	13
% of Meeting Videos	79%	43%

In 2016 the District produced detailed minutes of the Board of Directors meetings. With the January 17, 2017 Board of Directors meeting, the District switched to “action minutes,” which do not provide any insight into the decisions because they omit the Board discussions and details of public input.

The 2017 elimination of detailed minutes, combined with the relative lack of CTV coverage of the numerous special meetings, reduced publicly available sources of information about District issues for all ratepayers not in attendance at the meetings.

Recording Board Proceedings -- Audio recordings

In late 2017, the District began recording audios of all Board and committee meetings. While the District currently has no written retention policy for audios, it informed the Grand Jury that it destroys all audios after 30 days pursuant to Government Code section 54953.5, subdivision (b). That section provides for a minimum retention period of 30 days; it does not *require* destruction of the media after 30 days or at any particular time in the future.^[87]

The Board of Directors meeting of November 9, 2017 illustrates the communication problems that the stated destruction practice creates.^[88] CTV did not record that meeting. The meeting included a discussion of proposed changes to rates and charges for the Bear Creek Wastewater Enterprise. In the absence of either a recording of the proceedings or detailed meeting minutes, ratepayers not in attendance are unable to access the important discussions that took place.

In the same November 9, 2017 meeting, an exchange among Board members arose over a procedural point addressed in the policy manual. The issue was whether an individual Board member could direct the District Manager to perform an administrative task, or if the task request required Board authorization. Two Board members asserted that Board authorization was not required; the remaining Board members did not challenge the assertion.^[89] The Grand Jury could verify this exchange on its copy of the audio. In the January 18, 2018 Board of Directors meeting, the procedural issue surfaced again. In this instance however, two other directors made the opposite assertion about policy; that is, that an individual Board member could *not* task the District Manager without Board authorization.^[90] Without a publicly-available recording of the November 9, 2017 meeting, interested parties cannot verify, or challenge with confidence, possible contradictory assertions or misstatements.

The District's stated destruction practice for audios implies that community members not only need to make a Public Records Request (PRR) for a recording, but need to make it within 30 days. Having to make a PRR creates an impediment to accessing the discussions and information from the meetings.

In February 2018, the Grand Jury observed that the District began a new project to embed the District's official audios in the pdf files of the action minutes which are posted on the SLVWD website. Unfortunately, the embedded recordings do not function consistently across browsers and devices. The current system leaves out the many users of unsupported devices. If the new system can be made more universally accessible, then it could make a positive contribution to public engagement.

Communication Environment

The approved policy manual for 2017 urges District representatives to "Establish and maintain an environment that encourages the open exchange of ideas and information between Board members, staff and the public that is positive, honest, concise, understandable, responsive and cost-efficient."^[91]

The November 2017 draft revised policy manual proposes similar language to encourage District representatives "(i) to use the Golden Rule (treating others as one would wish to be treated) as a guide in interactions with the media, the SLV community, District management and employees and other Board members and (ii) to speak candidly and forthrightly about the issues in front of the Board of Directors."^[92]

Both the current and proposed policy manuals clearly encourage civility. In routine meeting settings, District representatives do interact civilly with one another and with the public. In the past two years, however, the District has had to address a number of

difficult and controversial matters. Criticism from the public, at times harsh and personal, and disagreements among the District representatives, created lapses in decorum and civility in a number of public meetings as well as on social media.^{[93] [94] [95] [96]} These lapses have led, in turn, to public frustration, and the unwelcome prospect of continuing friction on issues of long-term concern to all parties.

Contentious matters that dominated 2017 and will be of ongoing concern include the following items:

Lompico Merger. After the June 2016 merger, the Lompico surcharge became a divisive issue for more than a year. Although the surcharge has ended, the administration of the Assessment District will be an ongoing activity for eight more years. The issues surrounding the administration and oversight of the Assessment District, especially the decisions necessary for successful completion of the required capital projects, are complex. While the District has the responsibility to create and execute the AD project strategy, transparency dictates regular and substantive communications about that strategy, including changes in timing, funding priorities, and regulatory hurdles.

Legal Fees. In each of the previous three fiscal years, legal fees were under \$100,000. In contrast, in the first four months of the 2017-2018 fiscal year, the District had already spent \$108,000 of its \$140,000 budget on legal fees, much of it related to a long-running set of legal actions involving a former Board member. In anticipation of additional litigation, the District raised its budget for legal fees by \$204,500, to a total of \$344,500.^{[97] [98]} Legal fees now represent a material portion of the District's annual budget for administrative professional services. The confidential nature of legal work means that the District has a continuing challenge to explain and justify expensive and controversial legal strategies to an inquiring public.^{[99] [100]}

Relationship with Citizen Groups and the Press. The local newspaper, along with other media outlets and citizen groups on social media, were critical of the comportment of District representatives at public meetings throughout 2017. The surcharge, the use of [glyphosate](#) in the watershed, and District spending on legal matters were especially controversial issues. While some critics may leave the scene, the District would be right to anticipate that the press, citizen groups, and new critics will continue to focus on difficult matters that have become contentious.^{[101] [102]}

Disagreements among District Representatives. The work of the District cannot proceed effectively without robust discussion. When District representatives fail to maintain civil interactions, however, the public may fear that its interests are at risk. Ratepayers expect discussions at public meetings to focus solely on outcomes, not on personal differences.^{[103] [104]}

Personal Expressions. District representatives have the right to put forth their personal views about SLVWD matters in public forums. The policy manual requires only that such expressions be clearly designated as an individual's opinions and not declarations of the District's official views. Regardless of whether that policy is followed, criticism of colleagues in social media may have a negative long-term impact on public perception of, and respect for, all representatives of the District.^[105]

Findings

- F1.** The lack of effective communication between the District and the community regarding the administration of the Assessment District has caused public concern regarding the timing and implementation of Assessment District projects.
- F2.** The District has not provided adequate authority, guidance, training, or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.
- F3.** Lack of effective District communication practices has reduced public access to the decision-making process, and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.

Recommendations

- R1.** LADOC should produce an annual report detailing the status of Assessment District revenues and expenditures.(F1, F2)
- R2.** The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in depth information to the public about the timing, funding, and execution of AD projects. (F1, F3)
- R3.** The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee's responsibilities and its authority to fulfill its oversight role. (F1, F2)
- R4.** The Board should ensure that LADOC receives adequate professional, technical, and administrative support from the District, as well as the authority to carry out its oversight responsibilities. (F2)
- R5.** The District should provide formal training for all LADOC citizen committee members in governance, meeting management, and the Brown Act. (F2)
- R6.** The District should provide formal training about assessment districts to LADOC members and all others involved in the administration of the Assessment District. (F2)
- R7.** The District should record all Board and committee meetings, and post the recordings online for public access. (F3)
- R8.** The District should provide formal training to all Board and committee members and senior staff on how to communicate with the public on contentious issues. (F1, F3)

Required Response

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
San Lorenzo Valley Water District Board of Directors	F1 – F3	R1 – R8	90 Days August 29, 2018

Abbreviations and Definitions

- **CIP:** Capital Improvement Program (also called Capital Improvement Plan)
- **CTV:** Community Television of Santa Cruz County
- **Gantt Chart:** “A Gantt chart is a visual view of tasks scheduled over time.”^[105]
- **Glyphosate:** “Glyphosate is an herbicide. It is applied to the leaves of plants to kill both broadleaf plants and grasses.”^[106]
- **LADOC:** Lompico Assessment District Oversight Committee
- **LAFCO:** Local Agency Formation Commission for Santa Cruz County
- **LCWD:** Lompico County Water District
- **Resolution 953-A:** LAFCO resolution (also called the “merger agreement”) approving SLVWD’s annexation of LCWD (also called the “merger”)
- **SCADA:** Supervisory control and data acquisition system
- **SLVWD:** San Lorenzo Valley Water District, also referred to in this report as “the District”

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Websites

Local Agency Formation Commission, Santa Cruz County:

<http://www.santacruzlafco.org/>

San Lorenzo Valley Water District: <http://www.slvwd.com/>



Completed Grand Jury Response - SLVWD

1 message

Holly Hossack <hhossack@slvwd.com>

Wed, Aug 22, 2018 at 9:48 AM

To: "grandjury@scgrandjury.org" <grandjury@scgrandjury.org>

Please find attached the completed Grand Jury Response from San Lorenzo Valley Water District. A hard copy will be mailed to the Honorable Judge John Gallagher.

Thank you,

Holly Hossack | Administrative Assistant/District Secretary

San Lorenzo Valley Water District | 13060 Highway 9 | Boulder Creek | CA | 95006

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SLVWD BoD-Approved Response to 2017-18 Grand Jury Report.pdf

95K



**The 2017–2018 Santa Cruz County Civil Grand Jury
Requires that the
San Lorenzo Valley Water District Board of Directors
Respond to the Findings and Recommendations
Specified in the Report Titled
San Lorenzo Valley Water District
Encouraging the Flow of Information to the Public
by August 29, 2018**

When the response is complete, please

1. Email the completed Response Packet as a file attachment to grandjury@scgrandjury.org, and
2. Print and send a hard copy of the completed Response Packet to

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

Instructions for Respondents

California law PC §933.05 (included [below](#)) requires the respondent to a Grand Jury report to comment on each finding and recommendation within a report. Explanations for disagreements and timeframes for further implementation or analysis must be provided. Please follow the format below when preparing the responses.

Response Format

1. For the Findings included in this Response Packet, select one of the following responses and provide the required additional information:
 - a. **AGREE** with the Finding, or
 - b. **PARTIALLY DISAGREE** with the Finding and specify the portion of the Finding that is disputed and include an explanation of the reasons therefor, or
 - c. **DISAGREE** with the Finding and provide an explanation of the reasons therefor.
2. For the Recommendations included in this Response Packet, select one of the following actions and provide the required additional information:
 - a. **HAS BEEN IMPLEMENTED**, with a summary regarding the implemented action, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE**, with a timeframe or expected date for implementation, or
 - c. **REQUIRES FURTHER ANALYSIS**, with an explanation and the scope and parameters of an analysis or study, and a timeframe for that analysis or study; this timeframe shall not exceed six months from the date of publication of the grand jury report, or
 - d. **WILL NOT BE IMPLEMENTED** because it is not warranted or is not reasonable, with an explanation therefor.

Validation

Date of governing body's response approval: **August 16, 2018**

If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to grandjury@scgrandjury.org.

Findings

F1. The lack of effective communication between the District and the community regarding the administration of the Assessment District has caused public concern regarding the timing and implementation of Assessment District projects.

☒ **AGREE**

☐ **PARTIALLY DISAGREE** – explain the disputed portion

☐ **DISAGREE** – explain why

Response explanation (required for a response other than **Agree**):

The San Lorenzo Valley Water District (District) and its Board of Directors (Board) appreciate the work of the Grand Jury and all of the diligence and time invested over the past term. We agree with the finding and believe “lack of effective communication” actually understates the nature of the broader Assessment District No. 16 (AD-16) concerns, which largely center on confusion about the mechanics of the assessment district and unaligned expectations. Much of the confusion relates to the unexpected direction the Lompico County Water District (Lompico) annexation took after the failure of the original attempt to approve a bond to finance it. We agree it is time to clear up the confusion and move forward with a clearer and broader consensus on the workings of AD-16 for the ratepayers in the assessment area.

Our plans to provide effective communications regarding AD-16 going forward are in our responses to R1 and R2. We have added a plan of action addressing the larger issue of AD-16 mechanics in our response to R6.

- F2.** The District has not provided adequate authority, guidance, training, or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.

☒ **AGREE**

☐ **PARTIALLY DISAGREE** – explain the disputed portion

☐ **DISAGREE** – explain why

Response explanation (required for a response other than **Agree**):

We appreciate the work of the Grand Jury in highlighting the lack of a detailed Charter for LADOC and the need to provide additional guidance, training, and support to LADOC committee members. In light of the bond/assessment distinction and commonly held misconceptions about assessment districts generally and the specific function of this oversight committee, a one sentence charter for LADOC is clearly insufficient for communicating the responsibilities of LADOC.

A challenge faced by the District in providing more structure for LADOC is the limited availability of precedent for the specific function of this oversight committee. Most of the precedent that is available is for bond oversight, especially school bond oversight, which is governed by detailed requirements set forth in Proposition 39 and the Education Code. Though LADOC originally was conceived of as a bond oversight committee, it is not exactly the same as a bond oversight committee, although many of the same best practices can be adapted or applied.

Our plan and commitment to create a more detailed Charter for LADOC is in our response to R3.

- F3.** Lack of effective District communication practices has reduced public access to the decision-making process, and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.

☒ **AGREE**

☐ **PARTIALLY DISAGREE** – explain the disputed portion

☐ **DISAGREE** – explain why

Response explanation (required for a response other than **Agree**):

We appreciate the work of the Grand Jury and agree with this finding because it highlights an unusual level of acrimony and strained relationships that exist within the District. These issues present significant challenges for all members of the community, including ratepayers, elected officials and staff.

We recognize that a high level of public engagement is desirable in light of public interest and concern regarding the District's activities. Over the past couple of years the District has experimented with a number of ways to try to improve community relations and engagement. These include contracting with Community TV to record regular Board meetings and making these recordings available online. Also, the District switched to action minutes, consistent with best practices, in response to numerous complaints from members of the public resulting from the District's former reliance on detailed meeting minutes.

Not all of the District's efforts to improve communications have been successful. In fact, most efforts have met with mixed reactions. A key challenge is that procedural changes to provide more equal and fair access to all members of the community may be perceived as limiting the participation of others. For example, limiting the time for each speaker at public meetings to three minutes per oral communication period helps to ensure that everyone who wishes to speak gets an equal opportunity to do so. Also, time limitations help prevent meetings from running so long into the night that meaningful attendance becomes prohibitive for some. On the other hand, time limits mean that people who wish to provide more detailed comments or to engage in back and forth dialogue may not have the opportunity to fully engage. There are reasonably held views on both sides of this issue, just as with many other communication challenges. Because of these kinds of challenges, at times the District has vacillated in terms of how best to facilitate communications.

There is no one-size-fits-all solution for these kinds of tensions. The District remains open to new ideas and is willing to experiment and try new things. The ultimate goal shared by all members of the Board is to maximize public engagement in a manner that is workable, legal and fair.

Our plan and commitment to address these issues in a manner that is responsive to the Grand Jury report is in our response to R7 and R8.

Recommendations

R1. LADOC should produce an annual report detailing the status of Assessment District revenues and expenditures.(F1, F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe
(not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We are committed to developing a process and format for a LADOC annual report.

The revised Charter and/or new Bylaws for LADOC (see response to R3) will describe the timeframe and process for producing an annual report. The contents of the annual report should be defined jointly by the District and LADOC.

As soon as possible within the next 6 months, staff will help jump start the process of implementing this recommendation by generating a template to help facilitate the first annual report, giving consideration to the California League of Bond Oversight Committees (CaLBOC) best practices for preparation of an annual report regarding school bond oversight. Staff may consider other relevant guidance and samples available from other sources. It will be up to LADOC to develop and write the substantive content of the report. Based on a cursory review of samples, it looks like oversight committee annual reports often have less than 10 substantive pages, such that writing the report need not be an onerous task for LADOC members.

- R2.** The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in depth information to the public about the timing, funding, and execution of AD projects. (F1, F3)

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- ☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We are committed to scheduling annual workshop-style meetings to review the LADOC annual reports, which will include discussion of current information about the timing, funding, and execution of AD-16 projects.

Upon completion by LADOC of its annual report, the District will make the report available on the LADOC page of the District's website. Also, the District will schedule a joint meeting of the Board and LADOC for the purpose of having LADOC present its report. The format will include a public-workshop style discussion with Q&A.

We will go further than the Grand Jury's recommendation by creating high-level project summaries for each discrete AD-16 project. Our goal is to post these summaries on the LADOC web page within the next year. The format and initial content should be reviewed and approved by the Board. The summaries will serve an informational function only. They will not create any new or additional commitments on the part of the District. The summaries will be living documents to be updated periodically as circumstances change.

We will also look into creating a role for designated Board and/or staff members to serve as a liaison with LADOC and its chairperson. The purpose of this new role would be to help improve communications and the flow of information between LADOC and the rest of the District.

We believe it is important to note that comments and questions about the implementation of AD-16 projects, including priority, timeline, bidding and design considerations etc., are within the purview of the Engineering Committee and ultimately the Board. We encourage members of the public to bring these types of issues to the Engineering Committee rather than LADOC.

R3. The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee's responsibilities and its authority to fulfill its oversight role. (F1, F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We are committed to creating a revised Charter that describes in more detail LADOC's responsibilities and its authority to fulfill its oversight role.

As soon as possible within the next 6 months we will revise the LADOC Charter to replace its current Charter. A draft will be presented to LADOC for its review and comment and to the Board for approval. The revised Charter will be more specific than the current Charter, keeping in mind that a Charter is intended to be a broad statement of purpose and authority, and the core purpose of a citizens' oversight committee to advise the public as to whether the assessment district funds are being managed in accordance with law.

We will go further than the Grand Jury's recommendation by including information in the Charter about LADOC membership, meetings, procedures and functions if such information is not provided by other documents such as the Board Manual or new LADOC Bylaws.

- R4.** The Board should ensure that LADOC receives adequate professional, technical, and administrative support from the District, as well as the authority to carry out its oversight responsibilities. (F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

Our plan and commitment is described under R3 to produce a revised Charter as soon as possible within the next 6 months that defines the authority of LADOC to carry out its oversight responsibilities.

We are committed to making adequate professional, technical and administrative support available to LADOC from the District. The bond/assessment distinction presents a challenge because many of the professional resources that exist for bond oversight do not translate perfectly to non-bond assessment oversight. We believe the District has professional expertise up to the task of locating appropriate resources, adapting existing resources, or creating new materials as necessary.

R5. The District should provide formal training for all LADOC citizen committee members in governance, meeting management, and the Brown Act. (F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We are committed to improving the training regimen for Board members and creating one for public members of committees including LADOC.

As soon as possible within the next 6 months, we will make governance, meeting management, and Brown Act training available to all members of the Board and the District's public committee members. Within a year, we will evaluate and select a means of making such training available on a recurring or ongoing basis. For example, staff may consider creating tailored training materials for in-house use and reproduction versus hiring consultants and/or procuring online subscriptions, etc.

We will go further than the Grand Jury's recommendation by including government ethics training for public members of committees as part of the training regimen. Ethics training already is a required and made available for Board members.

- R6.** The District should provide formal training about assessment districts to LADOC members and all others involved in the administration of the Assessment District. (F2)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

Our plan and commitment is described under R5 to make training on key topics available to all Board and public committee members, including LADOC members. For Board and LADOC members, we will have additional training about assessment districts.

The bond/assessment distinction presents a challenge because the formal training that exists for bond oversight does not translate perfectly for non-bond assessment district oversight. We believe the District has professional expertise up to the task of locating or adapting existing training, or creating new materials as necessary.

We will go further than the Grand Jury's recommendation by coming up with a mechanism for posing questions about, e.g., the implications of changes to AD-16 projects, and addressing them.

- R7.** The District should record all Board and committee meetings, and post the recordings online for public access. (F3)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe
(not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

We recognize that interested members of the public cannot always attend Board and committee meetings. Accordingly, we are committed to going above and beyond open meeting requirements by recording all Board and committee meetings and posting the recordings online to maximize public access.

As indicated in the Grand Jury report, the District has been experimenting with a technology solution that embeds links to audio recordings of public meetings into the action minutes. This is an elegant solution that couples the clarity of action minutes with detailed information about what was said during the proceedings. Notwithstanding some technical difficulties encountered by the District in rolling out this new technology, it is very close to being implemented. We believe that this can be done within 6 months to a year.

- R8.** The District should provide formal training to all Board and committee members and senior staff on how to communicate with the public on contentious issues.
(F1, F3)

☐ **HAS BEEN IMPLEMENTED** – summarize what has been done

☒ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe
(not to exceed six months)

☐ **WILL NOT BE IMPLEMENTED** – explain why

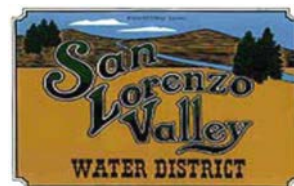
Response explanation, summary, and timeframe:

Our plan and commitment is described under R5 and R6 to make training on key topics available to all Board and public committee members. For all Board and committee members and senior staff, we will add training on how to communicate with the public on contentious issues.

A challenge is that the District has previously expressed interest in this type of training but did not locate appropriate resources. With additional effort, we believe that something can be located or adapted for this purpose. Ideally the training would be provided by someone familiar with the local community.

APPENDIX C:

Lompico Assessment District Annual Report (2019)



The Lompico Assessment District Oversight Committee (LADOC), with the approval of the San Lorenzo Valley Water District (SLVWD) Board of Directors (BoD) is pleased to present the LADOC 2019 First Annual Report.

LOMPICO
ASSESSMENT
DISTRICT
OVERSIGHT
COMMITTEE-
LADOC

Toni Norton-
Chair, Mary Ann
LoBalbo-Vice
Chair, Debra
Loewen and
Norm Hagen

LOMPICO ASSESSMENT DISTRICT ANNUAL REPORT 2019

This report covers the time period from inception June 1, 2016 through June 30, 2019

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This report covers the time period from 6/1/2016 through 6/30/2019.

LADOC will strive to deliver the report each remaining year of the Assessment District term, which is scheduled to continue through June of 2025.

We are committed to meeting the following Annual Report guidelines as specified in the:

LADOC CHARTER:

1. A statement indicating whether the proposed Assessment District expenditures are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report.
2. A statement indicating whether the prior fiscal year Assessment District expenditures have been reviewed by LADOC and are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report. Said statement shall include an itemization and summary of the prior fiscal year Assessment District revenues and expenditures. Included in the itemization and summary shall be information about any loans related to completing the Assessment District projects (i.e., terms, interest and balances.)
3. Any other information LADOC deems as useful for furthering understanding of Assessment District revenue and expenses, projects, funding, history or purpose.
4. The Annual Report shall be based on the District Fiscal Year and will be completed as soon as possible after June 30, each year, using preliminary data.

The Lompico Assessment Oversight Committee, as of publishing date: February 2020

Toni Norton-Chair, Mary Ann LoBalbo-Vice Chair, Debra Loewen and Norm Hagen

Questions regarding the Annual Report may be directed to: LADOC@SLVWD.com

Staff Support: District Manager-Rick Rogers, Finance Manager-Stephanie Hill and District Secretary Holly Hossack.

San Lorenzo Valley Water District, 13080 Highway Nine, Boulder Creek, CA 95006

Board of Directors: Lois Henry-President, Bob Fultz-VP, Lew Farris-Director, Steve Swan-Director, Rick Moran-Director





LADOC CHARTER

LADOC MISSION STATEMENT

To serve as a Liaison between the Lompico Assessment District customers and the District. To strive to advocate for the community and obtain answers to questions and concerns regarding Lompico Assessment District expenditures and projects. Commitment to Excellence. LADOC is committed to applying the highest standards to public outreach, research and reporting, with excellent representation on behalf of AD-16 property owners, exemplifying the District's commitment to transparency and support.

LADOC PURPOSE

The purpose of the Committee is to review and oversee income and expenses related to construction projects in the Assessment District AD-16 Engineer's Report, to serve as liaison for customers residing within the Lompico Assessment District boundaries, and to inform the Board and public at least annually concerning the revenue and expenditure of assessment district proceeds and projects approved by the voters of Lompico on March 6, 2015, by issuing a written report.

COMMITTEE ESTABLISHED

The Board of Directors (the "Board") of San Lorenzo Valley Water District (the "District") established the Lompico Assessment District Oversight Committee (LADOC, or the "Committee"), in accordance with Local Agency Formation Commission (LAFCO) resolution 953-A for annexation, also called the "merger" agreement. On May 4, 2016, Lompico property owners voted in favor of a 10-year assessment district (AD 2016-1) to generate \$2.75 million in revenue to repair, replace and upgrade infrastructure in the Lompico service area, as requirement for joining the District. The resolution was amended from a "bond" to an "assessment" for the revenue source and went into effect on June 1, 2016. The first five members of the Lompico Oversight Committee were seated on July 21, 2016 by Board action, in accordance with provisions of amendment to Section 15 of the Board Procedure Manual (May 19, 2016) and duties as amended on January 28, 2019 in an updated charter. Many of these changes were initiated due to recommendations outlined in the Grand Jury Report "Encouraging the Flow of Information to the Public" published May 31, 2018.

To view entire charter at: https://sanlorenzocawater.pt7.civic-cms.com/sites/sanlorenzocawater/files/uploads/ladoc_charter.pdf

BALANCE SHEET AND PROJECT STATUS

LOMPICO ASSESSMENT DISTRICT BALANCE SHEET					
Running Totals Since Inception	TOTAL	FY1819	FY1718	FY1617	FY1516
ASSESSMENT REVENUE	\$922,013	\$309,126	\$301,377	\$282,580	\$28,930
EXPENSES					
METER PROGRAM	-\$197,888			-\$197,888	
SCADA	-\$19,540			-\$19,540	
SCADA SURVEY	-\$8,257	-\$8,257			
SERVICE LINES	-\$43,982	-\$19,694	-\$24,288		
MAIN PRV	-\$36,820	-\$30,292	-\$6,528		
Lewis Tank	-\$23,242	-\$23,242			
Madrone Tank	-\$23,242	-\$23,242			
Kaski Tank	-\$23,242	-\$23,242			
NBS Administration Services*	-\$15,513	-\$4,593	-\$10,920		
	-\$391,726				
CASH BALANCE	\$530,287				
*Company that provides administrative services for Assessment Districts					
LOMPICO ASSESSMENT DISTRICT PROJECTS AND EXPENSES**					
ASSESSMENT DISTRICT PROJECTS	STATUS	Assessment Estimate	BID	Prelim work Total	
Install 3 New Bolted Steel Tanks		\$ 682,500			
Lewis Tank(s) – replace two	Engineering and consulting completed-awaiting RFQ response			\$ 23,242	
Madrone Tank(s) – replace two	Engineering and consulting completed			\$ 23,242	
Kaski Tank(s) -replace two	Engineering and consulting completed			\$ 23,242	
Refurbish Mill Creek WTP	Project cancelled - see details	\$ 105,000		\$ -	
Service Line and Meter Replacements		\$ 862,500			
Meter Program	Complete			\$ 197,888	
Service Line/Lateral	Ongoing - 38 replaced - see details			\$ 43,982	
Distribution System Interconnect	Ongoing - see details	\$ 301,000		\$ -	
SCADA System	Temporary- see details	\$ 441,000		\$ 27,797	
Remove and Replace Existing PRVs	In progress	\$ 358,000		\$	
6 PRV units on water mains	Expenses for consulting work. Awarded Bid for all \$468k Feb		x	\$ 36,820	

** Represents all Assessment revenue and expenses since inception of Lompico Assessment District. Please see Assessment District AD-16 Engineer's Report included for additional details regarding estimates.

LETTER FROM THE LADOC CHAIR

Dear Residents of the Lompico Assessment District and Customers of SLVWD,

It's been a tough three years, but finally we are on track for meeting our goal to deliver safe, reliable, clean water to the taps of Lompico Assessment District homes.

- Thanks to a grant provided by the State of California, we have an Intertie connected to SLVWD that consistently delivers the safe, clean water we need and deserve. As the District Manager will explain in his report, updates to the Intertie are still required to meet future flow requirements.
- Finally, there are specific plans and timelines in place to address all of the projects listed in the Assessment District Engineer's Report. You'll read the details in the District Manager report
- We have a District Manager that is extremely knowledgeable about the specific water needs of the entire San Lorenzo Valley, including Lompico. He is dedicated to completing the Assessment projects as quickly and efficiently as possible always with an eye to cost savings. DM Rick Rogers is also accessible, responsive and quick in addressing our concerns.
- Your LADOC Committee now has standing quarterly meetings with SLVWD Finance Director, Stephanie Hill and District Manager, Rick Rogers where we are provided with detailed financial reports updating us on the expenditures of the Assessment District funds and status regarding the Assessment Engineering Report projects. Under the direction of the previous District Manager, we were allowed minimal interaction with the SLVWD Finance Department, and were provided minimal financial information.
- We now have a SLVWD Board in place that understands and supports the terms of the Merger Agreement's requirement for an Oversight Committee. They willingly give us access to information, assistance from their staff and support our desire and responsibility to report back to the Lompico Assessment District Community.
- With the full support and approval of the Board, with no restrictions, our committee published both the Lompico Assessment District Oversight Committee (LADOC) Charter and the Assessment District First (ever!) Annual Report.

While I can't say all the recommended steps to support the Lompico Assessment District Oversight Committee (LADOC) listed in last year's May 2018 Grand Jury have been fulfilled, many have and I have confidence that we'll get there soon.

We welcome both the residents living in the Lompico Assessment District and all customers of San Lorenzo Valley Water District to attend our Quarterly Meetings that are held currently at the SLVWD Operations Building. We schedule additional meetings, as needed and try to hold them at the Zayante Fire Station, if the space is available. All meetings are posted on the SLVWD.com website and the public is always welcome.

I am certain you all join in our hope that the projects will be successfully completed, Lompico's Infrastructure will be safe and sound and the LADOC's responsibilities will be fulfilled!

Sincerely,

Toni Norton

Lompico Resident and LADOC Chair



BRIEF HISTORY of LOMPICO COUNTY WATER DISTRICT

Lompico County Water District was formed in 1963 by the community of Lompico Canyon, located within the watershed of San Lorenzo River in the Santa Cruz Mountains. In 1964, the 70 registered voters in Lompico approved a 1.5 million dollar water infrastructure bond. In 1974 the State of California set a moratorium limiting customer hookups to no more than 500, based on a limited water supply. The system was completed in 1978, and the last of the four series of 40-year bonds paid off in 2018.

The district's water sources were from Lompico Creek, a federally protected steelhead trout habitat, and half a dozen wells located in the low-yield Monterey aquifer.

After several earlier attempts, in response to recommendations by State and County agencies, Lompico resumed talks in 2010 with larger neighboring water district SLVWD as to the possibility of a merger. In 2015 Lompico County Water District (LCWD) was named by the State as one of 17 small water systems in danger of running out of water resources during the drought.



Thanks to an emergency grant from the State of California, an intertie was installed connecting LCWD to SLVWD. The emergency intertie has been converted to a full-time water supply for Lompico Canyon residents. Future upgrades will be funded via the Assessment District funds which became available, after a successful annexation and Assessment vote was completed in 2016.

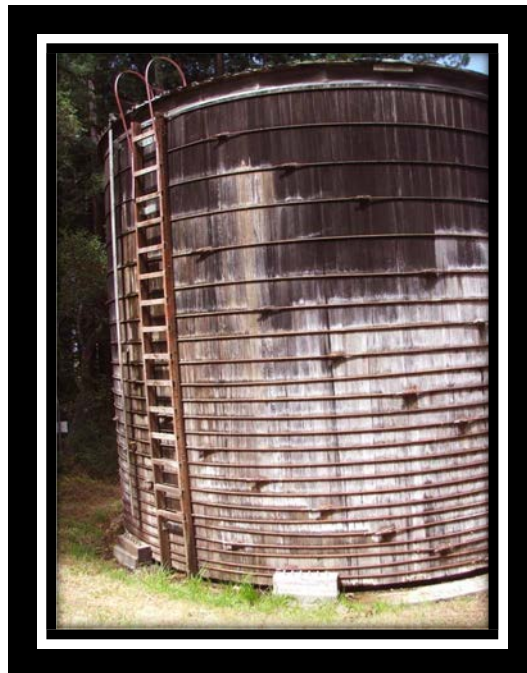
WHAT IS AN ASSESSMENT DISTRICT? *

.....and how much do we pay and for how long?

“Assessment districts have been in use in California for the past 150 years. Local agencies, including cities, counties, and special districts, may establish assessment districts for the purposes of financing all or a portion of the cost of certain public improvements and services. Each property within an assessment district is assessed an amount sufficient to cover the proportional cost of the special benefit that it receives from the improvements or services that are paid for by the assessment.”

“The proposed assessment must be supported by a detailed engineer’s report prepared by a registered professional engineer, which would, under Proposition 218 ... include identifying the parcels that will receive a special benefit from the improvements or services to be funded by the assessment, determining the proportionality of the special benefit among the parcels, and making certain the assessment levied upon a parcel is not greater than its proportionate share of the costs of the special benefit received.” *From the California Debt and Investment Advisory Commission, State Treasurer’s Office, www.treasurer.ca.gov/cdiac/

The Assessment amount for each improved parcel having a water meter in Lompico is \$587 a year for ten years, per the Engineer’s Report, calculated at 500 service connections. In addition, the Assessment District allowed the County to add a small fee to collect the revenue on property taxes, initially up to 2% of the annual installment.







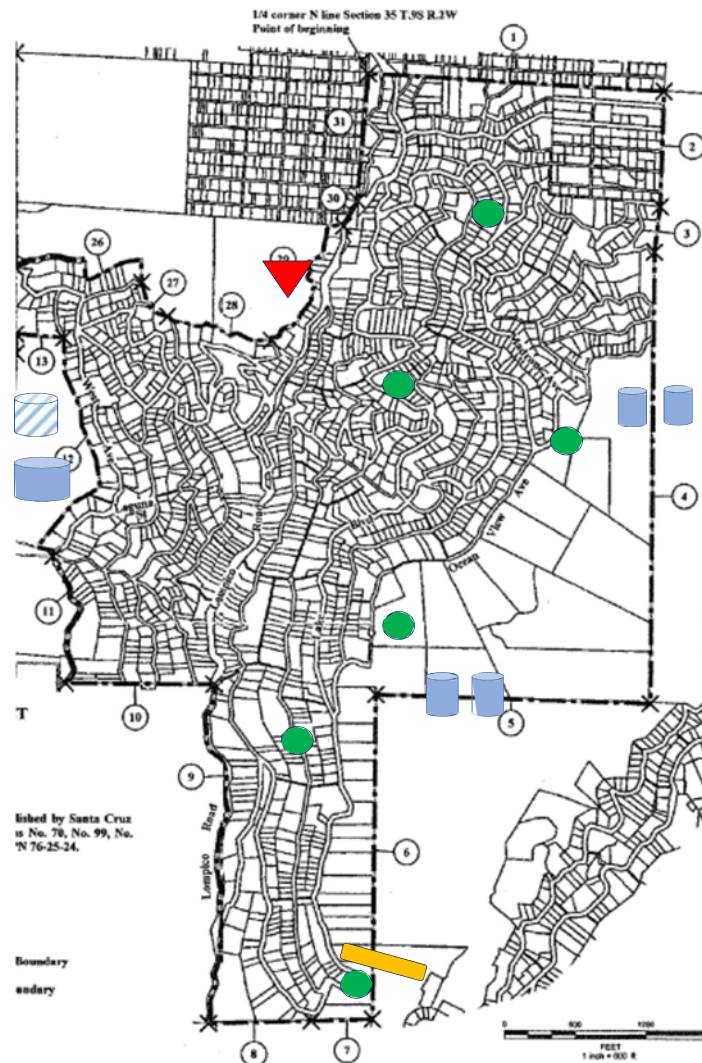
Current Lewis Tank

ENGINEER'S REPORT FOR LOMPICO ASSESSMENT DISTRICT

The Assessment required an Engineer's Report, describing its specific purpose:

Established a fund for construction projects in Lompico Six projects:

Replacement of 6 redwood tanks	\$682,500	3 sites	
Refurbish Mill Creek treatment plant	\$105,000		
Service line and meter replacement	\$862,500	System wide	
Distribution system Interconnection	\$301,000		
SCADA (automated control system)	\$441,000	System wide	
Replace PRVs (pressure reducing valves)	\$358,000	6 sites	
Total Construction	\$2,750,000		
Loan Interest	\$183,734		
Total Assessment	\$2,933, 734		



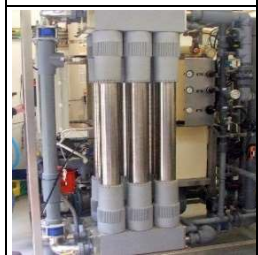
LOMPICO ASSESSMENT DISTRICT PROJECTS

Lompico Assessment District Projects Overview (Information provided by District Manager Rick Rogers)



Water Storage Tanks

Lompico currently has five redwood tanks in operation, for a total of 340,000 gallons of water in storage. Just prior to the merger a sixth redwood tank (Lewis 2) was taken out of service due to leakage. The assessment district provided funding for replacement of all six tanks. The tank locations are Kaski, Madrone, and Lewis. Capacity of the tanks at each location will be determined by computer modeling of the water system to ensure adequate water storage for fire or disaster. Total capacity for the six tanks will be at least 440,000 gallons of stored water. The redwood tanks will be replaced with steel nut & bolt design.



Mill Creek Water Treatment Plant



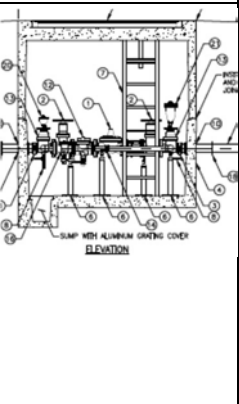
The assessment district provides funding for upgrading and repairs to the Mill Creek Water Treatment plant. The treatment plant is a MEMCOR pressurized, pre-engineered membrane system package water treatment plant. During pre-merger inspections the system was off line due to drought conditions, basically there was no water in Lompico Creek. The system also experienced maintenance and electrical control issues requiring extensive staff time.

Initial pre-merger planning was operating Lompico as a stand-alone water system requiring the use of all Lompico sources of supply. By the time the merger was finalized operations changed to operating Lompico as pressure zone, part of the North System and not utilizing Lompico sources of supply. Under these circumstances the treatment plant will not be needed.



Service Lines and Meters

The assessment district provides funding for replacing all (approximately 500) of Lompico Water meters and service lines. Existing service lines have been failing due to a poor quality Polybutylene material service lines. Polybutylene is a form of plastic resin that was used extensively in the manufacture of water supply piping from 1978 until 1995. We believe it was installed in at least 6 million homes. Due to the low cost of the material and ease of installation, polybutylene piping systems were viewed as "the pipe of the future" and were used as a substitute for traditional copper piping. It is believed that oxidants in the public water supplies, such as chlorine, react with the polybutylene piping and acetyl fittings causing them to scale and flake becoming brittle and resulting in failure. At the time of the merger it was estimated that 68 service lines had been replaced by Lompico Staff. The domestic water meters need to be replaced due to age and ability to retrofit to the District's meter reading software. The District selected the new Badger Meter with "Eye on Water" software that lets you connect to customer's water account to you see how much water you're using and can even alert you to possible leaks on your property. This can be done while you're on vacation using your smart phone.

	<p>Interconnection</p> <p>The assessment district provides for upgrading the existing Lompico/SLVWD Interconnection located at the end of Zayante Drive. During the planning stages of the merger an interconnection was required due to the ongoing lack of water supply in Lompico. The 2014 drought exacerbated already difficult water supply conditions for Lompico. Lompico Water was one of 17 water systems identified in California that could run out of water in 60-120 days. Funding assistance from the Governor's Office of Emergency Services was requested and approved to fund the construction of an emergency interconnection. The temporary intertie was only able to produce 80 gallons per minute instead of the engineered 150 gallons per minute, at a bare minimum, as funded to keep Lompico in water. The assessment district project provides funding for upgrading the booster pump to 150 GPM and replace existing undersized (2 inch) main line along Zayante Drive supplying water to the booster pump.</p>
	<p>Supervisory Control and Data Acquisition (SCADA)</p> <p>SCADA is a computer system for gathering and analyzing real time data. SCADA systems are used to monitor and control water tank levels, high/low level alarms, start/stop pumps or equipment with remote monitoring. Lompico's existing SCADA system had reached its life expectancy and was no longer functioning at the time of the merger. Staff was required to run the system by manual operations driving to each individual tank checking water levels several time a day. As part of the merger SLVWD purchased and installed a temporary SCADA system to reduce staff time operating the water system. The assessment district provides funding for a complete comprehensive SCADA system which would integrate into the District's main SCADA system. To reduce costs district staff have re-evaluated the temporary SCADA system and determined that this system will integrate into the District Main SCADA system and not require replacement. This is a substantial cost savings.</p>
	<p>Pressure Reducing Valve Stations (PRVs)</p> <p>Due to the step topography of the Lompico Canyon water pressure must be regulated to avoid high water pressure damage to mainlines, fire hydrants and customer plumbing. To provide water pressure throughout the Lompico Canyon are eight PRV Stations. The existing stations have reached their life expectancy and are no longer regulating pressure resulting in pressure spikes in excess of 150 PSI. With a change in the water tank replacement locations and increasing storage at key locations, one of the PRV stations will not be required, reducing the number of stations to be replaced to seven. The PRV sites are on Coleman Ave, Van Allen Rd, Edgewood Dr., Visitar St, Lake Blvd and Lakeview Ave.</p>

DISTRICT MANAGER'S REPORT



SAN LORENZO VALLEY WATER DISTRICT

13060 Highway 9 • Boulder Creek, CA 95006-9119

Office (831) 338-2153 • Fax (831) 338-7986

Website: www.slvwd.com

January 24, 2020

Lompico Assessment District Customers

After a long, tireless campaign by dedicated Lompicans concerned with water quality and quantity, on May 4, 2016, Lompico property owners voted approval of a 10-year assessment district (AD-2016-1) to generate \$2.75 million in revenue to repair, replace and upgrade infrastructure in Lompico and to consolidate with the San Lorenzo Valley Water District.

On June 1, 2016, the consolidation of Lompico County Water District (LCWD) was finalized and the San Lorenzo Valley Water District took over ownership and operations of the Lompico water district. Shortly after, as required by the assessment, on July 21, 2016, the District's Board of Directors created the Lompico Oversight Committee.

San Lorenzo Valley Water District, working with a group of LCWD Board of Directors and property owners facilitated a list of Capital Projects that the district required for a successful transition. The \$2.75 million project list consisted of the following projects:

- Replacement of all water storage tanks; Lewis, Kaski, and Madrone
- Repair and upgrade to the Mill Creek Surface Water Treatment Plant
- Replacement of all water meters and service lines
- Replacement of all SCADA Controls
- Upgrade of transmission water main to the Lompico Booster (SLV side)
- Replacement of all Pressure Regulating Stations (PRV valves)

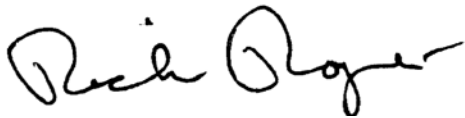
When the list of projects was developed the District was looking to operate the system as "stand-alone" with a separate water supply permit. As time went on circumstances changed and it was determined that we could consolidate Lompico into the San Lorenzo Valley Water District and operate as a pressure zone saving substantial operational costs, reducing the operational surcharge, and eliminating the need to repair and upgrade the Mill Creek Surface Water Treatment Plant.

Before consolidation and the last year of Lompico ownership, the San Lorenzo Valley Water Operational Staff worked very closely with Lompico staff learning operations. It needs to be stated that the Lompico Board of Directors and staff operated the Lompico system with pride and professionalism under circumstances that were not ideal. Field staff worked 7 days a week and Board members were performing as staff.

When SLVWD took over ownership the priorities were water quality and quantity. The District performed an aggressive main line flushing program which involved cleaning mainlines and removing sediment which was causing degraded water quality and not meeting state water quality standards. All Lompico water sources which were producing objectionable water quality were shut down. To ensure maximum water storage and monitoring alarms the District installed a temporary SCADA system within the first six months. Additionally, all water meters were changed out to configure into the District billing system.

The District is moving forward with the construction of projects. The PRV valve station will be completed by February 2020, and water tank replacement projects (6 tanks) is anticipated to begin construction Spring of 2020. After the total construction costs of the Lompico Tanks project are known, and the costs of the projects completed to date, the District and the Lompico Assessment District Oversight Committee will reevaluate total funds remaining and discuss moving forward with the methodology to complete the remaining projects. It is the goal of the District to complete the remaining assessment District projects by the end of the calendar year 2022.

The District has always believed that Lompico is part of the San Lorenzo Valley and belongs to be with the San Lorenzo Valley Water District. You are valued customers of the District and we look forward to providing you with exceptional water quality, quantity, and customer service.

A handwritten signature in black ink, appearing to read "Rick Rogers". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Rick Rogers, District Manager
San Lorenzo Valley Water District

LOMPICO ASSESSMENT DISTRICT FINANCIAL REPORT

BUDGET & EXPENSES

TRACKING ASSESSMENT FUNDS

Revenue is collected from Lompico property taxes by the County and held in a special account. Assessment funds may not be used for any purpose other than described in the Lompico projects AD-16 in the Engineer's Report.

SOURCE OF REPORT DATA

LADOC meets with the SLVWD Finance Director who presents a Quarterly Finance Report. Included is an itemization of revenue per quarter and to date with an itemization of ongoing expenses per project, including labor and materials. Reports may also include receipts and labor timecards. The LADOC charter allows committee members to request and review all relevant data sources.

Assessment Collection Management is contracted by SLVWD to a consultant, NBS Government Finance Group via their Special Finance District (SFD) Administration service, for tasks not included by the County when collecting the Assessment on property taxes. The cost for this service has been about \$1,150.00 per quarter, charged to the Assessment District.

NBS ADMINISTRATIVE SERVICES

Following Information provided upon request by SLVWD Finance Director: Main Assessment District Administration Services Provided by NBS:

DATA COLLECTION

NBS will gather and review data relevant to the administration of the district. Data will be obtained from various sources, including Water District records, Assessor's parcel maps, and County Assessor information and establish a database for the assessment district.

COST RECOVERY

NBS will identify all costs associated with the administration of the Assessment District and recover those costs through the levy process as outlined in §8682 and §8682.1 of the California Streets and Highways Code. These costs may include, but not be limited to Registrar/Transfer/Paying Agent fees, Arbitrage Rebate calculation fees, bank fees, and expenses of the Water District and its consultants related to the administration of the district.

ANNUAL ASSESSMENT LEVY

NBS will calculate the annual assessment levy for each parcel in the district and submit the amount for each parcel to the County in the format and medium (i.e. tape, diskette) required by the County Auditor-Controller.

RESUBMISSION OF REJECTS

NBS will research the status of any parcels rejected by the County Auditor-Controller, and resubmit corrected data for collection on the County Tax Roll. Any parcels that are not accepted by the County for collection will be invoiced directly, with payment directed to the Water District.

MAINTAIN ASSESSMENT DISTRICT DATA

NBS will annually track all parcel changes to ensure that all changes are documented. Historical parcel change and assessment apportionment data will be maintained by NBS.

ANNUAL REPORT

NBS will provide a comprehensive Annual Report that will show a detailed listing of the amounts submitted to the County or directly billed for collection, details of delinquent assessments, fund analysis, paid off parcels and release of liens, all bond call activity, and assessed valuation information.

DELINQUENCY MONITORING

NBS will provide the Water District with a comprehensive list of delinquencies after each installment becomes due. This report will show delinquency percentage as well as a detailed list of each delinquent parcel.

PREPAYMENT CALCULATION/AMORTIZATION SCHEDULE

NBS will provide assessment prepayment calculations and amortization schedules to interested parties. The requester will pay the cost of this service; however, there will be no charge to the Water District or property owners.

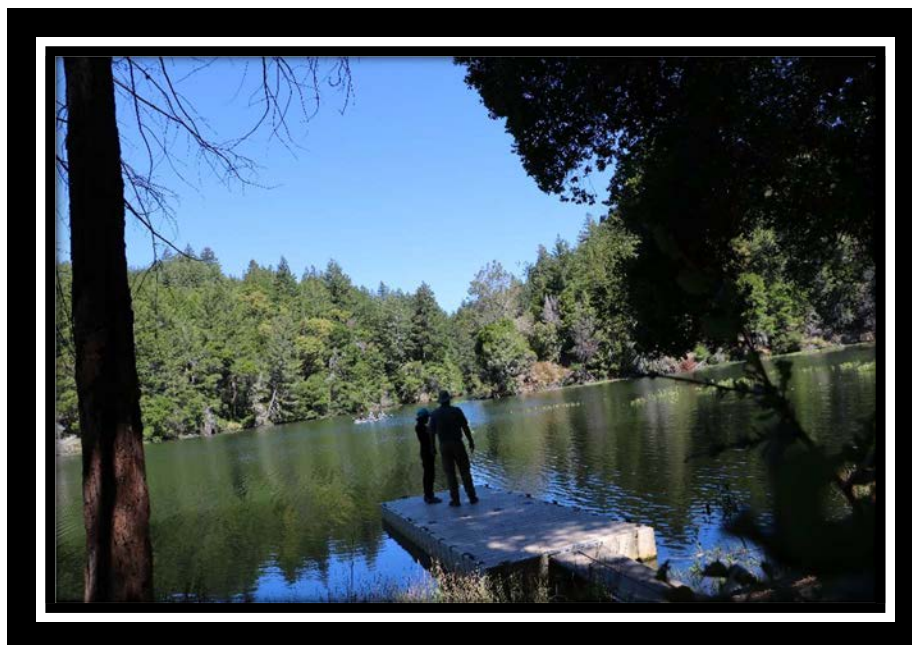
RELEASE OF LIENS

NBS will prepare all documents required to release the liens of parcels that have prepaid the assessment.



SLVWD Capital Budgets – Lompico Projects

Capital Project Summary						
Fiscal Year 16-17	Planning /Design (8%)	CEQA(2%)	Construction (80%)	Contingency (10%)	2016-17 Total	Overall Project Total
Lompico Service Area			\$ 168,000	\$ 16,800	\$ 184,800	\$ 184,800
Lompico Service Area Tank Replacement	\$ 75,000				\$ 75,000	\$ 75,000
Lompico SCADA	\$ 2,500		\$ 25,000	\$ 2,750	\$ 30,250	\$ 30,250
Fiscal Year 2016/2017						
Water Enterprise Fund	\$ 3,025,850					
Lompico Assessment District	\$ 354,050					
Sewer Enterprise Fund	\$ 400,000					
Total	\$ 3,779,900					
#	Project					
	Fiscal Year 2017/2018	Funding Type	Spent in Prior FY	FY 17/18 Budget	Future FY Projection	Project Cost
20	Lompico Lewis Tank Replacement	Assessment District	\$ -	\$ 25,000	\$ 175,000	\$ 200,000
21	Lompico PRV Replacements	Assessment District	\$ -	\$ 50,000	\$ 150,000	\$ 200,000
#	Project					
	Fiscal Year 2018/2019	Funding Type	Spent in Prior FY	FY 18/19 Budget	Future FY Projection	Total Project Cost
30	Service Line Replacements	Lompico AD	\$25,000	\$150,000	\$489,600	\$664,600
31	PRV's	Lompico AD	\$50,000	\$90,000	\$218,000	\$358,000
32	Interconnection Booster	Lompico AD		\$45,000	\$256,000	\$301,000
33	Lewis Tank	Lompico AD		\$34,000	\$193,334	\$227,334
			\$75,000	\$319,000	\$1,156,934	\$1,550,934

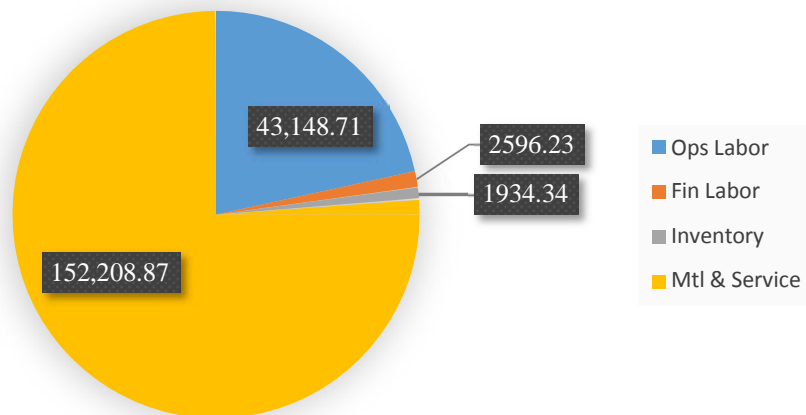


Loch Lomond

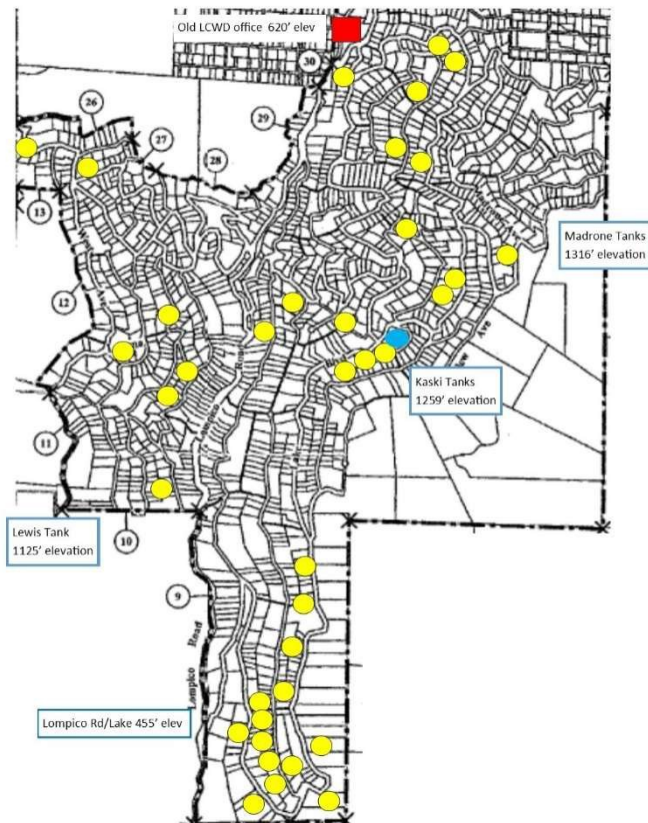
LOMPICO METER CHANGEOUT WORK ORDER #129

Labor & Overhead 22%	\$43,744.94	Operations Dept. \$41,148.71	Payroll \$ total per 5- pay periods Aug 17 to Oct 26, 2017 Labor \$27,728.24 OH \$13,420.47
		Finance Dept. \$2,596.23	80 hrs. @ \$23.88 Labor \$1,910.40; OH \$685.83
Materials 78%	\$154,143.21	\$1,934.34	Inventory
		\$152,208.87	Materials and Service: Rent vac truck \$1,843.94 5/8 meter w/lid approx. \$230 ea.
TOTAL	197,888.15	Average cost each	Installed at 500 meters is +-\$396.

Meter Replacement Cost



SERVICE LINE REPLACEMENTS



Original material replaced:

- Blue poly pipe - 36
- Copper pipe - 2

Locations

- West side - 8
- East side - 30
- 38% (14) are in Kaski zone (Visitar/Lake)

Cost:

Range of cost to replace ea.- \$635 to \$1610

Total cost for 38 replacements - \$43,982

=Average cost each \$1157



Clearwater Tank

COMMITTEE ANALYSIS AND RECOMMENDATIONS

Assessment District expenditures have been reviewed by LADOC and, to the best of our knowledge, are in compliance with the requirements as set forth in the Assessment District ballot measure Engineer's Report. The Annual Report presented includes an itemization and summary of all prior fiscal year Assessment District revenues and expenditures as provided by the district, from June 1, 2016 to June 30, 2019. For the time period of this report, no loans have been taken out for Assessment District projects.

Committee Recommendations:

- ❑ Committee and district are in agreement that a third party expert in Assessment Districts is needed, as well as training on assessments and oversight for members, staff and the board.
- ❑ That the district move forward on securing a loan, as recommended in the Assessment Engineer's Report, to expedite all projects being completed in a timely manner.
- ❑ SLVWD website includes an area for the AD with details on projects and ongoing updates on progress and expenses, per Grand Jury recommendation [district website in process of being redesigned]
- ❑ More frequent district website public reports or posts on AD finances, in addition to Annual Report.

Committee Commends:

- ❑ Current SLVWD staff and board for their support.
- ❑ Thank You to the 2017-18 Grand Jury for their investigation and recommendations, which have been instrumental in defining and supporting LADOC duties.



FREQUENTLY ASKED QUESTIONS

Following are responses from the District Manager (DM) posed by the committee and members of the public.

FAQ

1. What is the process for changing or removing projects from the Engineer's Report list?

Response from District Manager (DM): DM will recommend to SLVWD Board of Directors (BoD) that a change be made to Board Manual indicating SLVWD Staff will meet with the current LADOC for discussion and consideration before any decisions are made to change or update AD projects. **Committee note: answer subject to research findings on Assessment District management.**

2. Is there a possibility of reducing Assessment District collections in later years?

DM: "Doubtful based on current cost expectations"

3. Is there a possibility ending the Assessment District early?

DM: "Doubtful based on current cost expectations"

4. Is the AD is collecting interest on a future loan?

DM: "The Engineering cost estimates for Assessment District funding includes a line item titled SLVWD estimated loan interest. The amount is \$183,734. The District fully intends to take out one or more loans to complete the Assessment Projects and will make use of these funds."

Loan has been obtained as of late 2019

5. Do you anticipate returning any unused funds to the ratepayers?

DM: "Doubtful based on current cost expectations."

6. Do you anticipate postponing the completion of Assessment District capital projects beyond ten years?

DM: "We have every expectation that the Projects will be completed by the end of 2022."

7. Will SLVWD come back to Lompico ratepayers for more money if the original assessment no longer covers the cost to complete projects in the original plan?

DM: "No. There are no plans to ask the AD customers to cover any additional costs. That would require another vote by the Assessment District."

8. Can projects be dropped from the original Engineers report list? What is the process, and what happens to those funds?

DM: "SLVWD will consider all Engineering Report recommendations, but will make adjustments based on current needs and costs. However, all AD revenues will be spent solely for the benefit of the Lompico Service Area." **Committee note: answer subject to research findings on Assessment District management.**

9. If SLVWD does not intend to use the treatment plants, can they be sold and the money used for Assessment District projects, or returned to Lompico ratepayers?:

DM: District Manager recommends that any revenues generated by the sale of the former Lompico property be added to the Assessment District funds.

10. Will the district plan to sell the old growth redwood from replaced tanks?

DM: "No. The demolition and salvage value of the existing redwood tanks are part of the construction contract and will be the responsibility of the contractor."

11. Is the metal recycle payback value of removed materials (old meters, fittings, etc.) being put back in the Assessment District fund?

DM: District Manager recommends any revenue generated by the sale of the old materials be added to Assessment District funds.

12. Does the present intertie meet flow requirements of the State? (ref BOD agenda 9.20.18 item 13.1(page 229) Permit Change and Report from State Water Resources)

DM: "No, not currently. However, once the Lompico Tanks are replaced, which have an anticipated project completion date by the end of 2020 summer, Lompico will have the combined resource of the intertie, plus the fully utilized, completely updated, steel, non-leaking tanks. The present intertie mainline replacement is scheduled to be replaced summer of 2021."



Lewis Tank, Wood Stave Condition

LOMPICO CITIZEN OVERSIGHT COMMITTEE - A HISTORY

A Lompico Citizens Oversight Committee was an element proposed and approved by SLVWD to be included in LAFCO "merger" Resolution 953-A. The SLVWD board reviewed applications and appointed the first five Lompico members in July of 2016. The first meeting was held at the old LCWD office in August. The original description/purpose of the committee written by SLVWD staff and published in the SLVWD stated "The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the Assessment District facilities and property". This was revised in 2017 to include only assessment district fund and project oversight, and the name changed to LADOC, for Lompico Assessment District Oversight Committee.

The committee faced challenges of district support throughout 2017. At the October 19, 2017, meeting the District Manager proposed making the following changes to the Board of Directors Policy Manual impacting LADOC: redefine and differentiate LADOC as a "Public Committee" whose only purpose is to deliver and receive information, who therefore will have no need to produce and publish minutes, who will meet once annually at the time and place specified by the Board, the Board will appoint the Chair and Vice Chair of the LADOC. Fortunately, the October 19, 2017 meeting was well attended. Three LADOC members attended the meeting and spoke out against these egregious changes. Many members of public and all three public members of the other SLVWD Committees spoke out against the changes. Only one member of the Board spoke in favor of the changes and she also admitted that she had assisted the District Manager in preparing the recommendation. No action was taken on the proposal.

In the meantime, months earlier LADOC had approached and met with members of the Finance Committee to request assistance in developing the Finance Report which had been promised by the District Manager since the very first meeting. The Chair of LADOC met with the Chair of the Finance Committee (also a Board Director) and an agreement was struck for the LADOC to hold a meeting once Quarterly at the Boulder Creek Operations Building with both the Finance Director and a Board Member (preferably the Chair) in attendance to present the Lompico Assessment District Quarterly Finance Report. It was also agreed that LADOC could continue to meet as often as they deemed necessary to meet their obligations.

A series of resignations throughout 2018 resulted in lack of a quorum and irregular meetings. With the exception of one missed meeting, due to the lack of a quorum, LADOC has met regularly on a quarterly basis since November 2017, with greatly improved district support under the new District Manager and board of directors.

A new Charter was written by the committee in January 2019, and adopted by the Board, to meet the recommendations of a Grand Jury investigation and report released May 2018.

Members of the Committee 2016 to present:

April Crittenden	July 2016 – Feb 2018	Secretary 2016-2018
John Grunow	July 2016 – April 2018	
Lydia Hammack	July 2016 – June 2018	Chair Jan 2018-June 2018
*name withheld at member request	July 2016 – June 2018	Vice chair Jan 2018-June 2018
Toni Norton	July 2016 to present	Chair July 2016-Jan 2018; Nov 2018 to present
Andrew Rippert	April 2018 – June 2018	
Mary Ann LoBalbo	April 2018 to present	Vice Chair Nov 2018 to present
Jennifer Gomez	Sept 2018 to April 2019	
Dennis Lynch	Sept 2018 – Oct 2018	
John Wright	Sept 2018 to April 2019	
Debra Loewen	January 2019 to present	
Norm Hagen	August 2019 to present	



2017-18 GRAND JURY FINDINGS and RECOMMENDATIONS

San Lorenzo Valley Water District
“Encouraging the Flow of Information to the Public”
Published May 31, 2018

Summary

“Since mid-2016 the San Lorenzo Valley Water District (SLVWD or District) has struggled to address public concerns about a number of controversial issues. The administration of the Lompico surcharge and capital projects, use of glyphosate in the watershed, and a lawsuit involving a former Board member, were among the issues that drew sharp criticism from citizen groups and the press. The criticisms tested the capacity of the District’s representatives to maintain productive and civil interactions with the community and, at times, with one another. Although the Lompico surcharge has now been eliminated, other disputes and communication challenges remain. Issues such as the District’s handling of legal matters, management of the Lompico Assessment District and capital projects, and support for the Lompico citizen oversight committee continue to be divisive. In addition, District changes to meeting practices in 2017 have reduced public access to the debate and decision-making process and compromised the community’s understanding of the issues.”

“Better communication on difficult matters, an informed and effective Assessment District oversight committee, and an unwavering commitment to public access, will enable greater transparency and may restore trust and foster better relationships within the SLVWD community.”

Three Findings and Four Recommendations regarding Lompico,
see the complete Grand Jury Report Online:

www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2018_final/SLVWDAndThePublic.pdf



Madrone Tank Detail

F1	The lack of effective communication between the District and the community concerning the administration of the Assessment District has caused public concern regarding the timing and implementation of the Assessment District projects.
F2	The District has not provided adequate authority, guidance, training or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.
F3	Lack of effective District communication practices has reduced public access to the decision-making process and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.
R1	LADOC should produce an annual report detailing the status of the Assessment District revenues and expenditures (F1, F2)
R2	The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in-depth information to the public about the timing, funding, and execution of the AD projects. (F1, F3)
R3	The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee's responsibilities and its authority to fulfill its oversight role (F2, F2)
R4	The Board should ensure that LADOC receives adequate professional, technical and administrative support from the District, as well as the authority to carry out its oversight responsibilities (F2)
R5	The District should provide formal training for all LADOC citizen committee members in governance, meeting management and the Brown Act. (F2)



Madrone Tank

PREVIOUS BOARD RESPONSE AUG 22, 2018

F1-2-3 Cites "...confusion about the mechanics of the assessment district and unaligned expectations" and "...commonly held misconceptions about assessment districts generally..." leading to poor communications.

R1 "staff will help jump start the process... by generating a template to help facilitate the first annual report" within 6 months.

R2 "We believe it is important to note that comments and questions about the implementation of AD-16 projects, including priority, timeline, bidding and design considerations etc., are within the purview of the Engineering Committee and ultimately the Board. We encourage members of the public to bring these types of issues to the Engineering Committee rather than LADOC."

R3 within 6 months we will revise the LADOC Charter to replace its current Charter. A draft will be presented to LADOC for its review and comment and to the Board for approval.

R4 We "believe the district has professional expertise up to the task of locating appropriate resources..." Within 6 months, we will make governance, meeting management, and Brown Act training available to all members of the Board and the District's public committee members. Within a year, we will evaluate and select a means of making such training available on a recurring or ongoing basis. For example, staff may consider creating tailored training materials for in-house use and reproduction versus hiring consultants and/or procuring online subscriptions, etc.

R6 "training on key topics" We believe the District has professional expertise up to the task of locating or adapting existing training, or creating new materials as necessary.

Committee comment: While an Ad Hoc committee of two board members was created June 27, 2018 for the above, no actions were taken beyond writing the initial response to the Grand Jury.

Excerpts from Grand Jury report. Footnote [#] references are found in the Grand Jury report.
LCWD-SLVWD Merger

Financial problems, an aging infrastructure, and the threat of state intervention obliged the Lompico County Water District (LCWD) to look to SLVWD for help in 2013. After two years of complex negotiations, SLVWD agreed to annex LCWD if Lompico ratepayers would pass a bond issue to fund infrastructure improvements, and agree to pay a surcharge to cover extra costs related to integrating Lompico operations into SLVWD. The conditions were laid out formally in Resolution 953-A, which all parties refer to as the "merger agreement." Similarly, while the transaction is more correctly termed an annexation, all parties refer to it as the "merger."

A bond issue to provide SLVWD with immediate funding for the Lompico infrastructure projects failed by a narrow margin in 2015. The parties then agreed to the formation of an assessment district as a "similar revenue instrument" which would collect the required funds over a 10-year period. In addition, the parties retained the requirement that SLVWD would create a "Lompico oversight committee." [3] The assessment district passed in a new ballot measure in March 2016, clearing the way for the merger on June 1, 2016.

Another condition of the merger, the 10-year Assessment District, provided \$2.75 million to fund a set of capital improvement projects specified in the accompanying Engineer's Report.[12] It also provided for the collection of an additional \$183,000 for interest payments on anticipated loans taken against future Assessment District collections. The Engineer's Report lists the Lompico capital improvement projects and the estimated cost of each project. It contains few other details about the projects or their implementation.

Since the merger, District representatives and members of the public have raised financial issues not addressed in either the merger agreement or the Engineer's Report. These concerns include questions about what adjustments are possible under the Assessment District (AD) if some projects come in substantially over or under budget, or if the District obtains grants to fund any of the listed projects. [13] [14] Other questions have focused on the disposition of the funds collected over the years for loan interest if no loans are obtained.[15] Still other financial concerns are centered on what would happen

with the designated AD funds if a listed project is later determined to be unnecessary.[16]

The construction timeline has been another area of concern. Public discussions and presentations before the merger had laid out the District's plans to start the Lompico projects shortly after the merger, with funding coming from loans taken out against the AD.[17] [18] After the merger however, the District staff investigated loan funding and reported back that it found fewer acceptable loan opportunities than it had anticipated. Instead, the District opted for pay-as-you-go construction funding for most years, with a possible bridge loan in years four through seven. [19] [20]

Lompico ratepayers have expressed their concerns that the lower priority ranking of the Assessment District projects might lead to delays and higher construction costs, with a possible consequence that some of the AD projects might not be done.

SLVWD updated its policy manual to add the new oversight committee.[23] It then solicited applicants.[24] The policy manual described the committee's role in broad terms: The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the District facilities and property directly related to Assessment District 2016-1, the Lompico Service Area.[25]

LADOC's opening meeting was August 23, 2016. At its second meeting, held on October 6, 2016, the committee decided to pursue several open questions and issues that appeared to fall under its purview. Less than two weeks later, at the October 16, 2016 Board of Directors meeting, the Board debated the reduction of LADOC's duties,[26] by changing the description of its role to one which it said more closely

resembled the wording of the merger agreement.[27] At the next Board meeting, the SLVWD policy manual was amended to read: The Committee shall be responsible to review matters of revenue and expenses directly related to Assessment District 2016-1 projects.[28] [29] District representatives refer to this one sentence description of the responsibilities of LADOC as the LADOC "charter." [30] The responsibilities of LADOC continue to be the subject of discussion and disagreement. [31]

INVESTIGATION

Assessment District 2016-1

In its investigation of the Assessment District (AD), the Grand Jury found notable differences in understanding among District representatives regarding the construction strategy for the AD's projects, including District plans in the event of project delays, cost differences, or possible changes in projects undertaken.

While the District recognizes that AD funds may be used only for the benefit of Lompico, understandings differ among decision makers on what flexibility exists under the AD as written. Varying interpretations of the Assessment District terms have, in several cases, led to conflicting assertions made to the Grand Jury or to the public, about:

- the process for changing or removing projects from the Engineer's Report list[36]
- the possibility of reducing Assessment District collections in later years[37]
- ending the Assessment District early[38] [39] [40]
- whether the AD is collecting interest on a future loan[41]
- whether obtaining a loan against the AD is required[42]
- using the \$183,000 collected for loan interest for other AD expenses[43]
- returning unused funds to the ratepayers[44] [45]
- postponing the completion of Assessment District capital projects beyond ten years[46]

The Grand Jury has found that, nearly two years after the merger, District representatives still communicate differing views of the AD and its projects. The varying interpretations have caused public concern, and warrant serious and sustained discussion.

The District-wide Capital Improvement Program introduced in November 2017 has presented another communication challenge. The District used a priority rating system to rank each capital project, which resulted in a timetable for the execution of each project on the list. The CIP assumes, however, that there are no differences between Lompico and non-Lompico projects except for the funding source; that is, that the projects for which Lompico ratepayers pay an extra assessment have no special status.

In contrast, Lompico ratepayers contend that they gave their vote to accept the Assessment District in exchange for the District's promise to complete the specific projects listed in the Engineer's Report in an expeditious manner. [47]

At minimum, adequate guidance and support for LADOC would include:

- Comprehensive orientation prior to beginning work
- Members handbook of key documents, including items such as a LADOC charter (description of duties), the Engineer's Report, relevant resolutions,[75] [76] [77] [78] relevant District policies and procedures, project descriptions, budgets and schedules, financial reports, minutes of prior meetings, guides to Brown Act and parliamentary procedures
- Regular meeting schedule, at least quarterly

Expected duties of the oversight committee would include:

- Tracking expenditures of assessment proceeds back to the capital improvement plan
- Actively reviewing and reporting on the proper expenditure of assessment money for the Lompico construction and replacement projects listed in the Engineer's Report
- Maintaining a committee webpage with (1) detailed information about the progress of each project, (2) committee minutes, and (3) materials it has received
- Preparing and publishing an annual report for ratepayers

Expected duties of the District would include:

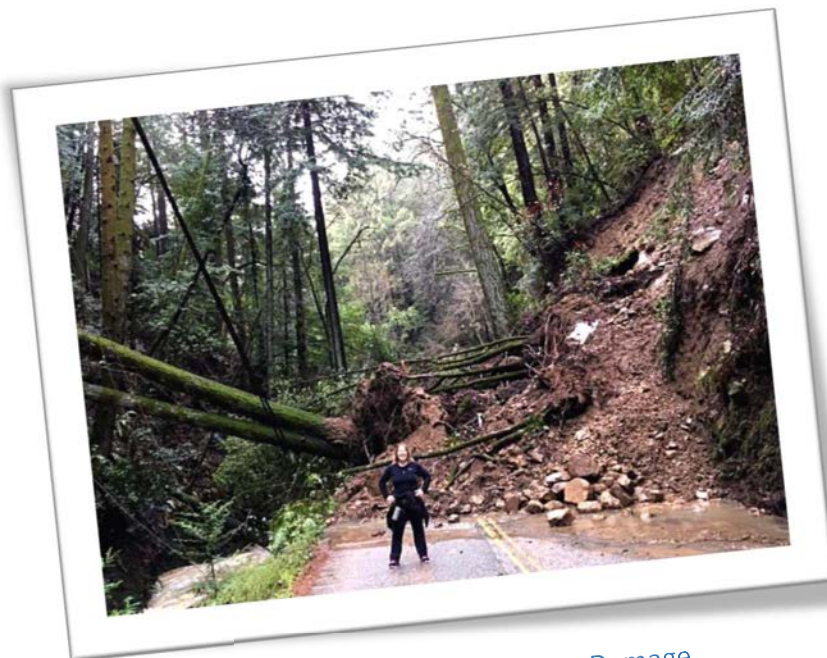
- Providing timely, comprehensive data to the oversight committee, including financial reports that display original budget, current budget, actual expenditures, budget balance, and approved commitments to projects to date across all fiscal years
- Providing technical and administrative assistance

LADOC meeting notes and internal emails from

April 2017, and subsequent Grand Jury interviews, confirm that LADOC sought more support from the Board and staff, but the District did not have the resolve to provide effective support. [81] [82] [83]



Lompico Park April 2006



2017 Lompico Road Storm Damage

TIMELINE REFERENCES AND RESOURCES

***Links listed valid as of Dec 2019 due to SLVWD updating website

1964 June 7	“\$1.5 Million Water Bond Issue Before Lompico’s 70 Voters” Santa Cruz Sentinel ; Library clipping file: Lompico ; Viewed on microfiche, California Room. Also may be found by title on https://cdnc.ucr.edu UCR Center for Bibliographical Studies and Research, California Digital Newspaper Collection.
2010 May	“Up a Creek without a Financial Paddle: The Lompico County Water District”, Grand Jury Report 2009-10. http://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2010_final/Up_the_Creek.pdf
2010 July	Beginning of merger discussion between districts: SLVWD District Manager Jim Mueller; BOD consists of Jim Rapoza, Terry Vierra; Lompico County Water District board; Lois Henry, Bill Smallman, Rick Harrington, Chris Kilgus, and Rob Hansel.
2010 July 8	“Lompico Summary of Costs”, SLVWD announcement. “On July 8, 2010 Lompico County Water District held a meeting with representatives from the San Lorenzo Valley Water District to discuss and provide information relative to potential merger options for Lompico County Water District at the Zayante Fire Station.” https://sanlorenzocawater.pt7.civic-
2010 July 15	“Lompico Water considers merger with SLV”, Press Banner . “Jim Mueller, San Lorenzo Valley Water District’s general manager, presented his district’s evaluation of Lompico, including what a merger would cost customers.” http://www.goldenstatenewspapers.com/press_banner/news/lompico-water-considers-merger-with-slv/article_433d800b-7aa1-561f-bf80-fa6947c3abf2.html
2011 July 13	“Cash strapped Lompico to consider increases to water rates”, Santa Cruz Sentinel . “Meanwhile, talks are continuing with the larger San Lorenzo Valley Water District, which serves 7,300 connections. Lompico, which has approximately 500 connections, is seeking members of the community to sit on a citizen’s advisory committee to research and prepare information related to the potential merger, with those members chosen at next week’s meeting.” https://www.santacruzsentinel.com/2011/07/13/cash-strapped-lompico-to-consider-increases-to-water-rates/
2012 April 20	“SLV Water to assist Lompico”, SLV news slvnews.net “The San Lorenzo Valley Water District Board voted 5-0 to assist the Lompico County Water District by providing technical and contract management assistance for a pair of studies that will help determine the costs to replace tanks and install a connection between the two systems”

2012, June 28	<p>“Protecting Our Special Districts – is there any oversight?” Grand Jury 2011-12 final report.</p> <p>“Using the Lompico County Water District’s (LCWD) troubled history as a backdrop, the Grand Jury explored the boundaries and scope of oversight for independent special districts in Santa Cruz County.”</p> <p>http://www.co.santa-cruz.ca.us/Portals/0/County/CAO/press%20releases/06022016Lompico.pdf</p> <p>and 2011-12 continuity report follow-up “ LAFCO states that it lacks the funding and personnel to exercise the more “proactive” oversight, even for problem districts”</p> <p>https://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2012_final/Protecting_Our_Special_Districts.pdf</p>
2012 Aug 8	<p>“For tiny Lompico County Water District, a huge retirement bill”, Santa Cruz Sentinel.</p> <p>“The 494-hookup district has navigated years of rocky waters and criticism of sky-high water bills. Its former district manager was charged with falsifying water reports, and since his firing the district has operated with a secretary and three technicians, one part-time. Its annual payroll is a threadbare \$130,000.”</p> <p>https://www.santacruzsentinel.com/2012/08/08/for-tiny-lompico-county-water-district-a-huge-retirement-bill/</p>
2013 July 25	<p>“Potential Consolidation of Lompico and San Lorenzo Valley water districts”. Letter of Recommendation to Board of Supervisors from Health Services, Santa Cruz County.</p> <p>“Operation of the District has been subject to many challenges, including: inadequate water supply, lack of any potential new water sources, aging infrastructure, leaking water tanks, inadequate treatment facilities, management issues, and disagreements among the community about how best to govern. Lompico has the highest water rates in the County, which has posed a challenge to the many low and moderate income residents of the community.”</p> <p>http://sccounty01.co.santa-cruz.ca.us/bds/Govstream2/ASP/Display/SCCB_AgendaDisplayWeb.asp?MeetingID=599</p>
2013 Sept 23	<p>Water board President of the Year, California Special Districts Association, awarded to Lois Henry, Lompico County Water District: County Press Release</p> <p>https://patch.com/california/scottsvally/lompico-water-board-president-wins-state-honor</p>
2013 Dec 4	<p>Public Meeting at Zayante Fire Station, Presentation of Merger Options SLVWD-LCWD</p> <p>http://www.santacruzlafco.org/wp-content/uploads/2015/09/Lompico-Merger-Options.pdf</p>
2014- 2016	<p>Santa Cruz Local Agency Formation Commission (LAFCo) containing reports on Lompico County Water District. https://www.santacruzlafco.org/reports/</p> <p>Feb 2014 presentation on draft merger options:</p> <p>https://www.santacruzlafco.org/wp-content/uploads/2015/09/Lompico-Merger-Options-May-22-</p>
2014 Jan 30	<p>“California drought: communities at risk of running dry”, San Francisco Chronicle. State Department of Public Health lists Lompico County Water District among 17 small communities throughout the State likely to run out of water within 100 days; requirements to cut water use by 30% during the drought. https://www.sfgate.com/news/article/California-drought-communities-at-risk-of-5184906.php</p>

2014 Feb 4	<p>"What happens when a town runs out of water?" Newsweek. "For now, Lompico has enough water to limp by. But [LCWD Chair Lois] Henry says one of the town's three wells has recently been cutting out, reducing even further the approximately 35 gallons per minute the district is able to pump to its 494 water hookups. The water supply is so precarious that, Henry says, Lompico is one water main break or major fire away from disastrously low levels."</p> <p>https://www.newsweek.com/what-happens-when-town-runs-out-water-227929</p>
2014 Feb 14	<p>SLVWD-Lompico Intertie Agreement. Board of Directors agenda packet Feb 20, 2014.</p> <p>https://sanlorenzocawater.pt7.civic-cms.com/sites/sanlorenzocawater/files/agendas/220.pdf</p>
2014 April 18	<p>"Bad week as Lompico loses two of its three water wells to motor damage" KION news.</p> <p>"Not only is Lompico in a phase three rationing stage-- which means no water use between specified hours and no outdoor irrigation-- but with two out of their three wells went down.. 'it means we have a lot of work to do' "</p> <p>https://kion546.com/news/2014/04/19/bad-week-as-lompico-loses-two-of-its-three-water-wells-to-</p>
2014 May 4	<p>"Lompico emergency pipeline completed fears eased ", Santa Cruz Sentinel.</p> <p>http://www.santacruzsentinel.com/general-news/20140504/lompico-emergency-pipeline-completed-fears-eased</p>
2015 Feb	<p>Measure N: Bond Issue, Parcel Tax and Appropriations Limit Increase, Santa Cruz Community Facilities District No. 2</p> <p>https://ballotpedia.org/Santa_Cruz_County_Community_Facilities_District_No._2_(Lompico_Water)_Bond_Issue,_Parcel_Tax_and_Appropriations_Limit_Increase,_Measure_N_(February_2015)</p>
2015 Feb 27	<p>"Lompico water bond fails by one vote", Santa Cruz Sentinel.</p> <p>"Of the 516 votes, 343 backed the measure — 66.47 percent — and 173 voted against it — 33.53 percent." Total voter turnout was 69%, "which is a good turnout when it comes to elections but what happened to the other 31 percent of the people?" - Gail Pellerin, County Clerk, on why every vote counts. https://www.santacruzsentinel.com/2015/02/27/lompico-water-bond-fails-by-one-vote/</p>
2015 Aug 20	<p>SLVWD board memo to approve Lompico Assessment District and recommitting to merger. Board agenda packet. https://sanlorenzocawater.pt7.civic-</p>
2015 Aug 24	<p>Commentary on SLVWD-Lompico merger, Fifth District Supervisor Bruce McPherson on change to Assessment District for funding mechanism</p> <p>http://supervisorbrucemcpherson.org/san-lorenzo-valley-water-district-to-merge-with-the-lompico-water-district/</p>
2015 Nov 25	<p>County Board of Supervisors approve Lompico Assessment District</p> <p>With letter of recommendation from County Health Services, after failure of bond vote and granting of one year extension by LAFCo: "LCWD now proposes to form an assessment district within its boundaries, in order to finance the infrastructure upgrades required to complete the annexation to SLVWD. This financing method has broader support in the community than the CFD had, and is expected to be approved by Lompico property owners."</p> <p>http://sceh.com/Portals/6/Env_Health/water_resources/WAC/WAC%20Meeting%202015%2012%209/J5.pdf</p>
2016 Jan 16	<p>The Board of Directors of the Lompico County Water District, Felton California accepts Preliminary Engineer's Report and Assessment. Link to Engineers Report:</p> <p>https://www.slvwd.com/sites/g/files/vyhlf1176/f/uploads/engineersreport3-22-16.pdf</p>

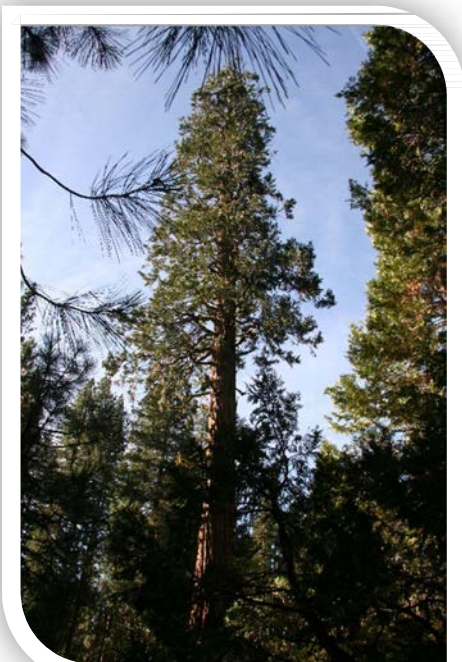
2016 Feb 15	Link to Measure N Voters Pamphlet-includes Pros and Cons of Merger https://www.votescount.com/Portals/16/feb15/mean.pdf
2016 March 16	Assessment District mail-in vote deadline
2016 March 17	“Assessment District vote count delayed”, Santa Cruz Sentinel . https://www.santacruzsentinel.com/2016/03/17/lompico-water-vote-count-stalled-until-may-4/
2016 May 5	“Lompico votes for merger with San Lorenzo Valley Water District” Santa Cruz Sentinel . “Dealing with increasing stringent state regulations was a challenge for Lompico, limited in revenue with 500 customers compared to 8,800 in the San Lorenzo Valley Water District.” “This is terrific, a tremendous ending to a three-year process,” said county Supervisor Bruce McPherson.” https://www.santacruzsentinel.com/2016/05/05/lompico-votes-for-merger-with-san-lorenzo-valley-water-district/
2016 June 1	“Lompico merger with San Lorenzo Valley Water District is complete”, Santa Cruz Sentinel . The Assessment District was “ <u>approved</u> by voters 287-74 on May 4...Lompico residents with one hookup will pay \$5,786 over 10 years, about \$48 per month, paying in property tax bills mailed twice a year.” “Applications are being sought for the five-member Lompico Oversight Committee.” https://www.santacruzsentinel.com/2016/06/01/lompico-merger-with-san-lorenzo-
2016 June 2	“Merger Official after Assessment District vote”, Santa Cruz County Press Release . “In May, 79.5 percent of District customers voted in favor of a merger.” http://www.co.santa-cruz.ca.us/Portals/0/County/CAO/press%20releases/06022016Lompico.pdf
2017 Mar 11	“SLV water should drop unfair Lompico surcharge”, Press Banner Commentary by B. Hollaway. https://www.ttownmedia.com/press_banner/slv-water-should-drop-%20unfair-lompico-
2017 May 11	District Manager Brian Lee informs LADOC he will no longer attend meetings, and says all further questions must be in writing to the board of directors. LADOC drafts first list of questions, included a request for a meeting with the Finance Manager to work together to design a monthly Finance Report and a quarterly meeting with Rick Rogers, the Director of Operations to obtain updates on Lompico Projects.
2017 Sept 7	“San Lorenzo Valley residents to pay most for water after rate increase”, Santa Cruz Sentinel . “According to water district staff, the increase is necessary to fund long-overdue replacement and repair of pipes, pumps and tanks throughout the widespread rural region. The district estimates the work to cost \$30 million over the next 10 years.” https://www.santacruzsentinel.com/2017/09/27/san-lorenzo-valley-residents-to-pay-most-for-water-after-rate-increase/
2017 Oct	LADOC chair memo to the Board of Directors: “The committee has been meeting for fifteen months and has not yet been provided with a report that would assist us in this task [review of expenses].”

2017 Oct 19	BOD meeting. District Manager and director Margaret Bruce propose to either eliminate the Lompico Assessment District Oversight Committee (LADOC) or reduce it to meeting “no more than once a year”.
2017 Nov	The first Lompico Assessment District Finance Report was delivered to the LADOC at the 11/15/2017 meeting and presented by Stephanie Hill the SLVWD Finance Director. The Board president Chuck Baughman was also in attendance to address LADOC questions and concerns.
2018 Jan	First financial reports received by LADOC at a meeting: included water meter change outs completed in June 2016, and a temporary SCADA (control system) installed in August of 2016.
2015, Feb 18	“Measured Hope”, Good Times “To bring the district back to good standing and make all necessary repairs to bring the water district’s equipment up to state requirements, the Santa Cruz County Board of Supervisors created a special all-mail ballot election to vote on a \$3.2 million bond measure, Measure N. The last day to vote is Tuesday, Feb. 24.” http://goodtimes.sc/santa-cruz-news/measured-hope/
2018 May 31	“Encouraging the Flow of Information to the Public”, Santa Cruz County Grand Jury report http://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2018_final/SLVWDAndThePublic.pdf
2018 May 31	“San Lorenzo Valley Water District challenged by grand jury findings”, Santa Cruz Sentinel . “The San Lorenzo Valley Water District since 2016 has struggled to address divisive issues, management of Lompico Assessment District capital projects and support for the Lompico Citizen Oversight Committee, the Santa Cruz County civil grand jury reported Thursday.” https://www.santacruzsentinel.com/2018/05/31/san-lorenzo-valley-water-district-challenged-by-grand-jury-findings/
2018 June 27	Special meeting: SLVWD BOD agenda item 3a (pgs. 4-43) Presentation of Grand Jury report to the board and formation of an Ad Hoc committee of directors Baughman and Hayes, to draft a board response to the Grand Jury; Ad Hoc amended to fulfill changes proposed. https://sanlorenzocawater.pt7.civic-cms.com/sites/sanlorenzocawater/files/agendas/specbodagenda_6.27.18_with_closed_session.pdf
2018 Aug 22	SLVWD board grand jury response. The board “agreed” with all findings and responded to all recommendations with “has not been implemented but will be implemented in the future”. http://www.co.santa-cruz.ca.us/Portals/0/County/GrandJury/GJ2018_final/SLVWDAndThePublic_BoD_Response.pdf
2018 Sept 20	BOD regular meeting, agenda item 13.1 SWRCB Permit Amendment [adding Lompico and Manana Woods to SLVWD system] and Supplemental Engineering Report on conditions in Lompico re: redwood tank replacements, water testing, minimum flow requirements of intertie. https://sanlorenzocawater.pt7.civic-
2018 Oct 25	“Familiar face to lead SLV”, Press Banner ; on appointment of Rick Rogers as District Manager, after serving as interim manager since Brian Lee resigned in August. https://www.townmedia.com/press_banner/news/a-familiar-face-to-lead-%20slvwd/article_1259c7e6-d87d-11e8-b959-6b5557a6560d.html

2018 Nov 29	<p>"Fultz, Henry, Swan elected to SLVWD BoD", Press Banner. "[Lois] Henry, long-time resident of Lompico," ... "served eight years on the board of directors of the Lompico Water District from 2008 to 2016 through the merger with SLVWD.</p> <p>https://www.ttownmedia.com/press_banner/news/a-familiar-face-to-lead-</p>
2019 March 21	<p>LADOC new charter detailing duties of the committee and district support was written by the committee in a series of workshops; approved and adopted by the Board on March 21. BOD agenda 3.21.19, New Business, item 5B (pages 118-125).</p> <p>https://www.slvwd.com/sites/g/files/vyhlif1176/f/agendas/bod_meeting_agenda_3.21.19_with_backup.pdf</p>
2019 April- July	<p>LADOC workshops on preparation of first Annual Report. Approved by the board on February 20, 2020 https://sanlorenzocawater.pt7.civic-cms.com/sites/sanlorenzocawater/files/agendas/bod_agenda_2.20.20_with_backup_0.pdf</p>



Used valve from PRV station



Redwoods



Memcor treatment plant Valve detail

APPENDIX D:

SLVWD

Bear Creek Estates

Wastewater System

Service Review (2019)

BEAR CREEK ESTATES WASTEWATER SYSTEM

District Overview

The Bear Creek Estates Wastewater System, operated by the San Lorenzo Valley Water District (SLVWD), provides wastewater collection and treatment for 56 parcels in a portion of Bear Creek Estates subdivision (units 3, 4, and 5). The Bear Creek Estates Wastewater Treatment plant is located at 15900 Bear Creek Road, Boulder Creek, California. It was initially constructed in 1985 as a septic tank treatment system. It was designed to treat a daily average flow of 12,000 gallons per day (GPD) and a peak wet weather flow of 32,500 gallons per day (GPD). The System consists of two (2) cast-in-place, underground concrete tanks, four (4) above ground trickling media filters, an influent pump station, an effluent pump station, and a 2.3-acre leach field. **Figure 11**, on page 31, is a vicinity map of the service area.

Sewer Provision History

The Bear Creek Estates subdivision was first developed between 1963 and 1965 and expanded in 1975. Residential units were historically on private septic systems, and approximately half the units remained on private septic systems during the conversion to the sewer system. A private developer constructed the District's wastewater collection system and septic disposal system in 1985. The Wastewater System was acquired by SLVWD when the development requested annexation into the District's water system.

Population & Growth

There are no growth projections available for the San Lorenzo Valley Water District or the Bear Creek Estates Wastewater System. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. The FY 2017-18 audit indicates that the District provides water service to approximately 7,900 customers within its service area. LAFCO staff estimates that the population within the Bear Creek Estates Wastewater System was approximately 183 in 2015. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the System's entire population in 2020 will be around 185.

Under the assumed population growth, the projected population for the Bear Creek Estates Wastewater System are as follows:

Table 4: Projected Population

	2020	2025	2030	2035	Growth Rate
Santa Cruz County (unincorporated)	136,891	137,896	139,105	140,356	1%
San Lorenzo Valley Water District	7,966	8,033	8,100	8,168	1%
Bear Creek Estates Wastewater System	185	186	188	189	1%

Source: AMBAG 2018 Regional Growth Forecast

Disadvantaged Unincorporated Communities

State law requires LAFCO to identify and describe all “disadvantaged unincorporated communities” (DUC) 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 with 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 \$67,169⁶, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate potential DUCs in the County. Based on the criteria set forth by SB 244, staff’s analysis indicates that there are no areas in the Bear Creek Estates Wastewater System designated as a disadvantaged unincorporated community.

Services & Operations

The San Lorenzo Valley Water District owns, operates, and maintains a wastewater system in Boulder Creek’s Bear Creek Estates. Based on staff’s analysis, the System has 56 connections with 1.2 miles of sewer lines and 2 pump stations. The System is operating on a routine or as needed basis with staff being allocated from the Operations & Distribution or Supply & Treatment Departments. An indirect allocation process is used based on number of overall customers to allocate indirect costs identified as being a shared benefit to all customers. The following are key highlights of the Bear Creek Estates Wastewater System:

- The system collects and treats domestic wastewater flow;
- The existing collection system consists of 19 manholes, 2 cleanouts, approximately 3,600 linear feet of gravity sewer, 2,600 linear feet of force mains, 2 sewer pump stations, and 56 laterals;
- From 2005 to 2013, the District completed several modifications aimed at achieving regulatory compliance and improved nitrogen removal efficiency. This resulted in the existing treatment septic system being modified to incorporate a 3-stage trickling filter system, new internal recirculation/splitter/ball valves, and new air blowers with high capacity disc diffusers in the clarifier tanks; and
- Due to high regulatory requirements, there is still significant improvements needed for the wastewater system.

Sewer Rates

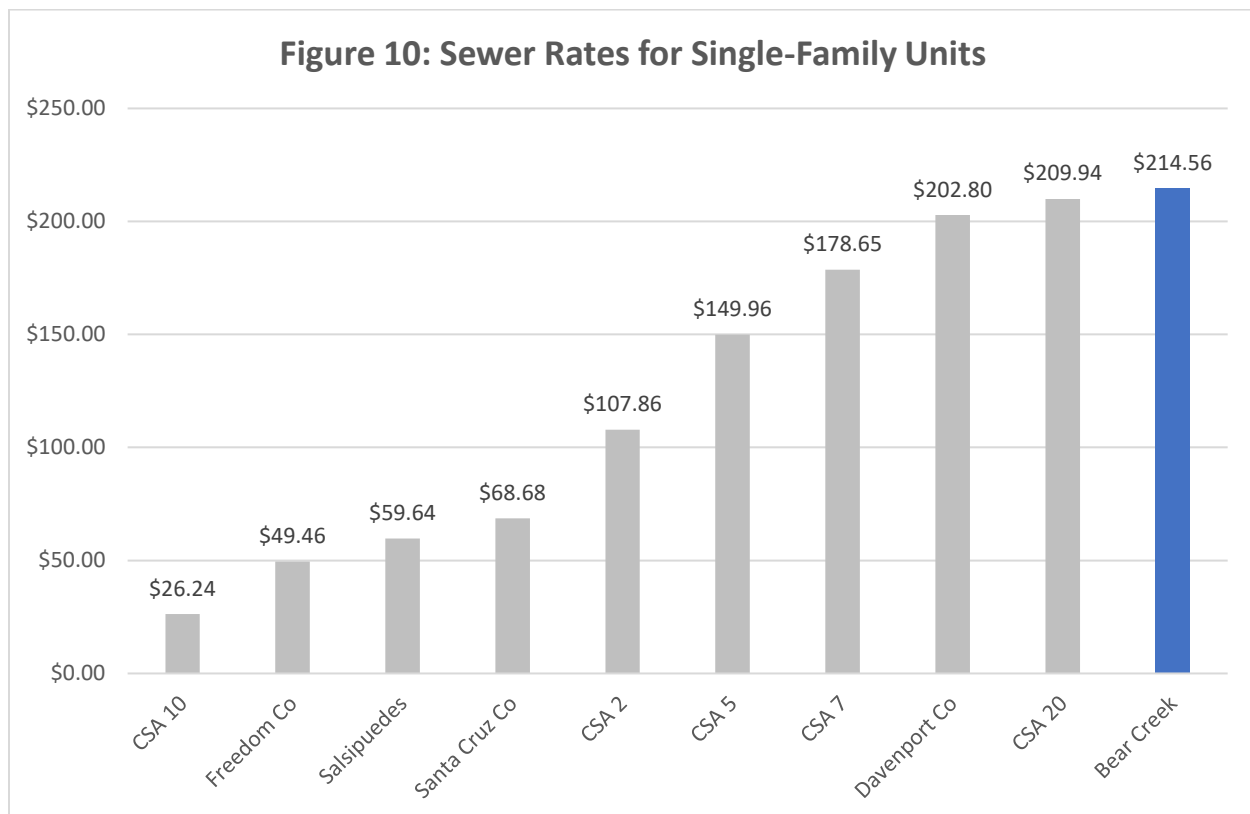
At present, the System’s annual sewer rates derive from single-family units in the Bear Creek Estates subdivision. **Table 5** shows the gradual increase in annual rates during the last several years. From 2013 to 2017, monthly sewer rates were \$149/month. In January 2019, the rates were raised to \$178/month. In January 2020, the rates are expected to increase to \$214.56/month.

⁶ 2013-2017 American Community Survey 5-year Estimates

Table 5: Annual Sewer Rates

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Bear Creek Estates	\$1,488.00	\$1,488.00	\$1,488.00	\$1,488.00	\$1,788.00	\$2,174.72	\$2,574.72
Change (\$)		\$0	\$0	\$0	\$300.00	\$357.60	\$429.12
Change (%)		0%	0%	0%	20%	20%	20%

When comparing the sewer rates with the other sanitation districts analyzed in this report, the Bear Creek Estates Wastewater System is ranked the highest in charges towards single-family units (\$214.56/month), as shown in the figure below.



California Central Coast Regional Water Quality Board Regulations

In 2005, the Central Coast Regional Water Control Board (Regional Board) issued new regulations requiring 50% reduction in total nitrogen (TN) in the wastewater discharge from the treatment plant. To comply with this new requirement, the District completed treatment upgrades in 2005, 2009, and 2013 to the existing treatment septic system by installing three new stage tricking filters, new internal recirculation/splitter/ball valves, and a new air blower with high-capacity disc diffusers in the clarifier tanks. Unfortunately, these modifications have not been successful.

In 2016, the Regional Water Board issued a Notice of Violation of the Waste Discharge Requirements to the District citing ongoing violations with insufficient total nitrogen reduction, since 2007, excess flow violations from inflow and infiltration into the District collection system during rain events, and unsatisfactory operator response for occasional

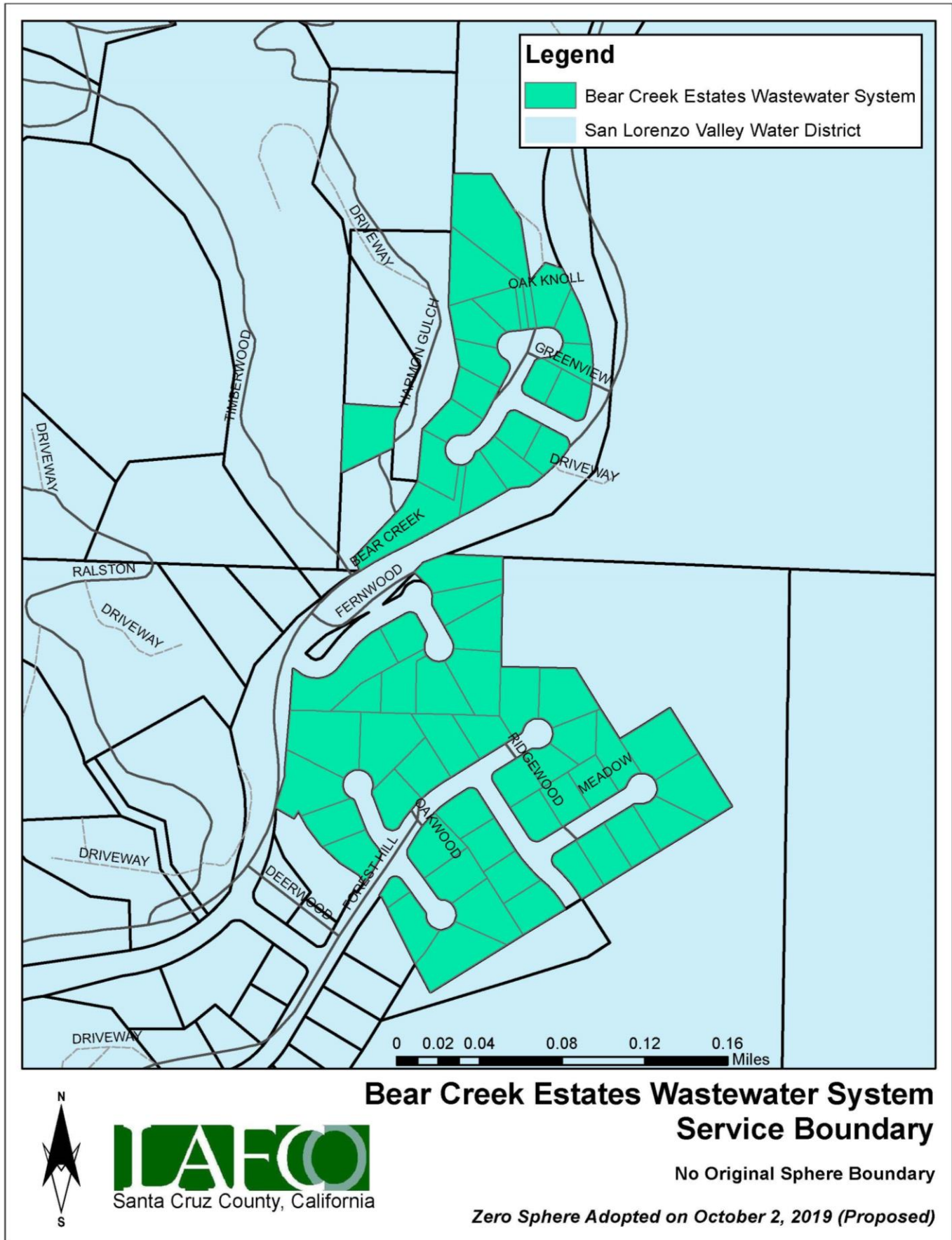
sanitary spills and runoffs from the system into Bear Creek. The Regional Board ordered the District to submit a certified engineering report by May 15, 2016, addressing the following: (1) Wastewater treatment plant modifications to ensure the denitrification process will reduce total nitrogen by 50%, and (2) Engineering controls to reduce inflow and infiltration during rain events. Evidence of Bear Creek Estates Wastewater Treatment Plant operators being properly trained in sanitary sewer and wastewater treatment plant spills.

The District prepared multiple reports investigating these items. Two technical memorandums and the 2018 Bear Creek Estates Wastewater Treatment Plant Wastewater Collection and Treatment System Improvements Report are available on the District website for review. The District's intent is to award a single contract to an engineering firm qualified to do the work. The selected firm will be expected to compile and review data, attend a kickoff meeting, evaluate three alternatives, prepare cost estimates for design and construction, and associated environmental/permitting costs.

The firm will be expected to submit a technical memorandum that includes descriptions of each of the identified alternatives, background, assumptions, and final recommendations. In response to a Request for Proposal on August 30, 2019, the District received three engineering proposals for the Bear Creek Estates Wastewater Alternate Analysis. The District has recently hired a District Engineer who will serve as Project Manager. The selected Engineering firm will be expected to coordinate with the District Engineer throughout the project. The final reports shall include assessment of alternatives and justification for final recommendations. The District anticipates that the study will be completed by Spring 2020.

Infrastructure improvements continues to be an ongoing issue for not only Bear Creek Estates Wastewater System, but rather, most of the sanitation districts throughout the County.

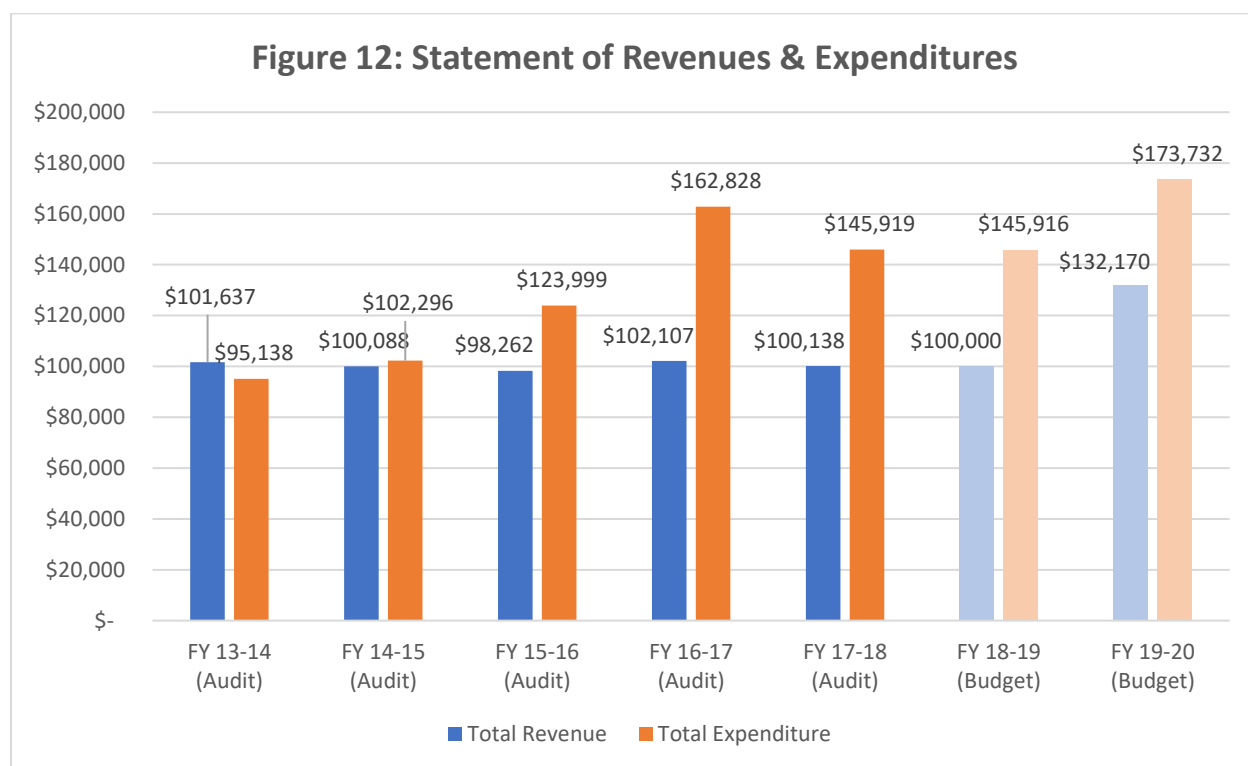
Figure 11: Bear Creek Estates Wastewater System's Vicinity Map



Finances

This section will highlight the System's audited financial performance during the most recent fiscal years. Fiscal Year 2017-18 is the latest audited financial statement available. A comprehensive analysis of the System's financial performance during the past 5 years is shown in **Tables 8** and **9**, on pages 35 and 36.

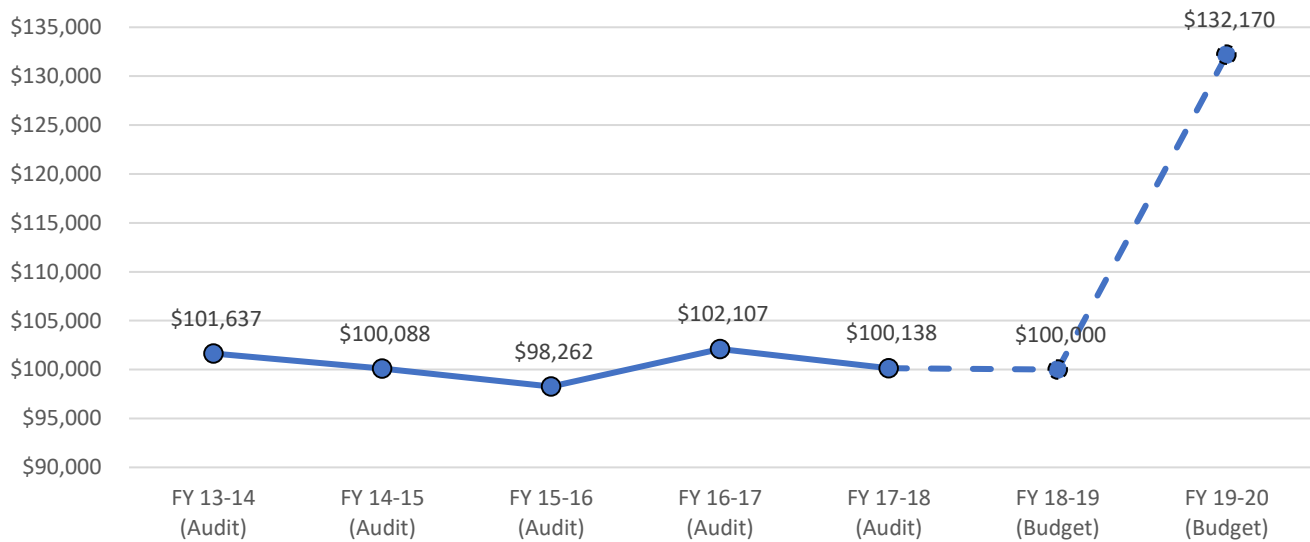
At the end of Fiscal Year 2017-18, total revenue collected was approximately \$100,000, representing a 2% decrease from the previous year (\$102,107 in FY 16-17). Total expenses for FY 17-18 were approximately \$146,000, which decreased from the previous year by approximately \$17,000 (\$162,828 in FY 16-17). As shown in **Figure 12**, the System's total revenues have been less than total expenditures each year since FY 14-15, resulting in a negative impact, ranging from \$2,200 to \$60,700, to the System's net position. Based on the two recently adopted budgets, LAFCO staff projects that this negative trend will continue.



District Revenues

The Bear Creek Estates Wastewater System's only source of revenue is from Wastewater Service Fees. On average, the System receives approximately \$100,450 each year in service fees. **Figure 13** highlights the fluctuation of total revenue received since 2013. The table shows a downward trend in revenues received during FY 13-14 to FY 15-16, and again, during FY 16-17 to FY 18-19. However, the current budget for FY 19-20 projects that the District will earn approximately \$132,000 in service fees. While the expected revenue is scheduled to increase, LAFCO staff projections indicate that total revenues will not cover total expenditures during FY 18-19 and FY 19-20.

**Figure 13: Total Revenue
(FY 13-14 to FY 19-20)**



District Expenditures

The Bear Creek Estates Wastewater System's total expenditures can be categorized into 4 budgetary groups: Salaries & Benefits, General & Administrative, Professional Services, and Operations & Maintenance. The figure below distinguishes the cost and percentage per category. The following pages provide a summary for each budgetary group. As shown below, Operations & Maintenance is the highest expenditure during FY 17-18.

Figure 13: FY 2017-18 Expenditure Breakdown

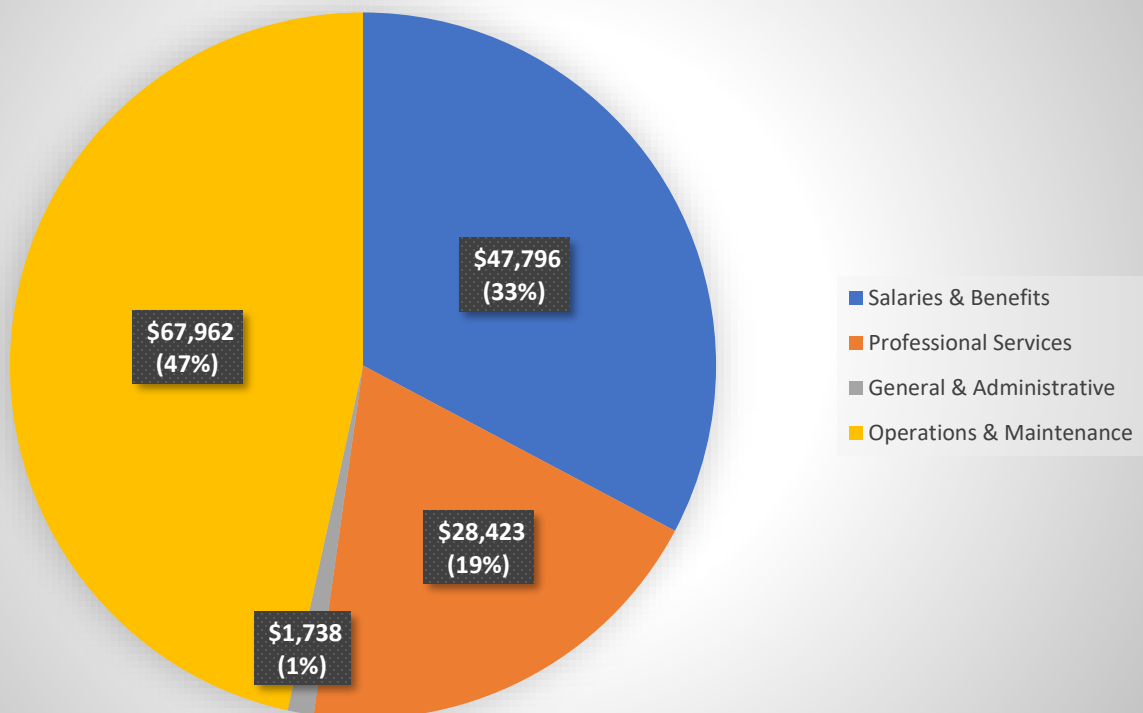


Table 6: FY-2017-18 Expenditure Review

Expenditures:	(\$)	(%)
Operations & Maintenance	\$67,962	47%
Salaries & Benefits	\$47,796	33%
Professional Services	\$28,423	19%
General & Administrative	\$1,738	1%
Total Expenditures	\$145,919	100%

Assets & Liabilities

The Bear Creek Estates Wastewater System, administered by the San Lorenzo Valley Water District, provides sewer services to 56 connections and has limited assets and liabilities. The following is an overview of the System's assets and liabilities:

- System Assets: As of June 30, 2018, the System has \$340,382 in total assets. The Bear Creek Estates Wastewater System has no current assets. The System's non-current assets are primarily capital assets.
- System Liabilities: As of June 30, 2018, the System has \$1,078 in total liabilities. The Bear Creek Estates Wastewater System has no long-term debt. Current liabilities are primarily Accounts Payable and Accrued Expense.

Fund Balance/Net Position

As of June 30, 2018, the total fund balance is approximately \$339,000. The fund balance has been declining moderately on an annual basis since 2014, as shown in the following table.

Table 7: Fund Balance/Net Position

	FY 13-14 (Audited)	FY 14-15 (Audited)	FY 15-16 (Audited)	FY 16-17 (Audited)	FY 17-18 (Audited)
Net Position (Ending Balance)	\$473,751	\$471,543	\$445,806	\$385,085	\$339,304
Change in (\$) from previous year		-\$2,208	-\$25,737	-\$60,721	-\$45,781
Change in (%) from previous year		-0.47%	-5.46%	-13.62%	-11.89%

Table 8: Total Revenues & Expenditures

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)	FY 18-19 (Budget)	FY 19-20 (Budget)
REVENUE							
Wastewater Service	<u>\$101,637</u>	<u>\$100,088</u>	<u>\$ 98,262</u>	<u>\$102,107</u>	<u>\$100,138</u>	<u>\$ 100,000</u>	<u>\$132,170</u>
Total Revenue	\$101,637	\$100,088	\$ 98,262	\$102,107	\$100,138	\$ 100,000	\$132,170
EXPENDITURE							
Salaries and Benefits	\$ 12,954	\$ 7,213	\$ -	\$ -	\$ 47,796	\$ 43,020	\$ 56,667
Professional Services	\$ 5,406	\$ 21,500	\$ 33,791	\$ 66,751	\$ 28,423	\$ 64,747	\$ 75,772
Operational	\$ 10,620	\$ 2,453	\$ 12,285	\$ 18,319	\$ 16,116	\$ 23,014	\$ 25,026
Maintenance	\$ 280	\$ -	\$ -	\$ -	\$ 1,106	\$ 2,222	\$ 2,472
Facilities	\$ 8,769	\$ 8,608	\$ 15,486	\$ 8,403	\$ 8,384	\$ 11,128	\$ 12,248
General and Administrative	\$ 15,336	\$ 20,749	\$ -	\$ -	\$ 1,738	\$ 1,785	\$ 1,547
Overhead Adsorption	\$ -	\$ -	\$ 22,987	\$ 26,998	\$ -	\$ -	\$ -
Depreciation	<u>\$ 41,773</u>	<u>\$ 41,773</u>	<u>\$ 39,450</u>	<u>\$ 42,357</u>	<u>\$ 42,356</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditure	\$ 95,138	\$102,296	\$123,999	\$162,828	\$145,919	\$ 145,916	\$173,732
Surplus/(Deficit)	\$ 6,499	\$ (2,208)	\$ (25,737)	\$ (60,721)	\$ (45,781)	\$ (45,916)	\$ (41,562)
Net Position - Beginning	\$467,252	\$473,751	\$471,543	\$445,806	\$385,085	\$ 339,304	\$293,388
Net Position - Ending	\$473,751	\$471,543	\$445,806	\$385,085	\$339,304	\$ 293,388	\$251,826

Footnote: The District anticipates Depreciation to be approximately \$24,000/year for Fiscal Year 2018-19 and 2019-20.

Table 9: Total Assets & Liabilities

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)
ASSETS					
<u>Current Assets</u>					
Internal Balances	\$ (94,772)	\$ (55,207)	\$ (52,791)	\$ (115,762)	\$ (124,678)
<u>Non-Current Assets</u>					
Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Assets - not being depreciated	\$ 28,213	\$ 28,213	\$ 46,956	\$ 88,814	\$ 90,685
Capital Assets - being depreciated	<u>\$540,310</u>	<u>\$498,537</u>	<u>\$459,087</u>	<u>\$ 416,731</u>	<u>\$ 374,375</u>
Total Assets	\$473,751	\$471,543	\$453,252	\$ 389,783	\$ 340,382
LIABILITIES					
Current Liabilities	\$ -	\$ -	\$ 7,446	\$ 4,698	\$ 1,078
Non-Current Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	\$ -	\$ -	\$ 7,446	\$ 4,698	\$ 1,078
NET POSITION					
Net Investment in Capital Assets	\$568,523	\$526,750	\$506,043	\$ 505,545	\$ 465,060
Restricted for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>\$ (94,772)</u>	<u>\$ (55,207)</u>	<u>\$ (60,237)</u>	<u>\$ (120,460)</u>	<u>\$ (125,756)</u>
Total Net Position	\$473,751	\$471,543	\$445,806	\$ 385,085	\$ 339,304

Governance

The San Lorenzo Valley Water District currently owns and operates the Bear Creek Estates Wastewater System. The San Lorenzo Valley Water District is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, they are appointed by the County Board of Supervisors in lieu of conducting the election. The current Board is as follows:

Table 10: Board of Directors

Board Member	Title	Term of Office Expiration
Lois Henry	Board Chair	2022
Robert Fultz	Vice Chair	2022
Stephen Swan	Board Member	2022
Lew Farris	Board Member	2020
Rick Moran	Board Member	2020

The Board of Directors meet on the first and third Thursday of each month at 6:30 PM. Meetings are held at various locations throughout the San Lorenzo Valley. Public notice is provided through posting. The District contracts for independent audits.

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. It outlines minimum website data requirements, including contact information, financial reports, and meeting agendas/minutes. The San Lorenzo Valley Water District has a website which consists of webpages for all operations, including the Bear Creek Estates Wastewater System. The website is currently in contract to be replaced with a new website with additional features, including ADA compliance.

In 2016, the District received the District Transparency Certificate of Excellence by the Special District Leadership Foundation (SDLF) of California in recognition of its outstanding efforts to promote transparency and good governance. In order to receive the award, a special district must demonstrate the completion of eight essential governance transparency requirements. The requirements include conducting ethics training for all board members, properly conducting open and public meetings, and filing financial transactions and compensation reports to the State Controller in a timely manner. The San Lorenzo Valley Water District also fulfilled 15 website requirements including providing readily available information to the public such as board agendas, past minutes, current district budget and the most recent financial audit.

LAFCO staff believes that the Bear Creek Estates Wastewater System webpage provides useful information. However, it may be beneficial if the System's webpage is updated to identify past and future meeting dates and agenda materials (ex. staff reports, meeting minutes, etc.). Currently, it is difficult to determine when the next meeting date will occur.

LAFCO Staff Recommendation: *The District should consider updating how meeting dates and materials are displayed on the existing System webpage. The District should also include past and future LAFCO service reviews as additional resource materials.*

Capital Improvement Plan

The San Lorenzo Valley Water District has adopted a District-wide capital improvement plan. Based on staff's research, there are no capital improvement projects scheduled for the Bear Creek Estates Wastewater System. The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

Sewer System Management Plan

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. These requirements include the following:

- Sanitary Sewer Overflows are prohibited, and
- All Sanitary Sewer Overflow (SSOs), with the exception of Private Sewer Lateral Discharge (PLSDs), irrespective of size, must be reported to the State Water Board electronically using the California Integrated Water Quality System, and the Districts/CSAs must prepare and implement a Sewer System Management Plan (SSMP).

The San Lorenzo Valley Water District has adopted an Urban Water Management Plan, which includes a description of the existing location and capacity of the Wastewater System. It is LAFCO staff's understanding that the District does not have an adopted SSMP.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting, to the San Lorenzo Valley Water District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the first year that the District has achieved this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and all applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only.

Opportunities & Challenges

The Bear Creek Estates Wastewater System is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Governance Structure Options

The San Lorenzo Valley Water District desires to transfer ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency. These steps include:

- Development of a rate-study that will establish operational and capital needs of the wastewater system;
- Implement a Proposition 218 rate increase process that will set rates appropriate to the operational and capital needs of the system; and
- Coordination with Bear Creek Estates residents, meeting with County representatives on a regular basis to discuss and move this idea forward, and collaboratively establishing a plan with a schedule and key milestones.

LAFCO staff sees value in local agencies collaborating and exploring opportunities to improve delivery of municipal services. It is still unknown whether it is feasible for the County or another local service provider to assume responsibilities within this area. Therefore, LAFCO staff recommends that the District continue to discuss possible partnerships with the County and other neighboring agencies. If an agreement is made, in which all affected parties agree in the transfer of responsibilities, a change of organization may be considered at that point.

Regional Collaboration

Several sanitation districts, including the Bear Creek Estates Wastewater System, have expressed interest in transferring sewer responsibilities to another agency due to funding issues, limited long-term planning, or lack of economies of scale. Establishment of a countywide memorandum of understanding or a joint powers authority may unify the already-established collaboration set by the sanitation providers in the county. Such agreements may also lay the foundation for future changes of organization, including but not limited to annexations, consolidations, or mergers.

Sphere of Influence

LAFCO has established a sphere of influence for the San Lorenzo Valley Water District. Based on staff's analysis and research, it was determined that there is no sphere of influence for the Bear Creek Estates Wastewater System. Due to the ongoing financial constraints, in conjunction with SLVWD's interest in transferring sewer responsibilities to

another local agency, LAFCO staff recommends adopting a zero sphere of influence for the Bear Creek Estates Wastewater System, as shown below.

The Commission may adopt a “zero” sphere of influence (encompassing no territory) for an agency when the Commission has determined that the public service functions of the agency are either: nonexistent, no longer needed, or should be reallocated to some other agency of government. The adoption of a “zero” sphere indicates the agency should ultimately be dissolved and sewer responsibilities transferred to another local agency. Figure 16, on page 41, shows the adopted sphere of influence boundary for the entire San Lorenzo Valley Water District.

Figure 15: Proposed “Zero” Sphere of Influence

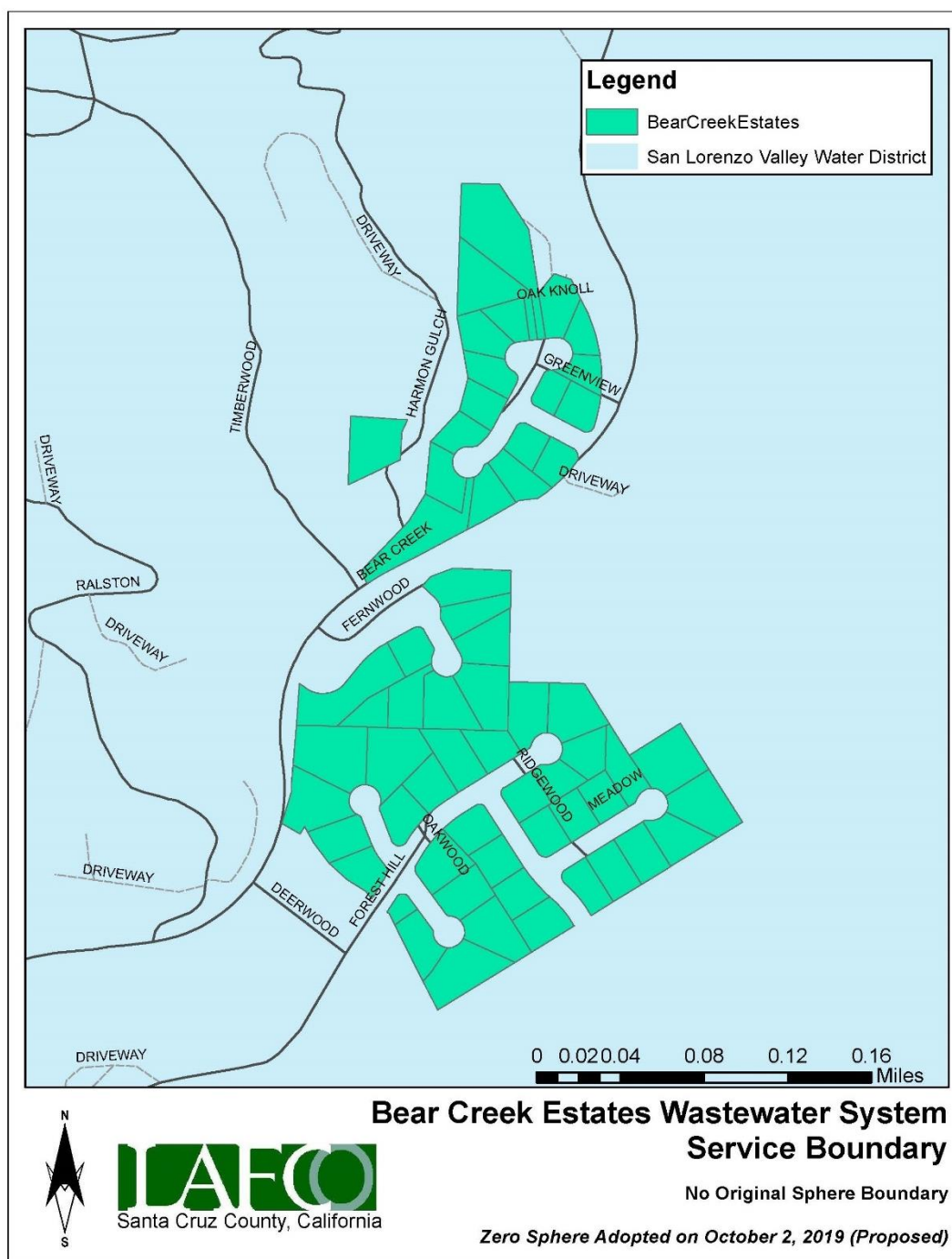
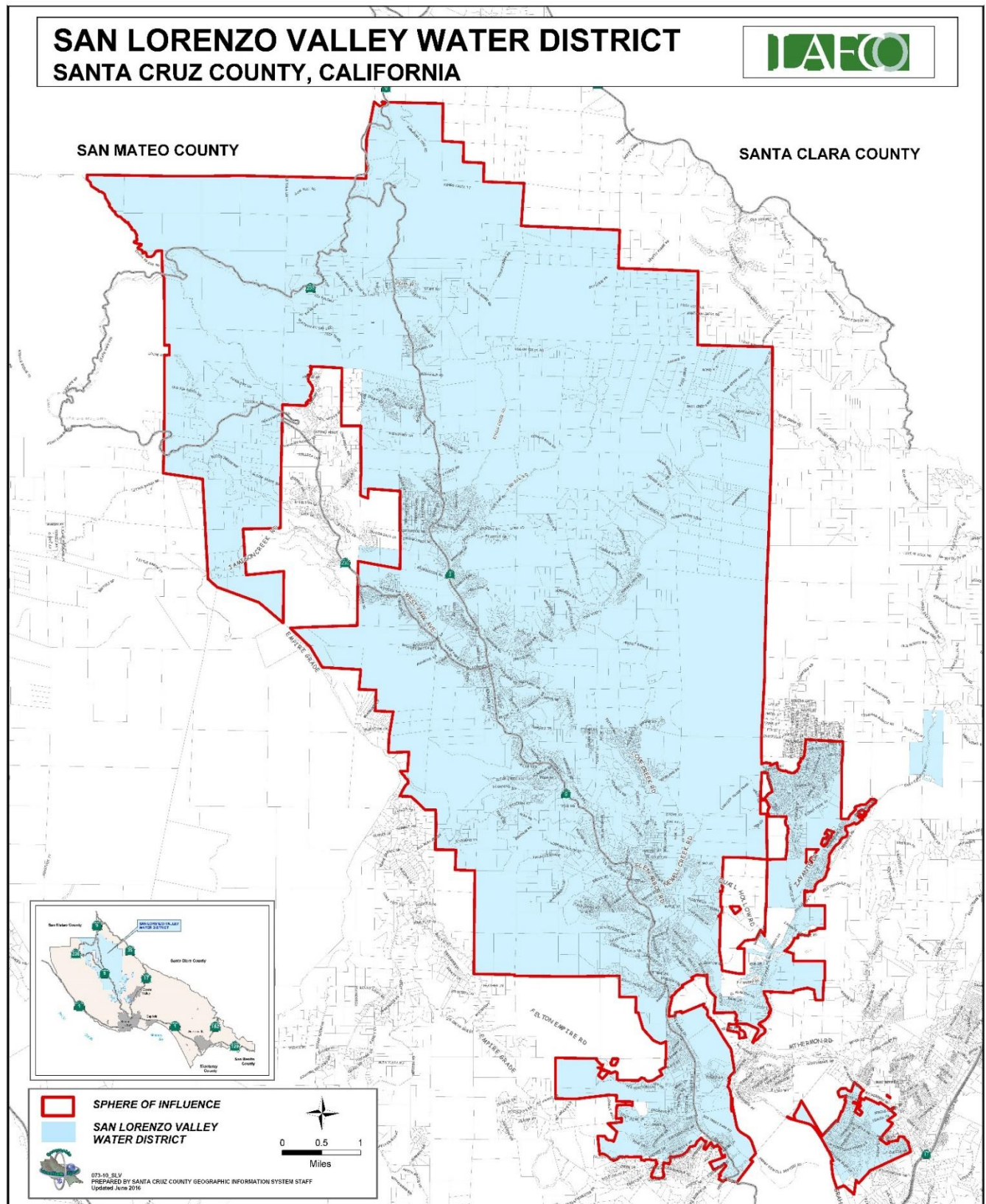


Figure 16: San Lorenzo Valley Water District's Current Sphere Map
 (No Sphere of Influence has been adopted for the Bear Creek Estates Wastewater System)



District Summary

Bear Creek Estates Wastewater System (San Lorenzo Valley Water District)	
Formation	California Water Code, section 30,000 et seq.
Board of Directors	Five members, elected at-large to four-year terms
Contact Person	Rick Rogers, General Manager
Employees	34 Full-Time Employees (entire SLVWD)
Facilities	19 manholes, 2 cleanouts, approximately 3,600 linear feet of gravity sewer, 2,600 linear feet of force mains, 2 sewer pump stations, and 56 laterals
District Area	18.44 acres (0.029 square miles)
Sphere of Influence	<i>Proposed Designation:</i> Zero Sphere of Influence The San Lorenzo Valley Water District's sphere is Slightly Larger than the District (i.e. sphere goes beyond existing jurisdictional boundary)
FY 2019-20 Budget	Total Revenue = \$132,170 Total Expenditure = \$173,732 Projected Net Position (Beginning Balance) = \$251,826
Contact Information	Mailing Address: 13060 Highway 9 Boulder Creek CA 95006 Phone Number: (831) 430-4636 Email Address: bod@slvwd.com Website: http://www.slvwd.com/ BearCreek.htm
Public Meetings	Meetings are typically held on the first and third Thursday of each month at 6:30 p.m.
Mission Statement	"Our mission is to provide our customers and all future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding customer service; to manage and protect the environmental health of the aquifers and watersheds; and, to ensure the fiscal vitality of the San Lorenzo Valley Water District."

Service and Sphere Review Determinations

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act. The District was instrumental in addressing the determinations by responding to a survey sent by LAFCO in June 2019. **Appendix A** provides a copy of the District's survey response.

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 of influence. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

There are no growth projections available for the San Lorenzo Valley Water District or the Bear Creek Estates Wastewater System. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. The FY 2017-18 audit indicates that the District provides water service to approximately 7,900 customers within its service area. LAFCO staff estimates that the population within the Bear Creek Estates Wastewater System was approximately 183 in 2015. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the System's entire population in 2020 will be around 185.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

In 2017, the California statewide median household income was \$67,169⁷, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate potential DUCs in the County. Based on the criteria set forth by SB 244, staff's analysis indicates that there are no areas in the Bear Creek Estates Wastewater System designated as a disadvantaged unincorporated community.

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.

The San Lorenzo Valley Water District (SLVWD) was formed back in 1941 and provides water service to approximately 7,900 connections throughout the communities of Boulder Creek, Brookdale, Ben Lomond, Felton, Zayante, and southern Scotts Valley. Since the development of the Bear Creek Estates subdivision back in 1985, SLVWD has been providing sewer service to 56 connections under the governance of the Bear Creek Estates Wastewater System. This residential subdivision has approximately 183 residents and represents approximately 2% of the total population within the San Lorenzo Valley Water District. The District has expressed interest in transferring sewer service responsibilities to another local agency.

⁷ 2013-2017 American Community Survey 5-year Estimates

4. Financial ability of agencies to provide services.

The Bear Creek Estates Wastewater System has experienced an annual deficit over the past six years. Audited financial statements from Fiscal Years 2013 to 2018 indicate that the annual shortage has ranged from \$2,200 to \$60,000. As of June 30, 2018, the System is operating with a net position of approximately \$339,000 with no current assets or cash available. LAFCO staff projects that this negative trend will continue unless the System increases its overall revenue stream or decreases annual expenses.

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

Several sanitation districts, including the Bear Creek Estates Wastewater System, have expressed interest in transferring sewer responsibilities to another agency due to funding issues, limited long-term planning, or lack of economies of scale. Establishment of a countywide memorandum of understanding or a joint powers authority may unify the already-established collaboration set by the sanitation providers in the county. Such agreements may also lay the foundation for future changes of organization, including but not limited to annexations, consolidations, or mergers.

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

The San Lorenzo Valley Water District has adopted a District-wide capital improvement plan. Based on staff's research, there are no capital improvement projects scheduled involving the Bear Creek Estates Wastewater System. The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

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 and sphere 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 open-space lands.

The Bear Creek Estates Wastewater System's service area is built out with residential homes. There are no agricultural or open-space lands within the service area.

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

Due to the System's ongoing financial constraints, in conjunction with SLVWD's interest in transferring sewer responsibilities to another local agency, LAFCO staff recommends adopting a zero sphere of influence for the Bear Creek Estates Wastewater System.

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

The San Lorenzo Valley Water District owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates. Based on staff's analysis, the System has 56 connections with 1.2 miles of sewer lines and 2 pump stations. The System is operating on a routine or as needed basis with staff being allocated from the Operations & Distribution or Supply & Treatment Departments. The San Lorenzo Valley Water District desires to transfer ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency.

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.

LAFCO staff is not aware of any social or economic communities of interest in the area. The Bear Creek Estates Wastewater System's service area is primarily single-family homes.

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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

APPENDIX E:

SLVWD

Financial Sources

(2015-2020)

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues:			
Water consumption sales	\$ 5,237,534	-	5,237,534
Wastewater service	-	100,088	100,088
Charges and penalties	99,066	-	99,066
Other charges and services	42,202	-	42,202
Total operating revenues	<u>5,378,802</u>	<u>100,088</u>	<u>5,478,890</u>
Operating expenses:			
Salaries and benefits	3,421,201	7,213	3,428,414
Professional services	743,184	21,500	764,684
Materials and supplies	154,939	2,453	157,392
Vehicle and equipment maintenance	111,084	-	111,084
Building maintenance	39,433	-	39,433
Repairs	20,010	-	20,010
Collection fees and charges	53,443	-	53,443
Utilities and telephone	487,083	8,608	495,691
Insurance	54,488	-	54,488
Rentals and permits	110,924	16,749	127,673
Travel, meals and conferences	16,171	-	16,171
Auto allowance	1,276	-	1,276
Office expenses	278,575	4,000	282,575
Total operating expenses	<u>5,491,811</u>	<u>60,523</u>	<u>5,552,334</u>
Operating income (loss) before overhead absorption	(113,009)	39,565	(73,444)
Overhead absorption	24,644	-	24,644
Operating income (loss) before depreciation expense	(88,365)	39,565	(48,800)
Depreciation expense	(1,097,337)	(41,773)	(1,139,110)
Operating loss	<u>\$ (1,185,702)</u>	<u>(2,208)</u>	<u>(1,187,910)</u>

Continued on next page

See accompanying notes to the basic financial statements

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position, continued
For the Year Ended June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Non-operating revenues (expenses):			
Property tax revenue	\$ 762,752	-	762,752
Investment earnings	(1,909)	-	(1,909)
Rental revenue	29,713	-	29,713
Interest expense	(127,850)	-	(127,850)
Gain on disposition of capital assets	34,499	-	34,499
Settlement and purchase agreements	145,257	-	145,257
Total non-operating revenues, net	<u>842,462</u>	<u>-</u>	<u>842,462</u>
Net loss before capital contributions	<u>(343,240)</u>	<u>(2,208)</u>	<u>(345,448)</u>
Capital contributions:			
Capital grants - other governments	2,287,233	-	2,287,233
Total capital contributions	<u>2,287,233</u>	<u>-</u>	<u>2,287,233</u>
Change in net position	<u>1,943,993</u>	<u>(2,208)</u>	<u>1,941,785</u>
Net position, beginning of period, as restated	<u>22,998,049</u>	<u>473,751</u>	<u>23,471,800</u>
Net position, end of period	<u><u>\$ 24,942,042</u></u>	<u><u>471,543</u></u>	<u><u>25,413,585</u></u>

See accompanying notes to the basic financial statements

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues:			
Water consumption sales	\$ 6,145,076	-	6,145,076
Wastewater service	-	98,262	98,262
Meter sales, charges and penalties	194,444	-	194,444
Other charges and services	<u>18,399</u>	<u>-</u>	<u>18,399</u>
Total operating revenues	<u>6,357,919</u>	<u>98,262</u>	<u>6,456,181</u>
Operating expenses:			
Salaries and benefits	3,304,540	-	3,304,540
Professional services	834,427	33,791	868,218
Operational	398,057	12,285	410,342
Maintenance	183,215	-	183,215
Facilities	426,528	15,486	442,014
General and administrative	<u>352,510</u>	<u>-</u>	<u>352,510</u>
Total operating expenses	<u>5,499,277</u>	<u>61,562</u>	<u>5,560,839</u>
Operating income before overhead absorption	858,642	36,700	895,342
Overhead absorption	<u>42,624</u>	<u>(22,987)</u>	<u>19,637</u>
Operating income before depreciation expense	901,266	13,713	914,979
Depreciation expense	<u>(1,286,606)</u>	<u>(39,450)</u>	<u>(1,326,056)</u>
Operating loss	<u>(385,340)</u>	<u>(25,737)</u>	<u>(411,077)</u>

Continued on next page

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position, continued
For the Year Ended June 30, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Non-operating revenues (expenses):			
Property tax/assessment revenues	\$ 610,634	-	610,634
Investment earnings	11,502	-	11,502
Rental revenues	43,922	-	43,922
Interest expenses	<u>(185,411)</u>	<u>-</u>	<u>(185,411)</u>
Total non-operating revenues, net	<u>480,647</u>	<u>-</u>	<u>480,647</u>
Net income (loss) before capital contributions	<u>95,307</u>	<u>(25,737)</u>	<u>69,570</u>
Capital contributions:			
Capital grants - other governments	<u>1,557,589</u>	<u>-</u>	<u>1,557,589</u>
Total capital contributions	<u>1,557,589</u>	<u>-</u>	<u>1,557,589</u>
Change in net position	1,652,896	(25,737)	1,627,159
Transfer in due to merger	1,009,192	-	1,009,192
Net position – beginning of year	<u>25,106,623</u>	<u>471,543</u>	<u>25,578,166</u>
Net position – end of year	<u>\$ 27,768,711</u>	<u>445,806</u>	<u>28,214,517</u>

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues:			
Water consumption sales	\$ 7,157,650	-	7,157,650
Wastewater service	-	102,107	102,107
Meter sales, charges and penalties	178,632	-	178,632
Other charges and services	7,741	-	7,741
Total operating revenues	<u>7,344,023</u>	<u>102,107</u>	<u>7,446,130</u>
Operating expenses:			
Salaries and benefits	4,498,595	-	4,498,595
Professional services	1,135,253	66,751	1,202,004
Operational	445,917	18,319	464,236
Maintenance	130,244	-	130,244
Facilities	490,997	8,403	499,400
General and administrative	314,979	-	314,979
Total operating expenses	<u>7,015,985</u>	<u>93,473</u>	<u>7,109,458</u>
Operating income before overhead absorption	328,038	8,634	336,672
Overhead absorption	101,681	(26,998)	74,683
Operating income (loss) before depreciation expense	429,719	(18,364)	411,355
Depreciation expense	(1,375,120)	(42,357)	(1,417,477)
Operating loss	<u>(945,401)</u>	<u>(60,721)</u>	<u>(1,006,122)</u>
Non-operating revenues (expenses):			
Property tax/assessment revenues	1,129,838	-	1,129,838
Investment earnings	13,858	-	13,858
Rental revenues	59,548	-	59,548
Interest expenses	(166,204)	-	(166,204)
Settlement and purchase agreements	10,000	-	10,000
Total non-operating revenues, net	<u>1,047,040</u>	<u>-</u>	<u>1,047,040</u>
Change in net position	<u>101,639</u>	<u>(60,721)</u>	<u>40,918</u>
Net position – beginning of year	<u>27,768,711</u>	<u>445,806</u>	<u>28,214,517</u>
Net position – end of year	<u>\$ 27,870,350</u>	<u>385,085</u>	<u>28,255,435</u>

San Lorenzo Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues:			
Water consumption sales	\$ 8,983,340	-	8,983,340
Wastewater service	-	100,138	100,138
Meter sales, charges and penalties	128,305	-	128,305
Other charges and services	3,581	-	3,581
Total operating revenues	<u>9,115,226</u>	<u>100,138</u>	<u>9,215,364</u>
Operating expenses:			
Salaries and benefits	4,792,722	47,796	4,840,518
Professional services	1,390,856	28,423	1,419,279
Operational	304,760	16,116	320,876
Maintenance	142,608	1,106	143,714
Facilities	546,163	8,384	554,547
General and administrative	381,119	1,738	382,857
Total operating expenses	<u>7,558,228</u>	<u>103,563</u>	<u>7,661,791</u>
Operating income before overhead absorption	1,556,998	(3,425)	1,553,573
Overhead absorption	163,697	-	163,697
Operating income (loss) before depreciation expense	1,720,695	(3,425)	1,717,270
Depreciation expense	<u>(1,597,917)</u>	<u>(42,356)</u>	<u>(1,640,273)</u>
Operating income (loss)	<u>122,778</u>	<u>(45,781)</u>	<u>76,997</u>
Non-operating revenues (expenses):			
Property taxes	747,404	-	747,404
Assessment revenues	349,130	-	349,130
Investment earnings	23,040	-	23,040
Rental revenues	56,647	-	56,647
Interest expense	<u>(150,507)</u>	<u>-</u>	<u>(150,507)</u>
Total non-operating revenues, net	<u>1,025,714</u>	<u>-</u>	<u>1,025,714</u>
Net income (loss) before capital contributions	<u>1,148,492</u>	<u>(45,781)</u>	<u>1,102,711</u>
Capital contributions:			
Capital grants - other governments	434,908	-	434,908
Total capital contributions	<u>434,908</u>	<u>-</u>	<u>434,908</u>
Change in net position	<u>1,583,400</u>	<u>(45,781)</u>	<u>1,537,619</u>
Net position, beginning of year as previously stated	27,870,350	385,085	28,255,435
Prior period adjustment	<u>(704,110)</u>	<u>-</u>	<u>(704,110)</u>
Net position, beginning of year as restated	<u>27,166,240</u>	<u>385,085</u>	<u>27,551,325</u>
Net position, end of year	<u>\$ 28,749,640</u>	<u>339,304</u>	<u>29,088,944</u>

San Lorenzo Valley Water District
Combining Schedules of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>2019</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>2018</u>
Operating revenues:						
Water consumption sales	\$ 9,917,657	-	9,917,657	8,983,340	-	8,983,340
Wastewater service	-	111,820	111,820	-	100,138	100,138
Meter sales, charges, and penalties	99,464	-	99,464	128,305	-	128,305
Other charges and services	1,858	-	1,858	3,581	-	3,581
Total operating revenues	<u>10,018,979</u>	<u>111,820</u>	<u>10,130,799</u>	<u>9,115,226</u>	<u>100,138</u>	<u>9,215,364</u>
Operating expenses:						
Salaries and benefits	4,817,360	48,499	4,865,859	4,792,722	47,796	4,840,518
Professional services	1,008,868	28,744	1,037,612	1,320,856	28,423	1,349,279
Operational	360,737	15,211	375,948	304,760	16,116	320,876
Maintenance	152,752	1,140	153,892	142,608	1,106	143,714
Facilities	559,080	9,085	568,165	546,163	8,384	554,547
General and administrative	337,948	1,607	339,555	381,119	1,738	382,857
Total operating expenses	<u>7,236,745</u>	<u>104,286</u>	<u>7,341,031</u>	<u>7,488,228</u>	<u>103,563</u>	<u>7,591,791</u>
Operating income before overhead absorption	2,782,234	7,534	2,789,768	1,626,998	(3,425)	1,623,573
Overhead absorption	146,321	-	146,321	163,697	-	163,697
Operating income(loss) before depreciation expense	2,928,555	7,534	2,936,089	1,790,695	(3,425)	1,787,270
Depreciation expense	(1,521,804)	(42,001)	(1,563,805)	(1,597,917)	(42,356)	(1,640,273)
Operating income(loss)	<u>1,406,751</u>	<u>(34,467)</u>	<u>1,372,284</u>	<u>192,778</u>	<u>(45,781)</u>	<u>146,997</u>
Non-operating revenues(expenses):						
Property taxes	780,378	-	780,378	747,404	-	747,404
Assessment revenues	350,694	-	350,694	349,130	-	349,130
Investment earnings	86,733	-	86,733	23,040	-	23,040
Change in investment in Santa Margarita Groundwater						
Agency	(123,148)	-	(123,148)	(39,970)	-	(39,970)
Rental revenues	44,042	-	44,042	56,647	-	56,647
Interest expense	(153,662)	-	(153,662)	(150,507)	-	(150,507)
Loss on disposition of capital assets	(320,408)	-	(320,408)	-	-	-
Total non-operating revenues, net	<u>664,629</u>	<u>-</u>	<u>664,629</u>	<u>985,744</u>	<u>-</u>	<u>985,744</u>
Net income(loss) before capital contributions	<u>2,071,380</u>	<u>(34,467)</u>	<u>2,036,913</u>	<u>1,178,522</u>	<u>(45,781)</u>	<u>1,132,741</u>
Capital contributions:						
Capital grants - other governments	71,625	-	71,625	434,908	-	434,908
Total capital contributions	<u>71,625</u>	<u>-</u>	<u>71,625</u>	<u>434,908</u>	<u>-</u>	<u>434,908</u>
Changes in net position	<u>2,143,005</u>	<u>(34,467)</u>	<u>2,108,538</u>	<u>1,613,430</u>	<u>(45,781)</u>	<u>1,567,649</u>
Net position, beginning of year, as previously stated	28,779,670	339,304	29,118,974	27,870,350	385,085	28,255,435
Prior period adjustment	-	-	-	(704,110)	-	(704,110)
Net position, beginning of year, as restated	<u>28,779,670</u>	<u>339,304</u>	<u>29,118,974</u>	<u>27,166,240</u>	<u>385,085</u>	<u>27,551,325</u>
Net position, end of year	<u>\$ 30,922,675</u>	<u>304,837</u>	<u>31,227,512</u>	<u>28,779,670</u>	<u>339,304</u>	<u>29,118,974</u>

APPENDIX F:

SLVWD

Strategic Plan

(2016)

San Lorenzo Valley
Water District

2016 Strategic Plan
Approved 12/01/2016

Mission Statement

Our Mission is to provide our customers and future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding service and community relations; to manage and protect the environmental health of the aquifers and watershed; and to ensure the fiscal vitality of the San Lorenzo Valley Water District.

Introduction

Acknowledgements

This Strategic Plan is a collaborative effort involving many individuals; Directors, public, staff and consultants. A most prominent 'Thank You' goes out from the District to Mr. Brent Ives, BHI Consulting. Mr. Ives provided key guidance during the creation of the 2015 Strategic Plan, the strong foundation of our District's future efforts.

What is a Strategic Plan?

A Strategic Plan is the top level planning document for an organization to set clear direction over all operational aspects of its mission. It serves as a framework for decision making over a rolling five-year period. It is a disciplined effort to produce fundamental decisions that shape what a District intends to accomplish by selecting a rational and balanced course of action. At its highest level, this Strategic Plan seeks to strengthen and build upon opportunities while addressing areas of concern all aimed toward forecasting an optimized future condition. A large part of its intended use is to clarify the future for the Board, Staff, and the public.

The District has made a conscientious decision to actively review and adjust its Strategic Plan on a yearly basis. Each year the Board of Directors will review and update the Strategic Plan, where new items may be added and prioritized, completed work will be acknowledged and archived, and items may be removed or re-prioritized. The District recognizes that there are many plans and projects that will require more than five years to accomplish.

The District is committed to conducting the work of prioritizing, planning and implementing Strategic Plan projects in an inclusive and transparent manner. We welcome and encourage input from the entire San Lorenzo Valley Water District community.

This document will introduce each important strategic goal, actions and initiatives in each of the strategic elements.

Introduction

Strategic Elements

Strategic Elements represent the vital areas of the District's operation and management. Thorough analysis of each area assures that implementation fully supports the Mission and Vision in a comprehensive way, properly covering the District in all areas. As such, Strategic Elements are supportive of the foundational Mission and Vision statements of the District.

The Strategic Elements are as follows:

1. Water Management
2. Watershed Stewardship
3. Capital Facilities
4. Wastewater Management
5. Fiscal Planning
6. Public Affairs
7. Strategic Partners
8. Organizational Health/Personnel
9. Administrative Management

Introduction

Board Vision Statement

The San Lorenzo Valley Water District has committed to the following courses of action:

Every December 31st we will have:

- Completed a review of our 5-year Capital Improvement Program.
- Successfully connected with our communities.
- Cooperated with other agencies.
- Remained successful in watershed stewardship.

By December 31, 2016 we will have:

- Achieved water conservation levels such that we are in the top 10% of California Water Districts for conservation as a percentage of 2013 consumption levels,
- A Staffing Plan that will achieve appropriate service and maintenance levels by 2020.
- A Capital Improvement Program that is flexible and achievable, detailing projects and milestones.
- Successfully implemented a Water Audit and Loss Control Program reducing water loss through leakage

By December 31, 2017 we will have:

- A balanced budget that reflects Mission needs,
- A rate study of our wastewater system and a plan to fully fund required operations and maintenance. or we have transferred our wastewater responsibilities to another agency or JPA.

By December 31, 2018 we will have:

- We have completed the Probation Tank Replacement Project,

By December 31, 2019 we will have:

- Reduced our carbon footprint as well as maintained our commitment to compliance with AB-32.

By December 31, 2020 we will have:

- Completing environmental review, design, finance planning and construction-ready plans for utilizing Loch Lomond water.
- Adequate staffing at all levels as defined by the 2016 Staffing Plan.
- A redundant Quail Hollow Well Project.

Introduction

Accomplishments

In 2015 we:

- Achieved a yearly 24.9% reduction in water consumption compared to 2013 levels, placing SLVWD above the 90th percentile for state water district's conservation efforts in 2015.
- Reviewed our Capital Improvement Program, establishing prioritization of planned projects
- Reviewed and Re-Codified Ordinance 8 into four documents:
 - Rules and Regulations
 - Policies and Procedures
 - Schedule of Rates and Charges
 - Definitions
- Successfully connected with our communities through public budget meetings, CIP public meetings, workshops and symposiums, Social Media and Newsletters, and a variety of published opinion pieces and guest articles in local papers.
- Cooperated with other agencies through joint meetings with Scotts Valley Water District, collaborative efforts with the Fall watershed symposium, among others.
- Successfully implemented a water audit and loss control program, reducing our water loss through leakage by 60,000 gallons

In 2016 we:

- Completed the North-South Intertie Project.
- Completed both the 2010 the 2015 Urban Water Management Plans.
- Successfully transitioned Lompico County Water District into the District service area.
- Funded educational projects that enhance the understanding of the San Lorenzo River watershed or improve the watershed's environmental health.
- Collaborated with other agencies and local stakeholders on large landscape and water resource stewardship efforts across the San Lorenzo Watershed

1.0 Water Supply Management

Objective

To ensure water supplies of high quality and quantities are available for existing and future customers. We will do this by responsibly managing all water and watershed resources under the District's control, developing a diversified water supply, and by partnering with and/or influencing agencies that have an impact on the quantity and quality of current and supplemental water supplies available to the District.

5-Year Strategic Goals:

- 1.1 North - South Intertie
- 1.2 Redundant Quail Hollow Well
- 1.3 Water Sources
- 1.4 Water Audit and Loss Control Program
- 1.5 Felton Infrastructure and Source Water

1.0 Water Supply Management

1.1 North/South Intertie

Currently, the District is comprised of three totally independent water systems: the Northern Distribution System located in the San Lorenzo Valley (Boulder Creek, Brookdale, Ben Lomond, Lompico and Zayante), the Southern Distribution System located in the Scotts Valley area, and the Felton System located in Felton. These three independent water supply and distribution systems are interconnected through intertie pump stations. Currently, the pump stations are available for emergencies only. Free interconnection of the systems would allow for increased reliability and allow the South Distribution System to utilize surplus surface water from the Northern Distribution System during the winter months of normal rainfall years, managing the District's groundwater aquifers through conjunctive-use

Within five years, the District will undertake a CEQA review to utilize the North/South Intertie for enhanced water resource management activities such as the utilization of surface water as a water supply source in the Southern Distribution System for in-lieu groundwater aquifer recharge.

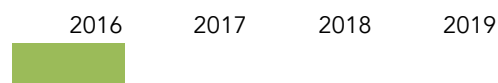
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2018

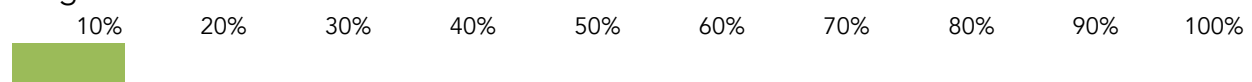
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

03/07/2016 – District staff is preparing budget costs for inclusion in the 16/17 budget year. District staff is analyzing water budgets for each of the three water systems to develop conceptual conjunctive use water transfer quantities.

Summer 2016 – District staff submitted a grant application, in conjunction with the County of Santa Cruz, to conduct appropriate CEQA Study required to lift 'emergency' restriction from intertie use.

1.2 Redundant Quail Hollow Well

1.0 Water Supply Management

The District always strives to properly manage the groundwater aquifers from which it draws. The District operates and maintains two (2) groundwater wells in the Quail Hollow area (Quail Hollow Well No. 4A and Quail Hollow Well No. 5A) of the District's Northern Distribution System. It is assumed that all work activities associated with the Quail Hollow Redundant Well Project would be funded as a budgeted capital outlay project in a future District Annual Budget. At this time, this project is assumed to be a "pay-as-you go" project funded by ongoing revenues received from District water sales and other fees and charges. It is estimated that it would take approximately 36 months to complete the proposed Quail Well Project (Design, CEQA, Permitting, and Construction).

SCHEDULED START YEAR: 2017

EST. COMPLETION YEAR: 2020

START DATE:

COMPLETION DATE:

Schedule:

2017 2018 2019 2020

Progress:

10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

STATUS:

Not Started

1.0 Water Supply Management

1.3 Water Sources

The District owns source water rights on multiple streams within San Lorenzo Valley. Additionally, the District has an historical contractual allocation to purchase up to 313 acre-feet per year of raw water from Loch Lomond Reservoir which is owned and operated by the City of Santa Cruz. The District has not utilized Loch Lomond as a source of supply since the late 1970's. A number of project alternatives and accompanying steps exist to revitalize this source of water supply.

The District also owns and operates multiple wells within local groundwater basins. Historically, the groundwater basins utilized by the District have experienced overdraft and the current groundwater levels remain below historical norms.

Groundwater represents the District's only long-term water storage. Reduced groundwater levels cripple the District's ability to withstand prolonged drought events. Environmentally, lower groundwater levels inhibit groundwater contributions to stream flows.

The District desires to utilize winter flows from available stream diversions and available Loch Lomond water in a conjunctive fashion with available groundwater.

Short Term Goal: Diverting winter flows/Loch Lomond water for use in areas normally reliant on groundwater (South Zone and Manana Woods) provides in-lieu recharge of the groundwater basin.

Long Term Goal: Treatment and storage of available winter/Loch Lomond water in local groundwater basins.

Within the scope of this five-year plan, the District anticipates starting a conjunctive use project to achieve the short-term goal of in-lieu recharge, with steps such as environmental review, design, finance planning and completion of construction ready plans.

1.0 Water Supply Management

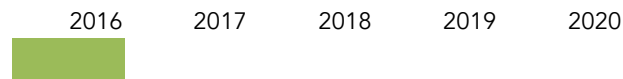
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2020

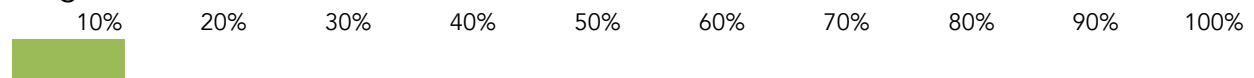
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

03/09/2016 - District staff is preparing budget costs for inclusion in the 16/17 budget year. District staff is analyzing water budgets for each of the three water systems to develop conceptual conjunctive use water transfer quantities.

Summer 2016 – In collaboration with the County Water Resources Department, staff has applied for grant funding to fund a conjunctive use plan which would include utilization of Loch Lomond to enhance stream flow in Fall Creek.

Fall 2016 – District staff is engaged in discussions with the City of Santa Cruz, Scotts Valley Water District and Soquel Creek Water District to discuss local projects viewed through a regional lens. District's use of Loch Lomond water is a part of the discussions.

1.0 Water Supply Management

1.4 Water Audit and Loss Control Program

To provide water service to customers the District conveys water through approximately 150 miles of various sizes and ages of water mains. Water loss through mainline leakage can be as high as 20 percent of total water production in an older distribution system such as the District's. To ensure that the District is using its water supplies efficiently, the District will implement a Water Audit and Loss Control program over the next five years that will, conduct a water audit to assess the efficiency of the water distribution system, perform leak detection, identify leaks throughout the distribution system and facilitate repairs, control apparent losses in metering and billing to recover missed revenues and develop approaches for short-term and long-term goal setting for the loss control program.

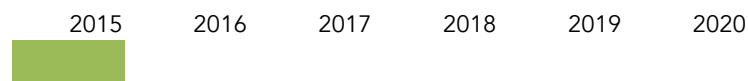
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2020

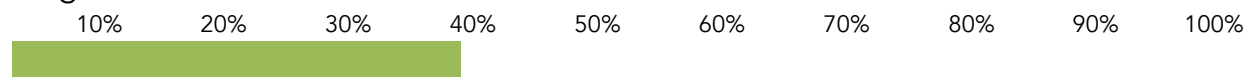
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

03/09/2016 – District conducted first round of leak detection in 2015. District inspected 150 miles of pipeline and repaired 59 previously unknown leaks totaling an estimated 111 gpm (58 MGY). Staff is anticipating a second round of leak detection in the 2017-18 budget year.

1.0 Water Supply Management

1.5 Infrastructure and Source Water

The District conveys water through approximately 180 miles of various sizes and ages of water pipe and appurtenant facilities, including stream/spring diversions, wells and potable water treatment plants.

District infrastructure and water sources are constrained and restricted due to age and deferred maintenance.

Within the next five years the District would like to develop an Infrastructure Master Plan Area that addresses replacement of infrastructure that has reached the end of its useful life.

Within the next five years the District would like to develop a Source Water Master Plan that provides clear goals and objectives to ensure safe and reliable sources of.

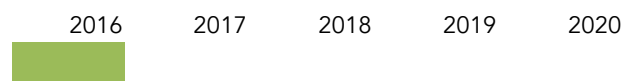
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2020

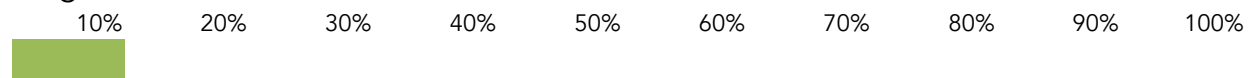
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

03/09/2016 – District staff is preparing budget costs for inclusion in the 16/17 budget year.

2.0 Watershed Stewardship

Objective:

To manage and protect the environmental health of the local aquifers and watersheds.

Summary of 5-year strategic goals:

2.1 Watershed Management Plan

2.2 Environmental Review of Impacts to San Lorenzo River Watershed

2.3 Climate Action Plan

2.4 Education Program

2.0 Watershed Stewardship

2.1 Watershed Management Plan

In 2006 the District began to prepare an update to the existing Watershed Management Plan from 1985 including changes in the districts land ownership and service area, changes in watershed conditions, advances in watershed science and habitat restoration, and changes in regulatory requirements. Over the next five years staff will evaluate and identify data gaps and complete the districts Watershed Management Plan.

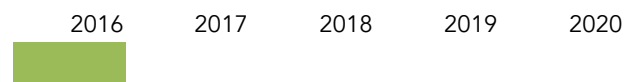
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2020

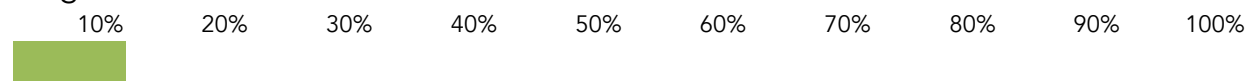
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

Summer 2016- Completed the Plan to Control Invasive Broom and Acacia on the Olympia Watershed

2.0 Watershed Stewardship

2.2 Environmental Review of Potential Impacts to the San Lorenzo River Watershed

Human-induced disturbances in the San Lorenzo River Watershed have altered hydrologic processes by increasing the magnitude and frequency of peak discharges and reducing summer base flows. Urban and rural development is a major source of erosion and sedimentation. Many current and historic human-induced impacts in the San Lorenzo River watershed cause or exacerbate erosion and sedimentation. These impacts to the San Lorenzo River watershed directly impact the San Lorenzo Valley Water District and its community. The District has a long history of watershed stewardship, providing environmental review and comments to proposed projects and plans, which impact the watershed. In the next five years, the District will continue to conduct environmental review on timber harvest, agriculture and development projects that impact the District's water sources and the San Lorenzo River Watershed.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

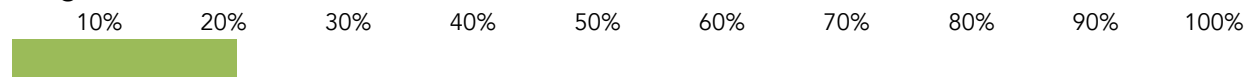
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS: 2016 – District has actively engaged in public discussions regarding the Mount Herman Activity Bike Park and the County Cannabis Cultivation Ordinance creation, timber harvest operations that impact District water resources.

2.0 Watershed Stewardship

2.3 Climate Action Plan

In 2008 the District Board approved a climate change resolution committing itself to meeting greenhouse gas emissions to AB32 standards. In addition, the resolution committed the District to addressing potential impacts of climate change in all of its planning documents.

In addition to maintaining the District's participation in the Climate Action Registry through regular emissions inventory reporting, the District will include consideration of additional climate change mitigation and adaptation measures in its ongoing operations, including such actions as: energy efficiency, fuel efficiency, encouraging water conservation, use or purchase of renewable energy generation, carbon sequestration, ongoing watershed stewardship and improved water supply resiliency.

Within five years, the District will have: evaluated the potential for and economic viability of additional renewable energy generation on District property, evaluated the potential costs and benefits of becoming 'carbon neutral' or 'carbon free' and if feasible, bringing forward a proposal to reach that goal. Within five years the District will have consulted with local and state experts on climate change impacts and will have incorporated appropriate adaptation considerations into our Watershed Management Plans.

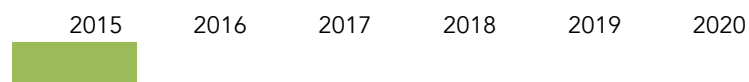
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

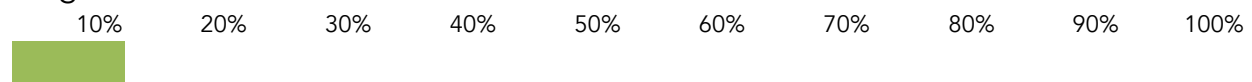
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS: 2016 – District has begun reviewing alternative energy options for the Bull/Bennett Pipeline. Staff has begun reviewing battery storage options to offset peak usage and reduce carbon footprint.

2.0 Watershed Stewardship

2.4 Education Program

To protect the District's water resources over the long term, it is important to raise awareness of water conservation, and watershed protection and stewardship among residents of and visitors to the San Lorenzo Valley River watershed. The mission of the District's Education Program is to provide funding for educational and other projects that enhance the understanding of the San Lorenzo River watershed or improve the watershed's environmental health. Over the next five years, the District will continue to implement both of the education grant programs: the "classic" program and the "data gaps" program, refining them as necessary. Additionally, the District and its Mission has a fascinating history, one that is relevant to today and the future. As such, it is important to share that story.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

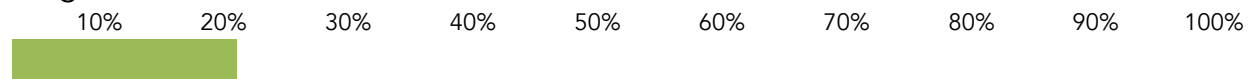
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 - Six Classic Watershed Education Grants are funded annually. Community members, teachers, and nonprofits received grants to fund educational programs which have successfully reached students in every public school in the San Lorenzo Valley.

Monthly newsletters with articles regarding water conservation, watershed stewardship and environmental activities and announcements are distributed to the community via email

3.0 Capital Facilities

Objective:

Properly managing our infrastructure through appropriate maintenance, yearly system condition review and assessment and timely replacement of facilities that have reached or exceeded the end of their service life.

Summary of 5-Year Strategic Goals:

3.1 Capital Improvement Program

3.0 Capital Facilities

3.1 Capital Improvement Program

The District has an ongoing Capital Improvement Program. The project planning and development process of the Capital Improvement Program was established to provide an orderly procedure for the identification, evaluation and prioritization of current and future capital needs of the San Lorenzo Valley Water District. The Capital Improvement Program has been utilized to guide the District's long and short-range planning process by matching identified needs, desired priorities and major capital expenditures. The 2010 Capital Improvement Program lists \$27,455,000 dollars of needed improvements. Over the next five years The 2010 Capital Improvement Program will be updated and progress will be published on the District's website describing the schedules for individual projects by activity, processing time frame and estimated costs for each of the on the projects that are anticipated to be completed over the five years.

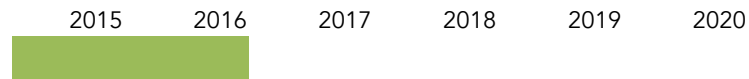
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

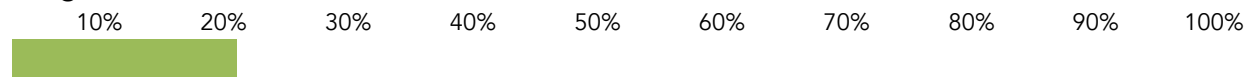
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS: 2016 – District published a ten-year Capital Improvement Plan, including project descriptions and individual project budgets.

4.0 Wastewater Management

Objective:

Properly managing our wastewater operation until the successful transition to a more appropriate entity is achieved. We will work with our wastewater customers and potential successor entities to find a beneficial solution.

Summary of 5-Year Strategic Goals:

4.1 Bear Creek Wastewater Collection and Treatment System

4.0 Wastewater Management

4.1 Bear Creek Wastewater Collection and Treatment System

The District currently owns and operates the Bear Creek Estates Wastewater System which provides wastewater collection and treatment service to approximately 54 single family residences. The District desires to transfer ownership and operation of the wastewater system to a more appropriate agency, such as the County of Santa Cruz, which could operate the system more efficiently. The District will continue to seek resolution of this matter with the County. In the next five years, specific steps toward this goal could include: conducting a rate-study that will establish operational and capital needs of the wastewater system, conduct a Proposition 218 rate increase process that will set rates appropriate to the operational and capital needs of the system, establishing a community dialog with Bear Creek Estates residents, meeting with County representatives on a regular basis to discuss and move this idea forward, and collaboratively establishing a plan with a schedule and key milestones.

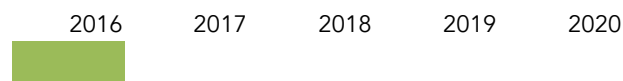
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2020

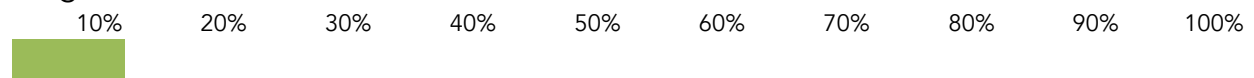
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District is completing a wastewater cost-of-service study.

5.0 Fiscal Planning

Objective:

To ensure the short and long-term fiscal vitality of the District. The District will forecast and plan income, reserves and expenditures and provide financial resources sufficient to fund on-going operations and the capital improvement program (CIP).

Summary of 5-Year Strategic Goals:

- 5.1 Fiscal Plan for Support of Strategy
- 5.2 Funding Infrastructure Replacement
- 5.3 Provide Support for Applying for and Securing Grants
- 5.4 Obtain the Comprehensive Annual Financial Report (CAFR) Award
- 5.5 Annual Review of the Reserve Fund Policy
- 5.6 Fiscal Transparency

5.0 Fiscal Planning

5.1 Fiscal Plan for support of Strategy

The District will continue to prepare and adopt annual balanced budgets, which reflect the mission of the District. The maintenance of this Strategic Plan will be integrated into the annual budgeting process. Additionally, it is anticipated that those goals, actions and/or initiatives outlined within this Plan will be reviewed and considered for funding as each annual budget is developed.

The District will conduct a multi-year rate study that will take into consideration as a minimum: continued fiscal impact of the drought, projected operational and staffing needs, conservation incentives, fixed rates vs. commodity rates, capital funding needs, and reserves.

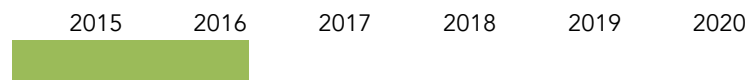
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

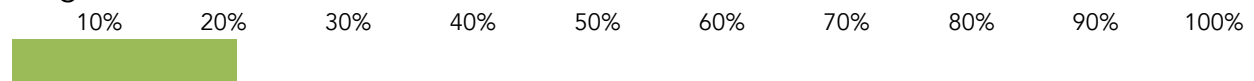
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District is completing a cost-of-service study.

5.0 Fiscal Planning

5.2 Funding Infrastructure Replacement

The District's ongoing fiscal planning activities will include periodic comprehensive analysis of the infrastructure needs of the District. These are generally outlined in the Capital Improvement Program (CIP). Each year during the budget development process, the capital improvement needs will be considered for inclusion within the upcoming budget for either full or incremental funding.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

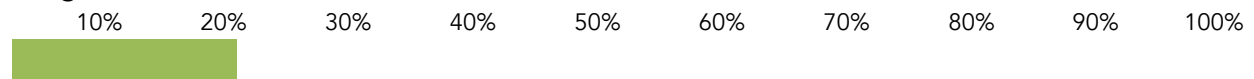
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – CIP projects were included in District's budget for the next fiscal year. District applied for two State Revolving Fund loans; one for Probation Tank Replacement project and one for Swim Tank Replacement project.

5.0 Fiscal Planning

5.3 Provide Fiscal Support for Applying for and Securing Grants

Securing grants for various projects within the District is a best practice and leverages District monies, and thus protects rates. The District will determine proper funding and assistance necessary to support an organized effort to seek out and secure grants as project specific revenues for the District.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

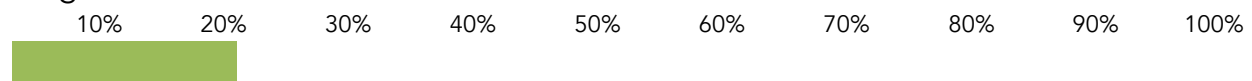
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District applied for two grants; one to conduct an analysis and to plan to conjunctively utilize water resources through the intertie project, to reduce aquifer overdraft and increase stream flow in Fall Creek and the San Lorenzo River during dry periods. The 2nd grant is a collaborative effort to enhance fish habitat in the San Lorenzo River. It includes provisions that would fund the Fall Creek Fish Ladder project, and a large wood project on District and City of Santa Cruz Watershed Property in the Upper Zayante Watershed. Staff anticipates an answer in November 2016.

5.0 Fiscal Planning

5.4 Obtain the Comprehensive Annual Financial Report (CAFR) Award

A Comprehensive Annual Financial Report is a set of financial statements comprising the financial report of the District that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). The CAFR may be considered a more thorough review of the District yearly budget. The Government Finance Officers Association (GFAO) provides a CAFR Award which is the highest form of recognition in the area of governmental accounting and financial reporting. The District's CAFR is evaluated and judged by an impartial panel of the GFOA to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story to its users. Within the next five years the District will earn the CAFR Award.

SCHEDULED START YEAR: 2017

EST. COMPLETION YEAR: 2017

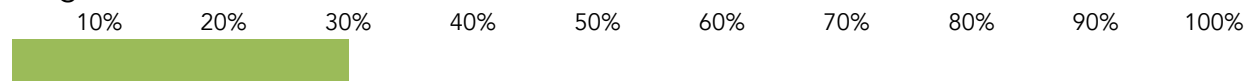
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

Fall 2016 – District has begun incorporating necessary changes to audit and budget process & documents for near-future CAFR.

5.0 Fiscal Planning

5.5 Annual Review of the Reserve Fund Policy

Adequate reserves for the District operations ensure that customers experience both stable rates for service and the security that the District can respond to emergencies, especially regarding water and wastewater quality issues. Adequate reserves ensure that the District will at all times have sufficient funding available to meet its operating, capital and debt service cost obligations, together with future debt or capital obligations, as well as any unfunded mandates, including costly regulatory requirements. The Reserve Fund Policy should be developed to clearly identify specific designated reserve funds, to clearly identify both reserve fund categories and purposes, and set target levels for reserves that are consistent with the District's mission statement, the uniqueness of the District, and the philosophy of the District's Board.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

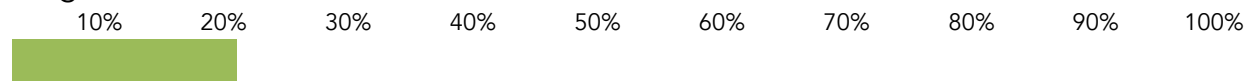
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District reviewed and updated its Reserve Fund Policy.

5.0 Fiscal Planning

5.6 Fiscal Transparency

Fiscal transparency is a bulwark ensuring appropriate governing and managing of a public agency. Rate payers have a right to review the financial transactions of the District. Within the next five years the District will adopt a Policy detailing the steps and actions the District will undertake to ensure fiscal transparency is available to the rate payers.

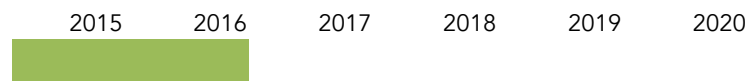
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

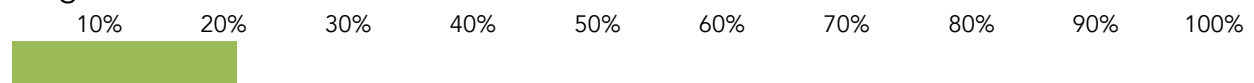
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS: Not started yet.

6.0 Public Affairs

Objective:

To show solid planning, long-range outlook and overall value to our customers. We will do this by being completely transparent and open in our business and decisions. We will identify and employ effective ways to receive input, educate and inform the public and proactively engage with a variety of local media outlets.

Summary of 5-Year Strategic Goals:

- 6.1 Survey Stakeholder Expectations and Understanding of District Issues
- 6.2 Increase Civic Understanding and Engagement
- 6.3 Technology Plan
- 6.4 SDLF Certificate of Transparency

6.0 Public Affairs

6.1 Survey Stakeholder Expectations and Understanding of District Issues

It is important to gauge stakeholder perceptions of the District on a regular basis, to determine how and if perceptions are changing, to improve our service and/or communications and to identify areas where our message is not getting through clearly. Every five years the District will conduct a customer survey such as it did in 2010 to determine what areas of information our customers were interested in and how they would like to receive the information and ask how we might be able to best serve them.

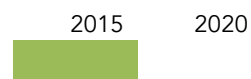
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2020

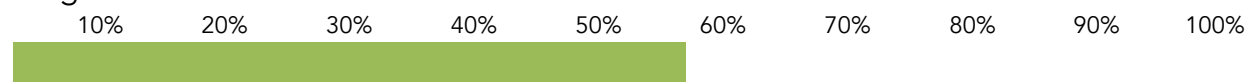
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2015 – District conducted on-line/mail-in poll.

6.0 Public Affairs

6.2 Increase Civic Understanding and Engagement

It is critical that the public, especially our ratepayers, understand the issues that public water agencies face on both the global and local scale. Starting a conversation with ratepayers is a good way to engage them in understanding and solving problems. The Public Relations committee is intended to accomplish this. The outcome and advice of this committee will be considered by the Board of Directors for implementation.

Starting in fiscal 2015/16 the District will conduct a 'State-of-the-District' town hall meeting, presenting to the ratepayers in a concise and engaging manor the current issues impacting the District.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

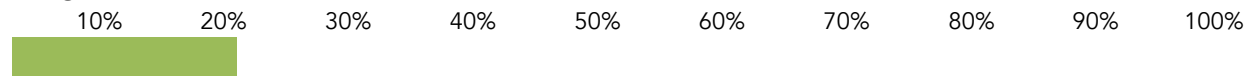
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2015 – District conducted a State-of-the-District meeting in October.

6.0 Public Affairs

6.3 Technology Plan

The District will prepare a Technology Plan that will outline procedures and policies the District will use to continue managing and refining its website (including such features as a calendar function, search capability, and providing more documentation and information resources) and its internet presence (such as Facebook, Twitter, etc.) to facilitate transparency, availability of information, open communications channels and providing useful information to District residents. Additionally, the Technology Plan will incorporate a replacement schedule to keep the District's electronic equipment (office computers, SCADA equipment, and radios) up to date.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

START DATE: 2017

COMPLETION DATE:

Schedule:



Progress:

10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
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STATUS: Not yet started.

6.0 Public Affairs

6.4 SDLF Certificate of Transparency

Within the next five years the District will obtain the Special District Leadership Foundation 'Certificate of Transparency' as a way to help ensure the public that the District is functioning in as transparent a manner as possible.

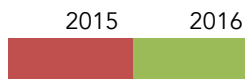
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2015

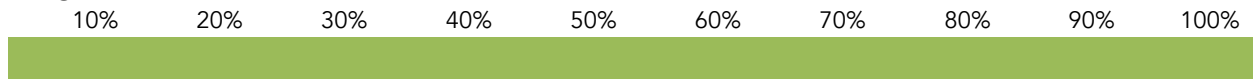
START DATE: 2015

COMPLETION DATE: 2016

Schedule:



Progress:



STATUS:

June 16, 2016 – District received the SSDLF Certificate of Transparency in June 2016.

7.0 Strategic Partners

Objectives:

To foster beneficial relationships with strategic partners to accomplish the goals of the District. We will do this by embracing strategic ties with other organizations, the legislature and agencies, working closely with regulators and participating in professional associations.

Summary of 5-Year Strategic Goals:

7.1 Develop Strategic Partnerships with Other Agencies

7.2 Through Active Participation, Establish Strong Ties with Regional Planning Groups

7.3 Work with Neighboring Agencies and Impacted Private Well Owners to develop a Groundwater Sustainability Agency (GSA)

7.0 Strategic Partners

7.1 Develop Strategic Partnerships with Other agencies

The San Lorenzo River Watershed is a shared resource. Various public agencies oversee how the resource is managed. As such, partnerships and our relations with these other agencies are important. The District will cultivate supportive and positive relationships with other agencies that may impact the District's operations and watershed stewardship efforts.

The Board President and District Manager will meet on a semi-regular basis with representatives from local agencies (including Scotts Valley, City of Santa Cruz, and County of Santa Cruz) to discuss topics of regional concern.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

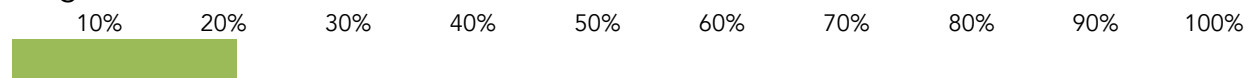
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District has engaged in regional discussion with representatives from local agencies to discuss topics of regional concern. District has jointly applied with the County on two grant applications. District has met with SWWD and City of Santa Cruz to discuss rate setting process.

Staff is actively collaborating with many groups and agencies to strategize and implement projects and plans which enhance environmental health, sustainability and stewardship in the San Lorenzo Valley. Those groups include but are not limited to:

7.0 Strategic Partners

- Santa Margarita Groundwater Sustainability Agency - Multi Agency Stakeholder group which oversees the sustainable management of our shared aquifer.
- Santa Cruz Mountains Stewardship Network – A multi-agency networks working together to enhance stewardship of large landscapes in the Santa Cruz Mountains
- Water Conservation Coalition- Collaboration of all water districts in Santa Cruz County and the County Water Resources, and Non-Profits to reduce water consumption regionally.
- San Lorenzo 2025- Multi-agency effort to enhance fish habitat in the San Lorenzo River.
- Santa Cruz Mountains Bioregional Council- Dedicated to the preservation and enhancement of regional biodiversity over time through education and dissemination of accurate scientific information and assistance in the planning and coordination and implementation of conservation efforts.
- Felton Library Friends – Community group planning the construction of the new Felton Library and the adjacent Nature Connection Play Area.

7.0 Strategic Partners

7.2 Through Active Participation, Establish Strong Ties with Regional Planning Groups

The District shares the water challenges and opportunities with other public agencies in the region and beyond. This makes the need for positive relations with regional planning groups important to the District. We will proactively seek to play an active role in such activities. Within the next five years the District will join and actively participate in various regional organizations or groups that meet on a semi-regular basis to discuss water related issues and topics of concern to the District.

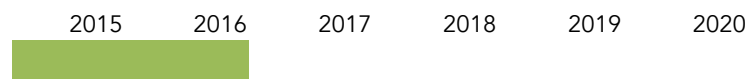
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

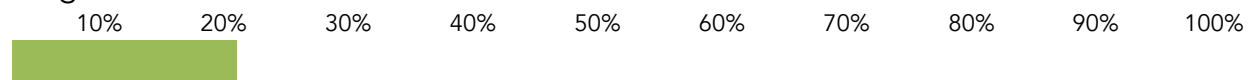
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – District has participated in a number of regional group discussions, including:

- Santa Cruz Integrated Regional Water Management Group
- Santa Margarita Groundwater Advisory Group and Sustainable Groundwater Management Act (SGMA) Joint Powers Agency (JPA) formation sub-group.
- Regional Managers water source project review and collaboration summit.
- Regional Managers internship program collaboration summit.

7.0 Strategic Partners

7.3 Work with Neighboring Agencies and Impacted Private Well Owners to develop a Groundwater Sustainability Agency (GSA)

The District shares responsibility for managing the Santa Margarita Groundwater Basin with the County of Santa Cruz, the Scotts Valley Water District and private well owners within the Santa Margarita Groundwater Basin (SMGB). Since the State adoption of the Sustainable Groundwater Management Act (SGMA), the District has started work with our neighbors on developing a Groundwater Sustainability Agency (GSA).

The State defines a GSA as, "One or more local agencies that implement the provisions of SGMA."

The first step in developing a GSA occurred when the District partnered with the County and Scotts Valley Water District to submit a request to the State of California to redefine the boundaries of the SMGB. Prior to our request the State did not recognize SMGB as a medium or high priority basin due to what we believe are clerical errors in the State's defined boundary for the SMGB.

Further accelerated coordination between the District and our partners will be required if the State accepts our request to redefine the SMGB boundaries and adopts the SMGB as a medium priority basin. The formation of a GSA for State identified medium-priority basins is required by June 30, 2017, or two years from basin boundary adjustment, whichever comes later.

Within the next year and a half the District would like to finalize the formation of a GSA with our neighboring agencies and private well owners within the Santa Margarita Groundwater Basin.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

START DATE: 2015

COMPLETION DATE:

Schedule:



7.0 Strategic Partners

Progress:



STATUS:

2015 – District has begun working with Scotts Valley Water District and County of Santa Cruz in drafting the formation documents for future GSA Joint Powers Agency (JPA) for compliance with SGMA and management of our shared groundwater basin.

8.0 Organizational Health/ Personnel

Objectives:

To employ and retain a high quality, motivated workforce. We will do this by utilizing sound policies and personnel practices, offering competitive compensation and benefits, providing opportunities for training, development and professional growth, while ensuring a safe and secure workplace.

Summary of Strategic Goals:

8.1 Staffing Plan

8.2 Compensation and Benefits Benchmarking

8.3 FLSA Audit

8.0 Organizational Health/ Personnel

8.1 Staffing Plan

As the District grows and considers taking on a larger role in water stewardship within the Valley, staffing will need to be thoroughly considered and factored into the budgeting process. Management will assess the staffing needs of the District annually during the budget development process and as the need presents itself.

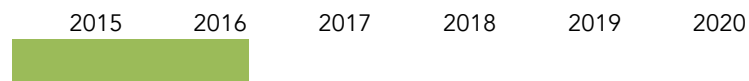
SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

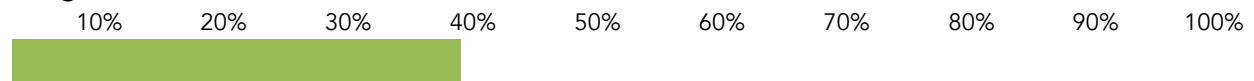
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – Proposed staffing plan has been completed.

8.0 Organizational Health/ Personnel

8.2 Compensation and Benefits Benchmarking

Proper consideration for the total compensation for District employees is an important aspect of being effective and efficient with the public funds. The District will perform a comprehensive salary and benefits study to assure a proper baseline of compensation for District employees. It is anticipated that this study will be conducted by a qualified consulting firm.

SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2017

START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:

10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

STATUS: Not yet started.

8.0 Organizational Health/ Personnel

8.3 FLSA Audit

Every five years the District will conduct a Fair Labor Standards Act Audit to ensure that the District is remaining compliant with FLSA rules and regulations.

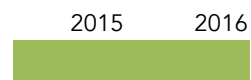
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2016

START DATE: 2015

COMPLETION DATE: 2016

Schedule:



Progress:



STATUS:

2016 – Staff, working in conjunction with Paychex (our payroll and HR consultant), conducted an internal FLSA Audit. Determination was that only one position (Board Secretary) was incorrectly assigned per FLSA rules and regulations.

9.0 Administrative Management

Objectives:

Our objective is to create, maintain and implement policies and procedures to ensure sound and efficient management of the District. We will conduct periodic review, refine and implement policies and procedures to ensure that the District Manager and Board have the tools necessary for successfully carrying out the Mission of the District.

Summary of Strategic Goals:

- 9.1 Update Ordinance 8
- 9.2 Board Development
- 9.3 Review Strategic Plan on an Annual Schedule

9.0 Administrative Management

9.1 Update Ordinance 8

Ordinance 8 is the primary source of the District's rules and regulations. Ordinance 8, originally adopted in 1970, has been amended and augmented on numerous occasions by various ordinances and resolutions since the date of adoption. The District will update Ordinance 8, either through a comprehensive review, rewrite and codification or by 'starting fresh', in order to ensure consistency and clear communication between District Board and staff and our customers. Due to the scope and breadth of this project, the District may engage an outside firm to assist with this effort.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: 2018

START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – Ord 8 was repealed and replaced with four new documents; Rules and Regulations, Policies and Procedures, Standard Rates and Charges and Definitions. District has begun the process of review and updating individual components of these four documents.

9.0 Administrative Management

9.2 Board Development

It is a best practice of Boards to address their own development and to adopt best practices in their public role. As such, the Board will adopt clear training and orientation methods each year and plan an annualized calendar for Board development and for individual Board members. The Board will also consider and improve its Board Policies and Procedures Manual.

SCHEDULED START YEAR: 2015

EST. COMPLETION YEAR: annually

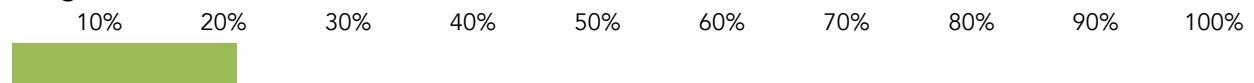
START DATE: 2015

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – Board members have attended local and regional water issues and professional development events such as those presented by ACWA. Board rescinded Ord 8, replacing it with four documents; Policies & Procedures, Rules & Regulations, Standard Rates & Charges and Definitions. Board updated the Board Policy Manual.

9.0 Administrative Management

9.3 Review Strategic Plan on an Annual Schedule.

To properly demonstrate commitment of the District in meeting its mission and vision, we will update this strategic plan annually, usually in February of each year.

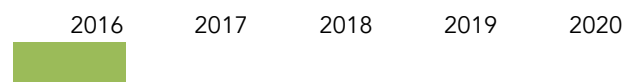
SCHEDULED START YEAR: 2016

EST. COMPLETION YEAR: 2020

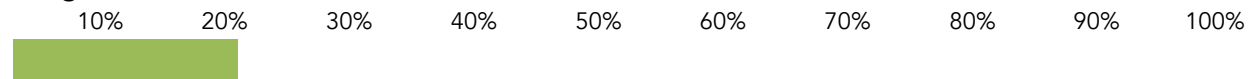
START DATE: 2016

COMPLETION DATE:

Schedule:



Progress:



STATUS:

2016 – Strategic Plan was reviewed and a final 2016 document was approved at the December 1, 2016 Regular Board Meeting.

Element	Start Year	Completion Year
1.0 Water Supply Management		
1.1 North/South Intertie	2015	2018
1.2 Redundant Quail Hollow Well	2017	2020
1.3 Loch Lomond Water	2016	2020
1.4 Water Audit and Loss Control Program	2015	2020
1.5 Felton Infrastructure and Source Water	2016	2020
2.0 Watershed Stewardship		
2.1 Watershed Management Plan	2015	2020
2.2 Environmental Review of Impacts to San Lorenzo River Watershed	2015	annually
2.3 Climate Action Plan	2015	annually
2.4 Education Program	2015	annually
3.0 Capital Facilities		
3.1 Capital Improvement Program	2015	annually
4.0 Wastewater Management		
4.1 Bear Creek Wastewater Change of Ownership	2016	2020
5.0 Fiscal Planning		
5.1 Fiscal Plan for support of Strategy	2015	annually
5.2 Funding Infrastructure Replacement	2015	annually
5.3 Provide Support for Applying for and Securing Grants	2015	annually
5.4 Obtain the Comprehensive Annual Financial Report (CAFR) Award	2017	2017
5.5 Annual Review of Reserve Fund Policy	2015	Annually
5.6 Fiscal Transparency	2016	On-going
6.0 Public Affairs		
6.1 Survey Stakeholders Expectations and Understanding of District Issues	2015 / 2020	2015/ 2020
6.2 Increase Civic Understanding and Engagement	2015	annually
6.3 Technology Plan	2015	annually
6.4 SDLF Certificate of Transparency	2015	2015
7.0 Strategic Partners		
7.1 Develop Strategic Partnerships with Other Agencies	2015	annually
7.2 Through Active Participation, Establish Strong Ties with Regional Planning Groups	2015	Annually
7.3 Work with Neighboring Agencies and Impacted Private Well Owners to develop a Groundwater Sustainability Agency (GSA)	2015	2017
8.0 Organizational Health/Personnel		
8.1 Staffing Plan	2015	annually
8.2 Compensation and Benefits Benchmarking	2016	2017
8.3 FLSA Audit	2016	2016
9.0 Administrative Management		
9.1 Update Ordinance 8	2015	2018

9.2 Board Development	2015	annually
9.3 Review Strategic Plan on a Regular Schedule	2015	annually

APPENDIX G:

SLVWD

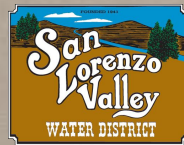
Capital Improvement Plan

(2017)



SAN LORENZO VALLEY WATER DISTRICT

LONG RANGE CAPITAL IMPROVEMENT PLANNING



February 25, 2016

1

GOAL

Repeatable way to prioritize projects.



2

4

MEETINGS TO DATE

- May 9th, 2015
- June 25th, 2015
- September 23rd, 2015



3

RESULTS TO DATE

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure / Hardship of Failure	5	No				Yes
Water supply addition/protection/efficiency	5	No		Sustaining		Increasing
Fire Service / community safety - Does the project improve fire service	4	No			Storage	Flow
Environmental Stewardship - improve or 'fix' enviro issues	4	No				Yes
Water Quality - Does the project protect/improve our water quality	4	No				Yes
Estimated Cost - How much will the project cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250K	< \$100k
Cost savings / avoidance / ROI / net cost	3	No				Yes
Maintenance Cost / frequency of repair	3	No				Yes
Population Served - How many people/customers are impacted by the project	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

4

5

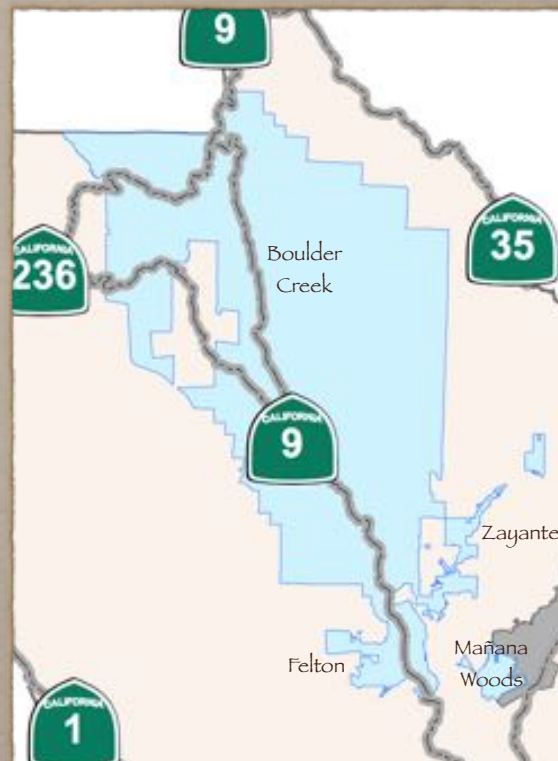
TONIGHT

Staff has ranked the existing 10 year list of Capital Improvement Projects based on Criteria developed by you, the customers/owners, during our last three meetings.



5

System at a Glance



6

SLVWD CAPITAL ASSETS (VERY ROUGH NUMBERS)

Facilities	Amount	Unit	Unit Price	Facility Value	Design Life (yrs)	Facility Value per Year
Pipelines, Services, FH	760,000	lineal feet	\$100.00	\$76,000,000	80	\$950,000
Tanks	8,400,000	gallons	\$1.50	\$12,600,000	60	\$210,000
Pump Stations	33	each	\$250,000	\$8,250,000	30	\$275,000
Wells	9	each	\$2,000,000	\$18,000,000	25	\$720,000
Treatment Plants	3	each	\$2,000,000	\$6,000,000	30	\$200,000
Diversions	7	each	\$500,000	\$3,500,000	50	\$70,000
Op/Admin Buildings	3	each	\$1,000,000	\$3,000,000	60	\$50,000
TOTAL/YR						\$2,475,000

7

CAPITAL COST

\$2,500,000 per year divided among 7,400 meters

\$338 per year

\$28 per month



8

7

RESULTS OF WORKSHOP EFFORTS

- 10-Year CIP 'shopping list'
- 5-Year Capital Improvement Plan
- 1-Year Fiscal Budget for Projects



9

Theoretical 5-Year CIP List

Project	Rank	Year 1	Year 2	Year 3	Year 4	Year 5
BullSpringPipe	127	x				
SanLorenzoWyBridgePipe	121	x				
HihnRdPipe	116	x				
LyonPipe	115	x				
BenetIntake	114	x				
LyonSCADA	105	x				
WorthLnPipe	101	x				
QuailHollowWell	99		x			
SequoiaRdPipe	98			x		
FairviewBooster	95			x		
BenetBooster	94			x		
FeltonAcresTankandBooster	92			x		
HillsideDrPipe	92			x		
RiverviewDrPipe	92			x		
EckleyBooster	92			x		
LochLomondSupply	91				x	x
HighlandTank	91					x
FallCreekFishLadder	90					x
TwoBarRdPipe	89					x
WestParkAvePipe	89					x
KingsCreekPipe	89					x
		\$2,205,000	\$2,500,000	\$1,565,000	\$4,000,000	\$2,120,000

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NEXT

- ❖ List w/ rankings goes back to the Board for discussion
- ❖ Project Sheets need to be completed
- ❖ Cost-of-Service and Rate Studies need to be completed
 - Can/Should the District plan for a \$2.5M yearly Capital Budget?
- ❖ Board establishes a rolling 5-year CIP Plan
 - Reviewed yearly to adjust for changed conditions
- ❖ Review individual projects for upcoming year(s) during budget

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QUESTIONS?

Tonight's Presentation and documents will be posted on the District's website tomorrow morning

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Pipes, Pumps and Tanks (PPT)			
Project	Rank	Cost Est	Funding
Probation Tank	150	\$1,740,000	USDA
Swim Tank	150	\$678,000	USDA
BullSpringPipe	127	\$750,000	PayGo
SanLorenzoWyBridgePipe	121	\$150,000	PayGo
HihnRdPipe	116	\$90,000	PayGo
LyonPipe	115	\$450,000	PayGo
BenetIntake	114	\$495,000	PayGo
LyonSCADA	completed		
WorthLnPipe	101	\$120,000	PayGo
QuailHollowWell	99	SOS	
SequoiaRdPipe	98	\$120,000	PayGo
FairviewBooster	95	\$200,000	PayGo
BenetBooster	94	\$390,000	PayGo
LompicoInterconnection	94	\$301,000	AD 16-01
FeltonAcresTankandBooster	92	\$300,000	USDA
HillsideDrPipe	92	\$240,000	PayGo
RiverviewDrPipe	92	\$240,000	PayGo
EckleyBooster	92	\$75,000	PayGo
LochLomondSupply	91	SOS	
HighlandTank	91	\$225,000	PayGo
FallCreekFishLadder	90	SOS	
TwoBarRdPipe	89	\$450,000	PayGo
WestParkAvePipe	89	\$330,000	PayGo
KingsCreekPipe	89	\$315,000	PayGo
ScenicWyPipe	89	\$315,000	PayGo
ScenicWyPipe	89	\$315,000	PayGo
BlueRidgePipe	89	\$300,000	PayGo
BrackneyRdPipe	89	\$255,000	PayGo
BuenaVistaPipe	89	\$180,000	PayGo

Source of Supply (SOS) projects			Funding
Pasatiempo Well	150	\$ 1,000,000.00	USDA
QuailHollowWell	99	\$2,500,000	Pay Go
LochLomondSupply	91	\$4,000,000	Bonds???
FallCreekFishLadder	90	\$1,160,000	USDA
LompicoTreatment	78	\$105,000	AD 16-01
OlympiaWell	87	\$2,500,000	PayGo

Sum 10 year CIP List	
PayGo	\$22,617,500
AD 16-01	\$2,750,000
USDA	\$4,878,000
Bonds???	\$4,000,000
TOTAL	\$34,245,500

SanLorenzoWyPipe	89	\$180,000	PayGo
FireHouseBooster	89	\$150,000	PayGo
LockwoodLnPipe	89	\$100,000	PayGo
EchoTank	88	\$500,000	PayGo
ElSolyoTank	88	\$300,000	PayGo
OlympiaWell	87	SOS	
UpperBigBasinPipe	86	\$585,000	PayGo
OrmanRdPipe	86	\$300,000	PayGo
FeltonHeightsTank	86	\$150,000	PayGo
MananaBlueTank	completed		
QuailHollowBridge	83	\$60,000	PayGo
ElSolyoBooster	80	\$150,000	PayGo
QuailHollowPipe	79	\$1,480,000	PayGo
LompicoTreatment	78	SOS	
BrooksideDrPipe	77	\$405,000	PayGo
LorenzoAvePipe	77	\$330,000	PayGo
CaliforniaDrPipe	77	\$240,000	PayGo
ManzanitaRdPipe	77	\$240,000	PayGo
BlueRidgeTank	76	\$150,000	PayGo
BearCreekTank	76	\$125,000	PayGo
JuanitaWoodsPipe	74	\$360,000	PayGo
CasetaWyPipe	74	\$135,000	PayGo
PineStPipe	74	\$135,000	PayGo
McCloudTank	73	\$300,000	PayGo
BrookdaleTank	73	\$250,000	PayGo
BlairHydro	73	\$125,000	PayGo
FallCreekFootBridge	73	\$22,500	PayGo
LompicoSCADA	73	\$441,000	AD 16-01
ArdenWyPipe	71	\$240,000	PayGo
BlairTank	70	\$250,000	PayGo
RiversideGroveBooster	70	\$100,000	PayGo

RedwoodParkSCADA	70	\$50,000	PayGo
PineAvePipe	69	\$315,000	PayGo
LaritaAvePipe	68	\$345,000	PayGo
IreneDrPipe	68	\$330,000	PayGo
BandRdPipe	68	\$270,000	PayGo
ElSolyoAvePipe	68	\$135,000	PayGo
FoxCourtPipe	68	\$120,000	PayGo
KiplingAvePipe	68	\$120,000	PayGo
RiversideGroveTank	67	\$300,000	PayGo
LompicoTanks	67	\$682,500	AD 16-01
BarKingRdPipe	65	\$300,000	PayGo
LompicoPRVs	65	\$358,000	AD 16-01
IrwinBooster	61	\$60,000	PayGo
RidgeDrPipe	59	\$210,000	PayGo
WesternStatesBridgePipe	59	\$60,000	PayGo
WhittierManzanitaPipe	56	\$360,000	PayGo
LarkspurBridgePipe	55	\$60,000	PayGo
RiversideAvePipe	53	\$525,000	PayGo
RailroadAvePipe	53	\$315,000	PayGo
PineTank	52	\$300,000	PayGo
BearCreekBooster	52	\$75,000	PayGo
LompicoLinesMeters	46	\$862,500	AD 16-01

Project Name	ArdenWyPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
1	3
2	6
Final Score	71

Project Name	BandRdPipe
Estimated Project Cost	\$270,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
1	3
2	6
Final Score	68

Project Name	BarKingRdPipe
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
1	3
1	3
Final Score	65

Project Name	BearCreekTank
Estimated Project Cost	\$125,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
4	16
4	12
3	9
2	6
Final Score	76

Project Name	BearCreekBooster
Estimated Project Cost	\$75,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
1	4
5	15
3	9
2	6
Final Score	52

Project Name	BenetBooster
Estimated Project Cost	\$390,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	94

Project Name	BenetIntake
Estimated Project Cost	\$495,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
1	4
4	16
4	16
3	9
3	9
5	15
Final Score	114

Project Name	BlairHydro
Estimated Project Cost	\$125,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
4	16
4	12
3	9
1	3
Final Score	73

Project Name	BlairTank
Estimated Project Cost	\$250,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
4	16
4	12
3	9
5	15
Final Score	70

Project Name	BlueRidgePipe
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	BlueRidgeTank
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
4	16
4	12
3	9
2	6
Final Score	76

Project Name	BrackneyRdPipe
Estimated Project Cost	\$255,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	BrookdaleTank
Estimated Project Cost	\$250,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
4	16
4	16
3	9
1	3
5	15
Final Score	73

Project Name	BrooksideDrPipe
Estimated Project Cost	\$405,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
3	9
3	9
Final Score	77

Project Name	BuenaVistaPipe
Estimated Project Cost	\$180,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
1	3
Final Score	89

Project Name	BullSpringPipe
Estimated Project Cost	\$750,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
5	20
4	16
4	16
2	6
3	9
5	15
Final Score	127

Project Name	CaliforniaDrPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	77

Project Name	CasetaWyPipe
Estimated Project Cost	\$135,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
1	3
Final Score	74

Project Name	EchoTank
Estimated Project Cost	\$500,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
4	16
3	9
3	9
3	9
Final Score	88

Project Name	EckleyBooster
Estimated Project Cost	\$75,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
5	15
3	9
1	3
Final Score	92

Project Name	ElSolyoAvePipe
Estimated Project Cost	\$135,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
1	3
1	3
Final Score	68

Project Name	ElSolyoBooster
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
3	9
Final Score	80

Project Name	ElSolyoTank
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
4	16
3	9
3	9
3	9
Final Score	88

Project Name	FairviewBooster
Estimated Project Cost	\$200,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
3	9
Final Score	95

Project Name	FallCreekFishLadder
Estimated Project Cost	\$800,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
1	4
4	16
4	16
2	6
1	3
5	15
Final Score	90

Project Name	FallCreekFootBridge
Estimated Project Cost	\$22,500

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
4	16
5	15
1	3
2	6
Final Score	73

Project Name	FeltonAcresTankandBooster
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
3	9
Final Score	92

Project Name	FeltonHeightsTank
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
1	3
2	6
Final Score	86

Project Name	FireHouseBooster
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
1	4
4	12
3	9
5	15
Final Score	89

Project Name	FoxCourtPipe
Estimated Project Cost	\$120,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
1	3
1	3
Final Score	68

Project Name	HighlandTank
Estimated Project Cost	\$225,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
4	16
4	12
3	9
3	9
Final Score	91

Project Name	HihnRdPipe
Estimated Project Cost	\$90,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
4	16
4	16
5	15
3	9
5	15
Final Score	116

Project Name	HillsideDrPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	92

Project Name	IreneDrPipe
Estimated Project Cost	\$330,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
1	3
2	6
Final Score	68

Project Name	IrwinBooster
Estimated Project Cost	\$60,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
1	4
5	15
3	9
5	15
Final Score	61

Project Name	JuanitaWoodsPipe
Estimated Project Cost	\$360,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	74

Project Name	KingsCreekPipe
Estimated Project Cost	\$315,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	KiplingAvePipe
Estimated Project Cost	\$120,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
1	3
1	3
Final Score	68

Project Name	LaritaAvePipe
Estimated Project Cost	\$345,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
1	3
2	6
Final Score	68

Project Name	LarkspurBridgePipe
Estimated Project Cost	\$60,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
1	4
5	15
1	3
5	15
Final Score	55

Project Name	LochLomondSupply
Estimated Project Cost	\$4,000,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
5	20
4	16
1	4
1	3
1	3
5	15
Final Score	91

Project Name	LockwoodLnPipe
Estimated Project Cost	\$100,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
5	15
3	9
5	15
Final Score	89

Project Name	LorenzoAvePipe
Estimated Project Cost	\$330,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
3	9
3	9
3	9
Final Score	77

Project Name	LyonPipe
Estimated Project Cost	\$450,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
5	20
1	4
4	16
2	6
3	9
5	15
Final Score	115

Project Name	LyonSCADA
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
1	4
1	4
4	16
4	12
3	9
5	15
Final Score	105

Project Name	MananaBlueTank
Estimated Project Cost	\$200,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
4	16
4	12
1	3
3	9
Final Score	85

Project Name	ManzanitaRdPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	77

Project Name	McCloudTank
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
4	16
4	16
3	9
1	3
5	15
Final Score	73

Project Name	OlympiaWell
Estimated Project Cost	\$2,500,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
4	16
4	16
1	4
1	3
1	3
5	15
Final Score	87

Project Name	OrmanRdPipe
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
1	3
Final Score	86

Project Name	PineAvePipe
Estimated Project Cost	\$315,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
	0
1	4
4	16
3	9
3	9
2	6
Final Score	69

Project Name	PineStPipe
Estimated Project Cost	\$135,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
4	12
3	9
1	3
Final Score	74

Project Name	PineTank
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
4	16
1	4
1	4
3	9
1	3
2	6
Final Score	52

Project Name	QuailHollowPipe
Estimated Project Cost	\$1,480,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
5	20
1	4
1	4
1	3
1	3
5	15
Final Score	79

Project Name	QuailHollowWell
Estimated Project Cost	\$2,500,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
4	16
4	16
4	16
1	3
1	3
5	15
Final Score	99

Project Name	QuailHollowBridge
Estimated Project Cost	\$60,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
4	16
5	15
1	3
5	15
Final Score	83

Project Name	RailroadAvePipe
Estimated Project Cost	\$315,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
3	9
1	3
1	3
Final Score	53

Project Name	RedwoodParkSCADA
Estimated Project Cost	\$50,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
1	4
5	15
3	9
3	9
Final Score	70

Project Name	RidgeDrPipe
Estimated Project Cost	\$210,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
4	12
1	3
2	6
Final Score	59

Project Name	RiversideGroveTank
Estimated Project Cost	\$300,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
4	16
4	16
3	9
1	3
3	9
Final Score	67

Project Name	RiversideAvePipe
Estimated Project Cost	\$525,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
2	6
1	3
2	6
Final Score	53

Project Name	RiversideGroveBooster
Estimated Project Cost	\$100,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
1	4
1	4
1	4
5	15
3	9
3	9
Final Score	70

Project Name	SanLorenzoWyPipe
Estimated Project Cost	\$180,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
1	3
Final Score	89

Project Name	SanLorenzoWyBridgePipe
Estimated Project Cost	\$150,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
5	20
4	16
1	4
4	12
3	9
5	15
Final Score	121

Project Name	ScenicWyPipe
Estimated Project Cost	\$315,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	ScenicWySystem
Estimated Project Cost	\$135,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	92

Project Name	SequoiaRdPipe
Estimated Project Cost	\$120,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
4	12
Final Score	98

Project Name	TwoBarRdPipe
Estimated Project Cost	\$450,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	UpperBigBasinPipe
Estimated Project Cost	\$585,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
2	6
3	9
2	6
Final Score	86

Project Name	WesternStatesBridgePipe
Estimated Project Cost	\$60,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
5	15
1	3
1	3
Final Score	59

Project Name	WestParkAvePipe
Estimated Project Cost	\$330,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
3	9
3	9
2	6
Final Score	89

Project Name	WhittierManzanitaPipe
Estimated Project Cost	\$360,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100k < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
3	9
1	3
2	6
Final Score	56

Project Name	WorthLnPipe
Estimated Project Cost	\$120,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
5	15
Final Score	101

Project Name	RiverviewDrPipe
Estimated Project Cost	\$240,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
5	20
1	4
4	16
4	12
3	9
2	6
Final Score	92

Project Name	LompicoTanks
Estimated Project Cost	\$682,500

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
1	5
4	16
1	4
1	4
2	6
1	3
3	9
Final Score	67

Project Name	LompicoTreatment
Estimated Project Cost	\$105,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
5	25
1	4
1	4
4	16
4	12
1	3
3	9
Final Score	78

Project Name	LompicoLinesMeters
Estimated Project Cost	\$862,500

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
1	4
1	4
1	4
2	6
3	9
3	9
Final Score	46

Project Name	LompicoInterconnection
Estimated Project Cost	\$301,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
4	20
5	25
5	20
1	4
1	4
3	9
1	3
3	9
Final Score	94

Project Name	LompicoSCADA
Estimated Project Cost	\$441,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
4	16
1	4
4	16
3	9
3	9
3	9
	73

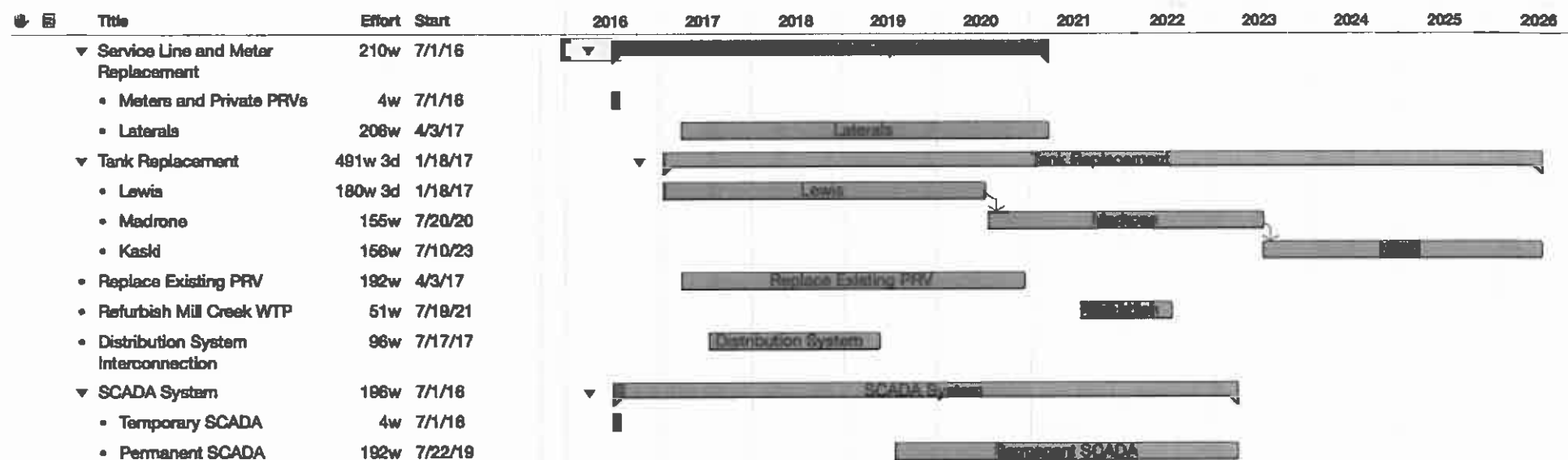
Project Name	LompicoPRVs
Estimated Project Cost	\$358,000

District Priorities	Priority	Rank				
		1	2	3	4	5
Risk of Failure/Hardship of Failure	5	No			Yes	
Water Supply Addition / Protection / Efficiency	5	No				Yes
Fire Service / Community Safety - Does this project improve fire service	4	No			Storage	Flow
Environmental Stewardship - Improve or 'fix' enviro issues	4	No			Yes	
Water Quality - Does this project protect / improve our water quality	4	No			Yes	
Estimated Cost	3	> \$1M	\$500k < x < \$1M	\$250k < x < \$500k	\$100K < x < \$250k	< \$100k
Cost Savings / Avoidance / ROI / Net Cost / Maintenance Costs / Frequency of Repair	3	No		Yes		
Population Served	3	< 50	50 < x < 250	250 < x < 500	500 < x < 1,000	> 1,000

Project Rank	Priority Score
1	5
1	5
5	20
1	4
1	4
3	9
3	9
3	9
Final Score	65

Assessment District No. 2016-1

Overview Task Report Resource Report Earned Value Analysis **Gantt Chart** Resources Timeline Monte Carlo Simulation



Exported 2/1/17

Provided to the Lompico Assessment District Oversight Committee in February, 2017

Overview Task Report Resource Report Earned Value Analysis Gantt Chart Resources Timeline Monte Carlo Simulation

Task	Start	End	Duration	Completed	Dependencies	Total Cost	Assigned	Planned Start	Start Variance	Constraint Start	Planned End	End Variance	Constraint End
0) Assessment District No. 2016-1	7/1/16	7/3/26	522w 1d	< 1%		\$2,570,500.00		7/1/16	0h		7/3/26	0h	
1) Service Line and Meter Replacement	7/1/16	3/12/21	245w 1d	2%		\$683,000.00		7/1/16	0h	12/16/15	3/12/21	0h	
1.1) Meters and Private PRVs	7/1/16	7/28/16	4w	100%		\$179,000.00		7/1/16	0h		7/28/16	0h	
1.2) Laterals	4/3/17	3/12/21	206w	0%		\$504,000.00		4/3/17	0h	4/1/17	3/12/21	0h	
2) Tank Replacement	1/18/17	7/3/26	493w 3d	< 1%		\$682,500.00		1/18/17	0h		7/3/26	0h	
2.1) Lewis	1/18/17	7/3/20	180w 3d	1%		\$227,500.00		1/18/17	0h	1/18/17	7/3/20	0h	
2.2) Madrone	7/20/20	7/7/23	155w	0%	2.1	\$227,500.00		7/20/20	0h	7/20/20	7/7/23	0h	
2.3) Kaski	7/10/23	7/3/26	156w	0%	2.2	\$227,500.00		7/10/23	0h		7/3/26	0h	
3) Replace Existing PRV	4/3/17	12/4/20	192w	0%		\$358,000.00		4/3/17	0h	4/3/17	12/4/20	0h	
4) Refurbish Mill Creek WTP	7/19/21	7/8/22	51w	0%		\$105,000.00		7/19/21	0h	7/19/21	7/8/22	0h	
5) Distribution System Interconnection	7/17/17	5/17/19	96w	0%		\$301,000.00		7/17/17	0h	7/17/17	5/17/19	0h	
6) SCADA System	7/1/16	3/24/23	351w 1d	2%		\$441,000.00		7/1/16	0h		3/24/23	0h	
6.1) Temporary SCADA	7/1/16	7/28/16	4w	100%		\$25,000.00		7/1/16	0h		7/28/16	0h	
6.2) Permanent SCADA	7/22/19	3/24/23	192w	0%		\$416,000.00		7/22/19	0h	7/22/19	3/24/23	0h	

Provided to the Lompico Assessment District Oversight Committee in February, 2017

Exported 2/1/17

Estimate of Cash Flow for AD16-1, Lompico Assessment District
November 2017

*

AD 16-1	Est. Cost	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Service Line and Meter Replacement	\$ 862,500	\$ 197,888	\$ 132,922	\$ 132,922	\$ 132,922	\$ 132,922	\$ 132,922				
Tank Replacement	\$ 682,500		\$ 45,500	\$ 91,000	\$ 91,000	\$ 45,500	\$ 91,000	\$ 91,000	\$ 45,500	\$ 91,000	\$ 91,000
Replace Existing PRV	\$ 358,000			\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750	\$ 44,750
Refurbish Mill Creek WTP	\$ 105,000									\$ 52,500	\$ 52,500
Distribution System Interconnection	\$ 301,000			\$ 75,250	\$ 75,250	\$ 150,500					
SCADA System	\$ 441,000	\$ 19,540		\$ 70,243	\$ 70,243		\$ 70,243	\$ 70,243		\$ 70,243	\$ 70,243
Interest	\$ 183,734										

Yearly Expenditure	\$ 2,933,734	\$ (217,428)	\$ (178,422)	\$ (414,166)	\$ (414,166)	\$ (373,672)	\$ (338,916)	\$ (205,993)	\$ (90,250)	\$ (258,493)	\$ (258,493)
Yearly Revenue	\$ 2,933,734	\$ 312,373	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262	\$ 291,262

Yearly Delta	\$ 94,946	\$ 112,840	(\$122,903)	(\$122,903)	(\$82,410)	(\$47,653)	\$ 85,269	\$ 201,012	\$ 32,769	\$ 32,769
Cash Balance	\$ 94,946	\$ 207,786	\$ 84,882	\$ (38,021)	\$ (120,432)	\$ (168,085)	\$ (82,816)	\$ 118,196	\$ 150,965	\$ 183,734

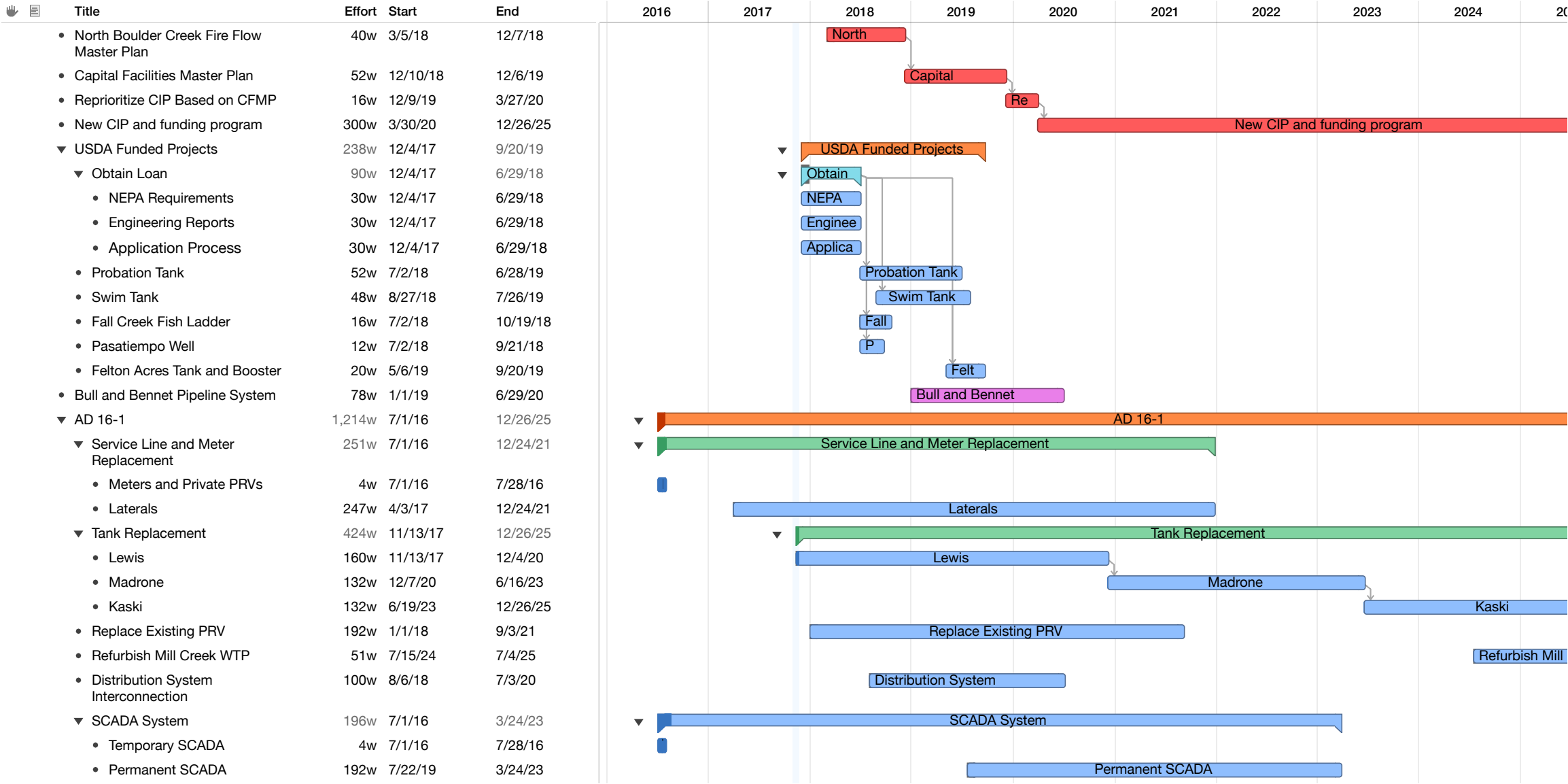
Government Loans (SRF or USDA*)		
Loan Amount	\$ 1,680,000	Of Const. Cost
Application Cost	\$ 70,000	5%
Pre-Engineering Cost	\$ 70,000	5%
Engineering Cost	\$ 140,000	10%
Construction Cost	\$ 1,400,000	

Cost to Apply	\$ 140,000
---------------	------------

* - For USDA Loans, Projects must be completed prior to loan disbursement

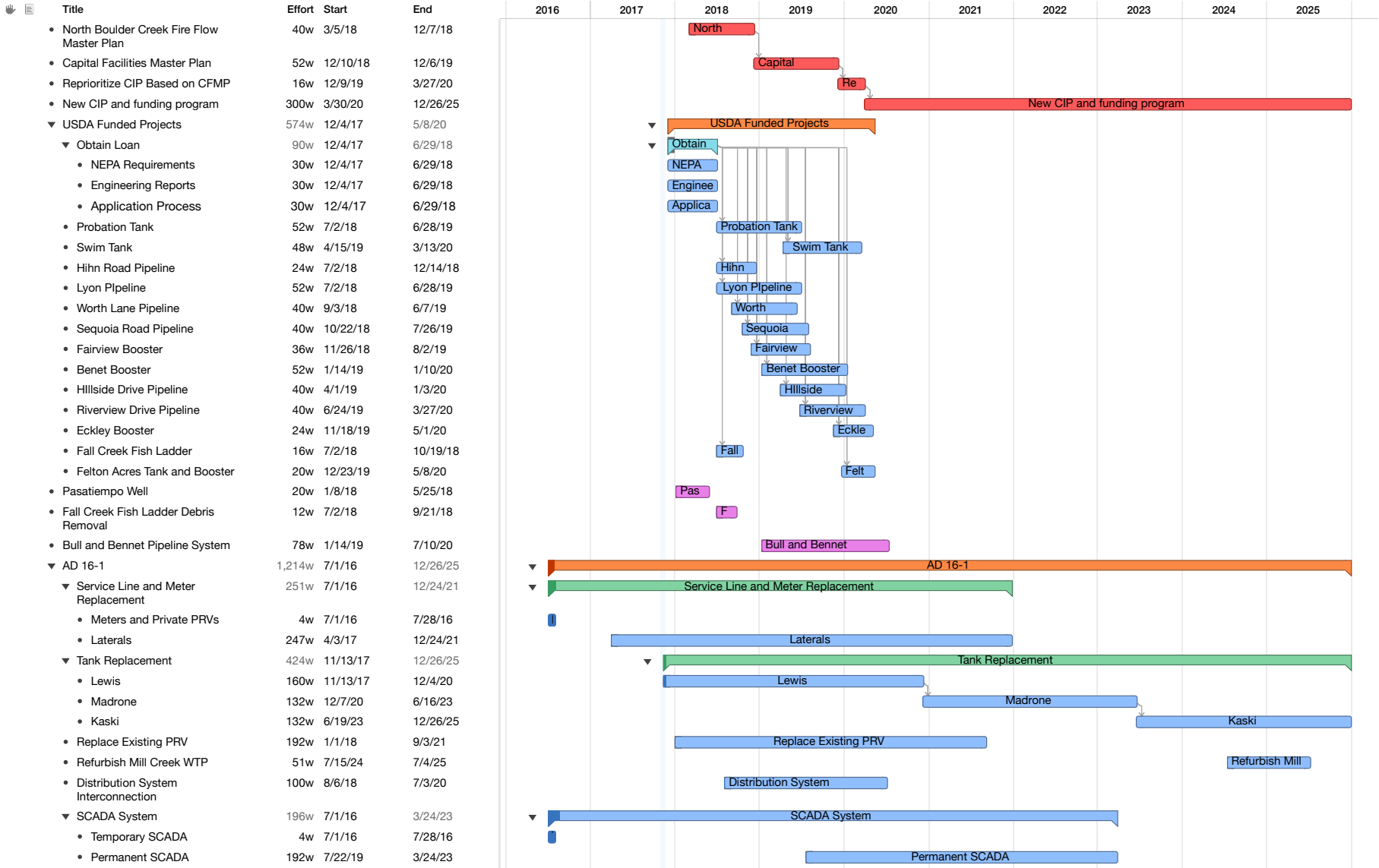
SRF Loans take approx 12 months to process

USDA Loans take approx 9 months to process



USDA Loan Projects	
Probation Tank (50%)	\$ 870,000
Swim Tank	\$ 678,000
Hihn Road Pipel	\$ 90,000
Lyon Pipe	\$ 450,000
Worth Lane Pipe	\$ 120,000
Sequoia Road Pipe	\$ 120,000
Fairview Booster	\$ 200,000
Bennet Booster	\$ 390,000
Felton Acres Tank and Booster	\$ 300,000
Hillside Drive Pipe	\$ 240,000
Riverview Drive Pipe	\$ 240,000
Eckley Booster	\$ 75,000
Fall Creek Fish Ladder	\$ 1,160,000
SUM TOTAL	\$ 4,933,000

[No Project Sheet for Probation, Swim or Eckley](#)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: HIHN ROAD WATER DISTRIBUTION
SYSTEM

PROGRAM: Water Supply - DISTRIBUTION
SYSTEM

PRIORITY: 116

PROJECT No.

District Contact: Brian Lee

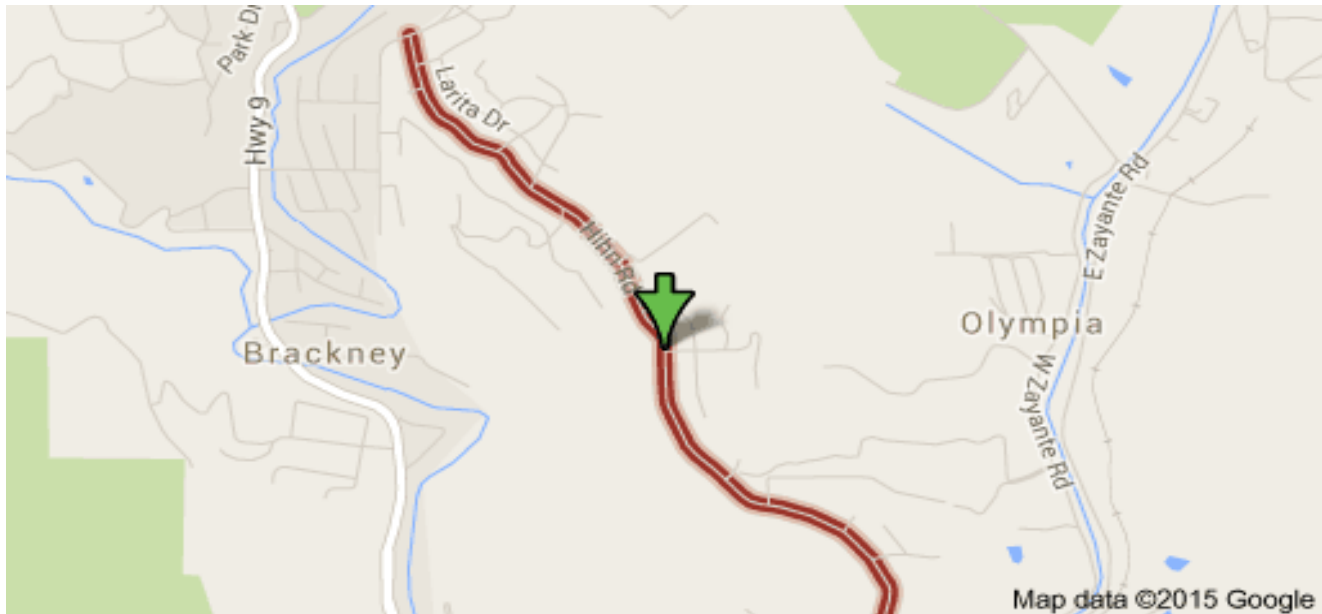
blee@slvwd.com

PROJECT DESCRIPTION

The Hihn Road Water Distribution System, located off Hihn Road in Ben Lomond, would be required in conjunction with the Desert Line Replacement Project. The Desert Line Replacement Project would allow the District to abandon the existing cross-country supply line commonly known as the "Desert Line". The "Desert Line" is an existing 6-inch asbestos cement water main installed above ground and traverses sensitive habitat. This project installation of 600 LF of six-inch water main, would extend water service from the higher elevation University Zone into a portion of the existing Quail Hollow Zone (Ridgeview Drive). Extension of the University Zone would provide adequate water pressure to the highest elevation homes in the vicinity of Ridgeview Drive which are currently being supplied water from the "Desert Line". The Hihn Road Water Distribution System project would transfer the water supply and distribution for approximately twelve (12) service connections from the Quail Zone to the University Zone.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION (map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

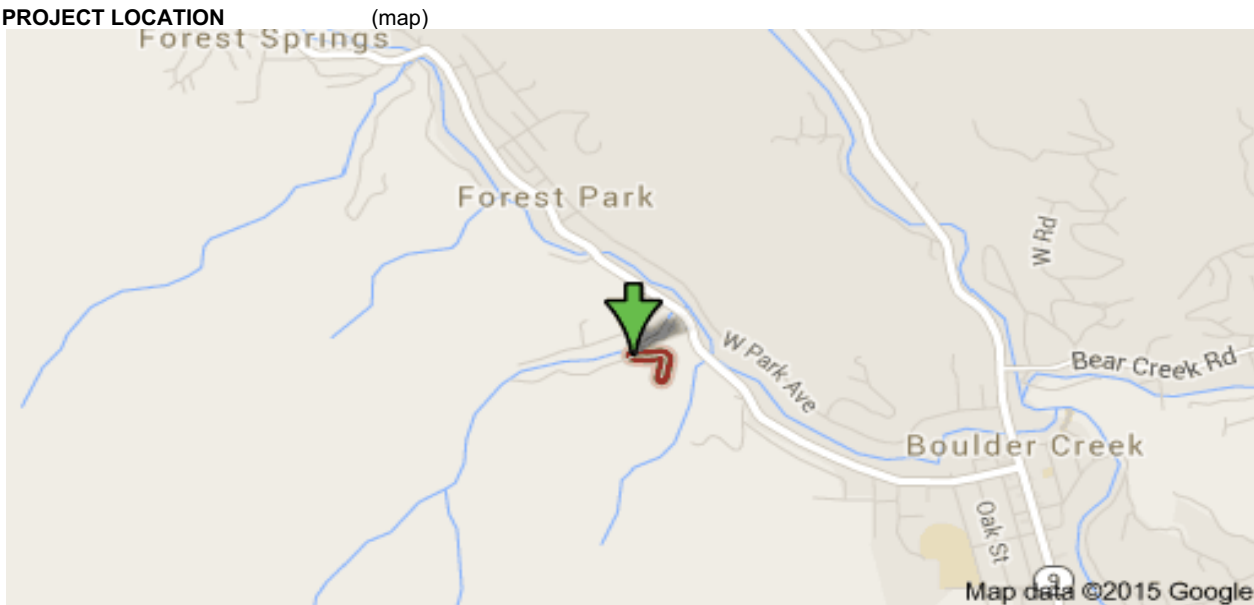
PROJECT	LYON ZONE WATER
PROGRAM	DISTRIBUTION SYSTEM Water Supply - DISTRIBUTION
PRIORITY	115
PROJECT No.	
District Contact	Brian Lee blee@slvwd.com

PROJECT DESCRIPTION

Construction of approximately 3,000 lineal feet of new 10-inch water main and appurtenances thereto. This project will replace the existing 6-inch water main along Highway 236 from Big Steel Water Storage Tank to Highway 9. The existing distribution system is outside the Highway 236 right-of-way and traverses under homes. Undersized water main is the source of flow capacity restriction between Big Steel, Brookdale and Reader Zones. This project is an estimate only and needs additional study to quantify project alternatives and costs.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

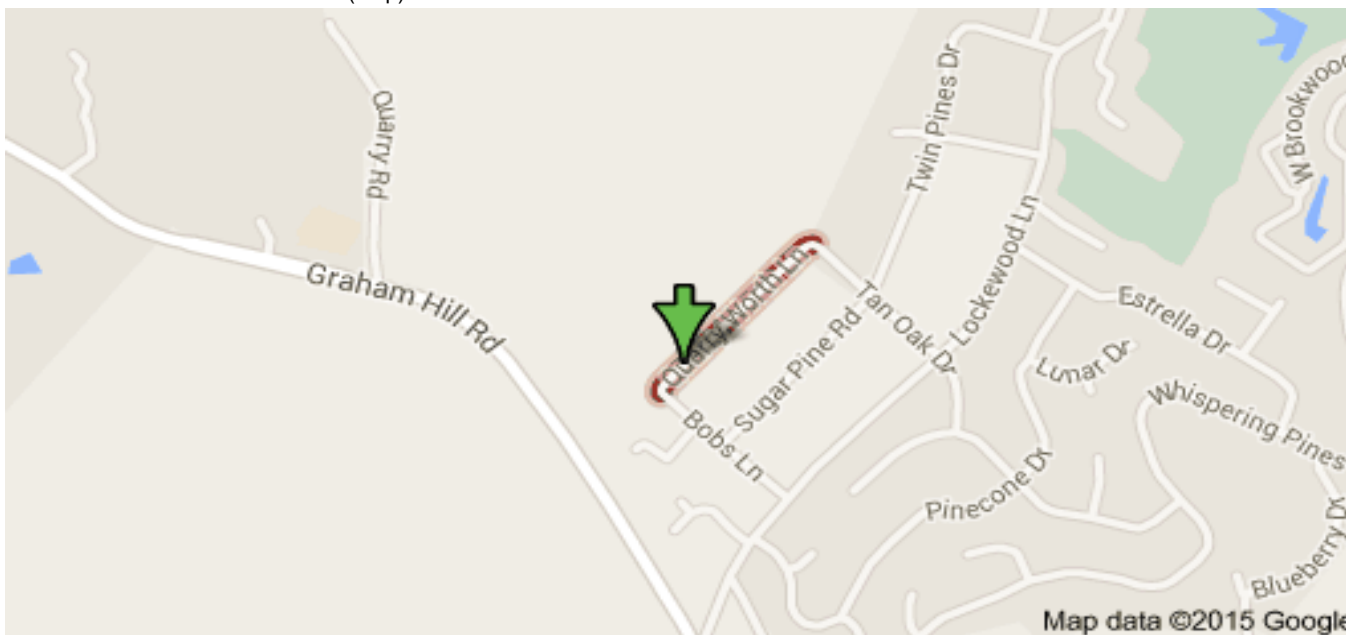
PROJECT: WORTH LANE WATER DISTRIBUTION
SYSTEM
PROGRAM: Water Supply - DISTRIBUTION
SYSTEM
PRIORITY: 101
PROJECT No.
District Contact: Brian Lee
blee@slvwd.com

PROJECT DESCRIPTION

Construction of approximately 800 lineal feet of new 6-inch water main and appurtenances thereto. The project will fill in a break in the distribution system from Worth Lane to Lockwood Lane creating a looped main line system. Undersize water mains are the source of intermittent low water pressure, interruption of water service, and inadequate fire flow.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION (map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: SEQUOIA AVENUE WATER
DISTRIBUTION
PROGRAM: Water Supply - DISTRIBUTION
SYSTEM
PRIORITY: 98
PROJECT No.
District Contact: Brian Lee
blee@slvwd.com

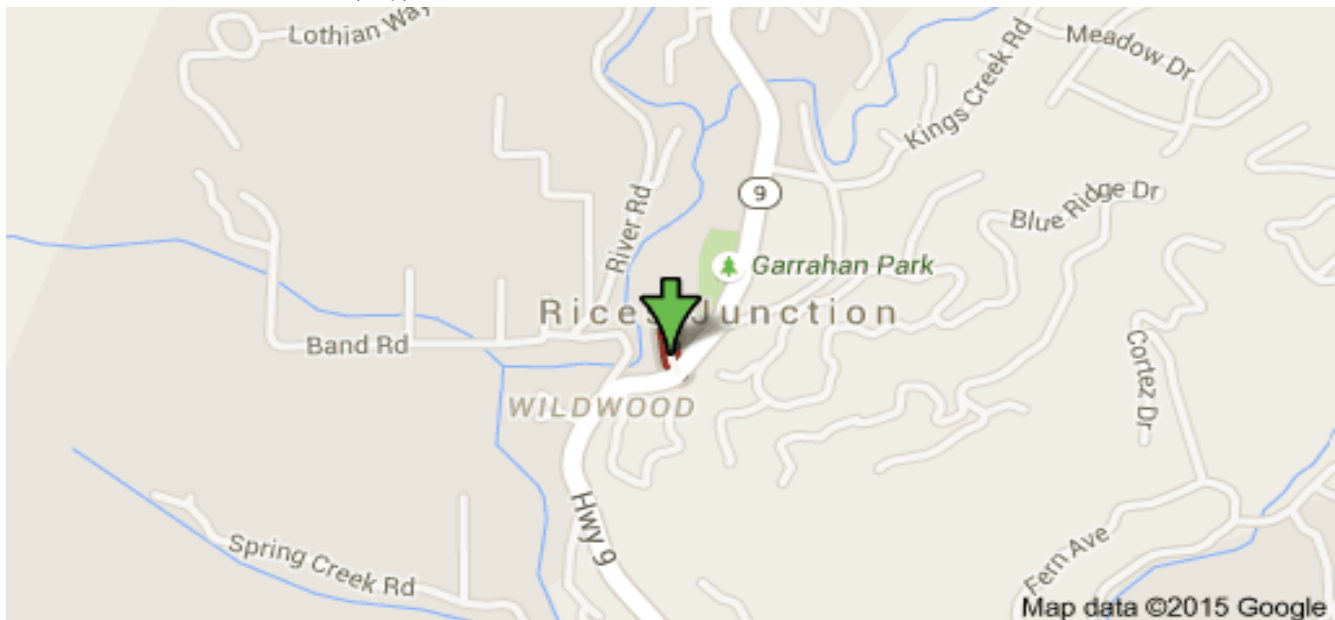
PROJECT DESCRIPTION

Construction of approximately 800 lineal feet of new 8-inch HDPE water main and appurtenances thereto. This project will replace existing 6-inch water main above ground cross-country between the Districts Reader Water Storage Tank and Sequoia Avenue providing a loop feed in the Reader Zone.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION

(map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: FAIRVIEW BOOSTER PUMP STATION

PROGRAM: Water Supply - DISTRIBUTION

PRIORITY: 95

PROJECT No.

District Contact: Brian Lee
blee@slvwd.com



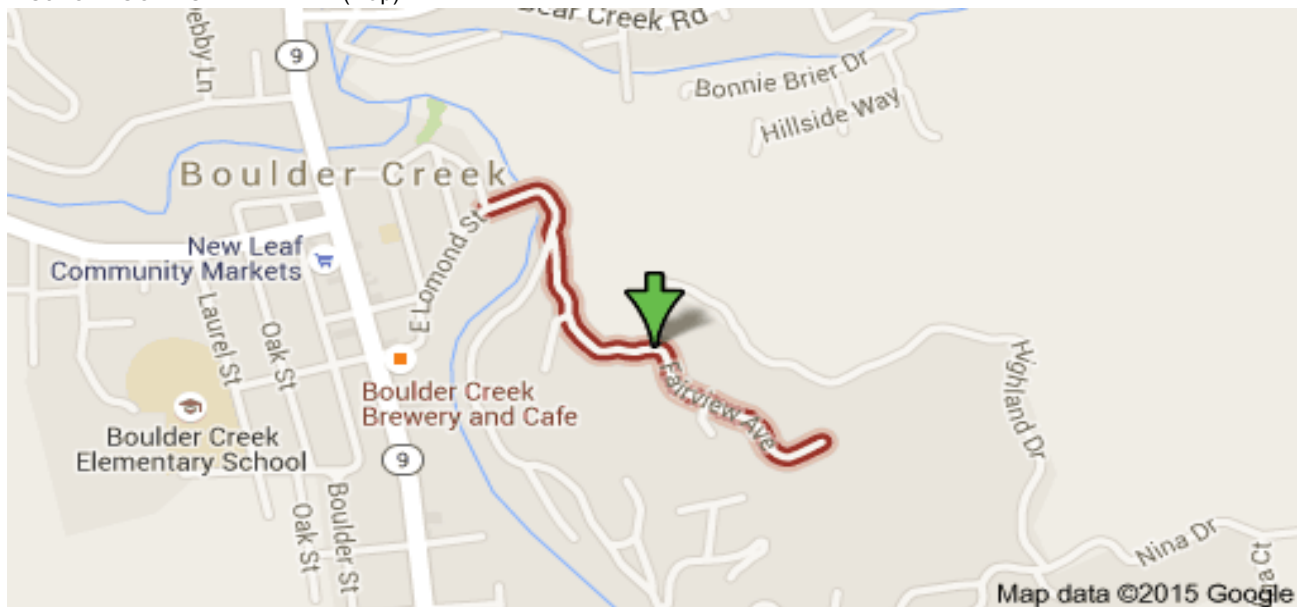
PROJECT DESCRIPTION

The Fairview Booster Pump Station is an existing simplex water booster pump station located on Fairview Drive in Boulder Creek. The Fairview Booster Pump Station provides water service to approximately sixty (60) service connections in the Highland Zone. This facility also supplies pass-through water to the Nina Zone. The Nina Zone has approximately eighty (80) additional service connections. The existing pump station is in poor condition. There is a long steep set of stairs going down to the station from Fairview Drive, making accessibility difficult. The existing wood-frame building requires complete replacement. The main electrical service and disconnect are located on a remote power pole. Due to its high elevation in the supply zone, this booster pump frequently experiences losses of suction supply. A loss of suction supply has caused overheating and pump failure on several occasions. As part of this project, the booster pump station will be relocated to a lower elevation to increase suction pressure.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION

(map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: BENET BOOSTER PUMP
STATION
PROGRAM: Water Supply - PRODUCTION

PRIORITY: 94
PROJECT No.
District Contact: Brian Lee
blee@slvwd.com

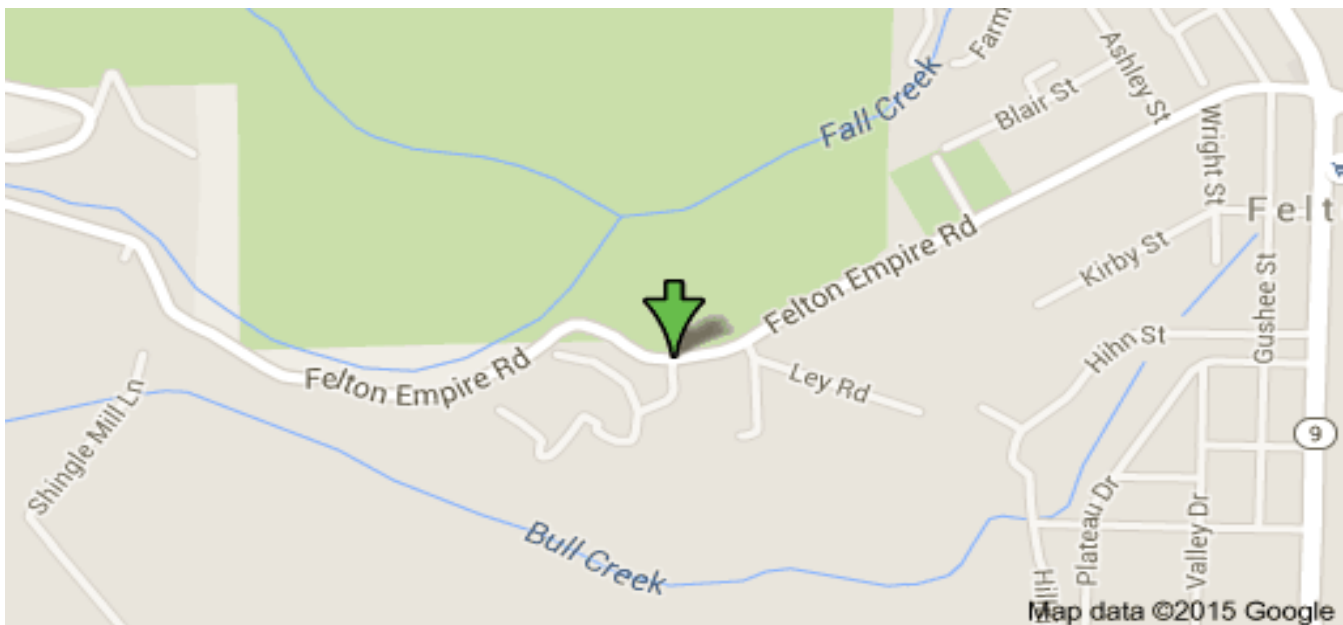


PROJECT DESCRIPTION

The Project consist of construction of a pumping station and the installation of approximately 4,200 lineal feet of new 4-inch HDPE pump-up transmission line, SCADA control, and appurtenances thereto. **Additional rights-of-way** for the pump station location may need to be obtained from private property owner prior to construction **Concern**

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION (map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: FELTON ACRES WATER STORAGE TANK
AND BOOSTER PUMP STATION

PROGRAM: Water Supply - DISTRIBUTION
SYSTEM

PRIORITY: 92

PROJECT No.

District Contact: Brian Lee
blee@slvwd.com

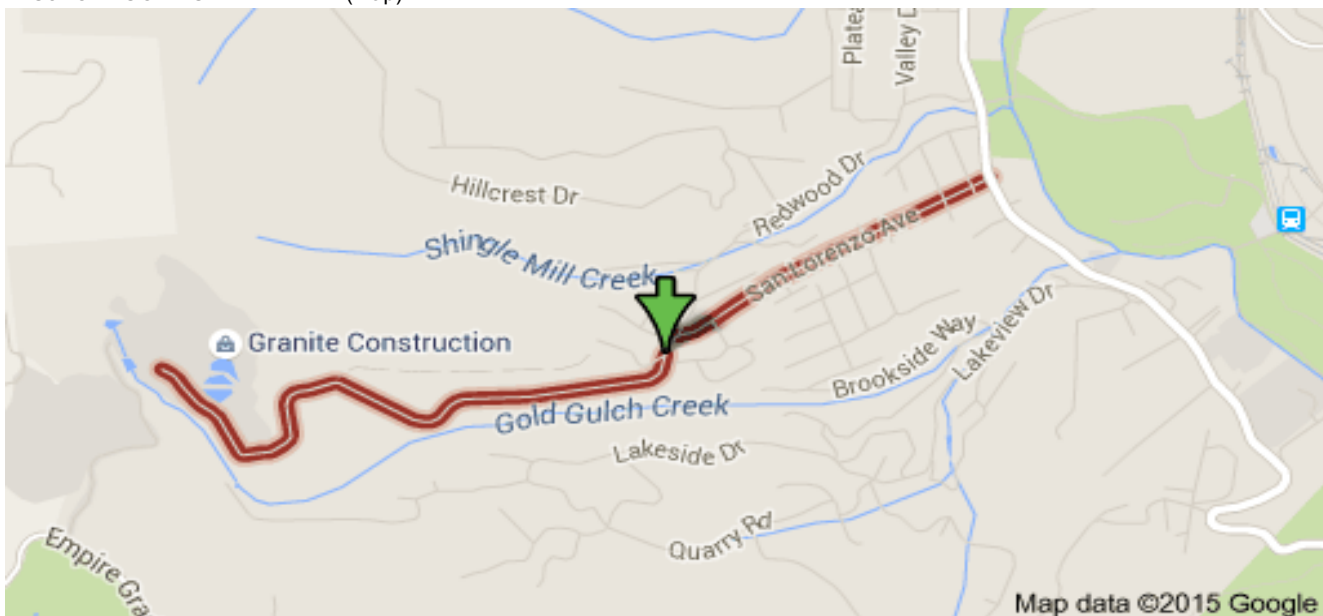


PROJECT DESCRIPTION

The Felton Acres Water Storage Tank and Booster Pump Station, located off San Lorenzo Avenue in Felton, is part of the water system acquired by the District in 2007 from the California-American Water Company. This facility provides water service to approximately two hundred (200) service connections in the Pine Zone. The existing storage tank consists of a 100,000 gallon redwood storage tank. The purpose of this tank is to provide a wet well for the booster pump station. The existing booster pump station, located adjacent to the water storage tank, pumps water to the Pine Tank. Two (2) 1,000 gallon steel pressure tanks are also located at this facility. The smaller tanks provide pressure system service for the Pine Zone. The redwood tank is greatly oversized for the purpose of a booster pump wet well. The redwood tank is leaking and is reaching its life expectancy. The booster pump station has reached its life expectancy and requires replacement. Further investigation is needed to understand the function of the two steel pressure tanks. The function of the two (2) pressure tanks may be eliminated by the installation of SCDA control between the Pine Tank and the Booster Pump Station.

- * Bulit item 1
- * Bulit item 2
- * Bulit item 3

PROJECT LOCATION (map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: HILLSIDE DRIVE WATER
DISTRIBUTION SYSTEM
PROGRAM: Water Supply - DISTRIBUTION
SYSTEM
PRIORITY: 92
PROJECT No.
District Contact: Brian Lee
blee@slvwd.com

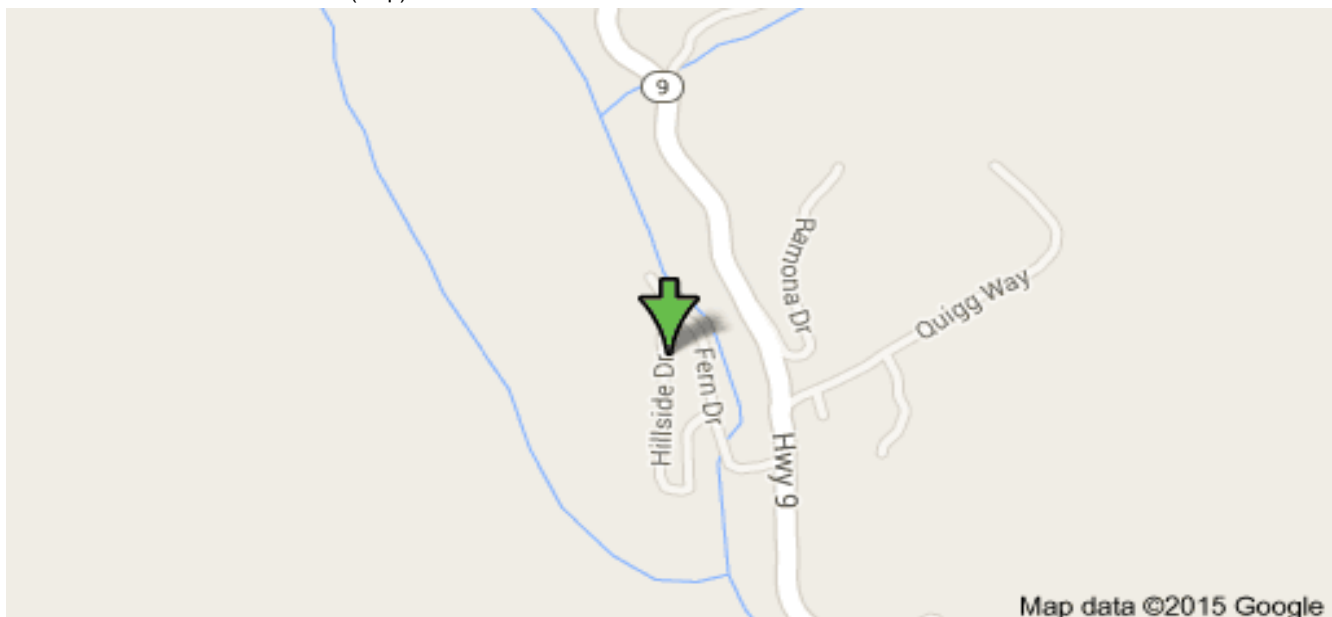
PROJECT DESCRIPTION

The Hillside Drive Water Distribution System, located off Hillside Drive in Boulder Creek, is part of the water distribution system acquired by the District in 1992 from the North Boulder Creek Improvement District Project (acquisition of San Lorenzo Woods Mutual Water Company and Park Mutual Water Company). The existing distribution system consists of 1,600 LF of 4- inch PVC water main which is installed in an area with geological instability. On-going ground movement has resulted in frequent damage to the existing water main. The Hillside Water Distribution System provides water service to approximately thirty (30) service connections in the North Boulder Creek Zone. The project would be installation of 1,600 LF of HDPE.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION

(map)



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: RIVERVIEW DRIVE WATER DISTRIBUTION
SYSTEM

PROGRAM: Water Supply - DISTRIBUTION

PRIORITY: 92

PROJECT No.

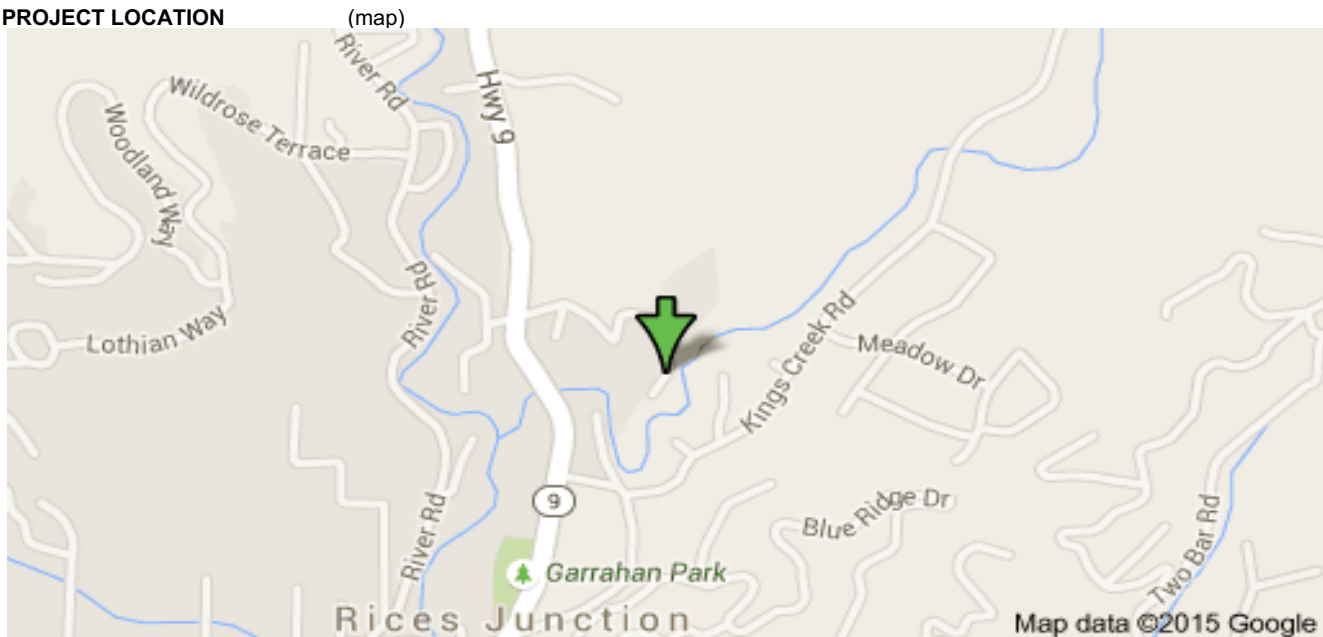
District Contact: Brian Lee
blee@slvwd.com

PROJECT DESCRIPTION

Construction of approximately 1,200 lineal feet of new 6-inch water main and appurtenances thereto. This project will replace the existing two-inch water main along Riverview Drive from Highway 9 to the Riverview Drive split. The project includes **Highway 9 bore and jack crossing**. Undersized water main is the source of intermittent low water pressure and inadequate fire flow capacity. **Concern**

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION



SAN LORENZO VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROPOSED PROJECTS LIST

Agenda: 11.16.17
Item: 10b

PROJECT: FALL CREEK DIVERSION FACILITY

PROGRAM: Water Supply - SOURCE

PRIORITY: 90

PROJECT No.

District Contact: Brian Lee

blee@slvwd.com



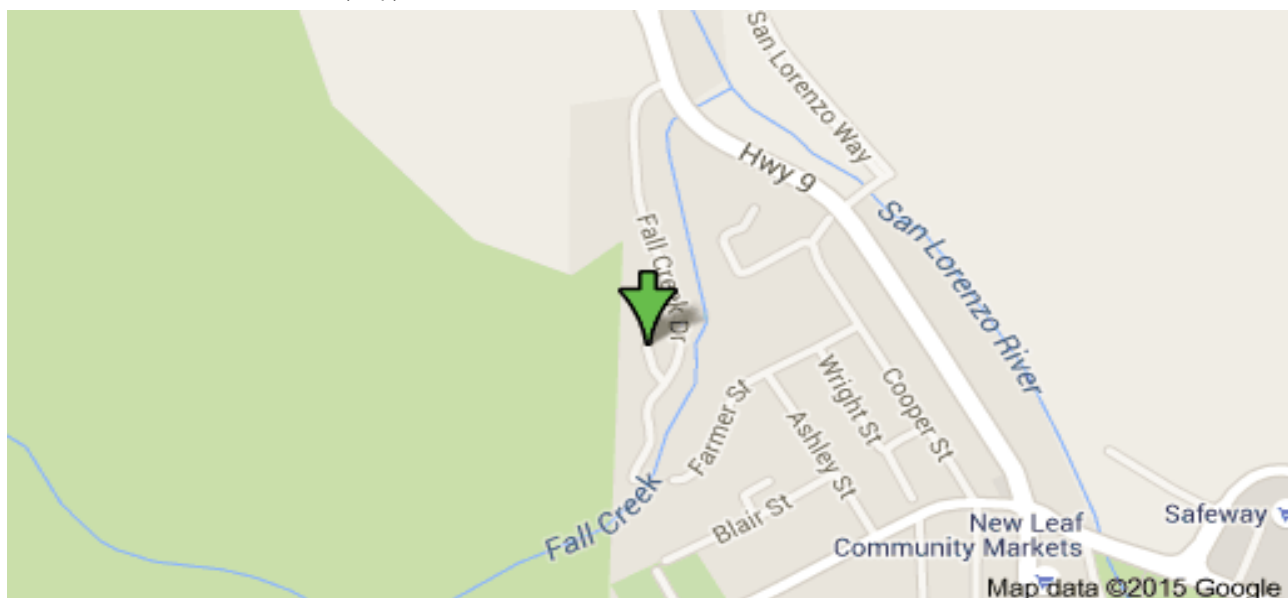
PROJECT DESCRIPTION

The Fall Creek Diversion Facility, located off Fall Creek Road in Felton, is part of the water system acquired by the District in 2007 from the California-American Water Company. This facility supplies raw water from Fall Creek to the Kirby Water Treatment Plant in Felton. The existing intake facilities consist of a concrete dam, two submersible pumps, and electrical supply. Currently, the downstream splash pans that protect the dam from erosion are in need of repair due to years of undermining from stream flows. In addition, the fish ladder is not in compliance with current fishery requirements and replacement is required.

- * Bullit item 1
- * Bullit item 2
- * Bullit item 3

PROJECT LOCATION

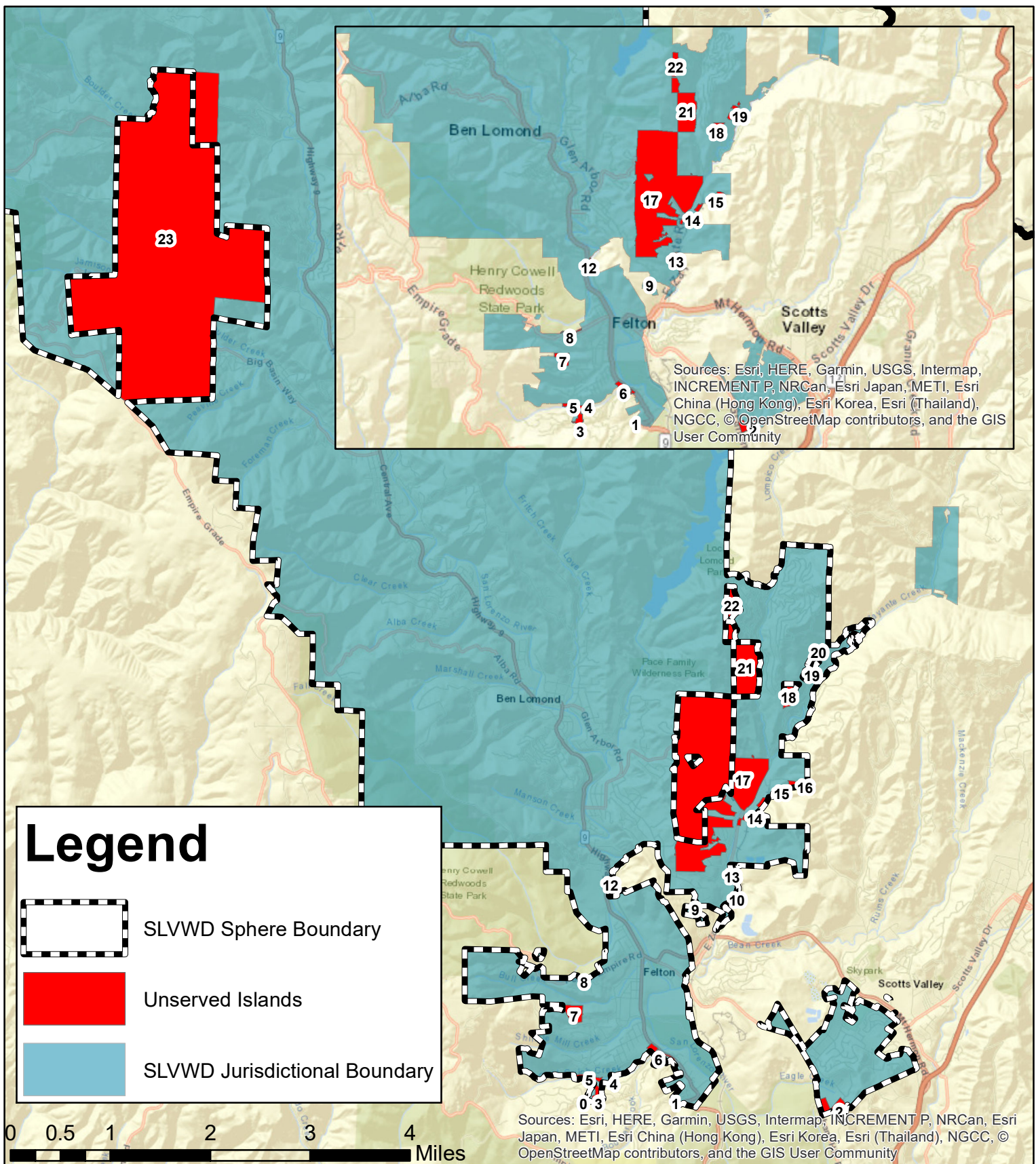
(map)



APPENDIX H:

SLVWD

Unserved Islands
(List & Map)



San Lorenzo Valley Water District Service and Sphere Boundaries

There are 24 unserved islands that should be within SLVWD's sphere and should be considered for annexation.



San Lorenzo Valley Water District

(Unserved Islands)

GIS ID	ACRES
0	0.39
1	1.10
2	23.38
3	8.65
4	0.55
5	9.21
6	11.31
7	17.92
8	2.81
9	0.33
10	0.27
11	0.18
12	0.89
13	1.36
14	11.44
15	4.38
16	3.56
17	662.92
18	13.30
19	7.82
20	1.01
21	101.17
22	21.51
23	2393.48
Total = 24	Total - 3299

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 San Lorenzo Valley Water District (SLVWD)

Project Location: The District was formed in 1941 and operates under the County Water District Law (Sections 30000 et seq. of the California Water Code) for the purpose of developing and providing water for domestic use, fire protection, and recreation in the San Lorenzo Valley. SLVWD provides water service to the communities of Boulder Creek, Brookdale, Ben Lomond, Felton, Lompico, Zayante, and southern Scotts Valley. The District's service area includes approximately 60 square miles. A vicinity map depicting the SLVWD's jurisdictional and sphere boundaries is attached (refer to **Attachment A**).

Project Location City: N/A **Project Location County:** Santa Cruz County

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 District. The purpose of the report is to ensure the effectiveness and efficiency in the delivery of public services by the 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 November 4, 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
☒ 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 District. There is no possibility that the activity may have a significant impact on the environment--State CEQA Guidelines Section 15061(b)(3).

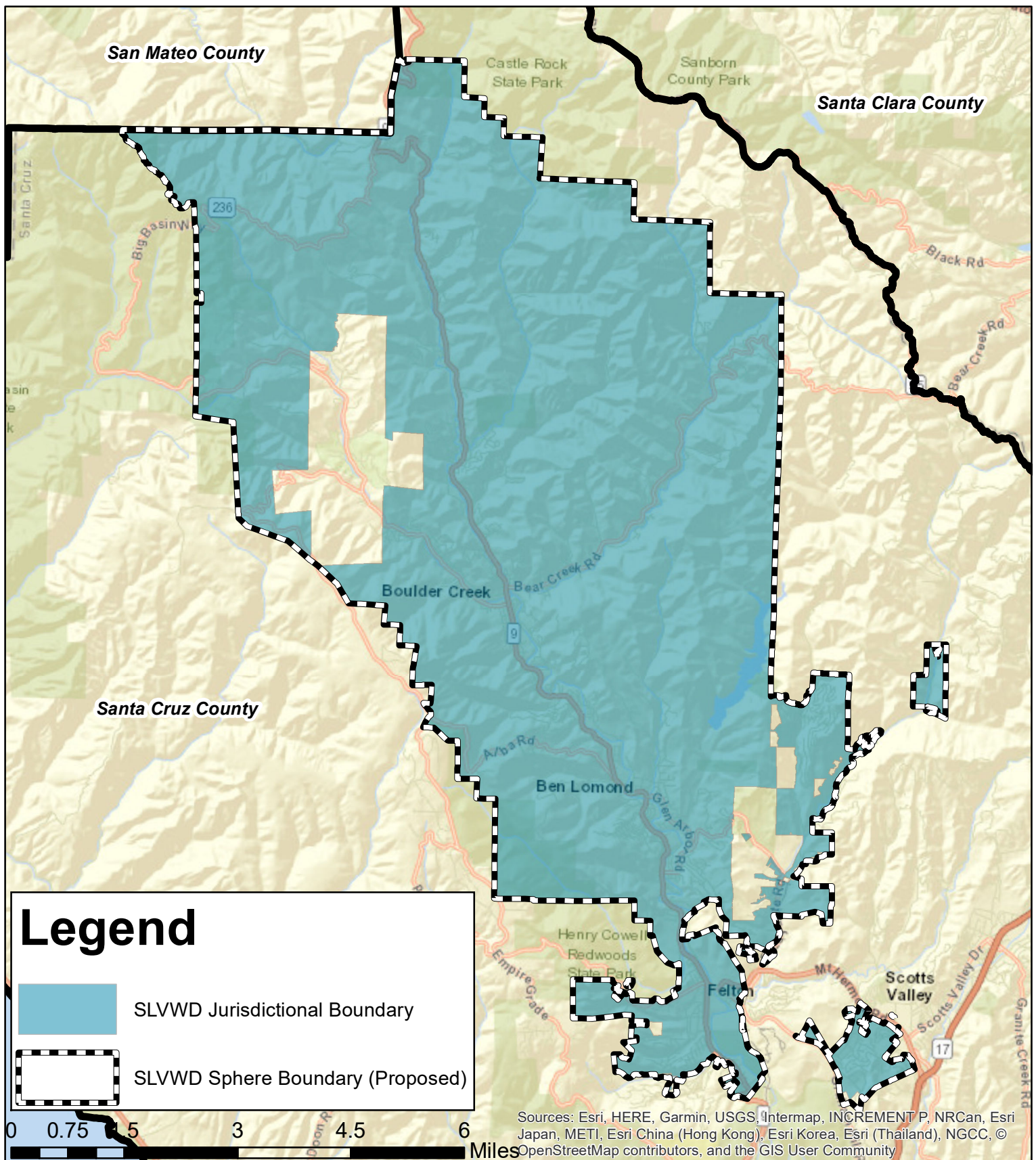
Lead Agency Contact Person: Joe A. Serrano

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

Signature: 
Joe A. Serrano, Executive Officer

Date: October 8, 2020

☒ Signed by Lead Agency



Santa Cruz County, California

San Lorenzo Valley Water District Service and Sphere Boundaries

Original Sphere of Influence adopted on October 16, 1985

Last Sphere Amendment on June 26, 2006

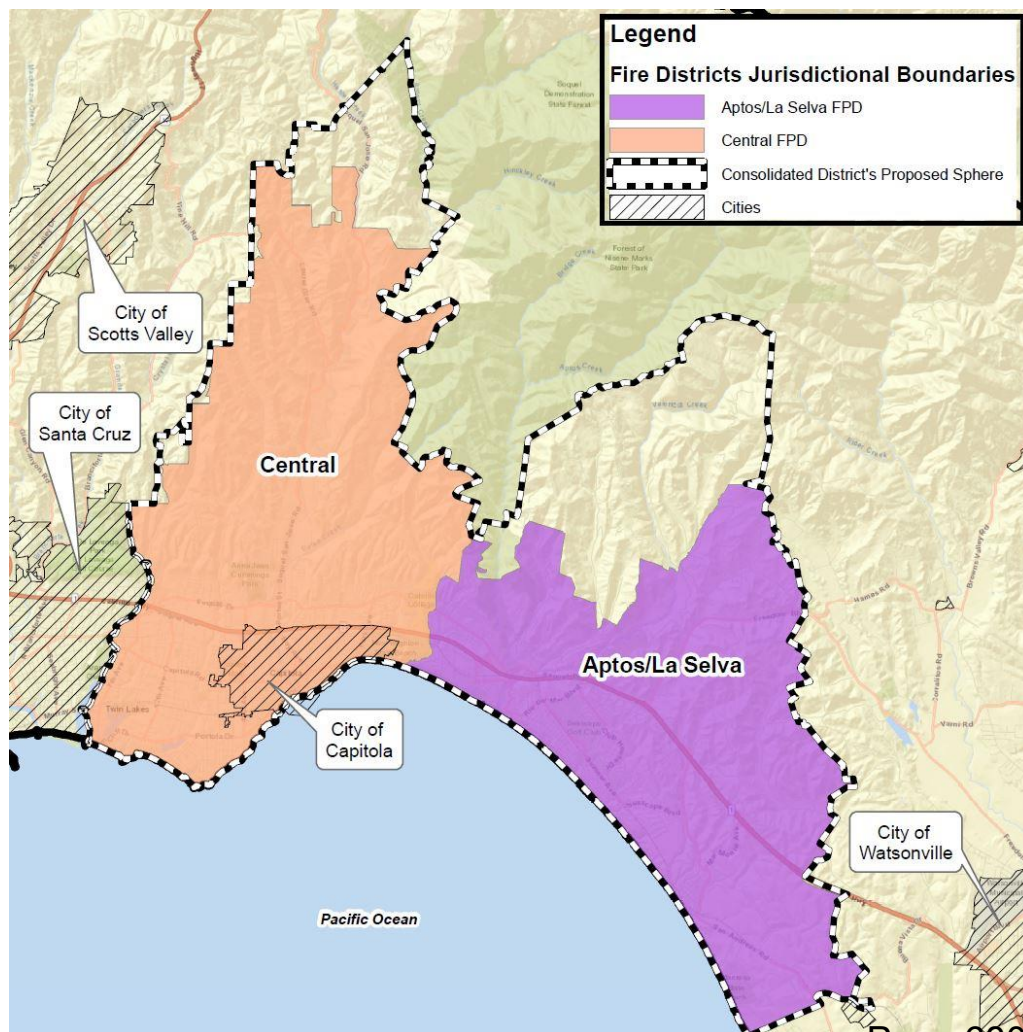
Proposed Sphere Consideration on November 4, 2020



NOTICE OF PUBLIC HEARING LOCAL AGENCY FORMATION COMMISSION

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, November 4, 2020, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following:

- **San Lorenzo Valley Water District (SLVWD) Service and Sphere of Influence Review:** Consideration of a service and sphere review for SLVWD. 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 Sphere of Influence and Water Policies. The proposed changes may include several non-substantive changes, removal of outdated language, and further clarifications to reflect the Commission's current practices.
- **"Central & Aptos/La Selva Fire Consolidation" (LAFCO Project No. DC 20-02):** Consideration of a proposed consolidation of two fire districts, totaling approximately 55 square miles, as shown in the map below. The proposal area is located east of the City of Santa Cruz, west of Watsonville's city limits, and includes the City of Capitola. If approved, the consolidation will preserve the current levels of service, maintain local demand expectations, and continue existing funding sources. In compliance with the California Environmental Quality Act (CEQA), LAFCO staff has prepared a Categorical Exemption for this proposal.



Frequently Asked Questions

- Will my property taxes go up when the consolidation is finalized? No. Residents will not incur any additional costs.
- Will levels of service decrease? No. Levels of service will remain the same and may improve over time following consolidation.
- Why consolidate? This strategic partnership will maximize economies of scale, eliminate operational redundancy, and combine best practices, which may all lead to possible cost-savings in the short and long run.

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 November 4th 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 www.santacruzlafco.org. 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.



Joe A. Serrano
Executive Officer
Date: October 14, 2020

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2020-31

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 SAN LORENZO VALLEY WATER DISTRICT

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

1. 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 San Lorenzo Valley Water District ("SLVWD").
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 November 4, 2020, and at the hearing, the Commission heard and received all oral and written protests, objections, and evidence that were presented.
4. This approval of the 2020 Service and Sphere of Influence Review for SLVWD is exempt under the California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines Section 15061(b)(3) because 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 SLVWD.
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 modifies the Sphere of Influence Map for SLVWD, as shown in Exhibit C.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 4th day of November 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
RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY
2020 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

SLVWD currently provides water service to a population of 19,700. A slow growth is projected to occur in the unincorporated county area for the next twenty years. LAFCO staff estimates that the entire population of SLVWD will reach 21,000 by 2040.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

LAFCO did not identify any DUCs within or contiguous to the District's sphere boundary. That said, SLVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

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.

The County General Plan designates the San Lorenzo Valley principally for mountain residential, rural residential, and parks and recreational uses. The County General Plan anticipates dispersed infill development in both the rural and town areas, and does not designate any area for a concentration of new development.

4. Financial ability of agencies to provide services.

SLVWD is financially sound. The District has successfully kept costs below its revenue stream since 2014. Audited financial statements from Fiscal Years 2014 to 2019 indicate that the positive net balance has ranged from \$1.4 to \$3.9 million. As of June 30, 2019, the District is operating with a net position of approximately \$31 million.

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

SLVWD continues to explore for collaborative efforts to improve efficiencies. In 2016, LAFCO approved the reorganization between Lompico County Water District (LCWD) and SLVWD. This joint effort shared facilities and staff, maximized economies of scale, and eliminated duplicate service provisions.

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

In 2018, the Grand Jury conducted a report analyzing the reorganization between LCWD and SLVWD. The District addressed the Grand Jury's concerns and implemented several actions to operate more efficiently as a public agency.

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.

EXHIBIT B
RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY
2020 SPHERE OF INFLUENCE DETERMINATIONS

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, 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. The planned land uses within the five applicable general plans are a mix of urban, rural and mountain residential, agricultural, timber, public recreation, and open-space lands.

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

SLVWD has identified and prioritized its infrastructure needs in the 2017 Capital Improvement Plan. The principal needs are well replacements, storage tanks, distribution system upgrades, and interties. The SLVWD has further coordinated the CIP with their overall goals and operations in the 2016-2020 Strategic Plan.

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

SLVWD currently provides service to approximately 8,000 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. These sources are derived solely from rainfall within the San Lorenzo River watershed.

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.

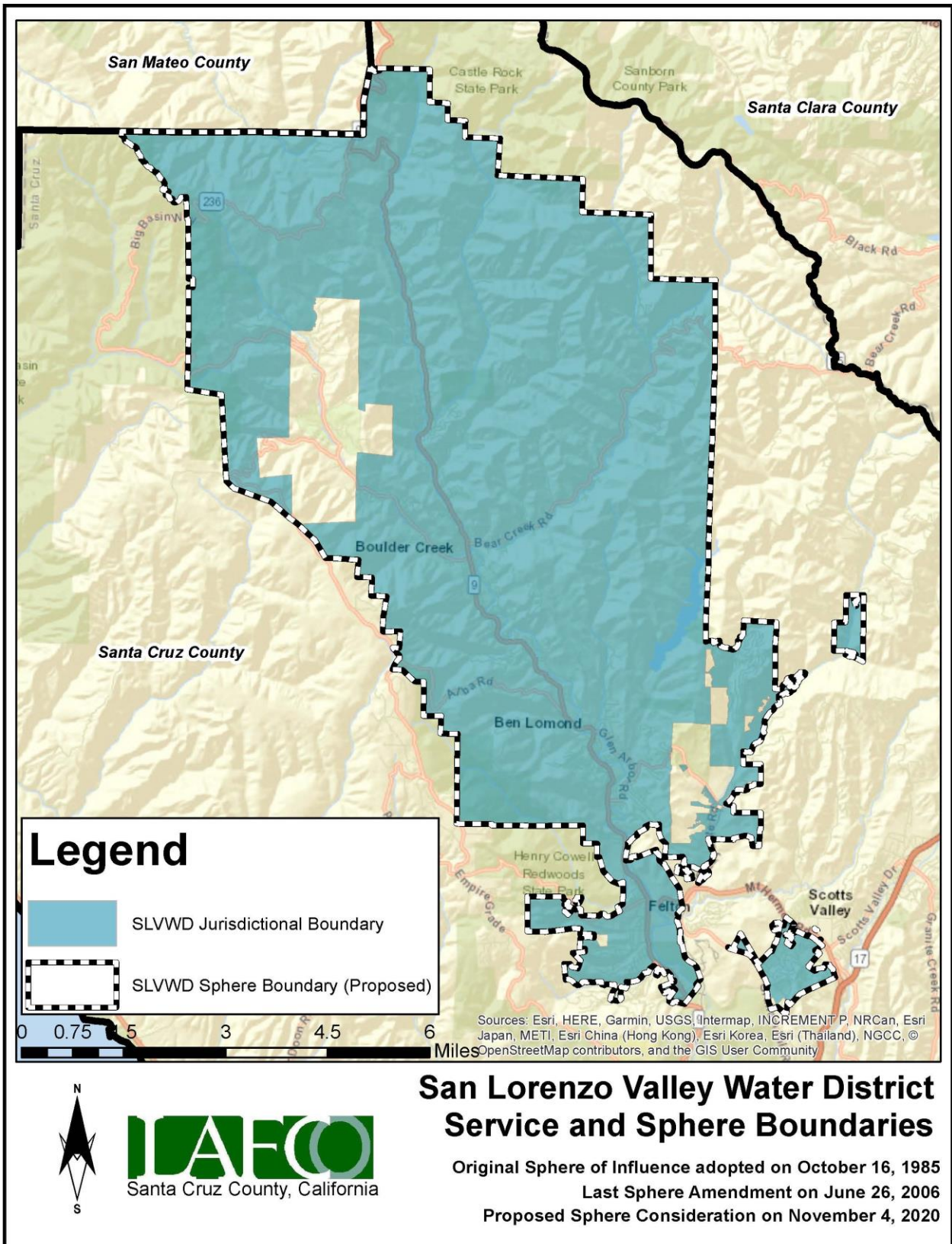
The 2016 reorganization between LCWD and SLVWD resulted in the formation of the Lompico Assessment District Oversight Committee (LADOC). The purpose of the Committee is to review and oversee income and expenses related to construction projects in the Assessment District AD-16 Engineer's Report and to serve as liaison for customers residing within the Lompico Assessment District boundaries. LADOC also informs the District and public at least annually concerning the revenue and expenditure of assessment district proceeds and projects approved by the voters of Lompico on March 6, 2015 by issuing a written report.

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.

LAFCO did not identify any DUCs within the District's sphere boundary. That said, SLVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

EXHIBIT C **SAN LORENZO VALLEY WATER DISTRICT** **SPHERE OF INFLUENCE MAP**

LAFCO modifies the Sphere of Influence for SLVWD.





Santa Cruz Local Agency Formation Commission

Date: November 4, 2020
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Proposed Policy Updates (LAFCO Project Nos. CPP 20-31 and 20-32)**

SUMMARY OF RECOMMENDATION

The Commission has adopted several distinctive policies when reviewing boundary changes affecting cities and special districts, including the Sphere of Influence and Water Policies. Based on staff's analysis, these two policies require modifications to reflect the Commission's current practices.

It is recommended that the Commission adopt the draft resolutions (LAFCO Nos. 2020-32 and 2020-33) approving the amendments to the two policies.

EXECUTIVE OFFICER'S REPORT:

This Commission began reviewing LAFCO's existing policies in February 2020. During each LAFCO meeting since then, the Commission has reviewed and updated 90% of the existing policies. The following table shows all the recent updates. This report evaluates the remaining two policies involving sphere boundaries and water provisions.

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

Spheres of Influence Policy

This policy was first introduced in June 1977 to set rules and regulations governing the designation of sphere boundaries for cities and special districts (see **Attachment 1**). The last revision occurred in February 2010. Staff believes that the overall context outlined in the current policy is accurate and does not need any substantial modifications. Proposed amendments include revising outdated language 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**).


Water Policy

This policy was originally adopted in March 1964 to ensure that the Commission analyzes current and future water supply and capacity when considering a boundary change. The last revision occurred in February 2010. The current version is attached to this report (see **Attachment 4**). Based on staff's review, the current policy is merely the Sphere of Influence and Proposal Policies combined without clear direction or structure. Proposed amendments include adding background and procedural information, revising outdated language, removing duplicate context, and implementing the new standard format. 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**).

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 two policies and adopt the resolutions approving the proposed edits (refer to **Attachments 3 and 6**).

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

Spheres of Influence Policy

1. Spheres of Influence Policy (2011; Current Version)
2. Spheres of Influence Policy (Proposed Version with tracked changes)
3. Draft Resolution No. 2020-32 (with "clean version" of the policy as Exhibit A)

Water Policy

4. Water Policy (2011; Current Version)
5. Water Policy (Proposed Version with tracked changes)
6. Draft Resolution No. 2020-33 (with "clean version" of the policy as Exhibit A)

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION SPHERES OF INFLUENCE POLICIES AND GUIDELINES

Amended by Resolution No. 2011-1; February 2, 2011

I. Legislative Authority

The Knox-Nisbet Act of 1963 (former Government Code Section 54773 et seq.) established the Local Agency Formation Commission to promote the orderly development of local government agencies in the County and discourage urban sprawl. The law was subsequently combined with other laws regarding boundary changes and recodified as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000-57550).

Among its objectives, LAFCO is authorized to perform studies which will contribute to the logical and reasonable development of local governments to provide for the present and future needs of each county and its communities. (Government Code Section 56301). State law further provides that, in order to carry out its responsibilities for planning and shaping the logical and orderly development of local government agencies, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county. (Government Code Section 56425). 'Sphere of Influence' means a plan for the probable physical boundaries and service area of a local government agency. (Government Code Section 56076).

In determining a sphere of influence, the Commission is required to consider and state its findings regarding at least eight factors, including:

- a. The maximum possible service area of the agency based upon present and possible service capabilities of the agency.
- b. The range of services the agency is providing or could provide.
- c. The projected future population growth of the area.
- d. The type of development occurring or planned for the area, including, but not limited to, residential, commercial, and industrial development.
- e. The present and probable future service needs of the area.

f. Local governmental agencies presently providing services to such area and the present level, range, and adequacy of services provided by such existing local governmental agencies.

g. The existence of social and economic interdependence and interaction between the area within the boundaries of a local governmental agency and the area which surrounds it and which could be considered within the agency's sphere of influence.

h. The existence of agricultural preserves in the area which could be considered within an agency's sphere of influence and the effect on maintaining the physical and economic integrity of such preserves in the event that such preserves are within a sphere of influence of a local governmental agency."

Spheres of influence are to be adopted by the Commission following a public hearing and are to be reviewed and updated every five years. After adoption, the sphere of influence "shall be used by the Commission as a factor in making regular decisions on proposals over which it has jurisdiction. The Commission may recommend governmental reorganizations to particular agencies in the county, using the sphere of influence as a basis for such recommendations... (Government Code Section 56425)."

The purpose of a sphere of influence study is to provide the Commission information needed to determine an agency's sphere of influence and to make recommendations for local government reorganizations.

II. Definitions

1. Sphere of Influence - "A plan for the probable physical boundaries and service area of a local government agency (Government Code Section 56076)." A sphere of influence will reflect the limits of probable future growth of an agency during the applicable general plan period or twenty

years, whichever is more appropriate. A sphere "plan" may also include recommendations for:

- a. Annexation or detachment of territory, or both.
- b. Incorporation of a new city.
- c. Merger of a special district with a city.
- d. Consolidation of a special district with one or more districts.
- e. Formation of a new district.
- f. Dissolution of an agency.

2. Urban Services - Services necessary to support urban development, including such services as water, sewer, fire and police protection.

3. Urban Service Area - An area within a sphere of influence which is either (1) already urbanized and receiving a combination of urban services, or (2) designated by the applicable general plan for urban development and capable of being provided with urban services within the next five years. Such areas may be considered candidates for annexation within the next five years.

4. Urban Area - An area with residential development at a density which requires a combination of urban services, and commercial or industrial development which serves as a significant business or activity center.

5. Factors to Determine a Sphere of Influence - The eight factors enumerated in Government Code Section 56668, plus topography, street and road patterns, school and other jurisdictional boundaries, adopted policies to preserve agricultural lands and open space, and public comment from affected agencies, community groups, and interested citizens.

III. Policy Guidelines

1. The Local Agency Formation Commission will use spheres of influence to discourage inefficient development patterns and to encourage the orderly expansion of local government agencies. Spheres of influence will be used to:

- a. Provide long-range guidelines for the efficient provision of services and timely changes of governmental organization.
- b. Discourage duplication of services by two or more local government agencies.
- c. Guide the Commission in considering individual proposals for changes of organization.
- d. Identify the need for specific reorganization studies.

2. The Local Agency Formation Commission recognizes the planning accomplishments of local agencies in the County. In developing spheres of influence, the Local Agency Formation Commission will support those adopted plans, and policies of local governments which encourage staged, cost-effective development patterns and the efficient provision of services.

3. City and County general plans will be a significant factor in determining spheres of influence. Where a City's and the County's general plan for the same area are inconsistent, the Local Agency Formation Commission should encourage the affected agencies to resolve any inconsistencies. In the event the inconsistency cannot be resolved, by law the final decision for the Sphere of Influence must remain with LAFCO.

4. Because of the importance of general plans in determining a sphere of influence, the Local Agency Formation Commission will normally not allocate territory to a city sphere of influence which is not included in that city's adopted general plan. A Sphere of Influence may not include all territory within a city's general plan area which bears some relation to the city's planning but which at this time, is not anticipated to require a combination of urban services.

5. The Local Agency Formation Commission recognizes the limited usefulness of long-term projections. Spheres of influence will identify probable boundaries for an agency's expansion. Spheres will be periodically revised and updated to reflect changing conditions and circumstances.

6. LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere of influence adoptions and

amendments, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

7. To assist in the review of Spheres of Influence and other LAFCO reports, the Local Agency Formation Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health
- b) The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et seq.
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

8. Water resources and supplies are critical issues for many sphere of influence and application decisions made by the Local Agency Formation Commission. Public information and participation is an important component in the decisions of the Commission, the land use agencies, and the water agencies. To promote public education, at least every two years, the Local Agency Formation Commission will sponsor, or co-sponsor with the Regional Water Management Foundation, the County of Santa Cruz, and local water agencies, a public forum that provides the public with an overview of the state of the water supplies in Santa Cruz County.

9. Once established, an agency's sphere of influence will be a primary guide to the Commission in its decisions on individual proposals affecting that agency. Before the Commission may approve a change of organization inconsistent with the adopted sphere of influence, the Commission shall amend the sphere of influence.

10. Although an adopted sphere of influence is an important long-range guideline, annexation of territory within a sphere of influence is not

automatic. The Commission will consider specific proposals for changes in organization on an individual basis as required by law.

11. The Local Agency Formation Commission will encourage the elimination or consolidation of small, single-purpose special districts when a more efficient alternative exists for providing the necessary services. Whenever a combination of urban services is required, general purpose governments or multi-services districts will be preferred to single-purpose districts.

12. When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.

13. An agency may be allocated a "zero sphere of influence" where the Local Agency Formation Commission determines that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency assigned a "zero sphere of influence" should be dissolved.

14. Proposals for urban development within a city's sphere of influence should first be considered for annexation to that city, unless such annexation would create a "leapfrog" pattern of expansion with respect to existing city boundaries.

15. In an effort to promote cooperation among the land use agencies with jurisdiction over lands in the Coastal Zone, any application to LAFCO for a sphere of influence amendment regarding land in the Coastal Zone shall contain the following information:

- 1) A statement that the staffs of the Coastal Commission and other land use agencies with jurisdiction over the land which is the subject of the application have reviewed and jointly discussed the sphere of influence amendment application with

respect to consistency with applicable general plans, the Coastal Act, and local coastal programs. The statement should also memorialize the results of the review.

- 2) Preliminary review and comments from the Coastal Commission staff as to potential issues of Coastal Act consistency.
- 3) Review and comments from any other land use agency with jurisdiction, through a Local Coastal Program or otherwise, over the

land which is the subject of the application, including an analysis of consistency of the proposed amendment with its general plan.

LAFCO will consider consistency with the Coastal Act and the relevant general plans in making its Sphere of Influence determination.

16. It is preferable that the people who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

IV. Procedural Guidelines

1. The Local Agency Formation Commission will develop and determine a sphere of influence for each local governmental agency in the County.
2. Spheres of influence will be developed in the following order:
 - a. Incorporated cities.
 - b. Unincorporated, urbanized areas.
 - c. Special districts serving non-urbanized areas of the County.
3. Local government agencies will be requested to provide information which will permit the Commission to consider the factors for determining a sphere of influence. Such information will include:
 - a. The limits of the area viewed by the agency as its "sphere of influence" and the rationale.
 - b. Information to identify and describe the agency's existing services and the agency's plans for providing services both within its existing boundaries and to any additional areas.
 - c. Information to establish a need for the agency's services in additional areas, based upon anticipated population growth, land use plans, or other factors.
 - d. Relationship of an agency's service plans to the applicable city or County general plan.
4. The Executive Officer will prepare a report to the Commission which provides the following:

- a. Description of existing services and service capabilities.
- b. Information on existing land uses, adopted land use plans and policies, and projected growth in the affected area.
- c. An analysis of the anticipated need for services and capability of the affected agencies to provide those services.
- d. Recommendations for spheres of influence.
- e. Recommendations for specific reorganization studies or proposals.

5. The Local Agency Formation Commission will adopt or amend a sphere of influence following a public hearing. The Executive Officer will provide the notice of hearing required by law to each affected local agency and the County, and to any interested person who has requested such notice. Notice of hearing will also be published in a newspaper of general circulation in the area affected by the proposed sphere of influence.

6. The Local Agency Formation Commission will periodically review and update adopted spheres of influence. Spheres of influence may be amended by the Commission on its own initiative or at the re-quest of an affected agency by resolution of its legislative body. In either case, the Commission will consider amendment of a sphere of influence following a noticed public hearing held for that purpose.



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

SPHERES OF INFLUENCE POLICY

Adopted on June 1, 1977 (Resolution No. 97-F)

Previous Revision on February 2, 2010 (Resolution No. 2011-1)

Last Revision on November 4, 2020 (Resolution No. 2020-32)

~~SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION SPHERES OF INFLUENCE POLICIES AND GUIDELINES~~

~~Amended by Resolution No. 2011-1; February 2, 2011~~

OVERVIEW~~Legislative Authority~~

1.

The Knox-Nisbet Act of 1963 (former Government Code Section 54773 et seq.) established the Local Agency Formation Commission to promote the orderly development of local government agencies in the County and discourage urban sprawl. The law was subsequently combined with other laws regarding boundary changes and recodified as the Cortese-Knox- Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000-57550).

Among its objectives, LAFCO is authorized to perform studies which will contribute to the logical and reasonable development of local governments to provide for the present and future needs of each county and its communities. (Government Code Section 56301). State law further provides that, in order to carry out its responsibilities for planning and shaping the logical and orderly development of local government agencies, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county. (Government Code Section 56425). 'Sphere of Influence' means a plan for the probable physical boundaries and service area of a local government agency. (Government Code Section 56076).

2. TYPES OF SPHERES

There are several types of sphere boundaries that the Commission may adopt:

a) Coterminous Sphere: A sphere of influence may be coterminous, or identical, with the agency's current jurisdictional boundary.

b) Larger-than-jurisdiction Sphere: A sphere of influence may be larger than the

agency's current jurisdictional boundary. This designation identifies areas that should be annexed into the agency in the foreseeable future.

c) Smaller-than-jurisdiction Sphere: A sphere of influence may be smaller than the agency's current jurisdictional boundary. This designation identifies areas that should be detached from the agency in the foreseeable future.

d) Zero Sphere: A sphere of influence may be removed entirely if the Commission determines that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency assigned a "zero sphere of influence" should be dissolved.

1. SPHERE DETERMINATIONS~~In determining a sphere of influence, the Commission is required to consider and state its findings regarding at least eight factors, including:~~

3.
In accordance with Government Code Section 56425, the Commission is required to consider and prepare a written statement of its determination with respect to each of the following:

a) The present and planned land uses in the area, including agricultural and open-space lands;

b) The present and probable need for public facilities and services in the area;

c) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, including the funding of capital, debt, service, and operations;

d) 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

e) For an update of a sphere of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

~~The maximum possible service area of the agency based upon present and possible service capabilities of the agency.~~

None of the individual factors listed above will be deemed to be a determining factor but will be reviewed collectively when considering the establishment or revision to a sphere of influence for a city or special district.

~~The range of services the agency is providing or could provide.~~

~~The projected future population growth of the area.~~

~~The type of development occurring or planned for the area, including, but not limited to, residential, commercial, and industrial development.~~

~~The present and probable future service needs of the area.~~

~~Local governmental agencies presently providing services to such area and the present level, range, and adequacy of services provided by such existing local governmental agencies.~~

~~The existence of social and economic interdependence and interaction between the area within the boundaries of a local governmental agency and the area which surrounds it and which could be considered within the agency's sphere of influence.~~

~~The existence of agricultural preserves in the area which could be considered within an agency's sphere of influence and the effect on maintaining the physical and economic integrity of such preserves in the event that such preserves are within a sphere of influence of a local governmental agency."~~

4. SPHERE UPDATES

Spheres of influence are to be adopted by the Commission following a public hearing and are to be reviewed and updated every five years. After adoption, the sphere of influence "shall be used by the Commission as a factor in making regular decisions on proposals over which it has jurisdiction. The Commission may recommend governmental reorganizations to particular agencies in the county, using the sphere of influence as a basis for such recommendations... (Government Code Section 56425)."

The purpose of a sphere of influence study is to provide the Commission information needed to determine an agency's ~~sphere of influence~~potential growth and to make recommendations ~~for local government reorganization~~towards future service provisions within areas the county.

Definitions

Sphere of Influence ~~"A plan for the probable physical boundaries and service area of a local government agency (Government Code Section 56076)." A sphere of influence will reflect the limits of probable future growth of an agency during the applicable general plan period or twenty~~

~~years, whichever is more appropriate. A sphere "plan" may also include recommendations for:~~

~~Annexation or detachment of territory, or both.~~

~~Incorporation of a new city.~~

~~Merger of a special district with a city.~~

~~Consolidation of a special district with one or more districts.~~

~~Formation of a new district.~~

~~Dissolution of an agency.~~

~~**Urban Services** – Services necessary to support urban development, including such services as water, sewer, fire and police protection.~~

~~**Urban Service Area** – An area within a sphere of influence which is either (1) already urbanized and receiving a combination of urban services, or (2) designated by the applicable general plan for urban development and capable of being provided with urban services within the next five years. Such areas may be considered candidates for annexation within the next five years.~~

~~**Urban Area** – An area with residential development at a density which requires a combination of urban services, and commercial or industrial development which serves as a significant business or activity center.~~

~~**Factors to Determine a Sphere of Influence** – The eight factors enumerated in Government Code Section 56668, plus topography, street and road patterns, school and other jurisdictional boundaries, adopted policies to preserve agricultural lands and open space, and public comment from affected agencies, community groups, and interested citizens.~~

2.5. POLICY GUIDELINES~~Policy Guidelines~~

The ~~Local Agency Formation~~ Commission will use spheres of influence to discourage inefficient development patterns and to encourage the orderly expansion of local government agencies. Spheres of influence will be used to:

a) Provide long-range guidelines for the efficient provision of services and timely changes of governmental organization~~;~~

b) Discourage duplication of services by two or more local government agencies~~;~~

b)c) Guide the Commission in considering individual proposals for changes of organization~~;~~ and

e)d) Identify the need for specific reorganization studies.

5.1 Municipal Service Reviews: Pursuant to Government Code Section 56425, spheres of influence shall be reviewed and/or updated every five years. Additionally, state law mandates that spheres be prepared or updated in conjunction with or after completion of a related Municipal Service Review (Government Code Section 56430).

5.2 Overlapping Spheres: To promote efficient and coordinated planning among the county's various agencies, city spheres shall not overlap, and districts that provide the same type of service should not have overlapping sphere boundaries.

5.3 Logical Service Provider: When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.

5.4 Service Efficiencies: The Commission will encourage the elimination or consolidation of small, single-purpose special districts when a more efficient alternative exists for providing the necessary services. Whenever a combination of urban services is required, general purpose governments or multi-services districts will be preferred to single-purpose districts.

5.5 Sphere Designations and Annexation: Before territory can be annexed to a city or special district, it must be within the agency's sphere (Government Code Section 56375.5). However, a sphere is only one of several factors the Commission considers when evaluating changes of organization.

5.6 Long-Range Planning: ~~The Local Agency Formation Commission~~ LAFCO recognizes the planning accomplishments of local agencies in the County. In developing spheres of influence, the ~~Local Agency Formation Commission~~ Commission will ~~support~~ consider those adopted plans, and policies of local governments which encourage staged, cost-effective development patterns and the efficient provision of services.

Sphere boundaries will identify probable boundaries for an agency's expansion and will be periodically reviewed to reflect changing conditions and circumstances.

Once established, an agency's sphere of influence will be a primary guide to the Commission in its decisions on individual proposals affecting that agency. Before the Commission may approve a change of organization inconsistent with the adopted sphere of influence, the Commission shall amend the sphere of influence.

~~City and County general plans will be a significant factor in determining spheres of~~

~~influence. Where a City's and the County's general plan for the same area are inconsistent, the Local Agency Formation Commission should encourage the affected agencies to resolve any inconsistencies. In the event the inconsistency cannot be resolved, by law the final decision for the Sphere of Influence must remain with LAFCO.~~

5.7 Consistency with General Plans and Pre-Zoning:

~~Because of the importance of general plans~~The Commission will review the existing and future land uses of territory prior to including it within a city's sphere in order to determine the logical extension of municipal services and the probable future boundary of a city or district. The Commission strongly encourages each city to include all territory within its sphere of influence within the city's General Plan and each special district to address in its infrastructure, facilities and operational planning documents in determining a sphere of influence, the Local Agency Formation Commission will normally not allocate territory to a city sphere of influence which is not included in that city's adopted general plan. A Sphere of Influence may not include all territory within a city's general plan area which bears some relation to the city's planning but which at this time, is not anticipated to require a combination of urban services.

5.8 Land Use Inconsistencies: City and County general plans will be a significant factor in determining spheres of influence. Where a city's and the County's general plan for the same area are inconsistent, the Commission should encourage the affected agencies to resolve any inconsistencies. In the event the inconsistency cannot be resolved, by law the final decision for the Sphere of Influence must remain with LAFCO.

5.9 Encourage Annexation of Unincorporated Islands: The Commission acknowledges that unincorporated islands are generally costly for County government to serve and often have impacts on the surrounding city or district. Cities and special districts (where applicable), will be encouraged to annex unincorporated islands within their sphere of influence.

5.10 Urban Development: Proposals for urban development within a city's sphere of influence should first be considered for annexation to that city, unless such annexation would create a "leapfrog" pattern of expansion with respect to existing city boundaries.

5.11 Water Supply:

~~The Local Agency Formation Commission recognizes the limited usefulness of long-term projections. Spheres of influence will identify probable boundaries for an agency's expansion. Spheres will be periodically revised and updated to reflect changing conditions and circumstances.~~

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere of influence adoptions and

amendments, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

To assist in the review of Spheres of Influence and other LAFCO reports, the ~~Local Agency Formation~~ Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health;
- b) The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et seq. and
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

It is preferable that the residents who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

~~Water resources and supplies are critical issues for many sphere of influence and application decisions made by the Local Agency Formation Commission. Public information and participation is an important component in the decisions of the Commission, the land use agencies, and the water agencies. To promote public education, at least every two years, the Local Agency Formation Commission will sponsor, or co-sponsor with the Regional Water Management Foundation, the County of Santa Cruz, and local water agencies, a public forum that provides the public with an overview of the state of the water supplies in Santa Cruz County.~~

~~Once established, an agency's sphere of influence will be a primary guide to the Commission in its decisions on individual proposals affecting that agency. Before the Commission may approve a change of organization inconsistent with the adopted sphere of influence, the Commission shall amend the sphere of influence.~~

~~Although an adopted sphere of influence is an important long-range guideline, annexation of territory within a sphere of influence is not~~

~~automatic. The Commission will consider specific proposals for changes in organization on an individual basis as required by law.~~

~~The Local Agency Formation Commission will encourage the elimination or consolidation of small, single-purpose special districts when a more efficient alternative exists for providing the necessary services. Whenever a combination of urban services is required, general purpose governments or multi-services districts will be preferred to single-purpose districts.~~

~~When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.~~

~~**5.12 Coastal Zone:** An agency may be allocated a "zero sphere of influence" where the Local Agency Formation Commission determines that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency assigned a "zero sphere of influence" should be dissolved.~~

~~Proposals for urban development within a city's sphere of influence should first be considered for annexation to that city, unless such annexation would create a "leapfrog" pattern of expansion with respect to existing city boundaries.~~

In an effort to promote cooperation among the land use agencies with jurisdiction over lands in the Coastal Zone, any application to LAFCO for a sphere of influence amendment regarding land in the Coastal Zone shall contain the following information:

~~a)~~ A statement that the staffs of the Coastal Commission and other land use agencies with jurisdiction over the land which is the subject of the application have reviewed and jointly discussed the sphere of influence amendment application with _

~~b)~~ a) _____ respect to consistency with applicable general plans, the Coastal Act, and local coastal programs. The statement should also memorialize the results of the review; _

~~c)~~ _____ Preliminary review and comments from the Coastal Commission staff as to potential issues of Coastal Act consistency; and _

~~b)~~ _

~~d)~~ _

Review and comments from any other land use agency with jurisdiction, through a Local Coastal Program or otherwise, over the _

e)c) _____ land which is the subject of the application, including an analysis of consistency of the proposed amendment with its general plan.

LAFCO will consider consistency with the Coastal Act and the relevant general plans in making its Sphere of Influence determination.

~~It is preferable that the people who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.~~

Procedural Guidelines

~~The Local Agency Formation Commission will develop and determine a sphere of influence for each local governmental agency in the County.~~

~~Spheres of influence will be developed in the following order:~~

~~Incorporated cities.~~

~~Unincorporated, urbanized areas.~~

~~Special districts serving non-urbanized areas of the County.~~

~~Local government agencies will be requested to provide information which will permit the Commission to consider the factors for determining a sphere of influence. Such information will include: The limits of the area viewed by the agency as its "sphere of influence" and the rationale.~~

~~Information to identify and describe the agency's existing services and the agency's plans for providing services both within its existing boundaries and to any additional areas.~~

~~Information to establish a need for the agency's services in additional areas, based upon anticipated population growth, land use plans, or other factors.~~

~~Relationship of an agency's service plans to the applicable city or County general plan.~~

~~The Executive Officer will prepare a report to the Commission which provides the following:~~

~~Description of existing services and service capabilities.~~

~~Information on existing land uses, adopted land use plans and policies, and projected growth in the affected area.~~

~~An analysis of the anticipated need for services and capability of the affected agencies to provide those services.~~

~~Recommendations for spheres of influence.~~

~~Recommendations for specific reorganization studies or proposals.~~

~~The Local Agency Formation Commission will adopt or amend a sphere of influence following a public hearing. The Executive Officer will provide the notice of hearing required by law to each affected local agency and the County, and to any interested person who has requested such notice. Notice of hearing will also be published in a newspaper of general circulation in the area affected by the proposed sphere of influence.~~

~~The Local Agency Formation Commission will periodically review and update adopted spheres of influence. Spheres of influence may be amended by the Commission on its own initiative or at the request of an affected agency by resolution of its legislative body. In either case, the Commission will consider amendment of a sphere of influence following a noticed public hearing held for that purpose.~~

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2020-32

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 SPHERES OF INFLUENCE POLICY

WHEREAS, on June 1, 1977, the Local Agency Formation Commission of Santa Cruz County ("LAFCO" or "Commission") adopted a policy governing the development and determination of spheres of influence; and

WHEREAS, the Commission previously reviewed and updated its Spheres of Influence Policy on February 2, 2011; and

WHEREAS, on November 4, 2020, the Commission determined that amendments to the existing policy are warranted.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby approves amendments to its Spheres of Influence Policy, as shown in Exhibit A, to clearly indicate how sphere boundaries are developed and determined for cities and special districts.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 4th day of November 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 COMMISSION
OF SANTA CRUZ COUNTY

SPHERES OF INFLUENCE POLICY

Adopted on June 1, 1977 (Resolution No. 97-F)

Previous Revision on February 2, 2010 (Resolution No. 2011-1)

Last Revision on November 4, 2020 (Resolution No. 2020-32)

1. OVERVIEW

The Knox-Nisbet Act of 1963 (former Government Code Section 54773 et seq.) established the Local Agency Formation Commission to promote the orderly development of local government agencies in the County and discourage urban sprawl. The law was subsequently combined with other laws regarding boundary changes and recodified as the Cortese-Knox- Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000-57550).

Among its objectives, LAFCO is authorized to perform studies which will contribute to the logical and reasonable development of local governments to provide for the present and future needs of each county and its communities. (Government Code Section 56301). State law further provides that, in order to carry out its responsibilities for planning and shaping the logical and orderly development of local government agencies, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county. (Government Code Section 56425). 'Sphere of Influence' means a plan for the probable physical boundaries and service area of a local government agency. (Government Code Section 56076).

2. TYPES OF SPHERES

There are several types of sphere boundaries that the Commission may adopt:

- a) Coterminous Sphere: A sphere of influence may be coterminous, or identical, with the agency's current jurisdictional boundary.
- b) Larger-than-jurisdiction Sphere: A sphere of influence may be larger than the agency's current jurisdictional boundary. This designation identifies areas that should be annexed into the agency in the foreseeable future.
- c) Smaller-than-jurisdiction Sphere: A sphere of influence may be smaller than the agency's current jurisdictional boundary. This designation identifies areas that should be detached from the agency in the foreseeable future.
- d) Zero Sphere: A sphere of influence may be removed entirely if the Commission determines that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency assigned a "zero sphere of influence" should be dissolved.

3. SPHERE DETERMINATIONS

In accordance with Government Code Section 56425, the Commission is required to consider and prepare a written statement of its determination with respect to each of the following:

- a) The present and planned land uses in the area, including agricultural and open-space lands;
- b) The present and probable need for public facilities and services in the area;
- c) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, including the funding of capital, debt, service, and operations;
- d) 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
- e) For an update of a sphere of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

None of the individual factors listed above will be deemed to be a determining factor but will be reviewed collectively when considering the establishment or revision to a sphere of influence for a city or special district.

4. SPHERE UPDATES

Spheres of influence are to be adopted by the Commission following a public hearing and are to be reviewed and updated every five years. After adoption, the sphere of influence "shall be used by the Commission as a factor in making regular decisions on proposals over which it has jurisdiction. The Commission may recommend governmental reorganizations to particular agencies in the county, using the sphere of influence as a basis for such recommendations... (Government Code Section 56425)." The purpose of a sphere of influence study is to provide the Commission information needed to determine an agency's potential growth and to make recommendations towards future service provisions within areas the county.

5. POLICY GUIDELINES

The Commission will use spheres of influence to discourage inefficient development patterns and to encourage the orderly expansion of local government agencies. Spheres of influence will be used to:

- a) Provide long-range guidelines for the efficient provision of services and timely changes of governmental organization;
- b) Discourage duplication of services by two or more local government agencies;
- c) Guide the Commission in considering individual proposals for changes of organization; and
- d) Identify the need for specific reorganization studies.

5.1 Municipal Service Reviews: Pursuant to Government Code Section 56425, spheres of influence shall be reviewed and/or updated every five years. Additionally, state law mandates that spheres be prepared or updated in conjunction with or after completion of a related Municipal Service Review (Government Code Section 56430).

5.2 Overlapping Spheres: To promote efficient and coordinated planning among the county's various agencies, city spheres shall not overlap, and districts that provide the same type of service should not have overlapping sphere boundaries.

5.3 Logical Service Provider: When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.

5.4 Service Efficiencies: The Commission will encourage the elimination or consolidation of small, single-purpose special districts when a more efficient alternative exists for providing the necessary services. Whenever a combination of urban services is required, general purpose governments or multi-services districts will be preferred to single-purpose districts.

5.5 Sphere Designations and Annexation: Before territory can be annexed to a city or special district, it must be within the agency's sphere (Government Code Section 56375.5). However, a sphere is only one of several factors the Commission considers when evaluating changes of organization.

5.6 Long-Range Planning: LAFCO recognizes the planning accomplishments of local agencies in the County. In developing spheres of influence, the Commission will consider those adopted plans, and policies of local governments which encourage staged, cost-effective development patterns and the efficient provision of services. Sphere boundaries will identify probable boundaries for an agency's expansion and will be periodically reviewed to reflect changing conditions and circumstances.

Once established, an agency's sphere of influence will be a primary guide to the Commission in its decisions on individual proposals affecting that agency. Before the Commission may approve a change of organization inconsistent with the adopted sphere of influence, the Commission shall amend the sphere of influence.

5.7 Consistency with General Plans and Pre-Zoning: The Commission will review the existing and future land uses of territory prior to including it within a city's sphere in order to determine the logical extension of municipal services and the probable future boundary of a city or district. The Commission strongly encourages each city to include all territory within its sphere of influence within the city's General Plan and each special district to address in its infrastructure, facilities and operational planning documents.

5.8 Land Use Inconsistencies: City and County general plans will be a significant factor in determining spheres of influence. Where a city's and the County's general plan for the same area are inconsistent, the Commission should encourage the affected agencies to resolve any inconsistencies. In the event the inconsistency cannot be resolved, by law the final decision for the Sphere of Influence must remain with LAFCO.

5.9 Encourage Annexation of Unincorporated Islands: The Commission acknowledges that unincorporated islands are generally costly for County government to serve and often have impacts on the surrounding city or district. Cities and special districts (where applicable), will be encouraged to annex unincorporated islands within their sphere of influence.

5.10 Urban Development: Proposals for urban development within a city's sphere of influence should first be considered for annexation to that city, unless such annexation would create a "leapfrog" pattern of expansion with respect to existing city boundaries.

5.11 Water Supply: LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere of influence adoptions and amendments, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

To assist in the review of Spheres of Influence and other LAFCO reports, the Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health;
- b) The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et seq.; and
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

It is preferable that the residents who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

5.12 Coastal Zone: In an effort to promote cooperation among the land use agencies with jurisdiction over lands in the Coastal Zone, any application to LAFCO for a sphere of influence amendment regarding land in the Coastal Zone shall contain the following information:

- a) A statement that the staffs of the Coastal Commission and other land use agencies with jurisdiction over the land which is the subject of the application have reviewed and jointly discussed the sphere of influence amendment application with respect to consistency with applicable general plans, the Coastal Act, and local coastal programs. The statement should also memorialize the results of the review;

- b) Preliminary review and comments from the Coastal Commission staff as to potential issues of Coastal Act consistency; and
- c) Review and comments from any other land use agency with jurisdiction, through a Local Coastal Program or otherwise, over the land which is the subject of the application, including an analysis of consistency of the proposed amendment with its general plan.

LAFCO will consider consistency with the Coastal Act and the relevant general plans in making its Sphere of Influence determination.

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION SPHERES OF INFLUENCE POLICIES AND GUIDELINES

Amended by Resolution No. 2011-1; February 2, 2011

I. Legislative Authority

The Knox-Nisbet Act of 1963 (former Government Code Section 54773 et seq.) established the Local Agency Formation Commission to promote the orderly development of local government agencies in the County and discourage urban sprawl. The law was subsequently combined with other laws regarding boundary changes and recodified as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000-57550).

Among its objectives, LAFCO is authorized to perform studies which will contribute to the logical and reasonable development of local governments to provide for the present and future needs of each county and its communities. (Government Code Section 56301). State law further provides that, in order to carry out its responsibilities for planning and shaping the logical and orderly development of local government agencies, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county. (Government Code Section 56425). 'Sphere of Influence' means a plan for the probable physical boundaries and service area of a local government agency. (Government Code Section 56076).

In determining a sphere of influence, the Commission is required to consider and state its findings regarding at least eight factors, including:

- a. The maximum possible service area of the agency based upon present and possible service capabilities of the agency.
- b. The range of services the agency is providing or could provide.
- c. The projected future population growth of the area.
- d. The type of development occurring or planned for the area, including, but not limited to, residential,

commercial, and industrial development.

e. The present and probable future service needs of the area.

f. Local governmental agencies presently providing services to such area and the present level, range, and adequacy of services provided by such existing local governmental agencies.

g. The existence of social and economic interdependence and interaction between the area within the boundaries of a local governmental agency and the area which surrounds it and which could be considered within the agency's sphere of influence.

h. The existence of agricultural preserves in the area which could be considered within an agency's sphere of influence and the effect on maintaining the physical and economic integrity of such preserves in the event that such preserves are within a sphere of influence of a local governmental agency."

Spheres of influence are to be adopted by the Commission following a public hearing and are to be reviewed and updated every five years. After adoption, the sphere of influence "shall be used by the Commission as a factor in making regular decisions on proposals over which it has jurisdiction. The Commission may recommend governmental reorganizations to particular agencies in the county, using the sphere of influence as a basis for such recommendations... (Government Code Section 56425)."

The purpose of a sphere of influence study is to provide the Commission information needed to determine an agency's sphere of influence and to make recommendations for local government reorganizations.

II. Definitions

1. Sphere of Influence - "A plan for the probable physical boundaries and service area of a local government agency (Government Code Section 56076)." A sphere of influence will reflect the limits of probable future growth of an agency during the applicable general plan period or twenty years, whichever is more appropriate. A sphere "plan" may also include recommendations for:

- a. Annexation or detachment of territory, or both.
- b. Incorporation of a new city.
- c. Merger of a special district with a city.
- d. Consolidation of a special district with one or more districts.
- e. Formation of a new district.
- f. Dissolution of an agency.

2. Urban Services - Services necessary to support urban development, including such services as water, sewer, fire and police protection.

3. Urban Service Area - An area within a sphere of influence which is either (1) already urbanized and receiving a combination of urban services, or (2) designated by the applicable general plan for urban development and capable of being provided with urban services within the next five years. Such areas may be considered candidates for annexation within the next five years.

4. Urban Area - An area with residential development at a density which requires a combination of urban services, and commercial or industrial development which serves as a significant business or activity center.

5. Factors to Determine a Sphere of Influence - The eight factors enumerated in Government Code Section 56668, plus topography, street and road patterns, school and other jurisdictional boundaries, adopted policies to preserve agricultural lands and open space, and public comment from affected agencies, community groups, and interested citizens.

III. Policy Guidelines

1. The Local Agency Formation Commission will use spheres of influence to discourage inefficient development patterns and to encourage the orderly expansion of local government agencies. Spheres of influence will be used to:

- a. Provide long-range guidelines for the efficient provision of services and timely changes of governmental organization.
- b. Discourage duplication of services by two or more local government agencies.
- c. Guide the Commission in considering individual proposals for changes of organization.
- d. Identify the need for specific reorganization studies.

2. The Local Agency Formation Commission recognizes the planning accomplishments of local agencies in the County. In developing spheres of influence, the Local Agency Formation Commission will support those adopted plans, and policies of local governments which encourage staged, cost-effective development patterns and the efficient provision of services.

3. City and County general plans will be a significant factor in determining spheres of influence. Where a City's and the County's general plan for the same area are inconsistent, the Local Agency Formation Commission should encourage the affected agencies to resolve any inconsistencies. In the event the inconsistency cannot be resolved, by law the final decision for the Sphere of Influence must remain with LAFCO.

4. Because of the importance of general plans in determining a sphere of influence, the Local Agency Formation Commission will normally not allocate territory to a city sphere of influence which is not included in that city's adopted general plan. A Sphere of Influence may not include all territory within a city's general plan area which bears some relation to the city's planning but which at this time, is not anticipated to require a combination of urban services.

5. The Local Agency Formation Commission recognizes the limited usefulness of long-term projections. Spheres of influence will identify probable boundaries for an agency's expansion. Spheres will be periodically revised and updated to reflect changing conditions and circumstances.

6. LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere of influence adoptions and amendments, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

7. To assist in the review of Spheres of Influence and other LAFCO reports, the Local Agency Formation Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health

b) The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq.

c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

8. Water resources and supplies are critical issues for many sphere of influence and application decisions made by the Local Agency Formation Commission. Public information and participation is an important component in the decisions of the Commission, the land use agencies, and the water agencies. To promote public education, at least every two years, the Local Agency Formation Commission will sponsor, or co-sponsor with the Regional Water Management Foundation, the County of Santa Cruz, and local water agencies, a public forum that provides the public with an overview of the state of the water supplies in Santa Cruz County.

9. Once established, an agency's sphere of influence will be a primary guide to the Commission in its decisions on individual proposals affecting that agency. Before the Commission may approve a change of organization inconsistent with the adopted sphere of influence, the Commission shall amend the sphere of influence.
10. Although an adopted sphere of influence is an important long-range guideline, annexation of territory within a sphere of influence is not automatic. The Commission will consider specific proposals for changes in organization on an individual basis as required by law.
11. The Local Agency Formation Commission will encourage the elimination or consolidation of small, single-purpose special districts when a more efficient alternative exists for providing the necessary services. Whenever a combination of urban services is required, general purpose governments or multi-services districts will be preferred to single-purpose districts.
12. When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.
13. An agency may be allocated a "zero sphere of influence" where the Local Agency Formation Commission determines that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency assigned a "zero sphere of influence" should be dissolved.
14. Proposals for urban development within a city's sphere of influence should first be considered for annexation to that city, unless such annexation would create a "leapfrog" pattern of expansion with respect to existing city boundaries.
15. In an effort to promote cooperation among the land use agencies with jurisdiction over lands in the Coastal Zone, any application to LAFCO for a sphere of influence amendment regarding land in the Coastal Zone shall contain the following information:
- 1) A statement that the staffs of the Coastal Commission and other land use agencies with jurisdiction over the land which is the subject of the application have reviewed and jointly discussed the sphere of influence amendment application with

respect to consistency with applicable general plans, the Coastal Act, and local coastal programs. The statement should also memorialize the results of the review.

- 2) Preliminary review and comments from the Coastal Commission staff as to potential issues of Coastal Act consistency.
- 3) Review and comments from any other land use agency with jurisdiction, through a Local Coastal Program or otherwise, over the land which is the subject of the application, including an analysis of consistency of the proposed amendment with its general plan.

LAFCO will consider consistency with the Coastal Act and the relevant general plans in making its Sphere of Influence determination.

16. It is preferable that the people who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

IV. Procedural Guidelines

1. The Local Agency Formation Commission will develop and determine a sphere of influence for each local governmental agency in the County.
2. Spheres of influence will be developed in the following order:
 - a. Incorporated cities.
 - b. Unincorporated, urbanized areas.
 - c. Special districts serving non-urbanized areas of the County.
3. Local government agencies will be requested to provide information which will permit the Commission to consider the factors for determining a sphere of influence. Such information will include:
 - a. The limits of the area viewed by the agency as its

"sphere of influence" and the rationale.

b. Information to identify and describe the agency's existing services and the agency's plans for providing services both within its existing boundaries and to any additional areas.

c. Information to establish a need for the agency's services in additional areas, based upon anticipated population growth, land use plans, or other factors.

d. Relationship of an agency's service plans to the applicable city or County general plan.

4. The Executive Officer will prepare a report to the Commission which provides the following:

a. Description of existing services and service capabilities.

b. Information on existing land uses, adopted land use plans and policies, and projected growth in the affected area.

c. An analysis of the anticipated need for services and capability of the affected agencies to provide those services.

d. Recommendations for spheres of influence.

e. Recommendations for specific reorganization studies or proposals.

5. The Local Agency Formation Commission will adopt or amend a sphere of influence following a public hearing. The Executive Officer will provide the notice of hearing required by law to each affected local agency and the County, and to any interested person who has requested such notice. Notice of hearing will also be published in a newspaper of general circulation in the area affected by the proposed sphere of influence.

6. The Local Agency Formation Commission will periodically review and update adopted spheres of influence. Spheres of influence may be amended by the Commission on its own initiative or at the request of an affected agency by resolution of its legislative body. In either case, the Commission will consider amendment of a sphere of influence following a noticed public hearing held for that purpose.

STANDARDS FOR EVALUATING PROPOSALS

Amended by Resolution No. 2011-1; February 2, 2011

Pursuant to Government Code Section 56375, Santa Cruz LAFCO has established standards for the evaluation of proposals. The Commission uses these standards when reviewing and acting upon proposals for annexations and other boundary changes.

Santa Cruz LAFCO Policy 1.1 - Consistency with Spheres

All changes of organization shall be consistent with adopted spheres of influence of affected agencies.

Standard 1.1.1

Consistency shall be determined by a LAFCO finding of consistency with the sphere of influence maps and policies adopted by LAFCO for the affected agencies.

Santa Cruz LAFCO Policy 1.2 - Need for Services

Any proposal involving annexations, incorporations, and formations shall not be approved unless it demonstrates a need for the additional services to be provided to the area; while all proposals involving detachments, disincorporations, and dissolutions shall not be approved unless the proponent demonstrates that the subject services are not needed or can be provided as well by another agency or private organization.

Standard 1.2.1

For proposals concerning cities, need shall be established by (a) an adopted rezoning, consistent with the city general plan, that shows current or future development at a density that will require urban services such as sanitary sewer and water, and (b) a city growth rate and pattern that the subject area will be developed within 5 years.

(Standard 1.2.2 Deleted)

Standard 1.2.3

For proposals concerning the extension of other services by annexation, incorporation, or district formation, need shall be established by the applicable general plan land use designations and the service levels specified for the subject area in the applicable general plan.

Standard 1.2.4

For proposals involving the discontinuation of services, lack of need shall be established by (a) no serious effects on the current users of the service due to discontinuation and (b) no projected serious effects on the uses that can be expected to occur in the next 5 years based upon the applicable general plan and projected growth rates and patterns.

Standard 1.2.5

In reviewing proposals, LAFCO shall consider: (1) the "population" in the proposal area to be the population recorded in the last biennial or special census unless the proponent or affected agency can present updated or more detailed information which LAFCO determines to be more accurate, (2) the "population density" to be the population divided by the acreage, and (3) the "per capita assessed valuation" to be the full cash value of all the property in a proposal area (as set by the last secured property tax roll) divided by the population.

Santa Cruz LAFCO Policy 1.3 - General Plans

In cases of overlapping plans, LAFCO shall make a determination of which general plan best carries out the policies of the Local Government Reorganization Act.

Standard 1.3.1

Generally, LAFCO will presume to favor a city's general plan inside the sphere of influence adopted for the city by LAFCO, and the county's general plan elsewhere. It is the proponent's responsibility to prove any exception by referring to the policies of the Local Government Reorganization Act.

Santa Cruz LAFCO Policy 1.4 - In-Fill Development

In order to avoid further urban sprawl, LAFCO shall encourage in-fill development in urban areas and annexations of areas inside the city sphere of influence.

Santa Cruz LAFCO Policy 1.5 - Provision of Services

In order for LAFCO to approve a change of organization, the proponent shall demonstrate that the subject services can be provided in a timely manner and at a reasonable cost.

(Standard 1.5.1 Deleted)**Standard 1.6.1**

For proposals involving the extension of general municipal services to proposal areas greater than 50 acres, the proponent shall either (a) plan staged growth beginning closest to an existing urban area, or (b) demonstrate why such a plan does not promote urban sprawl and an inefficient pattern of services.

Santa Cruz LAFCO Policy 2.1 - Number of Agencies

Proposals, where feasible, should minimize the number of local agencies and promote the use of multi-purpose agencies.

Standard 2.1.1

New or consolidated service shall be provided by one of the following agencies in the descending order of preference:

- annexation to an existing city,
- annexation to an existing district of which the Board of Supervisors is the governing body,

- annexation to an existing multi-purpose district,
- annexation to another existing district
- formation of a new county service area,
- incorporation of a new city,
- formation of a new multi-purpose district,
- formation of a new single-purpose district.

Standard 2.1.2

The Commission will promote and approve district consolidations, where feasible.

Santa Cruz LAFCO Policy 2.2 - Logical Boundaries

LAFCO shall promote more logical agency boundaries.

Standard 2.2.1

To the greatest possible extent, boundaries shall follow existing political boundaries, natural features (such as ridges and watercourses), and constructed features (such as railroad tracks).

Standard 2.2.2

Boundary lines shall be located so that entire road rights-of-way are placed within the same jurisdiction as the properties fronting on the road.

Standard 2.2.3

Boundaries should avoid dividing an existing identifiable community, commercial district, or other area having social or economic homogeneity. Where such divisions are proposed, the proponents shall justify exceptions to this standard.

Standard 2.2.4

The creation of boundaries that divide assessment parcels shall be avoided whenever possible. If the proposed boundary divides assessment parcels, the proponents must justify to the Commission the necessity for such division. If the Commission approves the proposal, the Commission may condition the approval upon obtaining a boundary adjustment or lot split from a city or county.

Standard 2.2.5

Boundaries should not be drawn so as to create an island or strip either within the proposed territory or immediately adjacent to it. Where such an island or strip is proposed, the proponent must justify reasons for nonconformance with this standard.

Standard 2.2.6

Where feasible, city and related district boundary changes should occur concurrently to avoid an irregular pattern of boundaries.

Standard 2.2.7

A map of any proposed boundary change shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall assure that any approved boundary changes are definite and certain. The Commission may approve a proposal conditioned on the proponent preparing a new boundary map and description.

Standard 2.2.8

LAFCO will review each proposal and take actions needed to encourage timely annexations to discourage agencies from extending services by agreement without annexing to the agency.

Santa Cruz LAFCO Policy 2.3 - Financially Desirable Areas

The sole inclusion of financially desirable areas in a jurisdiction shall be avoided.

Standard 2.3.1

The Commission shall amend or reject any proposal that, in its estimation, appears to select principally revenue-producing properties for inclusion in a jurisdiction.

Santa Cruz LAFCO Policy 2.4 - Overall Effects

The Commission shall consider the effects of a proposed action on adjacent areas, mutual social and economic interests, and on local governmental structure.

Standard 2.4.1

For city annexation proposals, if the city has more jobs than places for workers to live (jobs to employed residents ratio greater than 1.00) then a proposal which will directly result in urban development including new permanent employment may only be approved if sufficient land is designated for residential uses in the city's general plan to create a jobs/ housing balance.

The Commission will consider and may grant waivers to this standard in cases where all of the following situations exist:

- 1) The territory being annexed is an island of incorporated territory and consistent with the definition of "island" in Government Code Section 56375,
- 2) The proposal is consistent with the spheres of influence of all affected agencies, and
- 3) The proposal has been initiated by resolution of the city which includes the subject property in its adopted sphere of influence.

Santa Cruz LAFCO Policy 2.5 - Rezoning

The Commission shall require rezoning for all city annexations so that the potential effects of the proposals can be evaluated by the Commission and known to the affected citizens.

Santa Cruz LAFCO Policy 3.1 - Prime Agricultural Lands

Urban growth shall be guided away from prime agricultural lands, unless such action would not promote planned, orderly, efficient development of an area.

Standard 3.1.1

A change of organization is considered to promote the planned, orderly, and efficient development of an area when:

- a) It is consistent with the spheres of influence maps and policies adopted by LAFCO for the affected agencies.
- b) It conforms to all other policies and standards contained herein.

Santa Cruz LAFCO Policy 3.2 - Infill

LAFCO shall encourage the urbanization of vacant lands and non-prime agricultural lands within an agency's jurisdiction and within an agency's sphere of influence before the urbanization of lands outside the jurisdiction and outside the sphere of influence, and shall encourage detachments of prime agricultural lands and other open space lands from cities, water districts, and sewer districts if consistent with the adopted sphere of influence of the affected agency.

Standard 3.2.1

The priorities for urbanization are:

- 1) open-space lands within existing boundaries,
- 2) open-space lands within an adopted sphere of influence,
- 3) prime agricultural lands within existing boundaries,
- 4) prime agricultural lands within an adopted sphere of influence.

Standard 3.2.2

Proposals involving urbanization of prime agricultural lands within adopted spheres of influence shall not be approved unless it can be demonstrated that (a) there is insufficient land in the market area for the type of land use proposed, (b) there is no vacant land in the subject jurisdiction available for that type of use.

Santa Cruz LAFCO Policy 4.1 – Water Resources

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing boundary change applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

Standard 4.1.1

In any proposal requiring water service, the Commission requires that the agency that will provide the water will need to demonstrate the availability of an adequate, reliable and sustainable supply of water.

- a. In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources.
- b. In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase.
- c. In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668 (k)).
- d. In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

Standard 4.1.2

It is the general policy of the Commission to disapprove annexations to water and sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:

- 1) To replace a private water source that has failed, such as a well that has gone dry. New service connections shall not be sized to accommodate more intensive development.
- 2) To replace a septic system that has failed. New service connections shall not be sized to accommodate more intensive development.
- 3) To implement a transfer of service between two existing agencies in a manner that is consistent with the adopted Spheres of Influence of those agencies.
- 4) To change a boundary, in a manner consistent with an adopted Sphere of Influence, so that an agency boundary does not divide a property that could only be conveyed under a single deed.

Between January 1, 1986 and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986.

An additional criterion, not subject to the 1% cumulative impact limitation, is as follows:

- 5) To provide facilities or funding that will allow the agency to lift its service limitation.

Standard 4.2

For proposals concerning water and sewer district annexations, need shall be established by lack of services to existing urban land uses, or a building permit application or allocation for a single-family dwelling or, for a larger project, by (a) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water or sewer service and (b) a growth rate and pattern that the subject area will be developed within 5 years.

Standard 4.3

The Commission will only approve boundary change applications when the Commission determines that it is unlikely that water resources will be degraded. The Commission will review each application to assure that, by implementing project-specific mitigations, participating in agency water conservation programs, or both if applicable, the project will not adversely affect sustainable yields in groundwater basins, flows in rivers and streams, water quality in surface water bodies and groundwater basins, and endangered species.

Standard 4.4

When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.

POLICIES AND REGULATIONS FOR AGENCIES TO PROVIDE SERVICES TO PRIVATE PARTIES OUTSIDE AGENCY BOUNDARIES

Amended by Resolution 2011-1; February 2, 2011

1) AUTHORITY

These regulations are authorized by Government Code Sections §56375 (i) and (k).

2) PURPOSE

The purpose of these regulations is to explain to the public, cities, and districts the procedures by which the Commission will review requests to authorize a city or district in Santa Cruz County to provide one or more services outside its jurisdictional limits pursuant to Government Code Section §56133.

3) COMMISSION APPROVAL REQUIRED FOR NEW OR EXTENDED SERVICES

Except for the specific situations exempted by Government Code Section §56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from the Local Agency Formation Commission.

4) LIST OF PRE-EXISTING SERVICES

Upon adoption of these regulations, the executive Officer shall ask each city and district to provide a list or map of parcels to which it was providing extraterritorial service of the effective date of Government Code Section §56133. The Executive Officer subsequently shall file his report on these extraterritorial services with the Commission. The commission shall consider as a regularly agendized item and vote on confirming the list of “grandfathered” services. After confirmation, the Executive Officer shall maintain the list of “grandfathered” services as public information.

5) AREAWIDE APPROVALS

Upon the initiative of either a public agency or the Commission, the Commission shall consider an areawide approval as a regularly agendaized item and may grant approval for subsequent services to be provided by a city or district within a mapped area as specified by the Commission. The approval may include conditions. The Commission shall specify a time period not greater than ten years for which the areawide approval shall be valid. The Commission may, upon its own initiative or at the request of a public agency, renew with or without amendments, an areawide approval for a period not to exceed ten years.

Before granting an areawide approval, the Commission shall determine that the city or district is able to provide the service in a manner that does not negatively affect the services provided within the agency's boundaries and sphere of influence, and in a manner that does not negatively affect the resources in the area. Also, before granting an areawide approval, the Commission shall determine that the approval is consistent with the requirements of law and LAFCO policies.

6) INDIVIDUAL REQUESTS

Individual requests for extraterritorial service shall be filed with the Executive Officer on a prescribed application form. The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. Upon adoption of these regulations, the application deposit is \$500; the deposit may be subsequently changed in future revisions of the Schedule of Fees and Deposits.

The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request.

The Commission shall consider the request after it has been placed on an agenda of a Commission meeting.

7) ENVIRONMENTAL REVIEW

All matters that are reviewable pursuant to these regulations are subject to the applicable provisions of the California Environmental Quality Act.

8) COMMISSION ACTION

The Executive Officer shall prepare a report and place the request for extraterritorial service on the Commission's agenda. The Commission shall provide an opportunity for any interested individual or party to address it. The Commission may call a subsequent public hearing in order to receive additional public testimony before acting upon a request. The Commission acts on the request by majority vote. Subsequently, the Executive Officer shall notify the applicant in writing of the Commission's action. If the Commission denies a request, a similar application cannot be re-filed for one year unless the Commission grants an exception to this rule.

9) POLICIES

9.1 The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and this Commission's adopted policies to implement that act stress the primacy of spheres of influence in coordinating services and protecting resources. Therefore, the Commission intends to reinforce that the standard manner in which services will be extended is by annexation (and sphere of influence amendment, if necessary). The Commission shall limit its extraterritorial service authorizations to public health emergencies and circumstances where:

- a) Facilities are already in place, and
- b) Annexation would not be practical, and
- c) Extraterritorial service is determined by the Commission to be consistent with the policies adopted in and pursuant to the Cortese-Knox-Hertzberg Act.

9.2 When the Commission authorizes the emergency provision of water or sanitary sewer services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years.

9.3 LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing extraterritorial service applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

~~Water Policies, Exhibit A, LAFCO Resolution No. 2011-1, February 2, 2011
Committee Recommendation with minor edits on pages 5, 6, 7, 11, and 15~~

~~SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION SPHERES OF INFLUENCE POLICIES AND GUIDELINES~~

~~I. Legislative Authority~~

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~~Among its objectives, LAFCO is authorized to perform studies which will contribute to the logical and reasonable development of local governments to provide for the present and future needs of each county and its communities. (Government Code Section 56301). State law further provides that, in order to carry out its responsibilities for planning and shaping the logical and orderly development of local government agencies, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county. (Government Code Section 56425). 'Sphere of Influence' means a plan for the probable physical boundaries and service area of a local government agency. (Government Code Section 56076).~~

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~~h. The existence of agricultural preserves in the area which could be considered within an agency's sphere of influence and the effect on maintaining the physical and economic integrity of such preserves in the event that such preserves are within a sphere of influence of a local governmental agency."~~

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~~The purpose of a sphere of influence study is to provide the Commission information needed to determine an agency's sphere of influence and to make recommendations for local government reorganizations.~~

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~~1. Sphere of Influence~~ - "A plan for the probable physical boundaries and service area of a local government agency (Government Code Section 56076)." A sphere of influence will reflect the limits of probable future growth of an agency during the applicable general plan period or twenty years, whichever is more appropriate. A sphere "plan" may also include recommendations for:

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- ~~f. Dissolution of an agency.~~

~~2. Urban Services~~ - Services necessary to support urban development, including such services as water, sewer, fire and police protection.

~~3. Urban Service Area~~ - An area within a sphere of influence which is either (1) already urbanized and receiving a combination of urban services, or (2) designated by the applicable general plan for urban development and capable of being provided with urban services within the next five years. Such areas may be considered candidates for annexation within the next five years.

~~4. Urban Area~~ - An area with residential development at a density which requires a combination of urban services, and commercial or industrial development which serves as a significant business or activity center.

~~5. Factors to Determine a Sphere of Influence~~ - The eight factors enumerated in Government Code Section 56668, plus topography, street and road patterns, school and other jurisdictional boundaries, adopted policies to preserve agricultural lands and open space, and public comment from affected agencies, community groups, and interested citizens.

~~III. Policy Guidelines~~

~~1. The Local Agency Formation Commission will use spheres of~~

~~influence to discourage inefficient development patterns and to encourage the orderly expansion of local government agencies. Spheres of influence will be used to:~~

- ~~a. Provide long-range guidelines for the efficient provision of services and timely changes of governmental organization.~~
- ~~b. Discourage duplication of services by two or more local government agencies.~~
- ~~c. Guide the Commission in considering individual proposals for changes of organization.~~
- ~~d. Identify the need for specific reorganization studies.~~

~~2. The Local Agency Formation Commission recognizes the planning accomplishments of local agencies in the County. In developing spheres of influence, the Local Agency Formation Commission will support those adopted plans, and policies of local governments which encourage staged, cost-effective development patterns and the efficient provision of services.~~

~~3. City and County general plans will be a significant factor in determining spheres of influence. Where a City's and the County's general plan for the same area are inconsistent, the Local Agency Formation Commission should encourage the affected agencies to resolve any inconsistencies. In the event the inconsistency cannot be resolved, by law the final decision for the Sphere of Influence must remain with LAFCO.~~

~~4. Because of the importance of general plans in determining a sphere of influence, the Local Agency Formation Commission will normally not allocate territory to a city sphere of influence which is not included in that city's adopted general plan. A Sphere of Influence may not include all territory within a city's general plan area which bears some relation to the city's planning but which at this time, is not anticipated to require a combination of urban services.~~

~~5. The Local Agency Formation Commission recognizes the limited usefulness of long-term projections. Spheres of influence will identify probable boundaries for an agency's expansion. Spheres will be periodically revised and updated to reflect changing~~

conditions and circumstances.

6. 5.1 LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission shall be guided by its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere of influence adoptions and amendments, LAFCO will consider potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

Note: New language.

7. 5.2 To assist in the review of Spheres of Influence and other LAFCO reports, the Local Agency Formation Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health

b) The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq.

c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

Note: New language.

8. 5.3 Water resources and supplies are critical issues for many sphere of influence and application decisions made by the Local Agency Formation Commission. Public information and participation is an important component in the decisions of the Commission, the land use agencies, and the water agencies. To promote public education, at least every two years, the Local Agency Formation Commission will sponsor, or co-sponsor with the Regional Water Management Foundation, the County of Santa Cruz, and local water agencies, a public forum that provides the public with an overview of the state of the water supplies in Santa Cruz County.—*Note: New language.*

9.6. Once established, an agency's sphere of influence will be a primary guide to the Commission in its decisions on individual proposals affecting that agency. Before the Commission may approve a change of organization inconsistent with the adopted sphere of influence, the Commission shall amend the sphere of

influence.

~~10. 7. Although an adopted sphere of influence is an important long-range guideline, annexation of territory within a sphere of influence is not automatic. The Commission will consider specific proposals for changes in organization on an individual basis as required by law.~~

~~11. 8. The Local Agency Formation Commission will encourage the elimination or consolidation of small, single-purpose special districts when a more efficient alternative exists for providing the necessary services. Whenever a combination of urban services is required, general purpose governments or multi-services districts will be preferred to single-purpose districts.~~

~~12. 9. When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.~~

~~13. 10. An agency may be allocated a "zero sphere of influence" where the Local Agency Formation Commission determines that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency assigned a "zero sphere of influence" should be dissolved.~~

~~14. 11. Proposals for urban development within a city's sphere of influence should first be considered for annexation to that city, unless such annexation would create a "leapfrog" pattern of expansion with respect to existing city boundaries.~~

~~15. 12. In an effort to promote cooperation among the land use agencies with jurisdiction over lands in the Coastal Zone, any application to LAFCO for a sphere of influence amendment regarding land in the Coastal Zone shall contain the following information:~~

- ~~1) A statement that the staffs of the Coastal Commission and other land use agencies with jurisdiction over the land which is the subject of the application have reviewed and jointly discussed the sphere of influence amendment application with respect to consistency with applicable general plans, the Coastal Act, and local coastal programs. The statement should also memorialize the results of the review.~~
- ~~2) Preliminary review and comments from the Coastal Commission staff as to potential issues of Coastal Act~~

consistency.

- 3) Review and comments from any other land use agency with jurisdiction, through a Local Coastal Program or otherwise, over the land which is the subject of the application including an analysis of consistency of the proposed amendment with its general plan.

LAFCO will consider consistency with the Coastal Act and the relevant general plans in making its Sphere of Influence determination.

16. 13. It is preferable that the people who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

Note: New language.

IV. Procedural Guidelines

1. The Local Agency Formation Commission will develop and determine a sphere of influence for each local governmental agency in the County.

2. Spheres of influence will be developed in the following order:

- a. Incorporated cities.

- b. Unincorporated, urbanized areas.

- c. Special districts serving non-urbanized areas of the County.

3. Local government agencies will be requested to provide information which will permit the Commission to consider the factors for determining a sphere of influence. Such information will include:

- a. The limits of the area viewed by the agency as its "sphere of influence" and the rationale.

- b. Information to identify and describe the agency's existing services and the agency's plans for providing services both within its existing boundaries and to any additional areas.

- c. Information to establish a need for the agency's

~~services in additional areas, based upon anticipated population growth, land use plans, or other factors.~~

~~d. Relationship of an agency's service plans to the applicable city or County general plan.~~

~~4. The Executive Officer will prepare a report to the Commission which provides the following:~~

~~a. Description of existing services and service capabilities.~~

~~b. Information on existing land uses, adopted land use plans and policies, and projected growth in the affected area.~~

~~c. An analysis of the anticipated need for services and capability of the affected agencies to provide those services.~~

~~d. Recommendations for spheres of influence.~~

~~e. Recommendations for specific reorganization studies or proposals.~~

~~5. The Local Agency Formation Commission will adopt or amend a sphere of influence following a public hearing. The Executive Officer will provide the notice of hearing required by law to each affected local agency and the County, and to any interested person who has requested such notice. Notice of hearing will also be published in a newspaper of general circulation in the area affected by the proposed sphere of influence.~~

~~6. The Local Agency Formation Commission will periodically review and update adopted spheres of influence. Spheres of influence may be amended by the Commission on its own initiative or at the request of an affected agency by resolution of its legislative body. In either case, the Commission will consider amendment of a sphere of influence following a noticed public hearing held for that purpose.~~

STANDARDS FOR EVALUATING PROPOSALS

~~Pursuant to Government Code Section 56375, Santa Cruz LAFCO has established standards for the evaluation of proposals. The Commission uses these standards when reviewing and acting upon proposals for annexations and other boundary changes.~~

Santa Cruz LAFCO Policy 1.1 – Consistency with Spheres

~~All changes of organization shall be consistent with adopted spheres of influence of affected agencies.~~

Standard 1.1.1

~~Consistency shall be determined by a LAFCO finding of consistency with the sphere of influence maps and policies adopted by LAFCO for the affected agencies.~~

Santa Cruz LAFCO Policy 1.2 – Need for Services

~~Any proposal involving annexations, incorporations, and formations shall not be approved unless it demonstrates a need for the additional services to be provided to the area; while all proposals involving detachments, disincorporations, and dissolutions shall not be approved unless the proponent demonstrates that the subject services are not needed or can be provided as well by another agency or private organization.~~

Standard 1.2.1

~~For proposals concerning cities, need shall be established by (a) an adopted rezoning, consistent with the city general plan, that shows current or future development at a density that will require urban services such as sanitary sewer and water, and (b) a city growth rate and pattern that the subject area will be developed within 5 years.~~

Standard 1.2.2

~~For proposals concerning water and sewer district annexation, need shall be established by lack of services to existing land use, or a building permit application or allocation for a single-family dwelling or, for a larger project, by (a) a tentative or final land use entitlement (tentative subdivision map, use permit, etc.) conditioned on obtaining water or sewer service and (b) a growth rate and pattern that the subject area will be developed within 5 years.~~

~~*Note--Move to new water section of standards (Standard 4.2).*~~

Standard 1.2.3

~~For proposals concerning the extension of other services by annexation, incorporation, or district formation, need shall be established by the applicable general plan land use designations and the service levels specified for the subject area in the applicable general plan.~~

Standard 1.2.4

~~For proposals involving the discontinuation of services, lack of need shall be established by (a) no serious effects on the current users of the service due to discontinuation and (b) no projected serious effects on the uses that can be expected to occur in the next 5 years based upon the applicable general plan and projected growth rates and patterns.~~

Standard 1.2.5

~~In reviewing proposals, LAFCO shall consider: (1) the "population" in the proposal area to be the population recorded in the last biennial or special census unless the proponent or affected agency can present updated or more detailed information which LAFCO determines to be more accurate, (2) the "population density" to be the population divided by the acreage, and (3) the "per capita assessed valuation" to be the full cash value of all the property in a proposal area (as set by the last secured property tax roll) divided by the population.~~

Santa Cruz LAFCO Policy 1.3 – General Plans

~~In cases of overlapping plans, LAFCO shall make a determination of which general plan best carries out the policies of the Local Government Reorganization Act.~~

Standard 1.3.1

~~Generally, LAFCO will presume to favor a city's general plan inside the sphere of influence adopted for the city by LAFCO, and the county's general plan elsewhere. It is the proponent's responsibility to prove any exception by referring to the policies of the Local Government Reorganization Act.~~

Santa Cruz LAFCO Policy 1.4 – In-Fill Development

~~In order to avoid further urban sprawl, LAFCO shall encourage in-fill development in urban areas and annexations of areas inside the city sphere of influence.~~

Santa Cruz LAFCO Policy 1.5 – Provision of Services

~~In order for LAFCO to approve a change of organization, the proponent shall demonstrate that the subject services can be provided in a timely manner and at a reasonable cost.~~

Standard 1.5.1

~~It is the general policy of the Commission to disapprove annexations to water and sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:~~

- ~~1) To replace a private water source that has failed, such as a well that has gone dry. New service connections shall not be sized to accommodate more intensive development.~~
- ~~2) To replace a septic system that has failed. New service connections shall not be sized to accommodate more intensive development.~~
- ~~3) To implement a transfer of service between two existing agencies in a manner that is consistent with the adopted Spheres of Influence of those agencies.~~
- ~~4) To change a boundary, in a manner consistent with an adopted Sphere of Influence, so that an agency boundary does not divide a property that could only be conveyed under a single deed.~~

~~Between January 1, 1986 and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986.~~

~~An additional criterion, not subject to the 1% cumulative impact limitation, is as follows:~~

- ~~5) To provide facilities or funding that will allow the agency to lift its service limitation. *Note: Move to new water section of standards (Standard 4.1.2).*~~

Standard 1.6.1

~~For proposals involving the extension of water, or general municipal services to proposal areas greater than 50 acres, the proponent shall either (a) plan staged growth beginning closest to an existing urban area, or (b) demonstrate why such a plan does not promote urban sprawl and an inefficient pattern of services.~~

~~*Note: Delete "water, or".*~~

Santa Cruz LAFCO Policy 2.1 – Number of Agencies

~~Proposals, where feasible, should minimize the number of local agencies and promote the use of multi-purpose agencies.~~

Standard 2.1.1

~~New or consolidated service shall be provided by one of the following agencies in the descending order of preference:~~

- ~~• annexation to an existing city,~~
- ~~• annexation to an existing district of which the Board of Supervisors is the governing body,~~
- ~~• annexation to an existing multi-purpose district,~~
- ~~• annexation to another existing district~~
- ~~• formation of a new county service area,~~
- ~~• incorporation of a new city,~~
- ~~• formation of a new multi-purpose district,~~
- ~~• formation of a new single-purpose district.~~

Standard 2.1.2

~~The Commission will promote and approve district consolidations, where feasible.~~

Santa Cruz LAFCO Policy 2.2 – Logical Boundaries

~~LAFCO shall promote more logical agency boundaries.~~

Standard 2.2.1

~~To the greatest possible extent, boundaries shall follow existing political boundaries, natural features (such as ridges and watercourses), and constructed features (such as railroad tracks).~~

Standard 2.2.2

~~Boundary lines shall be located so that entire road rights-of-way are placed within the same jurisdiction as the properties fronting on the road.~~

Standard 2.2.3

~~Boundaries should avoid dividing an existing identifiable community, commercial district, or other area having social or economic homogeneity. Where such divisions are proposed, the proponents shall justify exceptions to this standard.~~

Standard 2.2.4

~~The creation of boundaries that divide assessment parcels shall be avoided whenever possible. If the proposed boundary divides assessment parcels, the proponents must justify to the Commission the necessity for such division. If the Commission approves the proposal, the Commission may condition the approval upon obtaining a boundary adjustment or lot split from a city or county.~~

Standard 2.2.5

~~Boundaries should not be drawn so as to create an island or strip either within the proposed territory or immediately adjacent to it. Where such an island or strip is proposed, the proponent must justify reasons for nonconformance with this standard.~~

Standard 2.2.6

~~Where feasible, city and related district boundary changes should occur concurrently to avoid an irregular pattern of boundaries.~~

Standard 2.2.7

~~A map of any proposed boundary change shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall assure that any approved boundary changes are definite and certain. The Commission may approve a proposal conditioned on the proponent preparing a new boundary map and description.~~

Standard 2.2.8

~~LAFCO will review each proposal and take actions needed to encourage timely annexations to discourage agencies from extending services by agreement without annexing to the agency.~~

Santa Cruz LAFCO Policy 2.3 – Financially Desirable Areas

~~The sole inclusion of financially desirable areas in a jurisdiction shall be avoided.~~

Standard 2.3.1

~~The Commission shall amend or reject any proposal that, in its estimation, appears to select principally revenue-producing properties for inclusion in a jurisdiction.~~

Santa Cruz LAFCO Policy 2.4 – Overall Effects

~~The Commission shall consider the effects of a proposed action on adjacent areas, mutual social and economic interests, and on local governmental structure.~~

Standard 2.4.1

~~For city annexation proposals, if the city has more jobs than places for workers to live (jobs to employed residents ratio greater than 1.00) then a proposal which will directly result in urban development including new permanent employment may only be approved if sufficient land is designated for residential uses in the city's general plan to create a jobs/ housing balance.~~

~~The Commission will consider and may grant waivers to this standard in cases where all of the following situations exist:~~

- ~~1) The territory being annexed is an island of incorporated territory and consistent with the definition of "island" in Government Code Section 56375,~~
- ~~2) The proposal is consistent with the spheres of influence of all affected agencies, and~~
- ~~3) The proposal has been initiated by resolution of the city which includes the subject property in its adopted sphere of influence.~~

Santa Cruz LAFCO Policy 2.5 – Prezoning

~~The Commission shall require prezoning for all city annexations so that the potential effects of the proposals can be evaluated by the Commission and known to the affected citizens.~~

~~Santa Cruz LAFCO Policy 3.1 – Prime Agricultural Lands~~

~~Urban growth shall be guided away from prime agricultural lands, unless such action would not promote planned, orderly, efficient development of an area.~~

~~Standard 3.1.1~~

~~A change of organization is considered to promote the planned, orderly, and efficient development of an area when:~~

~~a) It is consistent with the spheres of influence maps and policies adopted by LAFCO for the affected agencies.~~

~~b) It conforms to all other policies and standards contained herein.~~

~~Santa Cruz LAFCO Policy 3.2 – Infill~~

~~LAFCO shall encourage the urbanization of vacant lands and non-prime agricultural lands within an agency's jurisdiction and within an agency's sphere of influence before the urbanization of lands outside the jurisdiction and outside the sphere of influence, and shall encourage detachments of prime agricultural lands and other open space lands from cities, water districts, and sewer districts if consistent with the adopted sphere of influence of the affected agency.~~

~~Standard 3.2.1~~

~~The priorities for urbanization are:~~

- ~~1) open-space lands within existing boundaries,~~
- ~~2) open-space lands within an adopted sphere of influence,~~
- ~~3) prime agricultural lands within existing boundaries,~~
- ~~4) prime agricultural lands within an adopted sphere of influence.~~

~~Standard 3.2.2~~

~~Proposals involving urbanization of prime agricultural lands within adopted spheres of influence shall not be approved unless it can be demonstrated that (a) there is insufficient land in the market area for the type of land use proposed, (b) there is no vacant land in the subject jurisdiction available for that type of use.~~

~~Santa Cruz LAFCO Policy 4.1 – Water Resources~~

~~LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective shall be guided by its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing boundary change applications, LAFCO will consider potential impacts of the proposal on water~~

~~resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.~~

Note: New language.

Standard 4.1.1

In any proposal requiring water service, the Commission requires that the agency that will provide the water will need to demonstrate the availability of an adequate, reliable and sustainable supply of water.

- a. In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources.
- b. In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase.
- c. In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668 (k)).
- d. In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

Note: This is adapted from SLO LAFCO policy.

Standard 4.1.2

It is the general policy of the Commission to disapprove annexations to water and sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:

1) To replace a private water source that has failed, such as a well that has gone dry. New service connections shall not be sized to accommodate more intensive development.

2) To replace a septic system that has failed. New service connections shall not be sized to accommodate more intensive development.

3) To implement a transfer of service between two existing agencies in a manner that is consistent with the adopted Spheres of Influence of those agencies.

4) To change a boundary, in a manner consistent with an adopted Sphere of Influence, so that an agency boundary does not divide a property that could only be conveyed under a single deed.

~~Between January 1, 1986 and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986.~~

~~An additional criterion, not subject to the 1% cumulative impact limitation, is as follows:~~

~~5) To provide facilities or funding that will allow the agency to lift its service limitation. *Note This is moving Standard 1.5.1.*~~

Standard 4.2

~~For proposals concerning water and sewer district annexations, need shall be established by lack of services to existing urban land uses, or a building permit application or allocation for a single family dwelling or, for a larger project, by (a) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water or sewer service and (b) a growth rate and pattern that the subject area will be developed within 5 years.~~

~~*Note: This is moving Standard 1.2.2.*~~

Standard 4.3

~~The Commission will only approve boundary change applications when the Commission determines that it is unlikely that water resources will be degraded. The Commission will review each application to assure that, by implementing project-specific mitigations, participating in agency water conservation programs, or both if applicable, the project will not adversely affect sustainable yields in groundwater basins, flows in rivers and streams, water quality in surface water bodies and groundwater basins, and endangered species.~~

~~*Note: New language.*~~

Standard 4.4

~~When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.~~

~~*Note: May duplicate Sphere Policy 9 on page 6.*~~

~~POLICIES AND REGULATIONS FOR AGENCIES TO PROVIDE SERVICES TO PRIVATE PARTIES OUTSIDE AGENCY BOUNDARIES~~

~~1) — AUTHORITY~~

~~These regulations are authorized by Government Code Sections §56375 (i) and (k).~~

~~2) — PURPOSE~~

~~The purpose of these regulations is to explain to the public, cities, and districts the procedures by which the Commission will review requests to authorize a city or district in Santa Cruz County to provide one or more services outside its jurisdictional limits pursuant to Government Code Section §56133.~~

~~3) — COMMISSION APPROVAL REQUIRED FOR NEW OR EXTENDED SERVICES~~

~~Except for the specific situations exempted by Government Code Section §56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from the Local Agency Formation Commission.~~

~~4) — LIST OF PRE-EXISTING SERVICES~~

~~Upon adoption of these regulations, the executive Officer shall ask each city and district to provide a list or map of parcels to which it was providing extraterritorial service of the effective date of Government Code Section §56133. The Executive Officer subsequently shall file his report on these extraterritorial services with the Commission. The commission shall consider as a regularly agendized item and vote on confirming the list of “grandfathered” services. After confirmation, the Executive Officer shall maintain the list of “grandfathered” services as public information.~~

~~5) — AREAWIDE APPROVALS~~

~~Upon the initiative of either a public agency or the Commission, the Commission shall consider an areawide approval as a regularly agendaized item and may grant approval for subsequent services to be provided by a city or district within a mapped area as specified by the Commission. The approval may include conditions. The Commission shall specify a time period not greater than ten years for which the areawide approval shall be valid. The Commission may, upon its own initiative or at the request of a public agency, renew with or without amendments, an areawide approval for a period not to exceed ten years.~~

~~Before granting an areawide approval, the Commission shall determine that the city or district is able to provide the service in a manner that does not negatively affect the services provided within the agency's boundaries and sphere of influence, and in a manner that does not negatively affect the resources in the area. Also, before granting an areawide approval, the Commission shall determine that the approval is consistent with the requirements of law and LAFCO policies.~~

~~6) — INDIVIDUAL REQUESTS~~

~~Individual requests for extraterritorial service shall be filed with the Executive Officer on a prescribed application form. The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. Upon adoption of these regulations, the application deposit is \$500; the deposit may be subsequently changed in future revisions of the Schedule of Fees and Deposits.~~

~~The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request.~~

~~The Commission shall consider the request after it has been placed on an agenda of a Commission meeting.~~

~~7) — ENVIRONMENTAL REVIEW~~

~~All matters that are reviewable pursuant to these regulations are subject to the applicable provisions of the California Environmental Quality Act.~~

8) ~~COMMISSION ACTION~~

~~The Executive Officer shall prepare a report and place the request for extraterritorial service on the Commission's agenda. The Commission shall provide an opportunity for any interested individual or party to address it. The Commission may call a subsequent public hearing in order to receive additional public testimony before acting upon a request. The Commission acts on the request by majority vote. Subsequently, the Executive Officer shall notify the applicant in writing of the Commission's action. If the Commission denies a request, a similar application cannot be re-filed for one year unless the Commission grants an exception to this rule.~~

9) ~~POLICIES~~

9.1 The Cortese-Knox-Hertzberg Local Government Reorganization Act of 1985

~~2000 and this Commission's adopted policies to implement that act stress the primacy of spheres of influence in coordinating services and protecting resources. Therefore, the Commission intends to reinforce that the standard manner in which services will be extended is by annexation (and sphere of influence amendment, if necessary). The Commission shall limit its extraterritorial service authorizations to public health emergencies and circumstances where:~~

- ~~a) Facilities are already in place, and~~
- ~~b) Annexation would not be practical, and~~
- ~~c) Extraterritorial service is determined by the Commission to be consistent with the policies adopted in and pursuant to the Cortese-Knox-Hertzberg Act.~~

~~9.2 When the Commission authorizes the emergency provision of water or sanitary sewer services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years~~

Note: New language.

~~9.3 LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission shall be guided by its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing extraterritorial service applications, LAFCO will consider potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.~~

Note: New language.



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

WATER POLICY

Adopted on March 17, 1964 (Resolution No. 14)

Previous Revision on February 2, 2010 (Resolution No. 2011-1)

Last Revision on November 4, 2020 (Resolution No. 2020-33)

1. OVERVIEW

Government Code Section 56300 requires each Local Agency Formation Commission to establish written policies and to exercise its powers in a manner pursuant to the Cortese-Knox-Hertzberg Local Government Act of 2000 and consistent with the written policies of each Commission. In 1964, the Commission adopted the first water policy to align the limited water supply with existing service providers and smart growth as population continues to increase in Santa Cruz County. The purpose of this policy is to clarify LAFCO's role when considering boundary changes involving cities and special districts.

2. SPHERES OF INFLUENCE

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere adoptions and amendments, LAFCO will be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

To assist in the review of sphere boundaries and other LAFCO reports, the Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health;
- b) The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq; and
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

3. BOUNDARY CHANGES

In any proposal requiring water service, the Commission requires that the affected agency identified as the potential water provider to demonstrate the availability of an

adequate, reliable and sustainable supply of water. The following factors may be considered:

- a) In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources;
- b) In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase;
- c) In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668[k]); and
- d) In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

4. SERVICE REQUEST

Proposals requesting water service from a city of special district will need to provide proof of lack of services to existing urban land uses, a building permit application, allocation for a single-family dwelling, or for a larger project by: (1) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water service and (2) a growth rate and pattern that the subject area will be developed within 5 years.

The Commission will only approve boundary change applications when the Commission determines that it is unlikely that water resources will be degraded. The Commission will review each application to assure that, by implementing project-specific mitigations, participating in agency water conservation programs, or both if applicable, the project will not adversely affect sustainable yields in groundwater basins, flows in rivers and streams, water quality in surface water bodies and groundwater basins, and endangered species.

5. EXTRATERRITORIAL SERVICE AGREEMENTS

When the Commission authorizes the emergency provision of water services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years.

6. CONNECTION MORATORIUM

It is the general policy of the Commission to disapprove annexations to water and

sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:

- a) To replace a private water source that has failed, such as a well that has gone dry, new service connections shall not be sized to accommodate more intensive development;
- b) To replace a septic system that has failed, new service connections shall not be sized to accommodate more intensive development;
- c) To implement a transfer of service between two existing agencies such transfer shall be in a manner that is consistent with the adopted Spheres of Influence of those agencies; and
- d) To change a boundary, in a manner consistent with an adopted Sphere of Influence, an agency boundary shall not divide a property that could only be conveyed under a single deed.

Between January 1, 1986 and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986. In this case, an additional criteria not subject to the 1% cumulative impact limitation would be to provide facilities or funding that will allow the agency to lift its service limitation.

7. PUBLIC PARTICIPATION

Water resources and supplies are critical issues for many sphere of influence and application decisions made by LAFCO. Public information and participation are important component in the decisions made by the Commission, the land use agencies, and the water agencies. To promote public education, at least every two years, the Local Agency Formation Commission will sponsor, or co-sponsor with the Regional Water Management Foundation, the County of Santa Cruz, and local water agencies, a public forum that provides the public with an overview of the state of the water supplies in Santa Cruz County.

It is preferable that the residents who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2020-33

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 WATER POLICY

WHEREAS, on March 17, 1964, the Local Agency Formation Commission of Santa Cruz County ("LAFCO" or "Commission") adopted a policy governing the delivery of water service pursuant to the Cortese-Knox-Hertzberg Act; and

WHEREAS, the Commission previously reviewed and updated its Water Policy on February 2, 2011; and

WHEREAS, on October 7, 2020, the Commission determined that amendments to the existing policy are warranted.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby approves amendments to its Special Districts Governance Policy, as shown in Exhibit A, to implement State law in the manner that best encourages orderly growth based upon local conditions within Santa Cruz County.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 4th day of November 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 COMMISSION
OF SANTA CRUZ COUNTY**

WATER POLICY

Adopted on March 17, 1964 (Resolution No. 14)

Previous Revision on February 2, 2010 (Resolution No. 2011-1)

Last Revision on November 4, 2020 (Resolution No. 2020-33)

1. OVERVIEW

Government Code Section 56300 requires each Local Agency Formation Commission to establish written policies and to exercise its powers in a manner pursuant to the Cortese-Knox-Hertzberg Local Government Act of 2000 and consistent with the written policies of each Commission. In 1964, the Commission adopted the first water policy to align the limited water supply with existing service providers and smart growth as population continues to increase in Santa Cruz County. The purpose of this policy is to clarify LAFCO's role when considering boundary changes involving cities and special districts.

2. SPHERES OF INFLUENCE

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere adoptions and amendments, LAFCO will be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

To assist in the review of sphere boundaries and other LAFCO reports, the Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health;
- b) The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq; and
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

3. BOUNDARY CHANGES

In any proposal requiring water service, the Commission requires that the affected agency identified as the potential water provider to demonstrate the availability of an adequate, reliable and sustainable supply of water. The following factors may be considered:

- a) In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources;
- b) In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase;
- c) In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668[k]); and
- d) In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

4. SERVICE REQUEST

Proposals requesting water service from a city of special district will need to provide proof of lack of services to existing urban land uses, a building permit application, allocation for a single-family dwelling, or for a larger project by: (1) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water service and (2) a growth rate and pattern that the subject area will be developed within 5 years.

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Santa Cruz Local Agency Formation Commission

Date: November 4, 2020
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **CALAFCO Board of Directors – Election Results**

SUMMARY OF RECOMMENDATION

Santa Cruz LAFCO is a member of the California Association of LAFCOs (CALAFCO). Each year, an annual conference is hosted by CALAFCO and held in different counties. In light of the pandemic, the typical conference structure did not occur. However, the election process for representation on the CALAFCO Board of Directors was still conducted this year. A mailed-in election occurred in October.

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 annual conference was scheduled to be held in Monterey County during the final week of October; however, the in-person event was cancelled. While the in-person concept did not occur, CALAFCO conducted a mailed-in ballot election to address the vacancies on the CALAFCO Board of Directors. **Attachment 1** provides information on the election process. Ballots were distributed on October 7 after the nomination period ended. Commissioner Rachel Lather was one of the candidates for the Coastal Region Special District Seat. Commissioner Jim Anderson placed a vote on October 16, 2020 as Santa Cruz LAFCO's official voting delegate.

CALAFCO Election Results

The deadline to return ballots was Wednesday, October 21. Due to the timing of the agenda packet distribution, an oral update on the election results will be provided by LAFCO staff on Wednesday, November 4.

Respectfully Submitted,

A blue ink signature of Joe A. Serrano, written in a cursive style.

Joe A. Serrano
Executive Officer

Attachments:

1. CALAFCO Election Process (dated 10-3-20)



October 3, 2020

TO Regional Representatives and Member LAFcos

FROM Shiva Frentzen, Committee Chair
CALAFCO Election Committee

RE **Election Committee Report for 2020 CALAFCO Board Elections**

In accordance with the CALAFCO Bylaws and Nomination and Election Procedures, the CALAFCO Election Committee has solicited nominations for the regional election of the eight open Director positions on the CALAFCO Board of Directors. The elections will be conducted by e-ballot given there is no in-person Conference this year due to the pandemic.

Attached is a list of the candidates nominated within each of the four regions (Central, Coastal, Northern and Southern) for their respective city, county, special district and public member seats. All terms are two years.

It is imperative that all member LAFcos in good standing not only provide CALAFCO their voting delegate and email contact address by the time this report is distributed, but also **return the ballot by the deadline of 4:00 p.m. October 21, 2020. No late ballots will be accepted.**

The CALAFCO Election Committee has confirmed that all nominations were complete and received by the final filing date of September 22, 2020 at 5:00 p.m. We received nominations for all vacant seats.

The CALAFCO Election Committee is meeting virtually on Thursday, October 22, 2020 at 9:00 a.m. to count the ballots and certify the election. This meeting will be open to all member LAFcos in good standing and the agenda and meeting access information will be posted on the CALAFCO website in the Members section at www.calafco.org.

Copies of the nomination forms and resumes of all candidates within your region are attached and are posted on the CALAFCO website in the Members section at www.calafco.org. A copy of each regional nomination packet will also be sent to the voting delegates electronically with their e-ballot.

cc: CALAFCO Board of Directors

NOMINATIONS FOR THE 2020 BOARD OF DIRECTORS ELECTIONS

Seat	Nominee	LAFCo
NORTHERN REGION		
City	Blake Inscore*	Del Norte
Public	Josh Susman*	Nevada
CENTRAL REGION		
County	Daron McDaniel	Merced
District	Gay Jones*	Sacramento
	Michael Saunders	El Dorado
COASTAL REGION		
County	Chris Lopez	Monterey
	Linda Parks	Ventura
District	Marshall Ochylski	San Luis Obispo
	Michael McGill*	Contra Costa
	Rachel Lather-Hidalgo	Santa Cruz
SOUTHERN REGION		
City	Cheryl Brothers*	Orange
Public	Derek McGregor	Orange
	David West*	Imperial

* *incumbent*



Santa Cruz Local Agency Formation Commission

Date: November 4, 2020
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Comprehensive Quarterly Report – First Quarter (FY 2020-21)**

SUMMARY OF RECOMMENDATION

This report provides an overview of projects currently underway, the status of the Commission's Multi-Year Work Program, the financial performance of the annual budget, and staff's outreach efforts during the months of July to September. 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 Cortese-Knox-Hertzberg Act delegates LAFCOs with regulatory and planning duties to coordinate the logical formation and development of local governmental agencies. The following sections summarize how several of these statutory mandates are being met through the consideration of boundary changes, development of scheduled service reviews, and staff's ongoing collaboration with local agencies.

Active Proposals

Santa Cruz LAFCO currently has two active applications:

1. **"Central & Aptos/La Selva Fire Consolidation" (Project No. DC 20-02):** This proposal was initiated by the two affected districts on December 30, 2019 as a joint application. The purpose of the application is to facilitate the efficient delivery of fire protection to individual and property owners within the subject territory.

Latest Status: A hearing date was scheduled for November 4. If approved, there are still several statutory steps outlined in the Cortese-Knox-Hertzberg before the consolidation can be finalized. These steps include conducting a 30-day request for reconsideration period and a 30-day protest proceeding. These periods are tentatively scheduled to occur during the months of November 2020 to January 2021.

2. **"Roaring Camp Annexation" (Project No. 967):** This application was initiated by petition on March 4, 2019 and proposes to annex approximately 170 acres to the San Lorenzo Valley Water District. The purpose of the annexation is to provide water services to an unincorporated area, commonly known as Roaring Camp.

Latest Status: This application is active but pending. There are a few parcels that need to be part of the annexation to prevent the development of an island as defined by LAFCO law. The applicant is currently coordinating with the affected landowners to include those parcels in the proposal. A hearing date is yet to be determined.

Multi-Year Work Program (Service Reviews)

A five-year work program was adopted in 2019 to ensure that the service reviews for each local agency under LAFCO's purview are considered within the legislative deadline. This year, a total of 5 local agencies were evaluated in separate service and sphere reviews. Below is a status update on each scheduled review.

1. **CSA 60** – This county service area was formed in 2015 for the purpose of providing funds towards a bridge replacement, road service, and common area maintenance for an unincorporated community in Brookdale known as Huckleberry Island.

Commission Action: A service and sphere review was adopted on March 4.

2. **CSA 9 (including all zones)** – This county service area was formed in 1968 to provide County Public Works services to unincorporated communities. Such services include road maintenance, street lighting, landscaping maintenance, school crossing guards, and landfill operations.

Updated Hearing Date: A service and sphere review was adopted on August 5.

3. **Pajaro Valley Public Cemetery District** – This cemetery district was formed in 1955 to provide efficient, cost effective burial services, and to provide maintenance to several cemeteries.

Tentative Hearing Date: A service and sphere review was adopted on September 2.

4. **Resource Conservation District of Santa Cruz County** – This special district was formed in 1978 following the consolidation of two existing conservation districts. Its purpose is to help people protect, conserve, and restore natural resources through information, education, and technical assistance programs.

Tentative Hearing Date: A service and sphere review was adopted on October 7.

5. **San Lorenzo Valley Water District** – This water district was formed in 1941 and currently provides water service to over 7,000 connections in the communities of Boulder Creek, Brookdale, Ben Lomond, Felton, Zayante, and southern Scotts Valley.

Tentative Hearing Date: A service and sphere review is scheduled to be presented to the Commission on November 4.

Budget Report

The first quarter of Fiscal Year 2020-21 ended on September 30, 2020. During this three-month period, the Commission received \$398,747 in revenue. A total of \$251,800 is also available as unrestricted revenue from the Commission's Fund Balance. In total, this first quarter amount represents approximately 99% of the anticipated revenue for the entire year. During the same period, the Commission incurred \$134,408 in total expenses which represents 20% of estimated costs for the entire year.

A detailed review of LAFCO's financial performance during the first quarter (July to September) is attached to this report (refer to **Attachment 1**).

Recent & Upcoming Meetings

LAFCO staff values the benefits from collaborating with local agencies, members of the public, and other LAFCOs that explore and initiate methods to improve efficiency in the delivery of municipal services. During the months of July to September, staff met with local representatives to discuss current and/or upcoming LAFCO projects. A summary of those and more recent meetings are discussed below.

1. **Fire Consolidation (Status Update)**: LAFCO staff participated in a conference call on June 30 with the two fire chiefs to discuss the current status of the consolidation effort and LAFCO process.
2. **County Inquiry**: LAFCO staff attended a meeting with representatives from the County Legal Department on July 1 to discuss whether a particular area is within a city or under the County's jurisdiction. As a result, LAFCO was able to provide documentations from a 1968 annexation to address the inquiry.
3. **Sonoma LAFCO**: LAFCO staff participated in a conference call on July 7 to discuss our current operational and staffing procedures. This was an effort to help Sonoma LAFCO prepare for future staff changes.
4. **Pajaro Valley Public Cemetery District**: LAFCO staff attended the District's Board Meeting on July 8. This was an opportunity for LAFCO's Executive Officer to introduce himself and discuss the upcoming service review.
5. **Personnel Committee**: LAFCO staff conducted a meeting with the Personnel Committee on July 9. During the meeting, Chair Rodger Anderson and Commission John Leopold received an update on the recruitment process and staff's mid-review performance.
6. **Fire Consolidation (Ad-Hoc Committee)**: LAFCO staff continues to provide information to Aptos/La Selva and Central Fire Protection Districts as both districts move forward with their consolidation efforts. LAFCO staff provided an update on the LAFCO process on July 14.
7. **San Luis Obispo LAFCO**: Staff attended the San Luis Obispo LAFCO's July 16th Commission Meeting. This was David Church's last meeting as the Executive Officer. LAFCO staff members from around the state participated in this online event to acknowledge David's achievements and triumphs.
8. **CALAFCO Webinar (Panelist Discussion)**: LAFCO's Executive Officer was asked to be a panelist for the first CALAFCO University Webinar. The three panelist discussed the session's outline and talking points on July 21.
9. **Fire Consolidation (Status Update)**: LAFCO staff discussed the status of the consolidation process with the two fire chiefs on July 24. The primary discussion was the tentative schedule and the proposed legislative bill to address the transfer of pension obligations to the successor agency.

- 10. Resource Conservation District of Santa Cruz County:** LAFCO staff participated in a conference call with the District's General Manager on July 28. This was an opportunity to discuss the upcoming service review.
- 11. CALAFCO Webinar (LAFCO 101):** LAFCO's Executive Officer participated in CALAFCO's first University Webinar on August 6. This free webinar was offered to all LAFCO staff members and Commissioners.
- 12. Commission Clerk Interviews:** LAFCO staff held 15 separate interviews during August 10 to 17 in order to find a qualified replacement for our current Commission Clerk. Ms. Debra Means is scheduled to retire in April 2021.
- 13. Fire Consolidation (Newspaper Article):** LAFCO staff participated in a conference call on September 3 with a reporter. The focal point of the discussion involved fire protection. LAFCO staff provided a summary of the fire consolidation as well as the upcoming comprehensive fire service review. The service review is scheduled to be presented to the Commission by October 2021.
- 14. Potential Application (Sewer Connection):** LAFCO staff held a virtual meeting with a landowner on September 4. The discussion pertained to the possible connection into the City of Scotts Valley for water service. It is unknown whether the landowner will pursue annexation.
- 15. Laserfiche Establishment:** LAFCO staff met with representatives from the County I.T. Department on September 18 to discuss the implementation of an online database for LAFCO's historical records. Most, if not all, LAFCO records are hard copy with no digital copies. Implementation of Laserfiche would allow staff to have faster access to files from 1963 to present.
- 16. Fire Consolidation (Town Hall Meeting):** LAFCO staff participated in a virtual town hall meeting on September 30. This meeting was hosted by Supervisors Leopold and Friend and was an opportunity for residents to learn more about the upcoming fire consolidation. Attendees were able to ask questions to the Supervisors as well as the fire chiefs from Aptos/La Selva and Central Fire Protection Districts.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. LAFCO FY 2020-21 Budget Review (First Quarter: July to September)

FISCAL YEAR 2020-21	FY 20-21 First Qtr. (Jul - Sep)	FY 20-21 Adopted Budget	Difference (\$)	Budget Line Item Notes
REVENUES DESCRIPTION				
Interest	\$ 655	\$ 6,000	\$ (5,345)	Surplus Funds
Contributions from Other Govt Agencies	\$ 401,177	\$ 399,300	\$ 1,877	All Dues Received
LAFCO Processing Fees	\$ (3,521)	\$ -	\$ (3,521)	Surplus Funds
Medical Charges-Employee	\$ 437	\$ -	\$ 437	Surplus Funds
Copy Charges	\$ -	\$ -	\$ -	Anticipated Funds
Re-budget from Fund Balance	\$ -	\$ 251,800	\$ 251,800	Net Position Funds (if needed)
TOTAL REVENUES	\$ 398,747	\$ 657,100	\$ 245,247	Additional Funds in Total Revenue
EXPENDITURES DESCRIPTION				
Regular Pay	\$ 47,658	\$ 245,400	\$ 197,742	Remaining Funds
Overtime Pay	\$ -	\$ 1,000	\$ 1,000	Remaining Funds
Extra Help	\$ -	\$ 1,000	\$ 1,000	Remaining Funds
Sick Leave	\$ -	\$ 1,000	\$ 1,000	Remaining Funds
Holiday Pay	\$ 1,702	\$ 10,100	\$ 8,398	Remaining Funds
Social Security	\$ 3,838	\$ 18,200	\$ 14,362	Remaining Funds
PERS	\$ 55,560	\$ 59,800	\$ 4,240	Remaining Funds
Insurances	\$ 10,030	\$ 50,500	\$ 40,470	Remaining Funds
Unemployment	\$ -	\$ 400	\$ 400	Remaining Funds
Workers Comp	\$ -	\$ 1,000	\$ 1,000	Remaining Funds
Salaries Sub-total	\$ 118,789	\$ 388,400	\$ 269,611	Remaining Funds in Salaries & Benefits
Telecom	\$ 324	\$ 2,000	\$ 1,676	Remaining Funds
Office Equipment	\$ -	\$ 200	\$ 200	Remaining Funds
Memberships	\$ 5,844	\$ 6,400	\$ 556	Remaining Funds
Hardware	\$ -	\$ 300	\$ 300	Remaining Funds
Duplicating	\$ 20	\$ 1,600	\$ 1,580	Remaining Funds
PC Software	\$ 382	\$ 600	\$ 218	Remaining Funds
Postage	\$ 56	\$ 1,000	\$ 944	Remaining Funds
Subscriptions	\$ 230	\$ 500	\$ 270	Remaining Funds
Supplies	\$ 74	\$ 1,000	\$ 926	Remaining Funds
Accounting	\$ -	\$ 1,500	\$ 1,500	Remaining Funds
Attorney	\$ 5,188	\$ 150,000	\$ 144,813	Remaining Funds
Data Process GIS	\$ 1,562	\$ 10,000	\$ 8,438	Remaining Funds
Director Fees	\$ 810	\$ 6,000	\$ 5,190	Remaining Funds
Surveyor	\$ -	\$ 1,000	\$ 1,000	Remaining Funds
Prof. Services	\$ -	\$ 50,000	\$ 50,000	Remaining Funds
Legal Notices	\$ 498	\$ 1,700	\$ 1,202	Remaining Funds
Rents	\$ 328	\$ 9,000	\$ 8,672	Remaining Funds
Misc. Expenses	\$ 305	\$ 6,000	\$ 5,695	Remaining Funds
Books	\$ -	\$ 200	\$ 200	Remaining Funds
Air Fare	\$ -	\$ 3,000	\$ 3,000	Remaining Funds
Auto Rental	\$ -	\$ 200	\$ 200	Remaining Funds
Training	\$ -	\$ 1,800	\$ 1,800	Remaining Funds
Lodging	\$ -	\$ 5,200	\$ 5,200	Remaining Funds
Meals	\$ -	\$ 600	\$ 600	Remaining Funds
Mileage	\$ -	\$ 3,000	\$ 3,000	Remaining Funds
Travel-Other	\$ -	\$ 500	\$ 500	Remaining Funds
Registrations	\$ -	\$ 5,400	\$ 5,400	Remaining Funds
Supplies Sub-total	\$ 15,620	\$ 268,700	\$ 253,080	Remaining Funds in Services & Supplies
TOTAL EXPENDITURES	\$ 134,408	\$ 657,100	\$ 522,692	Remaining Funds in Total Expenditures



Santa Cruz Local Agency Formation Commission

Date: November 4, 2020
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Service & Sphere Review Multi-Year Work Program**

SUMMARY OF RECOMMENDATION

Government Code Section 56425 requires LAFCO to review and update each sphere of influence every five years. Pursuant to Government Code Section 56430, a service review shall either be conducted before or in conjunction with the sphere update. The adoption of the multi-year work program back in November 2019 indicates when the next round of service and sphere reviews will be conducted for each city and district until 2024.

It is recommended that the Commission approve the scheduled service and sphere reviews based on the adopted multi-year work program.

EXECUTIVE OFFICER'S REPORT:

There are 81 agencies that are subject to Santa Cruz LAFCO's purview: 4 cities, 23 independent special districts, and 54 other districts (primarily county service areas). This year, the Commission adopted 5 service reviews under the Multi-Year Work Program which was adopted in November 2019. This program ensures that LAFCO is up-to-date and in compliance with the requirements under the Cortese-Knox-Hertzberg Act. The scheduled service reviews between 2020 to 2024 are shown in **Attachment 1**. In order to continue fulfilling this state mandate, LAFCO staff has identified 18 public agencies that require review in 2021. A total of four separate reports will be completed next year to evaluate these 18 public agencies, as shown in the table below.

Table A: Proposed Service & Sphere Reviews in 2021

Agency	Commission Meeting (Proposed Hearing Date)
City of Scotts Valley	March 3
Scotts Valley Water District	May 5
Recreation & Park Districts (4 in total)	August 4
Fire Districts (10 districts and 2 CSAs)	October 6

Respectfully Submitted,

Joe A. Serrano
Executive Officer

Attachment: Proposed Service & Sphere Review Multi-Year Work Program

	Last Service Review Cycle	Next Service Review Cycle
Cities		
Capitola	August 2017	August 2022
Santa Cruz	December 2018	December 2023
Scotts Valley	October 2016	October 2021
Watsonville	April 2018	April 2023
Cemetery District		
Pajaro Valley	April 2015	March 2020
County Service Areas		
CSA 2 (Place de Mer)	October 2019	October 2024
CSA 3 (Aptos Seascapes)	June 2019	June 2024
CSA 4 (Pajaro Dunes)	October 2016	October 2021
CSA 5 (San Dollar/Canyon del Sol)	October 2019	October 2024
CSA 7 (Boulder Creek Country Club)	October 2019	October 2024
CSA 9 (County Public Works)	July 2015	May 2020
CSA 10 (Rolling Woods)	October 2019	October 2024
CSA 11 (County Parks)	May 2018	May 2023
CSA 12 (Septic Maintenance)	August 2018	August 2023
CSA 13 (Hutchinson Road)	July 2017	July 2022
CSA 15 (Huckleberry Woods)	July 2017	July 2022
CSA 16 (Robak Drive)	July 2017	July 2022
CSA 17 (Empire Acres)	July 2017	July 2022
CSA 18 (Whitehouse Canyon)	July 2017	July 2022
CSA 20 (Trestle Beach)	October 2019	October 2024
CSA 21 (Westdale)	July 2017	July 2022
CSA 22 (Kelly Hill)	July 2017	July 2022
CSA 23 (Old Ranch Road)	July 2017	July 2022
CSA 24 (Pineridge)	July 2017	July 2022
CSA 25 (View Point Road)	July 2017	July 2022
CSA 26 (Hidden Valley)	July 2017	July 2022
CSA 28 (Lomond Terrace)	July 2017	July 2022
CSA 30 (Glenwood Acres)	July 2017	July 2022
CSA 32 (View Circle)	July 2017	July 2022
CSA 33 (Redwood Drive)	July 2017	July 2022
CSA 34 (Larsen Road)	July 2017	July 2022
CSA 35 (Country Estates)	July 2017	July 2022
CSA 36 (Forest Glen)	July 2017	July 2022
CSA 37 (Roberts Road)	July 2017	July 2022
CSA 38 (Sheriff's Patrol)	August 2018	August 2023
CSA 39 (Reed Street)	July 2017	July 2022
CSA 40 (Ralston Way)	July 2017	July 2022
CSA 41 (Loma Prieta Drive)	July 2017	July 2022
CSA 42 (Sunlit Lane)	July 2017	July 2022
CSA 43 (Bonita Encino)	July 2017	July 2022
CSA 44 (Sunbeam Woods)	July 2017	July 2022
CSA 46 (Pinecrest Drive)	July 2017	July 2022
CSA 47 (Braemoor Drive)	July 2017	July 2022
CSA 48 (County Fire)	June 2018	June 2023
CSA 50 (The Vineyard)	July 2017	July 2022
CSA 51 (Hopkins Gulch Road)	July 2017	July 2022

Service Review Work Program (2020 to 2024)
Adopted on November 6, 2019

	Last Service Review Cycle	Next Service Review Cycle
CSA 52 (Upper Pleasant Valley Road)	July 2017	July 2022
CSA 53 (County Mosquito Abatement)	October 2018	October 2023
CSA 54 (Summit West Water)	July 2017	July 2022
CSA 55 (Riverdale Park)	July 2017	July 2022
CSA 56 (Felton Grove)	July 2017	July 2022
CSA 57 (Graham Hill)	June 2019	June 2024
CSA 58 (Ridge Drive)	July 2017	July 2022
CSA 59 (McGaffigan Bill Road)	July 2017	July 2022
CSA 60 (Huckleberry Island)	July 2015	August 2020
Fire Districts		
Aptos/La Selva	October 2016	October 2021
Aromas Tri-County	October 2016	October 2021
Ben Lomond	October 2016	October 2021
Boulder Creek	October 2016	October 2021
Branciforte	October 2016	October 2021
Central	June 2018	June 2023
Felton	October 2016	October 2021
Pajaro Valley	October 2016	October 2021
Scotts Valley	October 2016	October 2021
Zayante	October 2016	October 2021
Port District		
Santa Cruz Port District	July 2019	July 2024
Reclamation District		
No. 2049	November 2017	November 2022
Recreation and Park Districts		
Alba	March 2016	March 2021
Boulder Creek	March 2016	March 2021
La Selva Beach	March 2016	March 2021
Opal Cliffs	March 2016	March 2021
Resource Conservation District		
Resource Conservation Districts of Santa Cruz County	July 2015	July 2020
Regional Open Space District		
Midpeninsula Regional Open Space District	November 2019	November 2024
Sanitation Districts		
Davenport	October 2019	October 2024
Freedom	October 2019	October 2024
Salsipuedes	October 2019	October 2024
Santa Cruz County	October 2019	October 2024
Water Districts		
Central	August 2017	August 2022
Pajaro Valley Water Management Agency	November 2017	November 2022
San Lorenzo Valley	July 2014	November 2020
Scotts Valley	October 2016	October 2021
Soquel Creek	May 2017	May 2022

Footnote - Proposed dates may be subject to change but shall occur within that designated year



Santa Cruz Local Agency Formation Commission

Date: November 4, 2020
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **LAFCO Meeting Schedule for 2021**

SUMMARY OF RECOMMENDATION

Each year, LAFCO approves a meeting schedule for the upcoming year. This type of action informs the Commission, local agencies and the general public when the next regular LAFCO meetings will be held.

It is recommended that the Commission approve the attached schedule for LAFCO's upcoming regular meetings in 2021.

EXECUTIVE OFFICER'S REPORT:

LAFCO normally meets at 9:00am on the first Wednesday of each month. The attached draft meeting schedule outlines next year's anticipated regular LAFCO meetings, with the following exceptions:

- **July 7, 2021** – No LAFCO Meeting to allow a summer recess; and
- **December 1, 2021** – No LAFCO Meeting due to conflict with the California State Association of Counties Annual Conference.

The Commission may set special meetings in accordance with the Commission's adopted policies, if needed. Due to the ongoing pandemic, the Commission may continue utilizing online platforms, such as Zoom, in order to conduct LAFCO Meetings. This virtual approach is consistent with the guidelines from the California Department of Public Health and the California Governor's Office.

Respectfully Submitted,

A blue ink signature of Joe A. Serrano, written in a cursive style.

Joe A. Serrano
Executive Officer

Attachment: Proposed LAFCO Meeting Schedule for 2021



Local Agency Formation Commission of Santa Cruz County

2021 SCHEDULE OF REGULAR LAFCO MEETINGS

(Approved on November 4, 2020)

January 6

February 3

March 3

April 7

May 5

June 2

July – No Meeting

August 4

September 1

October 6

November 3

December – No Meeting

All regular meetings begin at 9:00am and are typically held in the Board of Supervisors Chambers, located on the fifth floor of the County Governmental Center – 701 Ocean Street (Room 525), Santa Cruz CA

VIRTUAL LAFCO MEETINGS

LAFCO Meetings may be conducted remotely in light of the ongoing pandemic. 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.



Santa Cruz Local Agency Formation Commission

Date: November 4, 2020
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Press Articles during the Month of October**

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.

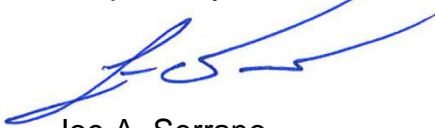
EXECUTIVE OFFICER'S REPORT

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

1. **"Few changes expected in merger of Central and Aptos/La Selva fire districts":** The article, dated October 1, discusses the proposed changes and benefits from the scheduled consolidation between Central and Aptos/La Selva Fire Protection Districts (FPD). The article's main focus was the information presented during the virtual town hall meeting held by Supervisors Friend and Leopold on September 30. Guest speakers at the event included the two Fire Chiefs and LAFCO's Executive Officer.
2. **"Pure Water Soquel addresses water woes":** The opinion piece, dated October 1, was written by Ron Duncan, General Manager for the Soquel Creek Water District. His commentary examined the condition of the Mid-County groundwater basin and how the proposed Pure Water Soquel project may benefit the existing water system infrastructure and water supply.
3. **"Historic CA water district merger becomes official":** The article, dated October 2, refers to a recent consolidation between two water districts in San Joaquin County. The San Joaquin LAFCO voted unanimously in favor of consolidation after years of collaborative efforts by the affected agencies and LAFCO.
4. **"Aptos La Selva, Central Fire Merger Gets Closer":** The article, dated October 5, highlights the proposed governance structure for the successor agency if the consolidation between Central and Aptos/La Selva FPD is approved by LAFCO. Based on the adopted resolutions by the two fire districts, the new Board of Directors will include three members from Aptos/La Selva FPD and two members from Central FPD with voters selecting new board members in November 2022.

5. **“After Wildfires Stop Burning, a Danger in the Drinking Water”**: The article, dated October 6, notes how the recent fires may contaminate the existing water supply. The article refers to the Paradise Fires and how the water infrastructure was impacted. A similar issue may occur with San Lorenzo Valley Water District’s infrastructure, which is already facing significant pipeline damage.
6. **“City of Santa Cruz to Approve \$5.3 Million in Budget Cuts”**: The article, dated October 8, states that the City of Santa Cruz anticipates an extended recovery period before the City returns to financial normalcy. The City believes the pandemic-related recession may last up to four years. This financial constraint will be felt by all local agencies within Santa Cruz County and statewide.
7. **“UCSC seeks clarity on water access”**: The article, dated October 13, indicates that a court ruling will be needed to resolve a disagreement between the University and the City of Santa Cruz regarding water service. The Chancellor and Mayor issued a joint statement stating that both parties agree that a court ruling will help resolve this ongoing dispute.
8. **“Lawsuit: Water access at heart of UC Santa Cruz, city feud”**: The article, dated October 13, provides more information about the disagreement between UCSC and the City of Santa Cruz. The article also refers to LAFCO and how service provisions outside an agency’s jurisdiction require Commission approval. The question of water supply was an issue back in the early 2000s in which an application for an extraterritorial service agreement and sphere update was submitted to LAFCO by the University and City. Those applications were ultimately terminated due to inactivity.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. “Few changes expected in merger of Central and Aptos/La Selva fire districts”
2. “Pure Water Soquel addresses water woes”
3. “Historic CA water district merger becomes official”
4. “Aptos La Selva, Central Fire Merger Gets Closer”
5. “After Wildfires Stop Burning, a Danger in the Drinking Water”
6. “City of Santa Cruz to Approve \$5.3 Million in Budget Cuts”
7. “UCSC seeks clarity on water access”
8. “Lawsuit: Water access at heart of UC Santa Cruz, city feud”

Few changes expected in merger of Central and Aptos/La Selva fire districts

LIVE OAK — Same crews, same taxes, same stations, same insurance ratings — the proposed merger of two local fire districts is being pitched as a mostly status-quo procedure.

“The synergistic effect, the sum of the parts being greater than the separate districts is already being realized,” Central Fire Protection District Interim Chief John Walbridge said Wednesday night during a virtual town hall meeting.

Walbridge was part of a high-level overview of plans long in the works to consolidate Central and Aptos/La Selva fire protection districts as early as the first quarter of 2021. The public event came ahead of next month’s vote by a government oversight review body that could green-light the proposed merger and was hosted by Santa Cruz County 1st District Supervisor John Leopold, joined by 2nd District Supervisor Zach Friend.

“For as long as I’ve been involved in Santa Cruz County politics, there have been different reports at different times recognizing the need to maybe think about focusing on fire services and consolidating some of the smaller districts,” Leopold said during the event. “Both Aptos/La Selva and Central fire districts are the products of past consolidations. Central Fire was Live Oak, Soquel and Capitola and obviously, Aptos/La Selva was Aptos and La Selva fire districts. So, their institutions have been through this process before.”



An Aptos/La Selva firefighter-paramedic is silhouetted as the smoke shrouded sun rises above the 9/11 memorial observance on Friday. (Shmuel Thaler – Santa Cruz Sentinel)

Friend said that, in reading reports dating back decades that investigated a similar consolidation, “it’s interesting to see how little has changed in some respects on the recommendations.”

“But it takes a lot of outreach to community to make sure that people really understand the reason why this is happening,” Friend said. “That’s really the reason for tonight.”

Proposed changes

Aptos/La Selva fire serves nearly 30,000 residents living in 27 square miles and uses three fire stations to respond to about 2,500 calls for service a year. The Central fire district includes about 55,000 full-time residents living in 28 square miles, using four stations to respond to about 5,700 annual calls for service. Under the proposed merger plan, Aptos/La Selva would be dissolved into Central Fire, which would retain the overarching name for the new combined district, but the joined coverage area would remain static in size.

Both Leopold and Friend are members of the [Santa Cruz Local Agency Formation Commission](#), the body which is scheduled to take up the fire district consolidation question at its Nov. 4 meeting. Prior to that, each fire district’s existing board of directors will vote this month at their regular meetings on a proposed service plan for the consolidated district. Residents in the two districts also will have the opportunity to submit protest ballots against the plan, if approved.

Aptos/La Selva Fire interim Chief Don Jarvis, whose father and grandfather both served in the Capitola Fire District prior to its consolidation into Central Fire in 1987, said Wednesday that “I think all firefighters everywhere agree that it’s a good concept, and all firefighters everywhere agree that it’s a really hard thing to accomplish.”

“I’ve been involved in about five or six of these over the course of my career and the main issues always come down to four items,” Jarvis said of consolidation. “Those four items, they change depending on your perspective, where you’re standing. So, the four items are: What does this consolidation mean for the level of service, what does it mean for the employees, what is it going to cost and what’s the governance model — in other words, who’s going to control this.”

According to a 2018 review of the proposed merger, “[Consolidation Feasibility Study and Service Review](#),” the difference between each district’s employee salaries, benefits, and post-employment benefits was “one of the more challenging aspects of the study.” [New state legislation](#) introduced by Assemblyman Mark Stone and signed into law Sept. 11 specifically carves out an exception to state law for the proposed local merger that allows employees from both fire districts to retain their existing benefits plan after the two join.

Ahead of upcoming votes, the two districts already have begun engaging in some shared services, including a pilot program to share their battalion chief and division chief coverage. The two agencies also already have combined their fire prevention divisions into a joint Community Risk Reduction Program, which showed “that we’re stronger together than we are separately,” Jarvis said.

Jarvis and Walbridge covered other major concerns, including saying their plan is to retain existing personnel and with their salaries, though duplicate positions eventually will be dissolved through employee attrition and future labor contracts would work to bring existing Central Fire employees up to same higher pay as their peers. The cost of service and local assessments are expected to remain neutral, the same with fire insurance rates, they said.

The governance structure will move from two separate elected boards to one joint five-member board of directors, initially with two incumbents from Central Fire and three from Aptos/La Selva Fire and later through by-district elections for five equally sized “communities of interest.” A consultant’s recommendation to relocate the Soquel fire station is not in the immediate plans, the chiefs said. Outstanding longterm debt related to retired employees’ benefits will be shouldered by the new joint district.

For questions and concerns, call 831-316-3600 or email consolidationinfo@centralfpd.com.

Guest Commentary | Pure Water Soquel addresses water woes

By Ron Duncan

A letter posed an excellent question to the Soquel Creek Water District – a question that comes up often in the community. To paraphrase: with the Mid-County groundwater basin in a state of critical overdraft, why is development that adds water users to the already over-burdened water system allowed to continue?

I appreciate that this question clearly recognizes the extremely serious water supply issues we're facing as a community. The District is working diligently to address the overdrafting of our groundwater supply and the resulting seawater contamination through our many water conservation programs and our Pure Water Soquel groundwater replenishment project. It is important to note that recent development has not caused the overdraft (created in the 1980s) but could exacerbate it.

To be clear, the Soquel Creek Water District does not have control over approvals of new land developments; that responsibility is with the governing jurisdictions that enforce land-use regulations – primarily cities and counties – not water districts. Since the District does have some control over new water connections, we created our Water Neutral Program (also called Water Demand Offset Program) in 2003. This Program requires all new development, from homes to commercial projects, to offset the amount of water they are expected to use by 200% as a condition for water service. This allows development to continue without increasing water demand on our groundwater basin.

How does the Program work? Water connection fees collected by the District through the Water Neutral Program have funded a number of water-saving programs, including the installation of thousands of high-efficiency toilets, urinals, showerheads, turf replacements, and our i-Meter program, which will install state-of-the-art intelligent meters to help alert customers of leaks. The Program saves millions of gallons of water annually, more than new development uses.

We're very proud of our Water Neutral Program – and pleased that it won the Theodore Roosevelt Environmental Award for Excellence in Natural Resources Management from the Association of California Water Agencies. This program has been called, "...one of the most comprehensive water demand offset programs in the United States," (Alliance for Water Efficiency paper), and "...one of the best-documented water neutral programs in the California sample described in this Article" (J.L. Harder paper on water neutral development in California).

The District's Water Neutral Program and its many water conservation programs are only part of the solution to address the groundwater crisis. Our Pure Water Soquel project will play the most significant role by providing a drought-proof supply of purified recycled water to replenish the groundwater basin and prevent further seawater contamination of our community's drinking water supply.

Pure Water Soquel is an investment in our water system infrastructure and natural resources. We are prudently planning for project costs and associated contingencies, as you may do when remodeling your home. On behalf of our ratepayers, we were fortunate to be awarded a \$50 million grant from the State Water Board, along with tens of millions of dollars in very low-interest loans from the state and the US EPA to help fund the rest of the project costs and contingencies. In this way, we are effectively leveraging the rates you pay, and this will reduce pressure on the need for future rate increases.

We are grateful to work together with the community on water conservation efforts at every level – from households and yards, to the Water Neutral Program – and we appreciate the support that's been shown for Pure Water Soquel, both from our local community and from the state and federal funding/loan agencies.

It's these kinds of partnerships which will solve our community's complex challenges, such as our water supply shortage, and create a sustainable water supply for today and the future.

Ron Duncan is general manager of Soquel Creek Water District.

8A: ATTACHMENT 3**Historic CA water district merger becomes official**

Photo by Karolina Grabowska from Pexels

BYRON, CA -- Two century-old irrigation districts in the Tracy area have officially joined forces. In a landmark moment Tuesday, the Byron-Bethany Irrigation District (BBID) held its first regular board meeting since consolidating with the West Side Irrigation District (WSID).

In the early 1900s, the two districts kept handwritten board meeting minutes. In the midst of the COVID-19 pandemic, this meeting was held virtually via Zoom.

“This is the culmination of several years of work to bring these two districts together, for the benefit of our growers,” said BBID General Manager Rick Gilmore. “In today’s challenging regulatory climate, this consolidation will improve water reliability, strengthen water rights, and provide greater financial flexibility to keep our water system performing well into the future.”

In June, the San Joaquin Local Agency Formation Commission (LAFCO) voted unanimously in favor of consolidating the districts. The former 6,000-acre WSID service area West of Tracy was incorporated into the existing 30,000-acre service area of BBID, establishing a single 36,000-acre district. Former WSID Directors Tom Pereira and Jack Alvarez have become BBID Board Directors in newly created Divisions XIII and IX, respectively. The former boundaries of WSID are now known as the West Side Service Area. All former WSID employees have become BBID staff.

“This is a great step forward that will keep our farmers in business,” said Jack Alvarez, former WSID Board President and new BBID Board Director. “We are stronger together, with a greater ability to manage costs and provide reliable water deliveries.”

The merger has been in the works since 2016, when both districts first voted to move forward and BBID began managing WSID operations. Landowners expressed their strong support at a public meeting held at the outset of the process. Last year, LAFCO adopted a final Municipal Service Review (MSR) and Sphere of Influence (SOI) prepared by both districts, which includes an extensive review of financial information, infrastructure, and services provided.

BBID previously merged with the Plain View Water District in 2004.

Byron-Bethany Irrigation District (BBID) is a multi-county special district serving parts of Alameda, Contra Costa, and San Joaquin Counties across 55 square miles and 36,000 acres. The district serves more than 215 agricultural customers and more than 20,000 residents of the Mountain House community.

Aptos La Selva, Central Fire Merger Gets Closer — TPG, Inc.

by See Below

By Jondi Gumz

A five-member governing board is proposed to oversee the new fire district resulting from the merger of the Aptos La Selva Fire Protection District and the Central Fire Protection District, which serves Capitola, Soquel and Live Oak.



The new board will have three members from Aptos LaSelva and two members from Central, with voters having their say in November 2022.

That is the biggest change, as the level of service, property assessments, employee contracts and retiree pension benefits are expected to stay the same.

The existing fire stations are expected to remain where they are, with the potential for remodeling.

The name will be Central Fire District, interim Aptos La Selva Fire Chief Don Jarvis said at a Sept. 30 tele-town hall hosted by county supervisors John Leopold and Zach Friend.

The two fire districts have seen benefits from working together operationally.



Aptos/LaSelva Fire House

“We’re stronger together,” said Jarvis, who grew up in Capitola, followed his father into the fire service and became interim chief this year.

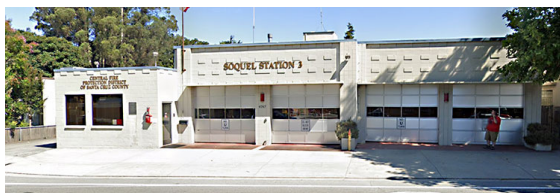
“We’re finding efficiencies through attritions and normal retirements,” said Central Fire Battalion Chief John Walbridge, who’s been with the district since 1991.

“Everyone agrees it’s a good concept and it’s a very hard thing to accomplish,” Jarvis said, noting a merger requires creating a new organization and new culture. “That’s why you don’t see it happen very often.”

Residents with questions can get them answered when presentations are made to the governing boards of the two fire districts.

The Aptos La Selva fire board will meet at 4 p.m. Thursday, Oct. 8. The agenda is at aptosfire.com. To listen to the meeting, which will take place remotely, call 1-646-749-3122 and enter Access Code 215496669 or connect online at global.gotomeeting.com/join/2159496669.

The Central fire board will meet at 2 p.m. Tuesday, Oct. 13. The agenda will be posted at centralfpd.com. To listen to the meeting, which will take place remotely, call 1-786-535-3211 and enter Access Code 310-053-061 or connect online at global.gotomeeting.com/join/310053061.



Jarvis recalled when he was growing up, there weren't fires in Santa Cruz.

That has changed with the August onslaught of the CZU Lightning Complex fires, which burned 86,500 acres in Santa Cruz County, destroying 925 single-family homes and businesses.

The answer, for Jarvis, is the Cal Fire-endorsed Ready Set Go program of defensible space and wildfire preparation.

"There's a huge demand," he said. "We don't have the staff to give the service that we want."

The merger will "eliminate redundant management and administrative positions to put more effort into these programs," he said.

One question answered during the tele-town hall was: Will the neighborhood fire stations in La Selva Beach, Rio Del Mar and Capitola Village be relocated?

"Moving a fire station is like moving a country — It's very hard to do," said Walbridge. "We might remodel."

He cited a recommendation to move the Soquel Village fire station out of the flood plan to a site a quarter-mile away, saying, "It's just a recommendation, there's no plan yet. We don't own that site."

Jarvis noted legislation carried by Assemblyman Mark Stone, D-Scotts Valley, allows firefighters to maintain the pension benefits they have today.

"If we were taking away benefits, there would be zero support," Jarvis said.

Another potential issue: Unfunded liabilities, with Central on the pay-as-you-go plan.

"There's no requirement you pay off immediately," Jarvis said. Each liability will be pooled and paid off over time."

As for fire taxes, "everyone will keep paying the same amount," Jarvis said.

Asked if a seven-person board was considered, Jarvis said Central Fire switched to a five-member board after finding a seven-member board unwieldy.

The consolidation proposal will be reviewed by the board of the Local Agency Formation Commission, known as LAFCO, which has a goal of efficient services.

LAFCO board members are: Leopold, Friend, Santa Cruz Mayor Justin Cummings, Watsonville City Council member Francisco Estrada, Rachel Lather, representing special districts, Jim Anderson, representing water, and Roger Anderson, chairman, who represents the public.

Joe Serrano, LAFCO's executive officer, will analyze the proposal and produce a report for the LAFCO board a week before the 9 a.m. Nov. 4 hearing date. The agenda will be posted at santacruzlafco.org.

If the LAFCO board approves the merger, then a 21-day protest period begins. If the number of protests is less than 25 percent of the new district, the approval stands. If the protests are more than 25 percent, then a vote of the people in the district follows. If the protests exceed 50 percent, then consolidation is terminated.

"We're looking at the first quarter of 2021 (for this) to take effect," Serrano said.

After Wildfires Stop Burning, a Danger in the Drinking Water

Max Horberry



More than seven miles of high-density polyethylene pipes were burned in a recent fire in the San Lorenzo Valley in California. (James Furtado/San Lorenzo Valley Water District via The New York Times)

Two months after a wildfire burned through Paradise, California, in 2018, Kevin Phillips, then a manager for the town's irrigation district, walked from one destroyed home to another.

Burned out cars, the occasional chimney and the melted skeletons of washers and dryers were the only recognizable shapes.

"You started to actually be shocked when you saw a standing structure," he said.

Phillips, now Paradise's town manager, was following the team taking samples from intact water meters connected to homes that were now reduced to gray ash. He knew from the Tubbs Fire in 2017 that toxic chemicals were very likely to be in the water distribution system: Rapid action would be needed to protect people returning to the community from the dangers of substances like benzene, which can cause nausea and vomiting in the short term, or even cancer over time.

- ADVERTISEMENT -

Wildfires, which turned skies a dim orange over cities from Seattle to Santa Cruz, California, this year, are increasingly engulfing people's homes, continuing to rage in California, Colorado, Oregon and Washington state in recent weeks. But even when homes don't burn, other dangers arise in the aftermath, and experts are focusing more attention on what happens to municipal water systems after a fire, when released toxic chemicals can get pulled into plumbing systems, and other damage can linger in pipes for years.

After the fire that destroyed Paradise, for example, tests reported in a new study showed benzene levels in drinking water at 2,217 parts per billion. The Tubbs Fire led to levels as high as 40,000 parts per billion. California health authorities say 1 part per billion is dangerous over the long term, and 26 parts per billion is dangerous for short-term exposure. And many other compounds that end up in water after a fire can also create health risks.

"It's hard enough having the pandemic restrictions," said Angela Aurelia, a resident of Bonita Creek in Santa Cruz.

County, whose home was partly damaged in August. “And then you have a wildfire, and you lose access to your home and then we can’t even go back home because the water isn’t likely safe to use.”

Phillips and some others who work to ensure that the water flowing into homes is safe say they are following guidelines that are not devised for this kind of disaster.

After a fire, water in houses and in the underlying pipes “can become contaminated with an array of volatile organic compounds and semivolatile organic compounds” at levels that exceed the regulatory limits set by the state of California as well as the federal Environmental Protection Agency, said Amisha Shah, a water quality engineer at Purdue University. “It’s very clear it needs to be addressed.”

Volatile organic compounds, such as benzene, naphthalene and methylene chloride, have a low boiling point and can be dispersed into the air easily. Semivolatiles, including chrysene and benzo(b)fluoranthene, have a higher boiling point but can be dispersed during, for example, a warm shower. Although not all of these compounds are harmful, some have been found to cause cancer in the long term.

Shah was a co-author of the study published in July by AWWA Water Science that summarized the lessons from the past few years. Analyzing sample data from the Tubbs Fire as well as the Camp Fire that destroyed Paradise, the researchers found some of those harmful chemicals caused by wildfires throughout the distribution system. Earlier concern had focused on ash runoff making its way into water sources, like reservoirs.

The researchers’ observations lined up with Phillips’ experience in Paradise two years ago.

“Over 50% of those service lines from burned structures had some detection of contamination,” he said.

But he noticed there was a randomness to it. Water in one house would be contaminated, while the neighboring system would be clear.

The state’s regulations appeared inadequate to deal with a post-wildfire situation, forcing Phillips and his team to effectively improvise their own standards.

“We did go over and above what maybe the water board would’ve required us to do,” he said.

Had they not, he said, it might have taken years, if not decades, to have clean drinking water again in the town.

How water moves through distribution systems, especially during a wildfire, is complex and needs more study. But Shah and the other researchers say that a loss in pressure, which occurs when fires damage pipes, turns the plumbing into a vacuum that sucks smoke and other toxic chemicals out of burning homes. Those substances then get circulated throughout a community’s water distribution system. It can even become worse, for example, when firefighters use a nearby hydrant, a necessary step that effectively encourages circulation.

In addition to toxic substances becoming more widely dispersed from those charred buildings, plastic piping common in California’s mountainous areas releases chemicals when heated, melted or burned. The study’s authors said such piping, even if it was not damaged, could absorb harmful chemicals passing through them that would leach into the water over a long period of time.

In San Lorenzo Valley, for example, 7.5 miles of high-density polyethylene pipes burned and were destroyed on Aug. 21. The aboveground pipes, which wound through a steep, heavily wooded mountain in Santa Cruz County, supplied water to more than 21,000 residents.

During the chaotic aftermath of a wildfire, members of water districts can feel overwhelmed and confused about the best course toward ruling a system safe to use again. While many local water districts and other water utilities test for volatiles, most are not looking for semivolatiles.

In the case of the San Lorenzo Valley pipes, regulators have been told to test only for the 80 or so compounds in the EPA’s volatile organic compounds screening, despite evidence that burning plastic pipes release some semivolatiles, too.

Advice for residents has also been inconsistent. While the state recommends “do not use” orders when there is “an unknown contaminant,” most utilities are being told to issue “do not drink, do not boil” orders to prevent ingestion. But scientists worry that even taking a shower or washing may not be safe if the water has high levels of the compounds. Some toxic chemicals can be inhaled when the water is aerosolized.

Rick Rogers, the district manager at San Lorenzo Valley Water District, said it was “following the state regulation to the letter.” They issued a “do not drink, do not boil” order but have not been told to issue a “do not use” order.

The district’s advisory issued Aug. 29 told residents that they could shower but should “limit shower time” and “ventilate the area well.” It also recommended that “the safest option is to use alternative water for showers.” In public meetings, residents expressed confusion over the orders. Subsequent tests have found benzene in the valley’s water supply.

Since 2014, California put the responsibility for water safety in the hands of the State Water Resources Control Board.

The regulations in place for local water utilities are designed for normal day-to-day activity. The board's recommended tests are aimed at finding routine contaminants. Because there is no rule book for a wildfire disaster, the regulations do not take into account all of the toxic substances that scientists are now recognizing as wildfire fallout.

In some cases, the state board has recommended tests that only look for benzene, which they consider to be a major flag for other contaminants.

"Benzene has been the leading indicator of contamination in every case where there have been combustion products that have gotten into the water system," said Stefan Cajina, of the board's division of drinking water.

He added that testing for semivolatile contaminants could be useful, "but in our experience they're not likely to be there unless benzene is also present."

Many scientists disagree with this assumption, and the data that Shah and her colleagues studied showed carcinogenic semivolatiles when there was no benzene present.

"There's enough information to be cautious," said Fernando Rosario-Ortiz, director of environmental engineering at the University of Colorado, Boulder, who did not work on the study. "It's definitely teaching water utilities that if you go through a case like Santa Rosa did, and the Paradise fire, that under those criteria you should definitely do some additional testing."

Prioritizing time and efficiency during an emergency, the state is advising water utilities to test for the substances that are most likely to be found. Cajina said testing for other chemicals, like the semivolatiles, might take more time and cost more.

"That type of testing might be more appropriate for long-term study than for immediate active fire response," he said.

But as Shah and colleagues report in their study, when fires burn homes and pipes, other potentially harmful chemicals have also been found later on. If contamination is not contained, it can quickly spread throughout the system.

"Time is of the essence in not allowing residential units, or any location where they would want to use water, to open up the tap and then expose themselves," she said.

Part of the problem is a lack of clear authority during a state of emergency, with the authority for water remaining spread out over various federal and state agencies.

"There is no water specific mission in the national response framework," said Kevin Morley, manager of federal relations at the American Water Works Association. With so many departments overseeing water during an emergency, it is difficult to ascertain clear authority, direction and support.

Other states are now looking to California's guidelines and regulations to inform how they tackle their wildfire water safety. An Oregon agency last month issued a guide for testing for volatile organic compounds that seems to replicate California's recommendations, copying some of the problems that scientists have warned about.

As wildfires worsen and grow increasingly common, experts like Shah are calling for clear federal or state guidelines that local water utilities can follow.

They recommend testing for a wide range of compounds, throughout entire water systems, and the need to issue "do not use" orders for residential water until results are available. Preemptive measures, like installing one-way valves at home water meters and shutting off water systems ahead of a fire's encroaching threat, could isolate contamination. San Lorenzo Valley Water District shut down part of its system, for example, which might have helped avoid some spread.

Phillips said that as wildfire dangers persisted, states and towns needed to be more "prepared for the unknown."

"You have to put the worst-case scenario into a stress test," he continued, "and then build a response around that."

This article originally appeared in [The New York Times](#).

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City of Santa Cruz to Approve \$5.3 Million in Budget Cuts

Jacob Pierce

The city of Santa Cruz is projecting the Covid-19 pandemic-related recession will last four years and that the [budget crisis](#) will continue for even longer than that.

It could be eight years before the city returns to normal, Santa Cruz Finance Director Kim Krause told reporters on a recent Zoom call. On Thursday evening, the Santa Cruz City Council is expected to adopt the revised budget for [the 2020-21 fiscal year](#), which is now under way, during a special meeting that begins at 6pm.

After the [pandemic](#) started, the city began dipping into its financial reserves. Those reserves are set aside in part in order to respond to emergencies, including ones that the city faced this year—as well as ones that may still be to come.

“We had a pandemic happen and then fires,” City Manager Martín Bernal said. “Anything can happen. We need to have reserves at all times.”

Krause said it could be six years before the city restores its reserves and an additional two years before the city is able to fully reverse the depth of its cuts.

Part of the budget crisis was structural, stemming from pension obligations, payroll and other costs that predated the Covid-19 pandemic.

The new revised budget—which includes \$5.3 million in cutbacks—comes after approval of a placeholder budget in July and meetings held by a three-councilmember Ad Hoc Budget Committee over the summer.

Earlier this year, the city of Santa Cruz furloughed its workforce, created an early retirement program, initiated a hiring freeze and cut back its department budgets. The total cuts that city staff are now bringing forward to the council include \$1.7 million to the Santa Cruz Police Department and \$1.1 million to the Parks and Recreation department. (Those departmental cuts include early retirements and position eliminations.)

The city is also shifting some economic development money into the general fund. City staff may schedule mid-year budget check-ins for December and February.

Additionally, Bernal said the city will look at placing a measure, like a sales tax initiative, before voters for a possible special election in 2021.

Some city councilmembers had been exploring the possibility of a new hotel tax for ballots in November of 2020. But after the pandemic decimated the local tourism industry, they ruled that out.



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Jacob, the news editor for *Good Times*, is an award-winning journalist, whose news interests include housing, water, transportation, and county politics. A onetime connoisseur of dive bars and taquerias, he has evolved into an aspiring health food nut. Favorite yoga pose: shavasana. Follow him [@pierceweekly](#).

NEWSCENTER

UCSC seeks clarity on water access

After many meetings and years focused on resolving the disagreement, involving the courts will not impact the strong, productive partnership the campus has with the city, particularly as it relates to water conservation.

October 13, 2020

By Scott Hernandez-Jason

UC Santa Cruz today asked a Santa Cruz County judge to settle a contractual dispute about access to water service to the entire residential Santa Cruz campus.

Following discussions to resolve the disagreement over the past several years, and as recently as August, leaders with UC Santa Cruz and the city of Santa Cruz have reached an impasse and agreed that the court needs to resolve the matter.

"I strongly believe that most disagreements can be worked out if people sit down and talk things through," Chancellor Cynthia Larive said. "Sometimes circumstances prevent people from reaching an agreement despite the best of intentions. In such cases, an outside opinion is helpful if not warranted.

UC Santa Cruz and the city have a strong and productive relationship and we both agree that it will continue, particularly through our shared commitment to water conservation."

The chancellor and the mayor of Santa Cruz issued a joint statement, stating both parties agree that asking for a judge to weigh in is the best path forward to resolve this dispute.

The UC Board of Regents and city leaders signed agreements in 1962 and 1965, which include commitments for water service. The city agreed—even before the campus was built—to provide the site—which has included at all times the property located in the northern regions of campus (North Campus) and the property immediately adjacent to campus located west and south of Empire Grade—with access to essential services including water.

In expanding access to higher education for California's residents, state leaders envisioned UC Santa Cruz to be a comprehensive research university that would eventually grow and educate thousands of students annually. Its 2,000-acre residential campus would be home to residential colleges, academic buildings, and other facilities. For nearly 40 years the city complied and honored these agreements with little or no dispute.

The disagreement is not about campus water usage, which the campus has significantly reduced over the past 15 years. UC Santa Cruz has a proven track record of carefully managing—and reducing—its water use. The campus is using less water than it did 25 years ago. In typical academic years, the campus only accounts for 6 percent of the demand in the Santa Cruz water district.

The campus's strategic water master plan, developed in 2007 and fully implemented in 2013, has enabled the campus to save approximately 30 million gallons annually. The campus continues to look for innovative ways to reduce water use and to reuse water, including updating its leak detection system.

Today's per capita use has declined 40 percent from a three-year average in 2003-2005. UC Santa Cruz continues to develop new ways of reducing its usage and reusing water.

The disagreement is about assurances by the city regarding water access. Under UC policy, campuses must have land-use plans—called Long Range Development Plans (LRDP)—to help leaders think about the ways in which the university may evolve. These plans designate certain areas of the campus as sites for possible housing communities, academic buildings, and other facilities and develop frameworks for potential transportation needs. The plan helps the campus meet the educational and research needs of its students, faculty and staff. Confirmed water access is critical to thoughtful and reasonable planning.

UCSC is simply asking for the city to confirm whether or not it intends to fulfill its original agreement with the University of California. Since campus and city leaders disagree on the meaning of these original agreements, they are asking the court to help us resolve the issue.

UC Santa Cruz has been an integral part of the Santa Cruz community for more than half a century. Learn more at ucsc.edu/better-together



Today's per capita water use has declined 40 percent from a three-year average in 2003-2005. UC Santa Cruz continues to develop new ways of reducing its usage and reusing water.

NEWSCENTER

Joint statement from chancellor and mayor on water access

October 13, 2020

Together we agree that a court ruling is the best route to settle the long-standing dispute the university and the city of Santa Cruz have regarding access to water service throughout the UC Santa Cruz campus.

This decision to involve the court does not signal a break in our strong and productive relationship. Instead, it demonstrates a shared desire to resolve this disagreement, allowing the university and the city to plan for the future.

UC Santa Cruz Chancellor Cynthia Larive

Santa Cruz Mayor Justin Cummings

Lawsuit: Water access at heart of UC Santa Cruz, city feud

[Murder investigation: 24-year-old Watsonville mother found dead in Santa Cruz](#)

October 16, 2020 at 6:00 am

SANTA CRUZ — Couched as an effort to “seek clarity,” UC Santa Cruz is taking its host city to court for allegedly failing to deliver on a decades-old promise of a sufficient water supply.

On the same day as the lawsuit headed to court, a joint statement signed by UCSC Chancellor Cynthia Larive and Santa Cruz Mayor Justin Cummings was posted to the university’s website and a news release was issued, both describing UCSC’s suit as a mutually agreed-upon step to settle an impasse in the long-brewing disagreement.

“This decision to involve the court does not signal a break in our strong and productive relationship,” the joint Larive-Cummings statement reads. “Instead, it demonstrates a shared desire to resolve this disagreement, allowing the university and the city to plan for the future.”

In the lawsuit, filed Tuesday in Santa Cruz County Superior Court, attorneys for the University of California Board of Regents and UCSC said the city’s commitment to providing the campus with water utilities was codified in contractual agreements in 1962 and 1965, but it was not until 2005 that a rift opened between the two over the issue. That was the last time, prior to a similar effort ongoing in recent years, that UCSC updated its state-required Long Range Development Plan and projected large enrollment growth.

A 2008 legal settlement agreement between the university, city and interested community activist groups ended years of litigation on several issues related to a combined graduate and undergraduate enrollment growth capped at 19,500 students, creating an uneasy truce destined to expire this year. As the university began work on its most recent long-range plan, with an additional total student enrollment growth to 28,000 projected by 2040, UCSC officials sought official reassurance from the city that a water supply sufficient for the campus growth into its “North Campus,” including land west and south of Empire Grade, would be available. Letters in 2017, 2019 and 2020 requesting a city commitment went unanswered directly, according to the lawsuit.

The debate, according to a university release, is not about the existing campus’ water demands. UCSC’s per capita use has declined 40% from a three-year average in 2003-2005, the release states.

Instead, the issue appears jurisdictional. Much of the North Campus falls just outside the city’s borders, in unincorporated Santa Cruz County. City leaders previously codified by resolution a requirement that the university and city obtain permission from the Santa Cruz Local Agency Formation Commission, which oversees jurisdictional boundary issues, prior to serving water to the campus outside its border. The university lawsuit asserts that the city had committed to providing a sufficient water supply “as may be necessary to provide for campus development” prior to 2001, excluding it from state code requirements related to Local Agency Formation Commission approval.

The city and university did undertake the process of receiving commission approval, receiving a [preliminary green light](#) for a smaller campus footprint expansion and required conservation offsets in 2011.

According to the lawsuit’s retelling of historic relations, Santa Cruz city and county leaders in the late 1950s and early 1960s campaigned heavily to woo the regents, competing as finalists with alternative locations in the South Bay. The city promised to provide the campus with roads and utilities, including water supply and lines extended to the campus’ borders, in two subsequent agreements.

Court documents for the university’s lawsuit against the city are available online at portal.santacruzcourt.org/portal with a “smart search” for case 20CVO2152.