



Santa Cruz Local Agency Formation Commission

Date: June 2, 2021
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **UCSC Long Range Development Plan – LAFCO Comment Letter**

SUMMARY OF RECOMMENDATION

The University of California, Santa Cruz (“UCSC”) continues to work on its new Long Range Development Plan for 2020-2040. Under this plan, UCSC has identified the City of Santa Cruz as the water and sewer service provider to the proposed development areas located within and outside the City limits. Pursuant to State law, LAFCO action is required before the City can provide municipal services to the unincorporated campus area. There is currently a lawsuit between the City and UCSC regarding the delivery of these services.

It is recommended that the Commission discuss and approve the proposed comment letter regarding the University’s Long Range Development Plan and the delivery of municipal services to the proposed development areas outside the City of Santa Cruz.

EXECUTIVE OFFICER’S REPORT:

A new Long Range Development Plan (“LRDP”) has been created by the University to help guide the physical development and land use within the campus boundary. The University is self-governing for planning, and the LRDP is equivalent to a general plan developed by a county or city. The proposed LRDP estimates that the campus population will reach 28,000 full-time students, with an additional 5,000 full-time faculty and staff in the foreseeable future. To accommodate the projected increase in campus population, the LRDP proposes to add 8,500 student housing beds, up to 550 employee housing units, and approximately 2.8 million assignable square feet (ASF) of academic and administrative building space.

Proposed Development Sites

The majority of the proposed developments are located within the City of Santa Cruz. However, LAFCO has identified five (5) development projects that are located outside the City’s jurisdictional and sphere boundaries, as shown in **Attachment 1**. Since the delivery of municipal services from a City to an unincorporated area is subject to LAFCO’s approval in accordance with the Cortese-Knox-Hertzberg Act, the Commission submitted a letter on February 3, 2021 as a responsible agency under the California Environmental Quality Act (see **Attachment 2**). This letter reiterated the statutory requirements and identified possible solutions for the University to consider as it moves forward with its LRDP.

Current Lawsuit

As previously discussed, the LRDP's development sites include areas that are outside the City's current jurisdictional and sphere boundaries and would therefore be subject to future LAFCO approval in order to receive municipal services. However, the University has brought a lawsuit against the City of Santa Cruz in an effort to secure water and sewer service to its proposed campus expansion without LAFCO action.

The University believes that the entire campus, existing and proposed, is entitled to water and sewer services from the City through a 1962 Contractual Agreement and subsequent 1965 Contractual Agreement (collectively, the "Contractual Agreements"). At present, the entire campus includes approximately 2,000 acres. 1,059.60 acres are within the City of Santa Cruz, and the remaining 979.96 acres are located in unincorporated county territory, as shown in the attached map. It is LAFCO staff's understanding that the City has been providing municipal services to the campus within the City limits as part of the Contractual Agreements.

Past Lawsuit (2006)

In a similar lawsuit filed by the University against the City in 2006, the University argued that the Contractual Agreements allowed the City to provide municipal services to the entire campus, irrespective of any future development outside City limits and without the need for LAFCO's approval. This position was challenged during the University's introduction of their 2005 LRDP. Ultimately, the Sixth District Court of Appeal affirmed that the University needed LAFCO's approval for services delivered outside the City.

As a result of the ruling and a settlement agreement reached by the parties ("Comprehensive Settlement Agreement"), the University submitted an application for an extraterritorial service agreement in October 2008 for proposed developments outside the City limits. The City also submitted an application for a concurrent sphere amendment during the same timeframe. Both applications remained inactive for over a decade. The Commission officially terminated both applications in September 2020 due to inactivity and lack of progress from the applicants.

Additional LAFCO Comment Letter

LAFCO staff understands that the Comprehensive Settlement Agreement was reached with respect to the 2005 LRDP. However, the fundamental issue about LAFCO's approval for services delivered outside an agency's jurisdictional limits is still the primary matter. The issue is not whether the University is subject to LAFCO law, but the fact that the City is subject to LAFCO's approval process should it choose to provide services to an area currently outside its limits. State law is clear that an agency (city or district) must get LAFCO approval to service an area outside its jurisdiction – whether it is a single landowner, a community with multiple parcels, a business, or in this case, the University of California.

Based on this ongoing discussion and current lawsuit, staff believes that it may be beneficial for this Commission to consider sending an additional letter indicating LAFCO's position on two areas: (1) our position on being included in the lawsuit, and (2) the clarification that LAFCO's approval is needed for the extension of services outside the

City limits of Santa Cruz. This letter will also illustrate LAFCO's statutory obligations towards a potential annexation or an extraterritorial service agreement should the City or University submit an application for LAFCO action.

Conclusion

The City of Santa Cruz may extend its services by either annexing the area or receiving an extraterritorial service agreement with the condition that the areas be annexed at a later date. LAFCO staff's preliminary analysis determines that the five (5) development projects outside the City of Santa Cruz under the 2020 LRDP may not pose major issues in accordance with the Cortese-Knox-Hertzberg Act, and therefore, LAFCO approval towards annexation and/or an extraterritorial service agreement seems possible should the City desire to provide such services to the University. That being said, a thorough evaluation is needed before LAFCO staff can produce any official recommendation. This type of analysis is conducted once an application is submitted. In the interim, LAFCO staff is recommending that the Commission discuss and approve the attached letter for distribution (refer to **Attachment 3**).

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. [Vicinity Map](#)
2. [LAFCO Comment Letter regarding Draft EIR \(dated February 3, 2021\)](#)
3. [LAFCO Comment Letter regarding current lawsuit \(draft version\)](#)

cc: Donna Meyers, Mayor, City of Santa Cruz
Cynthia K. Larive, Chancellor, UCSC