



**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, May 4, 2022 at 9:00am

(Meeting will be conducted using Zoom Webinar)

Attend Meeting by Internet: <https://us02web.zoom.us/j/84733692745>
(Password 257512)

Attend Meeting by Conference Call: **Dial 1-669-900-6833 or 1-253-215-8782**
(Webinar ID: 847 3369 2745)

TELECONFERENCE MEETING PROCESS

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

- a) Commission Quorum: Assembly Bill 361 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 LAFCO staff. Email comments must be submitted to LAFCO staff at info@santacruzlafco.org. Comments on matters not on the agenda may be submitted prior to the time the Chair calls for Oral Communications. Comments on agenda items may 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 may 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 staff 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.

a. Virtual Meeting Process

The Commission will receive an update on the ongoing remote meeting process.

Recommended Action: No action required; Informational item only.

b. Request for Proposal – Time Extension

The Commission will receive an update on the search to hire a consulting firm to produce a feasibility study involving the fire agencies in Santa Cruz County.

Recommended Action: No action required; Informational item only.

c. City Selection Committee – Appointment Results

The Commission will receive an update on the recent appointment of the regular and alternate city representative on LAFCO.

Recommended Action: No action required; Informational item only.

3. ADOPTION OF MINUTES

The Commission will consider approving the minutes from the April 6, 2022 Regular LAFCO Meeting.

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

4. ORAL COMMUNICATIONS

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

5. PUBLIC HEARINGS

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

a. City of Capitola Service & Sphere Review

The Commission will consider the adoption of a service and sphere of influence review for the City of Capitola.

Recommended Actions:

- 1) Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO 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, that LAFCO is required to develop and determine a sphere of influence for the City of Capitola, and review and update, as necessary;
- 3) Determine, pursuant to Government Code Section 56430, that LAFCO 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 LAFCO Resolution (No. 2022-06) approving the 2022 Service and Sphere of Influence Review for the City of Capitola with the following conditions:
 - a. Reaffirm the City's current sphere of influence with the condition that the City develop an annexation plan before the next service review cycle (May 2027); and
 - b. Direct the Executive Officer to distribute a copy of this adopted service and sphere review to the City of Capitola and any other interested or affected agency identified in the service review.

6. OTHER BUSINESS

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

a. Continuation of Remote Meetings

The Commission will consider ratifying a resolution to permit the continuation of remote meetings under AB 361.

Recommended Action: Ratify the existing resolution (No. 2021-19) approving the continuation of remote meetings under AB 361.

b. Comprehensive Quarterly Report – Third Quarter (FY 2021-22)

The Commission will receive an update on active proposals, upcoming service reviews, budgetary performance, and other staff activities.

Recommended Action: No action required; Informational item only.

7. SPECIAL BUSINESS

This is an opportunity for the Commission and members of the public to receive special presentations regarding LAFCO-related matters. These presentations may or may not require Commission action.

a. Resolution of Appreciation for Commissioner Justin Cummings

The Commission will consider the adoption of a resolution for Commissioner Cummings' four-years of service on LAFCO.

Recommended Action: Adopt LAFCO Resolution (No. 2022-07) acknowledging Commissioner Cummings' leadership on LAFCO.

8. 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.

9. 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 Months of March and April

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.

10. 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.

11. ADJOURNMENT

LAFCO's next regular meeting is scheduled for Wednesday, June 1, 2022 at 9:00 a.m.

ADDITIONAL NOTICES:

Campaign Contributions

State law (Government Code Section 84308) requires that a LAFCO Commissioner disqualify themselves 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 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 Local Agency Formation Commission of Santa Cruz County 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 staff at the LAFCO office or in the meeting room before or after the meeting.



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

DRAFT MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, April 6, 2022

Start Time - 9:02 a.m.

1. ROLL CALL

Chair Rachél Lather called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:02 a.m. and welcomed everyone in attendance. She asked staff to conduct roll call.

The following Commissioners were present:

- Chair Rachél Lather
- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Ryan Coonerty
- Commissioner Justin Cummings
- Commissioner Francisco Estrada
- Commissioner Zach Friend (arrived at 9:05 a.m.)
- Alternate Commissioner Ed Banks
- Alternate Commissioner John Hunt

The following LAFCO staff members were present:

- Executive Officer Joe Serrano
- Legal Counsel, Joshua Nelson

2. EXECUTIVE OFFICER'S MESSAGE

2a. Virtual meeting Process

Executive Officer Joe Serrano announced that the Commission Meeting is being conducted virtually through the Zoom Webinar platform and participation by Commissioners and staff are from remote locations. Members of the public will have access to the meeting by phone or online. Mr. Serrano anticipates conducting the next LAFCO meetings remotely in accordance with the Governor's Executive Orders and the newly enacted law under Assembly Bill 361, which allows local agencies to conduct virtual meetings during a State of Emergency.

3. ADOPTION OF MINUTES

Chair Rachél Lather requested public comments on the draft minutes. **Executive Officer Joe Serrano** noted no public comments were received. **Chair Rachél Lather** closed public comments.

Chair Rachél Lather called for the approval of the draft minutes. **Commissioner Jim Anderson** motioned for approval of the March 2nd Meeting Minutes and **Commissioner Justin Cummings** seconded the motion.

Chair Rachél Lather called for a roll call vote on the approval of the draft minutes with no changes. **Executive Officer Joe Serrano** conducted a roll call vote on the item.

MOTION: Jim Anderson
SECOND: Justin Cummings
FOR: Jim Anderson, Roger Anderson, Ryan Coonerty, Justin Cummings, Francisco Estrada, and Rachél Lather.
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0

4. ORAL COMMUNICATIONS

Chair Rachél Lather requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

Becky Steinbruner, member of the public, noted that she provided an email to LAFCO about her support for a prescribed burn training center within the Branciforte community. Ms. Steinbruner noted that the Branciforte Fire Protection District's fire station could be used as the training center. **Executive Officer Joe Serrano** thanked Ms. Steinbruner and confirmed that her email was uploaded on LAFCO's website and will be addressed later in the meeting.

Chair Rachél Lather noted no further requests and moved on to the next agenda item.

5. PUBLIC HEARINGS

Chair Rachél Lather noted that there was one public hearing item for Commission consideration today.

5a. Draft Budget for Fiscal Year 2022-23

Chair Rachél Lather requested staff to provide a presentation on the draft budget for the upcoming year.

Executive Officer Joe Serrano informed the Commission that State law requires LAFCOs to adopt a draft budget by May and a final budget by June of each year. The draft budget for Fiscal Year 2022-23 totals \$651,550, which represents an increase of 2% from the current budget (FY 2021-22 = \$641,850). LAFCO's primary source of revenue is the allocations from the County, the four cities, and the 21 independent special districts.

The total allocation amount of \$419,265 represents a 5% increase from the current budget and the first increase in three years. LAFCO staff recommends approval of the draft budget for Fiscal Year 2022-23.

Chair Rachél Lather requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

Becky Steinbruner, member of the public, asked which budgetary line item addresses the outside consultants hired by the Commission, including Best, Best & Krieger as LAFCO's legal counsel and Fire Reorganization Consulting, LLC as LAFCO's fire consultant. **Executive Officer Joe Serrano** explained that legal services are paid under the budget line item titled "Attorney" and consulting services are paid under the budget line item titled "Professional Services."

Chair Rachél Lather noted no further requests and closed public comments.

Chair Rachél Lather called for Commission comments on the draft budget.

Commissioner John Hunt wanted clarification that the expenses from the website consultant (Chase Designs) are also paid under the Professional Services budget line item. **Executive Officer Joe Serrano** confirmed that the website consultant will be paid from that line item but also clarified that their services will be covered under the current budget (FY 2021-22) because the website revamp will be completed by June 2022.

Commissioner Jim Anderson asked how the allocations are calculated for the special districts. **Executive Officer Joe Serrano** noted that the allocations are based on each district's total revenues as a percentage of the combined total district revenues within a county. This information is extracted by the most recent edition of the "Special Districts Annual Report" published by the State Controller. Mr. Serrano notes that the County Auditor-Controller's Office helps LAFCO calculate the allocation breakdown.

Commissioner Roger Anderson requested that certain budget line items include additional breakdown costs, specifically the pension and insurance expenses. Mr. Anderson also requested that the three-year projections be based on historical trends rather than a flat increase for all budget line items based on the consumer price index. **Executive Officer Joe Serrano** noted that the requested information will be implemented in the final budget for FY 2022-23 and future budgets.

Commissioner Zach Friend thanked his fellow Commissioners for the discussion and motioned to approve staff's recommendation. **Commissioner Justin Cummings** seconded the motion.

Chair Rachél Lather noted no further Commission discussion and called for a roll call vote on motion based on staff's recommendation: **Adopt the resolution (LAFCO No. 2022-04) approving the draft budget for Fiscal Year 2022-23 with the following conditions: (a) Direct staff to distribute the draft budget for review and comment to the funding agencies, and (b) Direct staff to schedule a public hearing, pursuant to Government Code Section 56381, for consideration and adoption of a final budget for Fiscal Year 2022-23 at the June 1, 2022 Regular LAFCO Meeting.**

Executive Officer Joe Serrano conducted a roll call vote on the item.

MOTION: Zach Friend

SECOND: Justin Cummings

FOR: Jim Anderson, Roger Anderson, Ryan Coonerty, Justin Cummings, Francisco Estrada, Zach Friend, and Rachél Lather.

AGAINST: None

ABSTAIN: None

MOTION PASSED: 7-0

6. OTHER BUSINESS

Chair Rachél Lather indicated that there are five business items for Commission consideration.

6a. Continuation of Remote Meetings

Chair Rachél Lather requested staff to provide a presentation on the requirements to continue remote meetings under Assembly Bill 361.

Executive Officer Joe Serrano noted that the Commission adopted a resolution in November 2021 to continue remote meetings in accordance with the guidelines under AB 361, which acts as a temporary waiver of the Brown Act's in-person attendance requirements. Mr. Serrano explained that in order to continue to qualify for AB 361's waiver of in-person meeting requirements, the Commission is required to renew the findings outlined in the resolution adopted back in November. He indicated that while local and state mask mandates have been relaxed, California is still under a State of Emergency. He noted that the Commission can continue remote meetings under AB 361 or revert back to in-person meetings.

Chair Rachél Lather requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

Becky Steinbruner, member of the public, encouraged the Commission to consider conducting hybrid meetings which would allow the public an option to attend LAFCO meetings in-person or remotely.

Chair Rachél Lather noted no further requests and closed public comments.

Chair Rachél Lather called for Commission comments on the remote meeting requirements.

Commissioner Justin Cummings asked how much it would cost to implement a hybrid approach for future LAFCO meetings during the State of Emergency. **Executive Officer Joe Serrano** noted that he has been in discussion with the County to see if LAFCO could use their equipment to conduct hybrid meetings. It is unknown how much it would cost or if LAFCO staff has capacity to implement this alternative model.

Commissioner Zach Friend motioned to continue remote meetings under AB 361 with the condition that staff provide additional information about the hybrid approach during the next Commission meeting. **Commissioner Justin Cummings** seconded the motion.

Chair Rachél Lather noted no further Commission discussion and called for a roll call vote on motion based on staff's recommendation: **Ratify the existing resolution (No. 2021-19) approving the continuation of remote meetings under AB 361 with the condition that staff provide additional information about implementing a hybrid meeting model.**

Executive Officer Joe Serrano conducted a roll call vote on the item.

MOTION: Zach Friend

SECOND: Justin Cummings

FOR: Jim Anderson, Roger Anderson, Ryan Coonerty, Justin Cummings, Francisco Estrada, Zach Friend, and Rachél Lather.

AGAINST: None

ABSTAIN: None

MOTION PASSED: 7-0

6b. "Opal Cliffs Recreation District Reorganization" – Protest Results

Chair Rachél Lather requested staff to provide a presentation on protest proceeding held for the residents living within the Opal Cliffs community.

Executive Officer Joe Serrano reported that one of the final steps in the reorganization process was to complete the protest period. This 21-day protest proceeding allowed residents within the Opal Cliffs community to voice their opposition by submitted petitions. The final day to submit petitions was Thursday, March 31 which was the same day as the protest hearing. The hearing was the final opportunity for residents to voice their concerns and submit their petition of opposition. At the hearing, there were no petitions submitted. In total, LAFCO received zero petitions during the protest period. Mr. Serrano noted that this reflected the thorough and transparent process implemented by the Commission.

Chair Rachél Lather requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

Becky Steinbruner, member of the public, thanked LAFCO for championing this effort and confirmed that the park and recreational service responsibility will now be under the County Parks Department.

Executive Officer Joe Serrano indicated that there were no further requests to address the Commission. **Chair Rachél Lather** closed public comments and opened the floor for Commission discussion.

Commissioner Roger Anderson motioned to approve staff's recommendation. **Commissioner Ryan Coonerty** seconded the motion.

Chair Rachél Lather noted no further Commission discussion and called for a roll call vote on motion based on staff's recommendation: **Adopt the draft minutes from the March 31, 2022 Protest Hearing and the draft resolution (No. 2022-05) certifying the protest period results.**

Executive Officer Joe Serrano conducted a roll call vote on the item.

MOTION: Roger Anderson
SECOND: Ryan Coonerty
FOR: Jim Anderson, Roger Anderson, Ryan Coonerty, Justin Cummings, Francisco Estrada, Zach Friend, and Rachél Lather.
AGAINST: None
ABSTAIN: None

MOTION PASSED: 7-0

6c. Legislative Update

Chair Rachél Lather requested staff to provide a presentation on the latest news regarding this year's legislative session.

Executive Officer Joe Serrano explained that there is 24 LAFCO-related bills currently in circulation. Mr. Serrano notes that of those 24 bills, staff is closely monitoring three bills: Assembly Bill 2957, Senate Bill 938, and Senate Bill 969. He summarized that Assembly Bill 2957 is the annual omnibus bill that addresses minor edits to the Cortese-Knox-Hertzberg Act, Senate Bill 938 proposes to match the protest threshold for LAFCO-initiated dissolution with other boundary changes, and Senate Bill 969 is a follow-up to Senate Bill 418 which created the Pajaro Valley Health Care District. He explained that Senate Bill 969 proposes to address the recommendations made by CALAFCO, Monterey LAFCO, and Santa Cruz LAFCO. Staff recommended that the Commission adopt "Support" positions for these bills.

Chair Rachél Lather requested public comments on this item. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission. **Chair Rachél Lather** closed public comments and opened the floor for Commission discussion.

Commissioner Roger Anderson asked if there were more information on the three validation bills that are identified in CALAFCO's tracking log. **Executive Officer Joe Serrano** noted that he did not have any additional information to provide the Commission at this time.

Commissioner Roger Anderson motioned to approve staff's recommendation. **Commissioner Jim Anderson** seconded the motion.

Chair Rachél Lather noted no further Commission discussion and called for a roll call vote on motion based on staff's recommendation: **Take a "Support" position on AB 2957, SB 938, and SB 969 and direct the Executive Officer to submit a letter to each of the bills' authors declaring the Commission's position.**

Executive Officer Joe Serrano conducted a roll call vote on the item.

MOTION: Roger Anderson
SECOND: Jim Anderson
FOR: Jim Anderson, Roger Anderson, Ryan Coonerty, Justin Cummings, Francisco Estrada, Zach Friend, and Rachél Lather.
AGAINST: None
ABSTAIN: None

MOTION PASSED: 7-0

6d. List of Extraterritorial Service Agreements – Status Update

Chair Rachél Lather requested staff to provide a presentation on current list of active extraterritorial service agreements in Santa Cruz County.

Executive Officer Joe Serrano informed the Commission that there is currently 42 active extraterritorial service agreements involving eight local agencies. Mr. Serrano noted that a comprehensive review of each agreement was presented to the Commission in September 2021 in which the Commission directed staff to coordinate with the affected local agencies and request them to provide annexation plans by March 31, 2022. He indicated that most of the affected agencies expressed interest in annexation. Staff will continue to coordinate with these agencies to resolve any concerns and move the annexation discussions forward.

Chair Rachél Lather requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

Becky Steinbruner, member of the public, confirmed that none of the City of Santa Cruz's extraterritorial service agreements involve the University.

Executive Officer Joe Serrano indicated that there were no further requests to address the Commission. **Chair Rachél Lather** closed public comments and opened the floor for Commission discussion.

Commissioner Jim Anderson inquired whether past extraterritorial service agreements included language to annex the subject territory after a certain amount of time. **Executive Officer Joe Serrano** noted that past approvals did not include such language but since 2019 the Commission has been including annexation language in approved extraterritorial service agreements.

Chair Rachél Lather noted no further Commission discussion and moved to the next item since no Commission action was required.

6e. Branciforte Fire Protection District – Status Update

Chair Rachél Lather requested staff to provide a presentation on latest news regarding the Branciforte Fire Protection District.

Executive Officer Joe Serrano indicated that the Branciforte Fire Protection District ("BFPD") has made a lot of accomplishment in the last month. Mr. Serrano noted that the District adopted a resolution to initiate a reorganization, adopted a Pre-Reorganization Agreement, and officially submitted an application to begin the reorganization process. He also acknowledged that the District's Board Chair, Pat O'Connell, is in attendance.

Chair Rachél Lather requested public comments on this item. **Executive Officer Joe Serrano** indicated that there were two request to address the Commission.

Pat O'Connell, BFPD Board Chair, reaffirmed that the District has made a lot of progress in a short amount of time. Mr. O'Connell indicated that the District continues to focus on keeping the fire station open and is working with LAFCO and Scotts Valley FPD to conduct a benefit assessment study to properly fund the fire station. He asked if LAFCO was aware of an upcoming townhall meeting being hosted by Supervisor Manu Koenig.

Executive Officer Joe Serrano noted that he was aware of the upcoming townhall meeting but it is unknown whether the meeting agenda will include discussion about BFPD's ongoing efforts. Mr. Serrano indicated that he would share any additional information to Mr. O'Connell once obtained.

Becky Steinbruner, member of the public, encouraged BFPD to consider converting the fire station as a prescribed fire burn training center. Ms. Steinbruner also asked how LAFCO's fire consultant will assist on the reorganization effort. **Executive Officer Joe Serrano** noted that the fire consultant has been instrumental in helping BFPD update their policies, crafting the draft request for proposal for BFPD's search for a firm to produce a benefit assessment study, and providing guidance BFPD's interim fire chief on how to properly operate a fire district. Mr. Serrano also mentioned that it is premature to identify BFPD's fire station as a prescribed fire burn training center without the District's support and evaluation. He explained that it is ultimately up to the District to consider, analyze, and implement any program.

Chris Norton, member of the public, provided an overview of the "North Sonoma Model" which focused on prescribed burns.

Executive Officer Joe Serrano indicated that there were no further requests to address the Commission. **Chair Rachél Lather** closed public comments and opened the floor for Commission discussion.

Commissioner Justin Cummings asked what else is LAFCO staff doing to reassess how fire protection services are provided in other areas in Santa Cruz County. **Executive Officer Joe Serrano** noted that staff is currently searching for a consulting firm to produce a feasibility study. Mr. Serrano explained that this study would focus on the financial impact of fire districts annexing more land as well as the financial impact of County Service Area 48 as those annexing lands are detached from their jurisdiction. He stated that the goal of the study is to successfully transition fire service responsibilities from the County to the independent fire districts.

Chair Rachél Lather noted no further Commission discussion and moved to the next item since no Commission action was required.

7. WRITTEN CORRESPONDENCE

Chair Rachél Lather inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** reminded the Commission that LAFCO received one written correspondence but that it has already been addressed during Agenda Item No. 6e (Branciforte Fire Protection District – Status Update). **Chair Rachél Lather** moved to the next item since no Commission action was required.

8. PRESS ARTICLES

Chair Rachél Lather requested staff to provide a presentation on the press articles. **Executive Officer Joe Serrano** indicated that this item highlights LAFCO-related articles recently circulated in local newspapers.

Commissioner Roger Anderson asked for more information about the issues facing Monterey LAFCO and their recent denial of an application. **Executive Officer Joe Serrano** noted that a water district submitted an application to activate its latent powers and annex territory to provide water services instead of the current private water company. This action is based on a ballot measure approved by the affected residents. However, even though Monterey LAFCO staff recommended approval, the Commission decided to vote against the proposal. This action has triggered backlash from the water district and the affected residents.

Chair Rachél Lather requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

Becky Steinbruner, member of the public, asked if there is a conflict with Commissioners participating in an ad-hoc committee meeting given the issues with Monterey LAFCO. **Executive Officer Joe Serrano** clarified that there is no conflict with Commissioners participating in ad-hoc committee meetings and staff ensures that the Commission's input on any LAFCO-related project is within the statutory guidelines under state law and the Commission's adopted policies.

Executive Officer Joe Serrano indicated that there were no further requests to address the Commission. **Chair Rachél Lather** closed public comments and opened the floor for Commission discussion.

Chair Rachél Lather moved to the next item since no Commission action was required.

9. COMMISSIONERS' BUSINESS

Chair Rachél Lather inquired whether any Commissioner would like to share any information. **Commissioner Francisco Estrada** invited everyone to the City of Watsonville's upcoming "Nerdville" event which is a family-friendly comic, art, fantasy, and collectibles convention.

Chair Rachél Lather moved to the next item since no Commission action was required.

10. ADJOURNMENT

Chair Rachél Lather adjourned the Regular Commission Meeting at 10:33 a.m. to the next regular LAFCO meeting scheduled for Wednesday, May 4, 2022 at 9:00 a.m.

RACHÉL LATHER, CHAIRPERSON

Attest:

JOE A. SERRANO, EXECUTIVE OFFICER



Date: May 4, 2022
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Service and Sphere Review for the City of Capitola**

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 City of Capitola ("City") and scheduled a public hearing.

It is recommended that the Commission take the following actions:

1. Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO 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, that LAFCO is required to develop and determine a sphere of influence for the City of Capitola, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, that LAFCO 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 LAFCO Resolution (No. 2022-06) approving the 2022 Service and Sphere of Influence Review for the City of Capitola with the following conditions:
 - a. Reaffirm the City's current sphere of influence with the condition that the City develop an annexation plan before the next service review cycle (May 2027); and
 - b. Direct the Executive Officer to distribute a copy of this adopted service and sphere review to the City of Capitola and any other interested or affected agency identified in the service review.

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 the City of Capitola (refer to **Attachment 1**). Key findings and recommendations are presented in the *Executive Summary* of the attached report. The service and sphere review also includes an analysis of the City's ongoing operations, current financial performance, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The attached report concludes with determinations required by State law. This staff report summarizes the service and sphere 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 and sphere review for the City 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 City provides multiple services to an estimated 10,000 constituents.

Capitola provides various types of public services, including police protection, street, park and facilities maintenance, and recreation to the community. Fire protection, water, and sewer services are provided by independent special districts in the area. In 2020, the City's population was estimated to be 10,194. LAFCO staff projects that the City's population will reach 10,809 by 2040.

2. The City is financially stable.

Capitola's financial performance has experienced a surplus in five of the last six years. With the exception of FY 2019-20, audited financial statements from 2015 to 2021 indicate that the City's annual surplus ranged from \$118,000 to \$5 million. As of June 30, 2021, the City was operating with a net position of approximately \$33 million.

3. The City's website needs to be updated.

Capitola's website has an assortment of useful information; however, many webpages are outdated, have broken links, or no longer in use. Governmental transparency is more prevalent now than ever before. The City should regularly maintain and update its website. It may be beneficial for the City to develop a plan to keep its website up-to-date and also consider addressing certain outdated webpages.

4. The City should consider adopting a new five-year capital improvement plan.

The City prepared a five-year capital improvement plan (CIP) back in 2014. This plan identified projects between FY 2014-15 to FY 2018-19 that would repair or improve various areas in Capitola, including but not limited to existing roads, parks, and recreational facilities. The plan also identified the funding source for each project. However, LAFCO's analysis determined that a new five-year CIP plan has not been adopted. Additionally, the projects identified in the City's website are not as organized when compared with the previous CIP plan. It may be beneficial for the City to adopt a new five-year CIP plan or implement some other transparent method to keep the residents aware of future projects and their associated timeframe, location, and cost.

5. The City's sphere of influence is larger than its jurisdictional boundary.

Capitola's original sphere boundary was established on June 18, 1975. At present, the current sphere goes beyond City limits and includes 2,200 parcels totaling 622 acres. The last sphere update occurred in August 2017. The City should develop a plan to determine when these areas should be annexed into Capitola. If no plan is submitted prior to their next service review cycle, then the Commission should consider reducing the sphere boundary to better reflect the City's future growth. LAFCO staff is not recommending any changes to its existing sphere at this time.

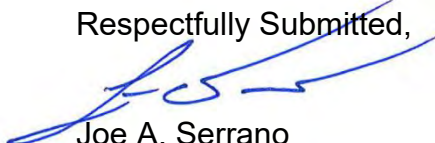
Environmental Review

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 April 13.

Agency Coordination and Public Notice

A hearing notice for this draft service review was published in the April 12th issue of the Santa Cruz Sentinel (**Attachment 3**). The draft service and sphere review is attached to this staff report. An administrative draft of the report was also shared with Jamie Goldstein, Capitola's City Manager. This allowed the City an opportunity to review LAFCO staff's findings and provide corrections and/or feedback before the report was finalized. The assistance of Mr. Goldstein and his staff in completing this service review was greatly appreciated. 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. 2022-06

cc: Jamie Goldstein, Capitola City Manager

City of Capitola

Service and Sphere of Influence Review



Administrative Version (May 4, 2022)

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 City of Capitola (“City”). This 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 City’s last service review was adopted on August 2, 2017.

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 these 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 City’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]).

City Overview

The City of Capitola was incorporated in 1949 and operates as a general law city pursuant to the laws of the State of California. Capitola’s city limits encompasses approximately two square miles and has a population estimated at 10,000. An overview map, depicting the current jurisdictional and sphere boundaries, is shown as **Figure 1** on page 5. The City provides an array of services, including but not limited to, parks and recreation, law enforcement, public works, and land use. A full review of all services are covered within this report.

Sphere of Influence

Santa Cruz LAFCO adopted the City’s first sphere of influence on June 18, 1975. The current sphere includes areas outside the City’s jurisdictional boundary. The last sphere update in August 2017 reaffirmed the existing sphere boundary. LAFCO staff is recommending that the sphere boundary be reaffirmed once again with the condition that the City develop an annexation plan by or before their next round of service reviews (May 2027), as shown in **Figure 7** on page 21.

Key Findings

The following are key findings of the 2022 Service and Sphere of Influence Review for the City of Capitola:

1. The City provides multiple services to an estimated 10,000 constituents.

Capitola provides various types of public services, including police protection, street, park and facilities maintenance, and recreation to the community. Fire protection, water, and sewer services are provided by independent special districts in the area. In 2020, the City's population was estimated to be 10,194. LAFCO staff projects that the City's population will reach 10,809 by 2040.

2. The City is financially stable.

Capitola's financial performance has experienced a surplus in five of the last six years. With the exception of FY 2019-20, audited financial statements from 2015 to 2021 indicate that the City's annual surplus ranged from \$118,000 to \$5 million. As of June 30, 2021, the City was operating with a net position of approximately \$33 million.

3. The City's website needs to be updated.

Capitola's website has an assortment of useful information; however, many webpages are outdated, have broken links, or no longer in use. Governmental transparency is more prevalent now than ever before. The City should regularly maintain and update its website. It may be beneficial for the City to develop a plan to keep its website up-to-date and also consider addressing certain outdated webpages.

4. The City should consider adopting a new five-year capital improvement plan.

The City prepared a five-year capital improvement plan (CIP) back in 2014. This plan identified projects between FY 2014-15 to FY 2018-19 that would repair or improve various areas in Capitola, including but not limited to existing roads, parks, and recreational facilities. The plan also identified the funding source for each project. However, LAFCO's analysis determined that a new five-year CIP plan has not been adopted. Additionally, the projects identified in the City's website are not as organized when compared with the previous CIP plan. It may be beneficial for the City to adopt a new five-year CIP plan or implement some other transparent method to keep the residents aware of future projects and their associated timeframe, location, and cost.

5. The City's sphere of influence is larger than its jurisdictional boundary.

Capitola's original sphere boundary was established on June 18, 1975. At present, the current sphere goes beyond City limits and includes 2,200 parcels totaling 622 acres. The last sphere update occurred in August 2017. The City should develop a plan to determine when these areas should be annexed into Capitola. If no plan is submitted prior to their next service review cycle, then the Commission should consider reducing the sphere boundary to better reflect the City's future growth. LAFCO staff is not recommending any changes to its existing sphere at this time.

Recommended Actions

Based on the analysis and findings in the 2022 Service and Sphere of Influence Review for the City of Capitola, the Executive Officer recommends that the Commission:

1. Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that 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, that LAFCO is required to develop and determine a sphere of influence for the City of Capitola, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, that LAFCO 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 LAFCO Resolution (No. 2022-06) approving the 2022 Service and Sphere of Influence Review for the City of Capitola with the following conditions:
 - a. Reaffirm the City's current sphere of influence with the condition that the City develop an annexation plan before the next service review cycle (May 2027); and
 - b. Direct the Executive Officer to distribute a copy of this adopted service and sphere review to the City of Capitola and any other interested or affected agency identified in the service review.

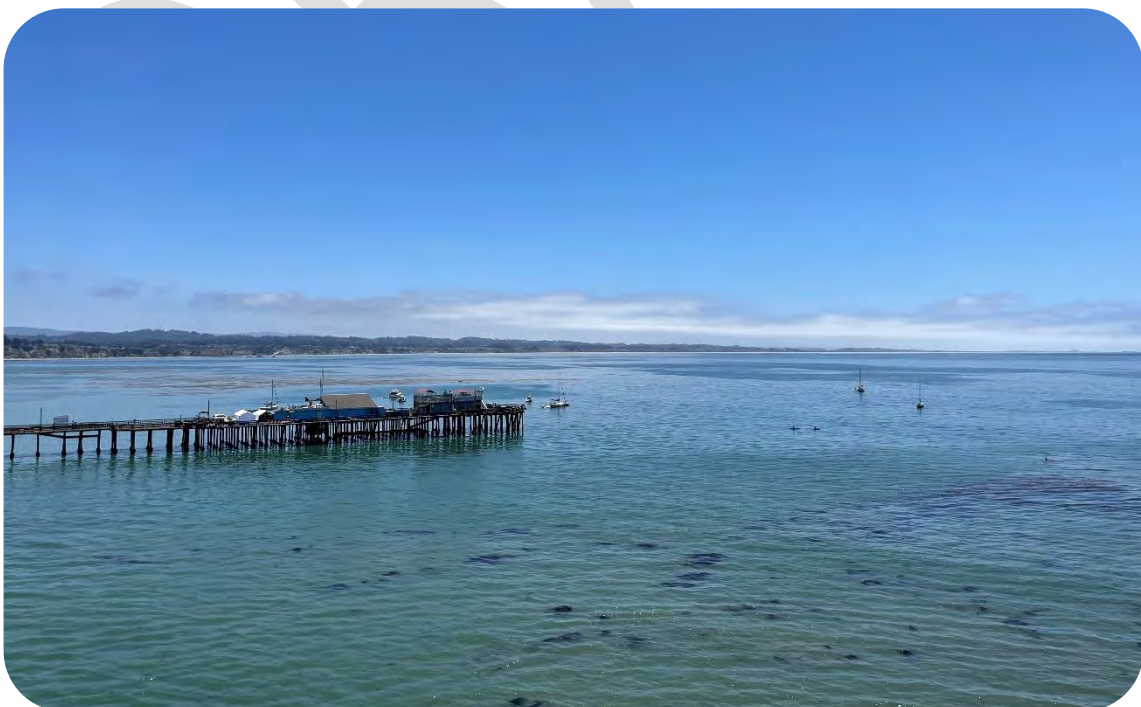
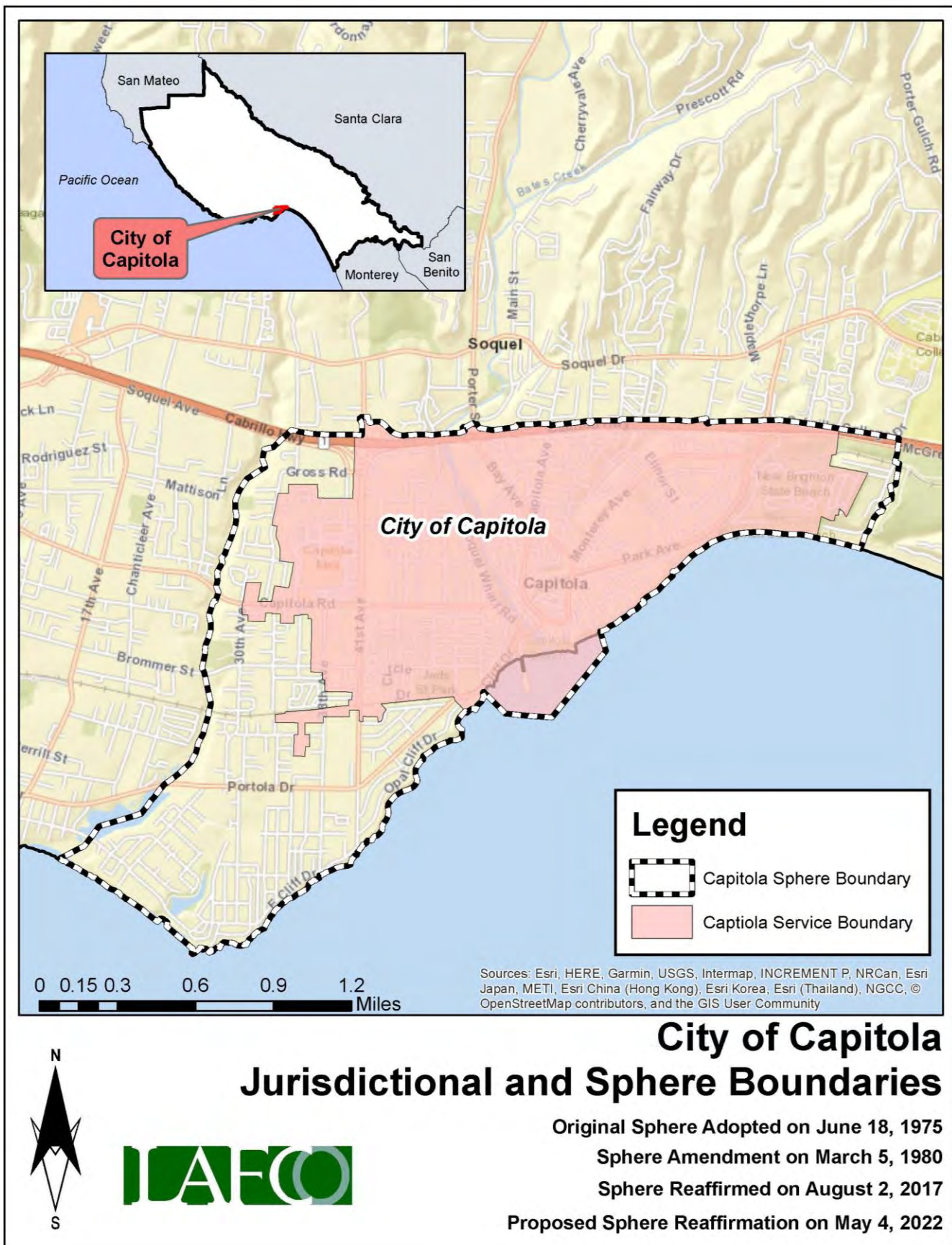


Figure 1: Vicinity Map



CITY OVERVIEW

History

Capitola was incorporated as a city on January 11, 1949 and is currently a small community that encompasses an area of approximately two square miles with a population of approximately 10,000. **Appendix A** provides a timeline of all the boundary changes approved by LAFCO (27 boundary changes in total). The last boundary change involving the City was back in 1984. Capitola is coastal community on the northern edge of Monterey Bay, as shown on page 5. At present, the City has a number of land use designations including single family residential, mixed use village, community commercial, and open space. **Appendix B** provides the City's latest zoning map.

Services & Operations

The City provides a number of municipal services, specifically police protection, street, park and facilities maintenance, recreation, building, planning, zoning, administrative, and financial services for the Capitola community. Additional local agencies provide other public services to the Capitola community, such as Central Fire District for fire protection, the City of Santa Cruz and Soquel Creek Water District for water service, and the Santa Cruz County Sanitation District for sewer service. The following pages summarize the six key city departments: (1) City Administration, (2) Community Development, (3) Finance, (4) Police, (5) Public Works, and (6) Recreation.

City Administration

The City Manager's Department is responsible for the overall administration of the City. Working closely with the City Council, this department's priority is to assist them with policy legislation and direct policy implementation. This is accomplished through a number of methods, including but not limited to, community outreach efforts, recruiting and retaining skilled and knowledgeable employees, creating and maintaining a working environment that fosters creativity and innovation, and prioritizing scarce resources. An example of the City's outreach to its constituents is their newsletters. "Capitola Waves" is a bi-monthly newsletter produced by the City Clerk's Office to keep residents informed about recent council action, upcoming events, and other City business. The February 2022 Issue is shown in **Appendix C**.

Community Development

The Community Development Department is dedicated to providing responsive, high-quality services and programs which enhance the quality of life for the City's residents, businesses, and visitors. The Community Development Department includes the Building and Planning divisions and administers the land use policies and standards adopted by the City Council, including the General Plan, Local Coastal Program, Zoning Code, Design Guidelines, Building Codes, and affordable housing policies.

Housing Element Update

The 2015-2023 Housing Element was adopted by the Capitola City Council on November 25, 2015 and certified by the California Department of Housing and Community Development (HCD) on February 4, 2016. The Housing Element identifies current issues

relating to housing and the policies and programs that will be used to address them. A portion of the Housing Element is dedicated to identifying opportunity sites that will satisfy the Regional Housing Needs Allocation (RHNA) requirement from the State HCD.

The State HCD requires that each local jurisdiction plan for a certain number of housing units that are affordable to all income groups (from extremely low income to above moderate income). By virtue of having a certified Housing Element, the City of Capitola is eligible to receive grant monies from the State that could help fund housing related projects and programs that benefit members of the community.

Affordable Housing Projects

The City partners with non-profit housing providers and other organizations to implement various housing projects intended to preserve, improve, and/or increase the supply of affordable housing within the City. These projects often involve grant funding from state or federal agencies. The housing created or preserved is usually available to qualified households only, which may include low, very low, and/or moderate income households. Some projects are reserved for specific clientele, such as the elderly, disabled persons, or families with children. Since 2010, the City completed 4 separate projects, as shown in **Table 1**:

Table 1: Affordable Housing Projects Completed

Project	Location	Housing Amount	Date Completed
Bay Avenue Senior Apartments Rehabilitation	750 Bay Avenue	96 Units	2011
Castle Mobile Estates Non-Profit Acquisition	1099 38 th Ave	108	2011
Capitola Beach Villas	1066 41 st Ave	8 Affordable Units	2013
Tera Commons	1506 Tera Court	1	2019

Finance

The Finance Department encourages innovation and promotes learning and growth in the individual, the team, and the organization. Their goals are to provide timely, value added information and excellent service to their constituents. Based on LAFCO's review of the City's website, annual budgets and audited financial statements are available from 2012 to present. Additional information is also available on the City's website including financial reports, fee schedules, and access to financial transactions analyzed by the State Controller's Office. A detailed evaluation of the City's financial performance is covered on page 10 of this report.

Police

The Capitola Police Department is committed to enhancing public safety through various Crime Prevention initiatives, proactive enforcement, public education and our various Community Policing programs. The Police Department has expanded programs and initiatives, which are part of its Community Oriented Policing & Problem Solving model, its Reserve Program and the Department's Volunteers in Policing Program (VIP).

Each of these programs supplements public safety services to the community at a time when the challenges to local law enforcement agencies are at an all-time high and funding has been critically impacted. At present, the City's police services are funded by Measure F. In 2016, City residents passed Measure F to extend the temporary quarter of one percent sales tax for an additional ten years. The City is committed to using this funding source not only to provide law enforcement but also to protect the wharf and beach from storms and rising sea levels, and improve sidewalks, parks, and bike safety.

Public Works

The Public Works Department is composed of two division: (1) Operations, and (2) Engineering & Administration. Operations which has responsibilities for maintaining streets, parks, facilities, including Capitola Wharf, and the city fleet and equipment. Engineering and Administration is responsible for implementing a Capital Improvement Program, budgeting, permitting and overall administration of programs for the Department. including stormwater pollution prevention and pavement management.

While staffing is predominantly funded by the City General fund, funding sources for projects, programs and maintenance are also provided by Measure F, grants, and regional and state tax measures. In 2021 Public Works completed the largest capital project in the City's history when the new Capitola Branch Library building was completed and opened to the public. Public works is currently working on a multi-million dollar project to improve Capitola Wharf resiliency and public access.

Recreation

The City's mission is to provide quality public spaces and experiences that build a healthy community, foster equality, and better the environment. Capitola has created recreational and cultural opportunities for its residents and visitors. Based on LAFCO's analysis, the City offers adult and youth classes, afterschool recreation programs, adult sports, junior lifeguard programs, and even a virtual recreation center during the pandemic lockdown. Through strategic partnerships with the Soquel Union Elementary School District (SUESD), the City offers resident rates for all Recreation programming to City residents, as well as SUESD residents.

Population and Growth

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. Based on staff's analysis, the population for the City of Capitola in 2020 was estimated to be around 10,000.

Table 2 shows the City's anticipated population over the next twenty years. The City's average rate of change is 1.48%. Under this rate, projections indicate that the entire population of Capitola will be approximately 10,800 by the year 2040.

Table 2: 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	0.86%
City of Capitola	10,194	10,312	10,451	10,622	10,809	1.48%

Source: AMBAG 2018 Regional Growth Forecast

Disadvantaged Unincorporated Communities

State law requires LAFCO to identify and describe all "disadvantaged unincorporated communities" (DUCs) located within or contiguous to existing spheres of influence for 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 disadvantaged unincorporated communities within or surrounding the City of Capitola.

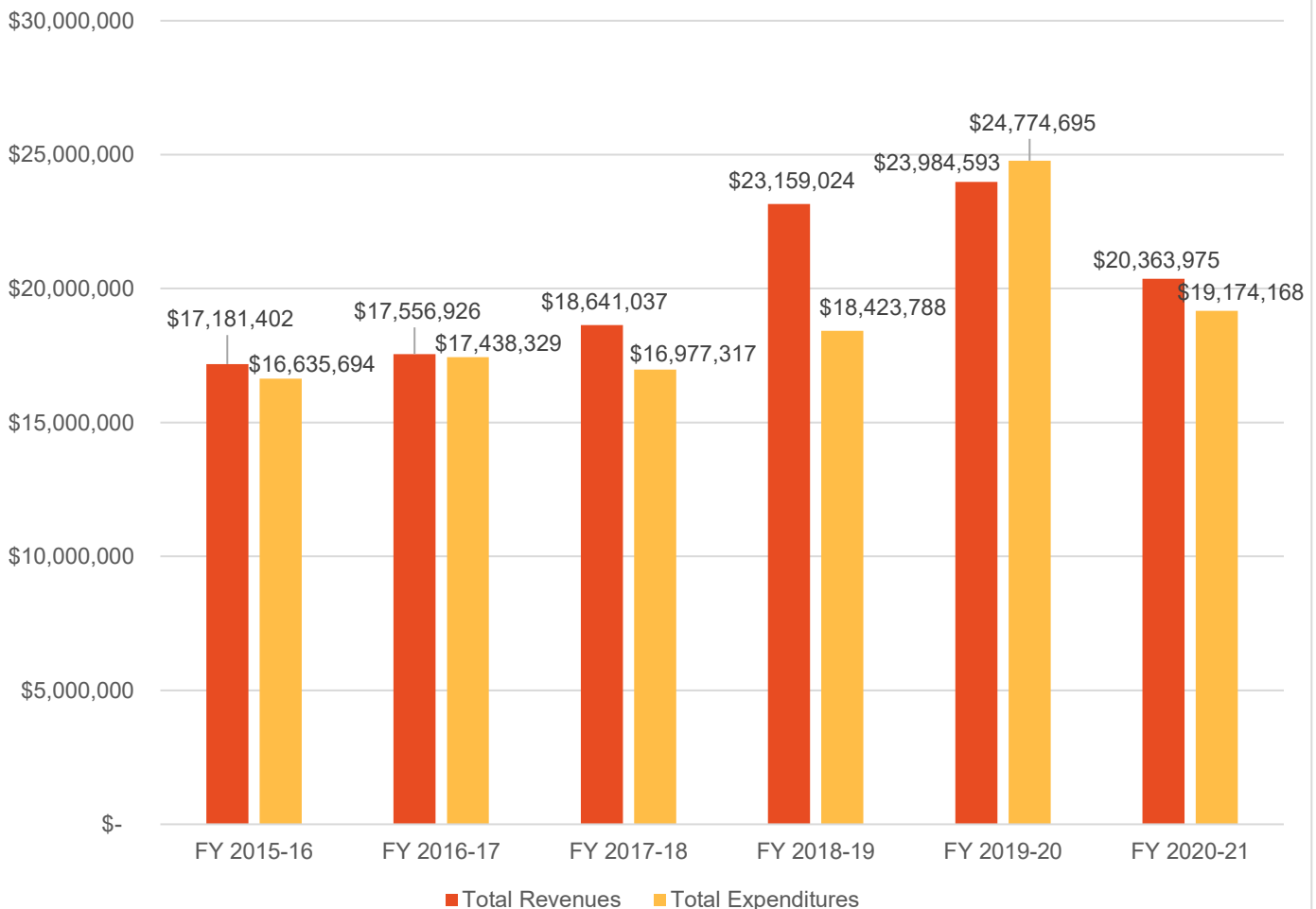


FINANCES

This section will highlight the City's financial performance during the most recent fiscal years. Fiscal Year 2020-21 is the latest audited financial statement available. LAFCO evaluated the City's financial health from 2015 to 2021. A comprehensive analysis of the City's financial performance during the past six years is shown in **Tables 6 and 7** on pages 14 and 15. LAFCO extracted the financial data from the City's Comprehensive Annual Financial Reports located on the City's website¹.

At the end of Fiscal Year 2020-21, total revenue collected was approximately \$20.4 million, representing a 15% decrease from the previous year (\$24 million in FY 19-20). Total expenses for FY 2020-21 were approximately \$19.2 million, which decreased from the previous year by 23% (\$25 million in FY 18-19). Excluding FY 2019-20, the City has ended each fiscal year with a surplus since 2015, as shown in **Figure 2**. LAFCO staff believes that this positive trend may continue based on the six-year performance and the current management practices.

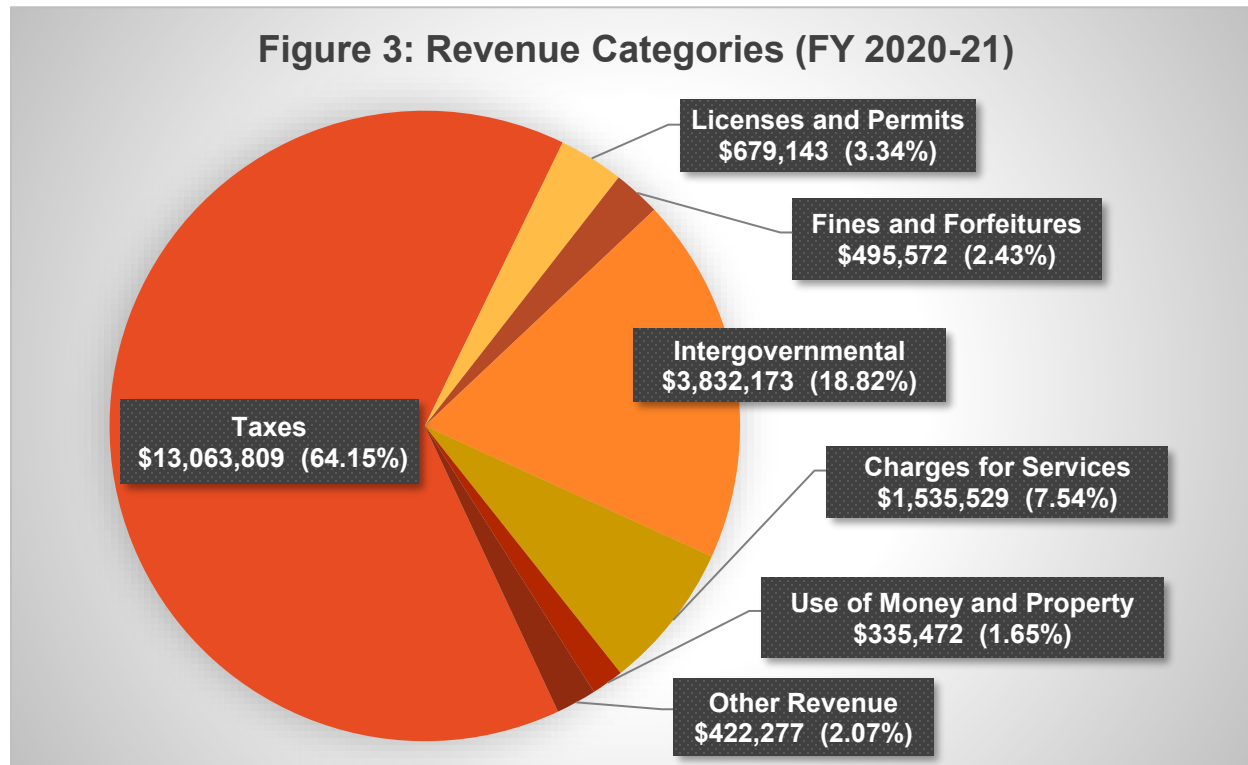
**Figure 2: Total Revenues vs. Total Expenditures
(FY 2015-16 to FY 2020-21)**



¹ CAFRS Webpage: <https://www.cityofcapitola.org/finance/page/comprehensive-annual-financial-reports>.

Revenues

The City provides various municipal services to the Capitola community. The City's revenue stream can be categorized into seven groups: (1) Taxes, (2) Licenses and Permits, (3) Fines and Forfeitures, (4) Intergovernmental, (5) Charges for Services, (6) Use of Money and Property, and (7) Other Revenue. The primary source of revenue comes from taxes (64%), as shown in **Figure 3**.



Assets

The City's financial assets are comprised of cash or items that will eventually be turned into cash. Land for resale and long-term investments are examples of items that will eventually be turned into cash. Capitola has approximately \$60 million in total assets. Almost 45% of the City's total assets is cash on hand. A breakdown of the City's total assets is shown in **Table 3**.

Table 3: Total Assets (FY 2020-21)

	Amount (\$)	Percentage (%)
Cash & Investments (Receivables)	\$26,419,144	44%
Non-Depreciable (Land & Construction)	\$21,464,381	36%
Depreciable (Equipment & Building)	<u>\$12,482,983</u>	<u>21%</u>
Total Assets	\$60,366,508	100%

Expenditures

The City's expenses can be categorized into three groups: (1) Current Expenses, (2) Capital Outlay, and (3) Debt Service. The primary expenditure is current expenses (70%), as shown in **Figure 4**. Current expenses covers five key costs – General Government, Public Safety, Community Development, Culture and Recreation, and Transportation. As the **Figure 5** shows, public safety is the highest cost when compared to the other current expenses during FY 2020-21 (\$6 million; 45%).

Figure 4: Expense Categories (FY 2020-21)

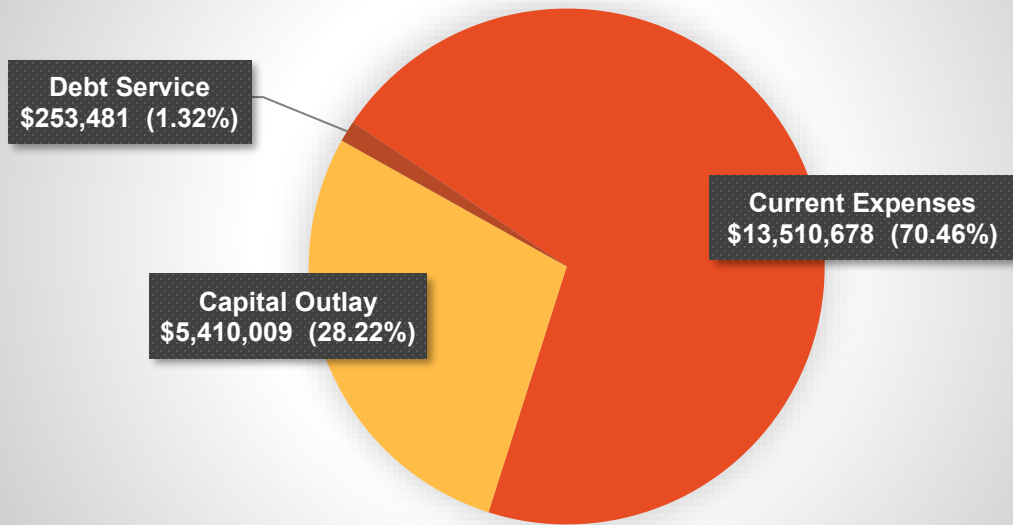
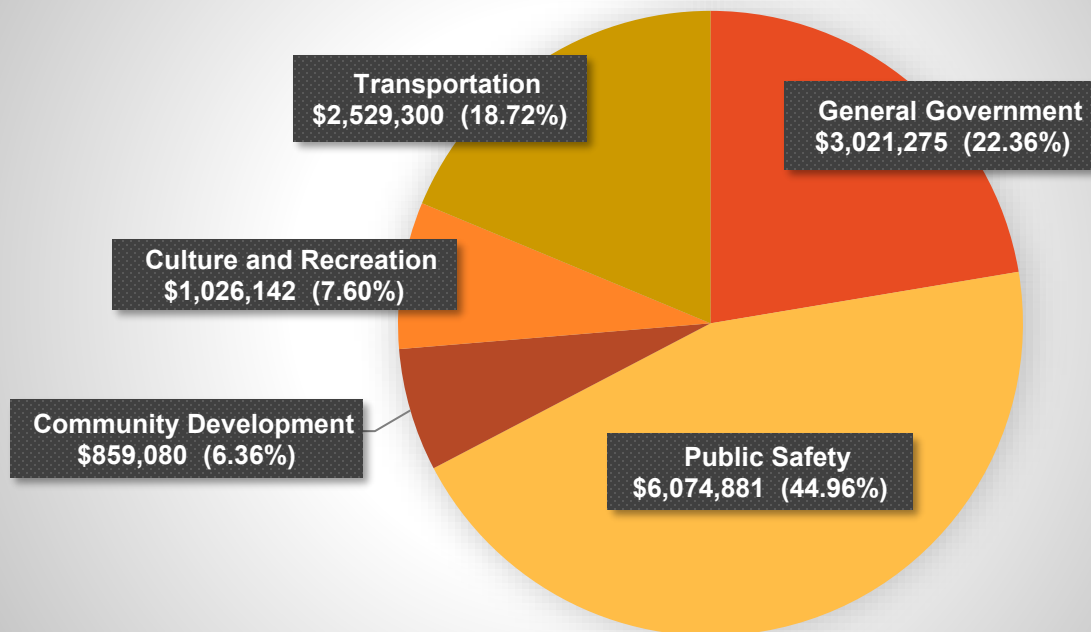


Figure 5: Current Expenses Breakdown



Liabilities

The City's liabilities are financial obligations from past events or transactions. This can take the form of future payments to vendors, future provision of services, or future transfer of assets. Examples of liabilities include outstanding principal balances on bond issues, future costs for capital projects, or pension payments for retirees. Capitola has approximately \$32 million in total liabilities. A breakdown of the City's total liabilities is shown in **Table 4**.

Table 4: Total Liabilities (FY 2020-21)

	Amount (\$)	Percentage (%)
Current Liability		
Interest Payable	\$29,843	0.09%
Accrued Liabilities	\$199,933	0.63%
Unearned Revenue	\$203,914	0.64%
Deposits Payable	\$360,525	1.13%
Accounts Payable	\$428,695	1.34%
Non-Current Liability		
Due Within One Year	\$496,959	1.56%
Due In More Than One Year	\$2,379,116	7.45%
Net Other Post-Employ Liability	\$1,731,223	5.42%
Net Pension Liability	<u>\$26,111,558</u>	<u>81.75%</u>
Total Liabilities	\$31,941,766	100%

Net Position

As of June 30, 2021, the total net position balance ended with approximately \$33 million. The following table highlights the fund balance from 2015 to 2021. As shown in **Table 5**, the City's net position balance experienced an increase each year. This healthy balance of \$33 million will be critical in the event that Capitola faces unintended expenses, major capital improvement projects, or emergency repairs.

Table 5: Net Position (2014 to 2021)

	FY 15-16 (Audited)	FY 16-17 (Audited)	FY 17-18 (Audited)	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)
Net Investments in Capital Assets	\$13,153,957	\$14,457,242	\$15,772,831	\$18,563,270	\$27,367,459	\$32,052,715
Restricted Funds	\$6,952,986	\$9,096,369	\$11,741,946	\$14,896,470	\$14,492,914	\$12,055,063
Unrestricted Funds	<u>\$(8,884,398)</u>	<u>\$(9,882,948)</u>	<u>\$(11,536,353)</u>	<u>\$(10,563,261)</u>	<u>\$(12,886,505)</u>	<u>\$(10,987,243)</u>
Total Net Position	\$11,222,545	\$13,670,663	\$15,978,424	\$22,896,479	\$28,973,868	\$33,120,535
Difference (\$)		\$2,448,118	\$2,307,761	\$6,918,055	\$6,077,389	\$4,146,667
Difference (%)		22%	17%	43%	27%	14%

Table 6: Total Revenue & Expenditure (FY 2015-16 to FY 2020-21)

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
REVENUES						
Taxes	\$ 12,250,386	\$ 12,436,392	\$ 12,416,283	\$ 13,096,704	\$ 12,306,921	\$ 13,063,809
Licenses and Permits	\$ 671,238	\$ 625,895	\$ 766,229	\$ 662,807	\$ 726,314	\$ 679,143
Fines and Forfeitures	\$ 655,644	\$ 560,155	\$ 557,617	\$ 521,938	\$ 519,855	\$ 495,572
Intergovernmental	\$ 786,683	\$ 1,475,324	\$ 2,250,130	\$ 6,029,916	\$ 7,521,295	\$ 3,832,173
Charges for Services	\$ 2,165,269	\$ 1,969,889	\$ 2,006,939	\$ 2,019,594	\$ 1,959,188	\$ 1,535,529
Use of Money and Property	\$ 324,441	\$ 375,754	\$ 237,383	\$ 450,099	\$ 699,199	\$ 335,472
Other Revenue	\$ 327,741	\$ 113,517	\$ 406,456	\$ 377,966	\$ 251,821	\$ 422,277
Total Revenues	\$17,181,402	\$17,556,926	\$18,641,037	\$23,159,024	\$23,984,593	\$20,363,975
EXPENDITURES						
Current:						
General Government	\$ 2,712,115	\$ 3,152,917	\$ 2,823,776	\$ 2,818,807	\$ 2,965,343	\$ 3,021,275
Public Safety	\$ 6,134,276	\$ 6,495,287	\$ 6,333,360	\$ 6,551,598	\$ 6,467,497	\$ 6,074,881
Community Development	\$ 1,004,921	\$ 976,403	\$ 967,038	\$ 913,460	\$ 963,218	\$ 859,080
Culture and Recreation	\$ 1,038,543	\$ 1,137,013	\$ 1,154,073	\$ 1,129,581	\$ 1,710,433	\$ 1,026,142
Transportation	\$ 2,744,295	\$ 2,636,712	\$ 2,851,632	\$ 2,980,820	\$ 2,713,506	\$ 2,529,300
Capital Outlay	\$ 2,074,063	\$ 2,113,307	\$ 1,923,769	\$ 3,770,307	\$ 9,697,902	\$ 5,410,009
Debt Service:						
Principal	\$ 764,184	\$ 788,107	\$ 828,701	\$ 181,599	\$ 186,167	\$ 186,836
Interest and Fiscal Charges	\$ 163,297	\$ 138,583	\$ 94,968	\$ 77,616	\$ 70,629	\$ 66,645
Total Expenditures	\$16,635,694	\$17,438,329	\$16,977,317	\$18,423,788	\$24,774,695	\$19,174,168
OTHER FINANCING SOURCES (USES)						
Transfers In	\$ 2,784,355	\$ 1,815,374	\$ 2,864,670	\$ 1,675,583	\$ 1,733,806	\$ 323,968
Transfers Out	\$ (2,784,355)	\$ (1,815,374)	\$ (2,864,670)	\$ (1,675,583)	\$ (1,733,806)	\$ (323,968)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus/(Deficit)	\$ 545,708	\$ 118,597	\$ 1,663,720	\$ 4,735,236	\$ (790,102)	\$ 1,189,807
FUND BALANCE						
Beginning of Year	\$ 9,405,494	\$ 9,951,202	\$ 18,427,416	\$ 20,091,136	\$ 24,826,372	\$ 24,036,270
End of Year	\$ 9,951,202	\$10,069,799	\$20,091,136	\$24,826,372	\$24,036,270	\$25,226,077

Footnotes:

(1) FY 2017-18's beginning of year fund balance was adjusted to include \$8,357,617 in loan receivables

(2) FY 2019-20's capital outlay increased due to costs associated with scheduled capital projects

Table 7: Total Assets & Liabilities (FY 2015-16 to FY 2020-21)

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
ASSETS						
Cash and Investments	\$ 8,446,040	\$ 9,047,379	\$ 10,917,914	\$ 14,524,490	\$ 15,067,241	\$ 15,463,411
Restricted Cash and Investments	\$ -	\$ -	\$ 50,355	\$ 867,088	\$ 916,861	\$ 1,015,553
Accounts Receivable	\$ 187,282	\$ 205,085	\$ -	\$ 592,127	\$ 127,010	\$ 1,409,218
Due from Successor Agency	\$ 515,023	\$ 401,491	\$ -	\$ -	\$ -	\$ -
Prepaid Items	\$ 9,307	\$ 24,161	\$ 11,068	\$ 20,684	\$ -	\$ -
Due from Other Governments	\$ 2,663,521	\$ 2,017,924	\$ 1,899,222	\$ 2,056,340	\$ 1,496,597	\$ 1,933,976
Advances to Other Funds	\$ -	\$ -	\$ 47,362	\$ -	\$ -	\$ -
Loans Receivable	\$ 7,984,451	\$ 8,230,081	\$ 8,700,857	\$ 8,587,823	\$ 8,729,973	\$ 6,596,986
Sub-total	\$19,805,624	\$19,926,121	\$21,626,778	\$26,648,552	\$26,337,682	\$26,419,144
Non-Depreciable						
Land	\$ 4,883,789	\$ 4,883,789	\$ 4,883,789	\$ 4,883,789	\$ 4,883,789	\$ 4,883,789
Construction in Progress	\$ 2,051,091	\$ 921,817	\$ 2,391,865	\$ 5,444,019	\$ 14,494,833	\$ 16,580,592
Sub-total	\$ 6,934,880	\$ 5,805,606	\$ 7,275,654	\$10,327,808	\$19,378,622	\$21,464,381
Depreciable						
Equipment	\$ 3,554,307	\$ 3,494,695	\$ 3,965,265	\$ 4,014,001	\$ 4,170,592	\$ 4,217,845
Building and Improvements	\$ 2,392,272	\$ 2,392,272	\$ 2,392,272	\$ 2,392,272	\$ 2,398,168	\$ 2,398,168
Infrastructure	\$ 26,665,831	\$ 29,721,424	\$ 29,844,039	\$ 30,391,991	\$ 30,713,295	\$ 33,990,293
Accumulated Depreciation	\$(23,601,396)	\$(24,338,035)	\$(25,264,043)	\$(26,298,708)	\$(27,211,733)	\$(28,123,323)
Sub-total	\$ 9,011,014	\$11,270,356	\$10,937,533	\$10,499,556	\$10,070,322	\$12,482,983
Total Assets	\$35,751,518	\$37,002,083	\$39,839,965	\$47,475,916	\$55,786,626	\$60,366,508
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related	\$ 1,530,518	\$ 3,616,979	\$ 6,201,815	\$ 5,296,191	\$ 5,190,738	\$ 5,248,438
OPEB Related	\$ -	\$ -	\$ 86,090	\$ 88,955	\$ 1,175,679	\$ 1,012,824
Total Deferred Outflows of Resources	\$ 1,530,518	\$ 3,616,979	\$ 6,287,905	\$ 5,385,146	\$ 6,366,417	\$ 6,261,262
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$37,282,036	\$40,619,062	\$46,127,870	\$52,861,062	\$62,153,043	\$66,627,770
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 738,908	\$ 426,291	\$ 412,432	\$ 625,880	\$ 1,777,739	\$ 428,695
Accrued Liabilities	\$ 295,021	\$ 360,914	\$ 401,845	\$ 415,771	\$ 183,867	\$ 199,933
Interest Payable	\$ 71,004	\$ 51,592	\$ 33,627	\$ 32,340	\$ 29,843	\$ 29,843
Unearned Revenue	\$ 383,581	\$ 375,602	\$ 378,575	\$ 423,976	\$ 4,400	\$ 203,914
Deposits Payable	\$ 324,925	\$ 335,898	\$ 342,790	\$ 356,553	\$ 335,406	\$ 360,525
Sub-total	\$ 1,813,439	\$ 1,550,297	\$ 1,569,269	\$ 1,854,520	\$ 2,331,255	\$ 1,222,910
Non-Current Liabilities						
Due Within One Year	\$ 854,563	\$ 892,439	\$ 252,553	\$ 252,686	\$ 175,959	\$ 496,959
Due In More Than One Year	\$ 19,689,723	\$ 22,993,296	\$ 3,007,360	\$ 2,796,423	\$ 2,663,839	\$ 2,379,116
Net Other Postemployment Liability	\$ -	\$ -	\$ 604,437	\$ 584,737	\$ 1,572,208	\$ 1,731,223
Net Pension Liability	\$ -	\$ -	\$ 22,355,266	\$ 22,363,591	\$ 24,148,410	\$ 26,111,558
Sub-total	\$20,544,286	\$23,885,735	\$26,219,616	\$25,997,437	\$28,560,416	\$30,718,856
Total Liabilities	\$22,357,725	\$25,436,032	\$27,788,885	\$27,851,957	\$30,891,671	\$31,941,766
DEFERRED INFLOWS OF RESOURCES						
Pension Related	\$ 1,896,463	\$ 1,512,367	\$ 2,360,561	\$ 2,112,626	\$ 2,104,572	\$ 1,402,461
OPEB Related	\$ 1,805,303	\$ -	\$ -	\$ -	\$ 182,932	\$ 163,008
Total Deferred Inflows of Resources	\$ 3,701,766	\$ 1,512,367	\$ 2,360,561	\$ 2,112,626	\$ 2,287,504	\$ 1,565,469
NET POSITION						
Net Investment in Capital Assets	\$ 13,153,957	\$ 14,457,242	\$ 15,772,831	\$ 18,563,270	\$ 27,367,459	\$ 32,052,715
Restricted For:						
Public Safety	\$ 97,821	\$ 7,939	\$ 10,101	\$ 16,593	\$ 71,562	\$ 99,061
Transportation	\$ 113,135	\$ 118,537	\$ 419,897	\$ 629,511	\$ 25,967	\$ 916,791
Community Development	\$ 6,599,379	\$ 8,810,793	\$ 11,190,893	\$ 14,104,838	\$ 14,220,537	\$ 10,821,155
Culture and Recreation	\$ 142,651	\$ 159,100	\$ 121,055	\$ 145,528	\$ 174,848	\$ 218,056
Total Restricted	\$ 6,952,986	\$ 9,096,369	\$ 11,741,946	\$ 14,896,470	\$ 14,492,914	\$ 12,055,063
Unrestricted	\$ (8,884,398)	\$ (9,882,948)	\$(11,536,353)	\$(10,563,261)	\$(12,886,505)	\$(10,987,243)
Total Net Position	\$11,222,545	\$13,670,663	\$15,978,424	\$22,896,479	\$28,973,868	\$33,120,535
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$37,282,036	\$40,619,062	\$46,127,870	\$52,861,062	\$62,153,043	\$66,627,770

GOVERNANCE

Legal Authority

The City of Capitola operates under Title 4: Government of Cities (Section 34000 et seq. of the California Government Code) for the purpose of establishing and enforcing local ordinances in the Capitola community. The California Constitution gives cities the power to become charter cities. The distinction between general law and charter cities is that charter cities have superseding authority over certain “municipal affairs.” Examples of municipal affairs include election matters, land use designations, and budgetary practices. Cities that have not adopted a charter are general law cities, such as Capitola. General law cities are bound by the State’s general law, even with respect to municipal affairs. Based on LAFCO staff’s analysis, there are 482 cities in California – 361 or 75% are general law cities and 121 or 25% are charter cities.

Local Accountability & Structure

The City of Capitola is governed by an elected five-member City Council. The Council is responsible for the establishment of policy relative to Capitola’s mission, goals, and operations. The Council has the authority to establish all laws and regulations with respect to municipal affairs, subject to limitations of the City Municipal Code and State legislation. The City Council’s current composition is as follows:

Table 8: Capitola City Council

Board Member	Term of Office
Sam Storey, Mayor	First Elected: 2006 Current Term Ends: 2022
Margaux Keiser, Vice Mayor	First Elected: 2020 Current Term Ends: 2024
Jacques Bertrand, Council Member	First Elected: 2014 Current Term Ends: 2022
Yvette Brooks, Council Member	First Elected: 2018 Current Term Ends: 2022
Kristen Brown (née Petersen), Council Member	First Elected: 2016 Current Term Ends: 2024

The City Council appoints a City Manager to serve as the City’s chief administrative officer. The City Manager administers the day-to-day operations of the City in accordance with policies and procedures established by the City Council. Capitola currently employs a full-time staff of approximately 68 employees, as shown in **Table 9** on page 17. The City Council meets regularly, meetings are publicly noticed, and citizens are encouraged to attend. Council meetings are typically held on the second and fourth Thursday of each month at 7:00 p.m. The City’s administrative offices and chambers are located at 420 Capitola Avenue in Capitola. Despite the ongoing pandemic, the City has held virtual public meetings to continue operations and receive Council direction.

Table 9: Full-Time Employees (FY 2014-15 to FY 2018-19)

Department	2016	2017	2018	2019	2020	2021
General Government						
City Manager	7.65	6.50	6.50	6.00	7.50	7.50
Finance	4.50	4.50	3.75	3.75	3.75	3.75
City Attorney	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>
Sub-total	13.15	12.00	11.25	10.75	11.25	11.25
Police						
Chief, Captain, Sgts.	6.00	6.00	6.00	7.00	7.00	7.00
Officers	16.00	16.00	16.00	15.00	15.00	15.00
CSOs	2.00	2.00	2.00	2.00	2.00	2.00
Parking Enforcement	3.00	3.00	3.00	2.00	2.00	2.00
Administrative	<u>4.65</u>	<u>4.50</u>	<u>4.50</u>	<u>4.50</u>	<u>4.50</u>	<u>4.50</u>
Sub-total	31.65	31.50	31.50	30.50	30.50	30.50
Public Works						
Streets	9.00	11.00	12.00	11.50	10.00	10.00
Parks	4.00	4.00	3.00	3.00	3.00	3.00
Fleet Maintenance	<u>1.25</u>	<u>1.00</u>	<u>1.00</u>	<u>1.50</u>	<u>2.00</u>	<u>2.00</u>
Sub-total	14.25	16.00	16.00	16.00	15.00	15.00
Recreation						
Supervisor	2.00	2.50	2.50	2.50	1.00	1.00
Other: Full Year	<u>2.75</u>	<u>1.25</u>	<u>1.25</u>	<u>1.25</u>	<u>4.00</u>	<u>4.00</u>
Sub-total	4.75	3.75	3.75	3.75	5.00	5.00
Building						
Sub-total	2.00	2.00	2.00	3.00	3.00	3.00
Total	69.30	68.75	68.00	67.00	67.75	67.75

Opportunities and Challenges

Capitola has been a City for 73 years and it has endured significant events such as economic recessions and natural disasters. The City is still experiencing another round of economic downturn and natural disasters in the form of the COVID pandemic. Such unanticipated events place a pressure test on local agencies, including cities. While cities struggle to maintain the same level of service to its residents, there are also opportunities during these challenging times. The following sections explore opportunities that Capitola can incorporate to maximize efficiencies, increase strategic partnerships, and/or identify possible cost-savings for the City's residents.

Capital Improvement Plan

The purpose of a Capital Improvement Plan (CIP) is to identify and prioritize needs and project costs for planned improvements to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner throughout the next five-plus years of growth and change. The City prepared a five-year capital improvement project (CIP) back in 2014. This plan identified projects between FY 2014-15 to FY 2018-19 that would repair or improve various areas in Capitola, including but not limited to existing roads, parks, and recreational facilities. The plan also identified the funding source for each project. However, LAFCO's analysis determined that a new five-year CIP plan has not been adopted. The projects identified in the City's website are not as organized when compared with the previous CIP plan. It may be beneficial for the City to adopt a new five-year CIP plan to ensure that the residents are aware of future projects and their associated timeframe, location, and cost.

Website Update

Governmental transparency is more prevalent now than ever before. Local agencies' websites should include, at minimum, contact information, financial reports, meeting agendas/minutes, and other useful resources that are easily accessible by the public. It is also important that websites are updated regularly. Based on staff's analysis, the City's website has an assortment of useful information, however, many webpages are outdated, have broken links, or no longer in use. It may be beneficial for the City to update or revamp its webpages accordingly and include additional information, such as LAFCO's service and sphere reviews.

Boards & Committees

Community input is critical for cities to succeed. It is LAFCO's understanding that the City of Capitola appoints its citizens on an array of boards, commissions, and committees to assist and advise in formulating policies. These advisory bodies provide feedback that may help the City make significant decisions. In total, the City has one board (Historical Museum Board), three Commissions (Art & Cultural, Environment, and Planning), and two committees (Architectural & Site Review and Finance Advisory). **Appendix D** provides a list of the boards, their members, and their respective term limits. While LAFCO commends the City for encouraging community participation, it was difficult to determine what goals and projects each board is working on or has accomplished. It may be beneficial for the City to consider revamping how these boards are tracked.

Shared Services

While the City is financially stable, it faced a budget shortfall in 2020 due to the coronavirus-related economic pressure that all local agencies endured. The City was able to balance the budget by cutting certain spending, including a lifeguard contract with the City of Santa Cruz's Marine Safety Division. Plans to reinstate this and other cut programs and contracts have been a challenge. LAFCO encourages the City to continue exploring cost-saving opportunities and ways to improve the overall delivery of services. One option is considering the formation of a joint powers agreement (JPA) for marine safety with the County and other local agencies. The City is already in multiple JPAs with the County, cities, and other municipalities for library and animal services.

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 subsequent 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, as analyzed on page 24.

Current & Proposed Sphere Boundary

Santa Cruz LAFCO adopted the City's first sphere of influence on June 18, 1975. The current sphere includes areas outside the City's jurisdictional boundary. The last sphere update occurred in August 2017 as part of a previous service and sphere review cycle. **Figure 6** on page 20 shows the 2,200 parcels (totaling 622 acres) within the City's sphere.

Police Services Within Sphere Boundary

It was determined that approximately 6,200 incidents were responded by the Santa Cruz County Sheriff's Department within the sphere boundary during the 2021 calendar year. This information was provided in collaboration with the City and the Santa Cruz Regional 9-1-1 (also known as NetCom). Based on the number of calls and the close proximity to the City, it is staff's determination that it may be more efficient for the City to provide police services within the sphere boundary following annexation(s). This transfer of responsibility will allow the County Sheriff's Department to focus its resources in other unincorporated areas.

Annexation Plan

The City should develop a plan to determine when the areas within its sphere boundary should be annexed into Capitola. If no plan is submitted prior to their next service review cycle (May 2027), then the Commission should consider reducing the sphere boundary to better reflect the City's future growth. In the interim, LAFCO staff is recommending that the sphere boundary be reaffirmed, as shown in **Figure 7** on page 21.

Figure 6: Parcels within City's Sphere Boundary

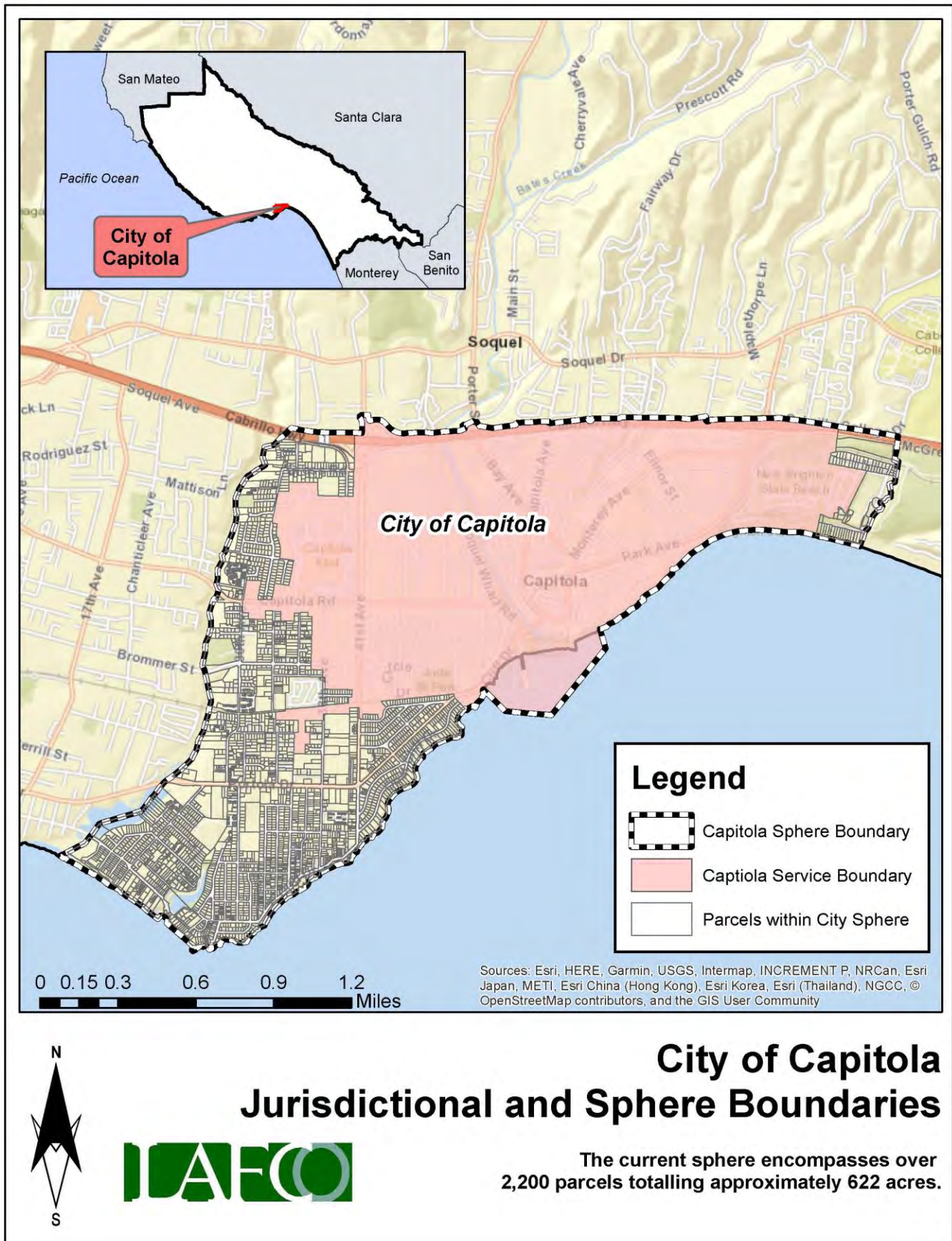
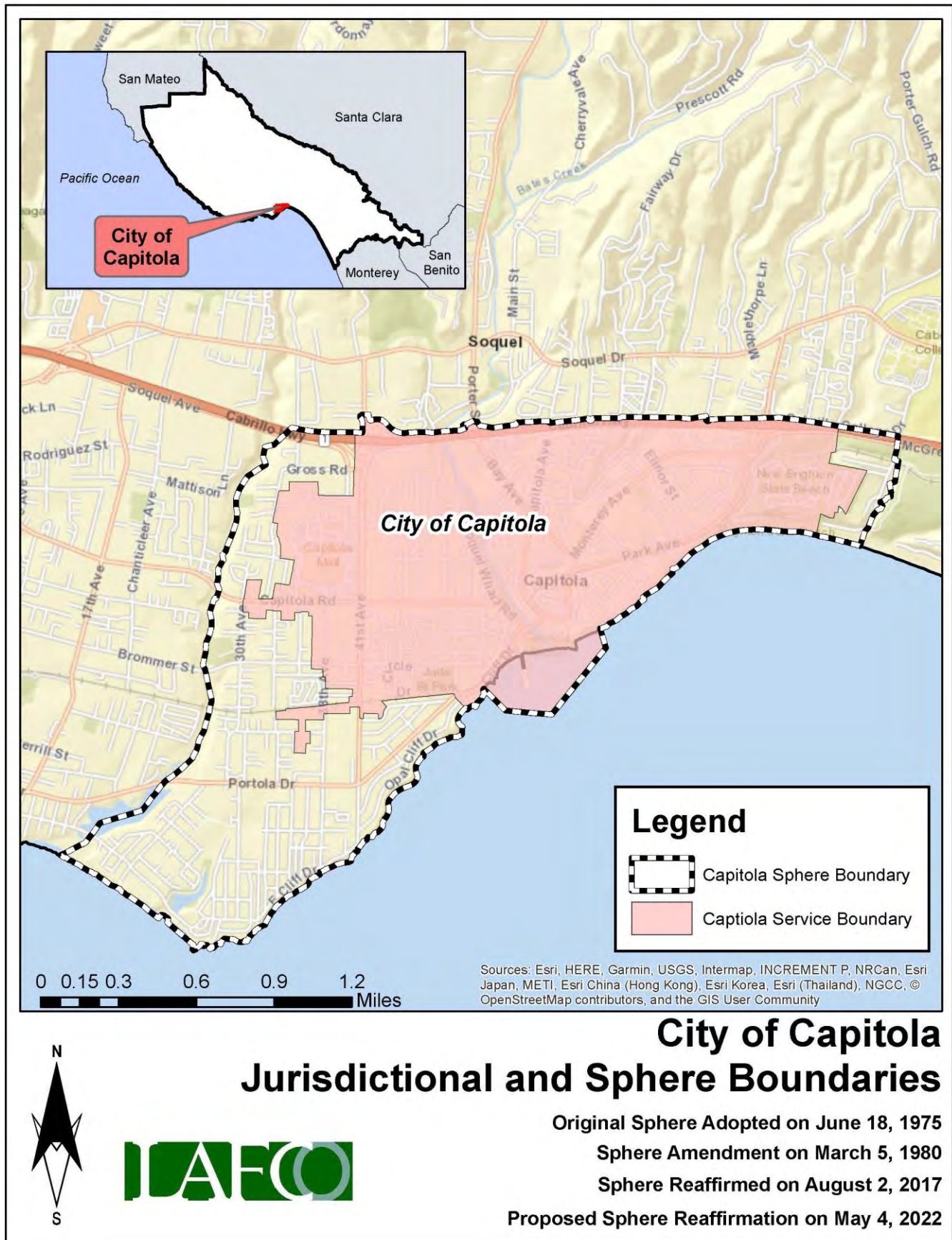


Figure 7: Proposed City Sphere Reaffirmation



CITY SUMMARY

City of Capitola	
Formation	California Government Code, section 34000 et seq.
Board of Directors	Five members, elected at-large to four-year terms
Contact Person	Jamie Goldstein, City Manager
Employees	Approximately 68 Full-Time Employees
City Area	2 square miles
Sphere of Influence	Larger than the City (i.e., sphere boundary goes beyond existing City limits)
FY 2020-21 Audit	Total Revenue = \$20,363,975 Total Expenditure = \$19,174,168 Net Position (Ending Balance) = \$33,120,535
Contact Information	Mailing Address: 420 Capitola Avenue, Capitola, CA 95010 Phone Number: (831) 440-5600 Email Address: jgoldstein@ci.capitola.ca.us Website: https://www.cityofcapitola.org/
Public Meetings	Meetings are typically held on the second and fourth Thursday of each month at 7:00 p.m.
Mission and Vision	<p>Mission: "Our mission as the employees of the City of Capitola is to provide high quality service for our residents, visitors, businesses & employees."</p> <p>Vision: "Our vision is to be recognized as a model organization that provides excellent and responsive public service that values the people it employs and the community we serve and to always perpetuate a strong work ethic that fosters pride in the work that we do. We will maintain the highest trust and confidence of our City Council and our Community."</p>

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.

The City currently provides various municipal services to a population of approximately 10,000. A slow growth is projected to occur for the next twenty years. LAFCO staff estimates that the entire population of Capitola will reach 10,800 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 City's sphere boundary.

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 City General Plan within its jurisdictional limits designates areas for residential, commercial, and other city-related zoning.

4. Financial ability of agencies to provide services.

Capitola is financially stable. Audited financial statements from Fiscal Years 2015-16 to 2020-21 indicate that the City has ended in a surplus in five of the last six years. As of June 30, 2021, the City is operating with a net position of approximately \$33 million.

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

LAFCO has recommended that the City continue exploring for collaborative efforts with neighboring agencies to improve efficiencies.

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

LAFCO has recommended that the City adopt a new five-year capital improvement plan, similar to the one completed in 2014.

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 City's general plan which ranges from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of open space, residential uses, and environmental protection. Planned land uses within the applicable general plans are a mix of urban and residential, public recreation, and open-space lands.

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

Capitola has identified and prioritized its infrastructure needs in various projects. LAFCO has recommended that the City adopt a new five-year capital improvement plan, similar to the one completed in 2014.

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

Capitola provides various types of municipal services, including but not limited to law enforcement and public works. In 2021, the City's population was estimated to be 10,200. LAFCO staff projects that the City's population will reach 10,800 by 2040.

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.

Capitola appoints its citizens on an array of boards, commissions, and committees to assist and advise in formulating policies. These advisory bodies provide feedback that may help the City make significant decisions. In total, the City has one board (Historical Museum Board), three Commissions (Art & Cultural, Environment, and Planning), and two committees (Architectural & Site Review and Finance Advisory).

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 City's sphere boundary. It is important to note that the City does not provide water, sewer, or fire protection to its constituents. Those services are provided by independent special districts in the area.

APPENDICES

Appendix A: Past Boundary Changes (1964 to Present)

Appendix B: Zoning Map (as of June 9, 2021)

Appendix C: “Capitola Waves” – City Newsletter (Feb. 2022 Edition)

Appendix D: List of Current Boards, Commissions, and Committees



APPENDIX A:

Past Boundary Changes (1964 to Present)

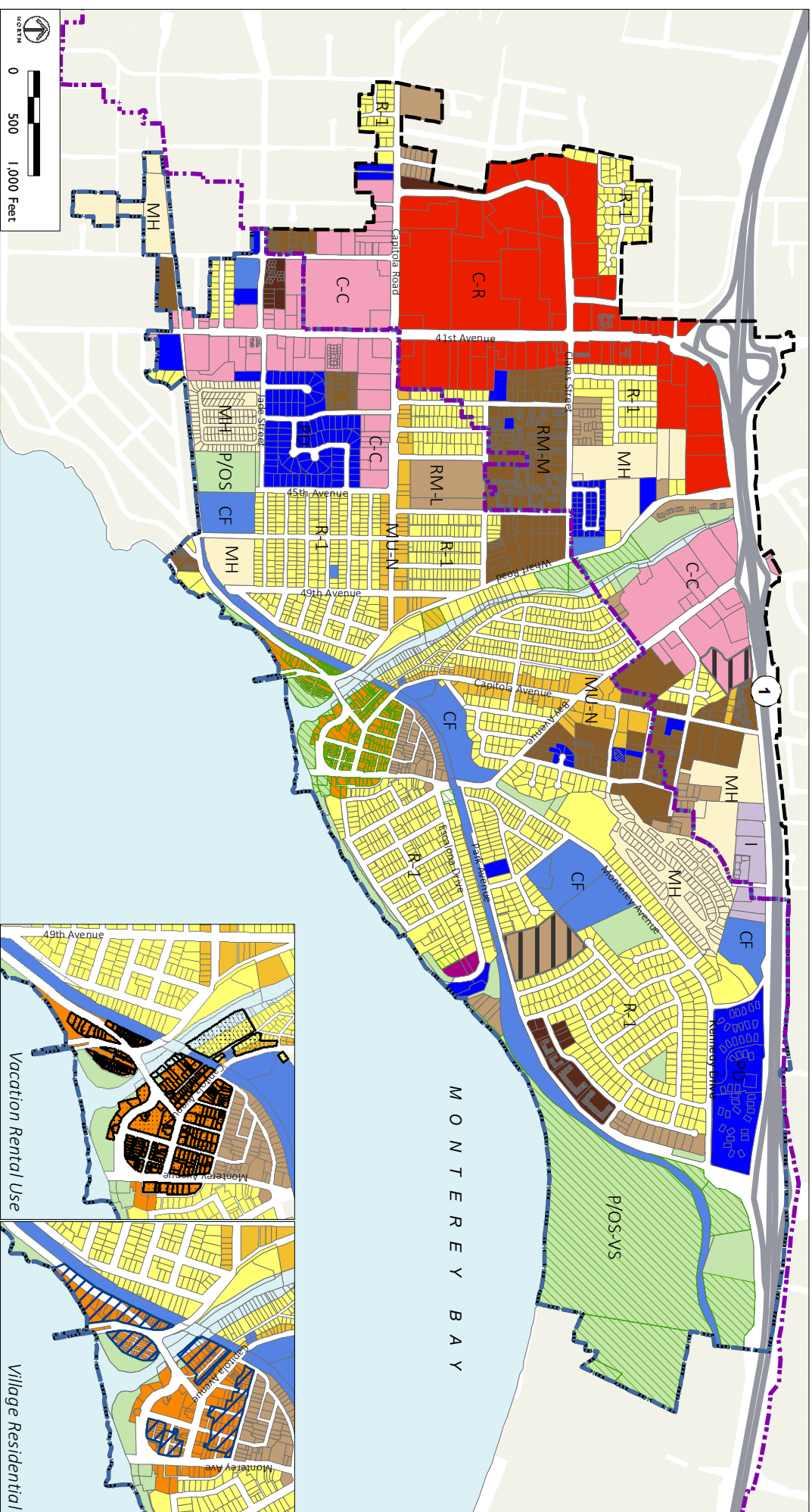
City's Past Boundary Changes

Project Number	Proposal Title	Action Date
N/A	City Incorporation	1/11/1949
7	41st Ave. No. 11 Annexation	2/18/1964
61	41st Ave. No. 12 Annexation	11/17/1965
153	38th Ave. Annexation No. 3	4/16/1969
193	41st Ave. Annexation	12/17/1969
225	38th Ave. Annexation	7/15/1970
275	38th Ave. Annexation	4/21/1971
291	Capitola Heights No. 4 Annexation	9/15/1971
308	42nd Ave. Annexation	2/16/1972
326	Clares St. Annexation	7/21/72 & 2/21/73
339	Clares St. Annexation	9/20/1972
414	Resolution acknowledging receipt of Capitola General Plan	3/5/1975
417	Capitola SOI Determination	6/18/1975
421	Sutter Hill Annexation	6/18/1975
435	Clares St. Annexation	9/3/1975
447-A	Capitola Rd. Annexation	3/3/1976
448-A	Brommer St. Annexation	5/5/1976
450	Capitola Heights Annexation	1/7/1976
526	Derby / Trotter Annexation	7/12/1978

Project Number	Proposal Title	Action Date
541	Derby Trotter Detachment of Special Districts	2/7/1979
570	Capitola City SOI Revision	3/5/1980
618	41st Ave./Clares Reorganization	6/2/1982
632	Capitola Reorganization	12/19/1983
674	McGregor Dr. Reorganization	6/6/1984
676	Deanes Lane Reorganization (Clares & 40th)	8/1/1984
683	38th Ave. Reorganization	12/5/1984
684	Deanes Lane II Reorganization (Clares St.)	12/5/1984
686	47th Ave. / Surf & Sand Reorganization	12/5/1984

APPENDIX B:

Zoning Map
(as of June 9, 2021)



*See Local Coastal Program Habitats Map for boundaries of Environmentally Sensitive Habitats Area Overlay Zone.

Zoning Map Certified
June 9, 2021
by CA Coastal Commission

APPENDIX C:

“Capitola Waves” City Newsletter (Feb. 2022 Edition)

Capitola Waves

The City of Capitola Bi-Monthly E-Newsletter



CA Response to COVID-19

INSIDE THIS ISSUE:

Latest Council Action
Career Opportunities
Budget Season Info
Youth Welcome
Cloverleaf Clean Up

On February 17, California state government released the SMARTER Plan, the next phase of COVID-19 response. The Plan focusses on how to manage the presence of COVID-19 in the foreseeable future as the state moves forward. For more information, click [here](#).

The three biggest goals of the SMARTER Plan are to 1) Minimize the strain on our healthcare system; 2) Keep staff and the public safe; and 3) Keep businesses open and schools in person.

Strategies to accomplish these goals include increasing vaccination rates, especially among children; tracking cases to address spikes; and quickly matching patients up with effective treatments.

To read the detailed plan, click [here](#) or visit www.covid19.ca.gov

Latest Council Action

Review City News & Council Decisions

The following is a summarized list of the action taken by City Council during the General Government section of the agenda of the **Thursday, February 24**, City Council meeting:

1) Presentation on Wharf Resiliency and Public Access Improvements Phase 2 - Council received a report on the Wharf Resiliency Project and will discuss funding during upcoming budget workshops.

2) Street Resurfacing Project Agreement with the County of Santa Cruz - The City will enter an agreement with the County for the resurfacing of roads located within City limits.

3) Computer Network Infrastructure Upgrade and Maintenance - Council approved negotiating a contract for new City computer network infrastructure.

4) Allocation of Opioid Settlement Funding - Council approved allocating the funding to Santa Cruz County.



Next Council Meeting:
Thursday, March 10 @ 7PM

Join Our Team!

We're Hiring!

Read full job descriptions and download an application by clicking [here](#).

Full Time/Career:

- Police Officer/Police Trainee
- Building Inspector I/II
- Recreation Coordinator (30 hours/week)
- Public Works Maintenance Worker I/II

Seasonal/Part Time:

- Recreation Program Assistant Coordinator (part time)
- Recreation Leader I
- Recreation Leader II
- Recreation Program Assistant Coordinator
- Beach Lifeguard/Junior Lifeguard Instructor
- Junior Guard Assistant Coordinator/Lifeguard



Budget Season Approaches

Prepping for FY 2022-23 Budget Starts Now!

The budget adoption process begins with a **special meeting on Tuesday, March 1 at 5pm**, via Zoom, when Council will determine goals and priorities for Fiscal Year 2022-23. The schedule for upcoming special budget workshop meetings is set to be adopted on March 1; once approved, meeting dates will be published on our website.

Youth Members Welcome!

Gain Leadership Skills & Experience

Many know that the City of Capitola has several advisory bodies that serve to assist and advise in formulating policy on specific topics and local issues; but did you know that advisory bodies accept youth members?

The City of Capitola is happy to welcome area students to participate in local government! There are now expanded opportunities for youth to participate as non-voting members of several of its advisory bodies. Applicants must live within the Soquel Union Elementary School District or attend Soquel, Harbor, or Aptos High School, and be accompanied to the meetings by an adult if under age 18.

The following groups are accepting youth members:

- Art & Cultural Commission
- Commission on the Environment
- Historical Museum Board
- Finance Advisory Committee

For more information and an application, click [here](#).



Cloverleaf Cleanup Successful

Thank you Partners!

On Wednesday, February 16, through a collaboration with Caltrans, California Highway Patrol, the Homeless Persons Health Project, Santa Cruz County Mental Health, and Capitola Police, the SR-1/41st Avenue cloverleaf was abated and the materials left there disposed of.

The efforts were not met with any resistance and the appropriate outreach and resources were provided. This area is owned by the State and is managed by Caltrans.

As we move away from this clean-up, the California Highway Patrol has extended their legal authority to Capitola Police officers, who can then proactively address any issues in the area. Capitola officers have begun patrolling the cloverleaf, so it does not become a further nuisance.



APPENDIX D:

List of Current Boards, Commissions, and Committees

CITY OF CAPITOLA

2021 Local Appointments List of Boards, Commissions, and Committees

NOTICE TO THE PUBLIC

[Chapter 11, §54972 of the California Government Code]

NOTICE IS HEREBY GIVEN that the City of Capitola encourages public participation in local government through its advisory bodies. These boards, commissions, and committees deal with a variety of issues and make recommendations to the City Council. All persons interested in serving on any committee shall submit to the City Clerk a boards and commissions application.

Name of Board/Commission/ Committee – Membership Information	Community Members & Term Expirations		
Architectural and Site Review Committee ▲ ■ This committee helps to maintain the character and integrity of neighborhoods in the City by promoting excellence of development. 3-6 Members* 2-Year Term Membership: Professionals appointed by the Mayor: 1 architect, 1 landscape architect and 1 historian. *The Committee may also include alternates to the various positions. Members are not required to be City residents. <u>Meets:</u> 2 nd & 4 th Wednesday of each month at 3:30 p.m. in the City Hall Community Room	<i>Incumbents with Expiring Terms</i> Frank Phantom [Architect] Carolyn Swift [Historian] Vacant [Landscape Architect] Daniel Gomez [Alternate Architect] Daniel Townsend [Alternate Architect] Vacant [Alternate Landscape Architect]	<i>Appointed</i> 1/10/19 1/10/19 2/28/19 2/28/19	<i>Expires</i> 12/31/20 12/31/20 12/31/20 12/31/20 12/31/20 12/31/20
Art & Cultural Commission ▲ ● Commission members have an interest in promoting the arts and public art projects within the City. 9 Members 2-Year Term Membership: 1 City Council member; 1 Planning Commissioner; 1 artist/arts organization representative; 1 arts professional and 5 at-large members. Members are preferably residents of Capitola who are 18 years of age or older and may be reappointed for successive 2-year terms with a maximum of 3 terms. <u>Meets:</u> 2 nd Tuesday of each month at 6:30 p.m. in the City Hall Council Chambers	<i>Incumbents with Expiring Terms</i> Mary Beth Cahalen [At Large Member] Laura Alioto [At Large Member] Laurie Hill [At Large Member] Susan McPeak [At Large Member] James Wallace [At Large Member] Kelly Mozumder [Artist] Roy Johnson [Art Professional]	<i>Appointed</i> 12/19/19 12/10/20 12/19/19 12/10/20 12/19/19 12/10/20 12/10/20	<i>Expires</i> 12/31/21 12/31/22 12/31/21 12/31/22 12/31/21 12/31/22 12/31/22

- ▲ = Members are required to File Statements of Economic Interest, Form 700
- = Members are required to complete AB 1234 Ethics Training
- = Committee also may include non-voting youth members

2020 CAPITOLA BOARD, COMMISSION & COMMITTEE APPOINTMENT LIST

Name of Board/Commission/ Committee – Membership Information	Community Members & Term Expirations		
Commission on the Environment ● Commission members have an interest in protecting and enhancing the City's natural environment. 5 Members 2-Year Term Membership: 1 City Council member and 1 appointee from each of the remaining 4 City Council members. Members are preferably residents of Capitola who are 18 years of age or older. <u>Meets:</u> A minimum of 4 times a year as needed on the 4 th Wednesday of a month at 6 p.m. in the City Hall Community Room	Incumbents with Expiring Terms Cathlin Atchison [Council Appointee] Peter Wilk [Council Appointee] Michelle Beritzhoff-Law [Council Appointee] Meredith Keet [Council Appointee] Jacques Bertrand [Council Rep]	Appointed 1/10/19 1/10/19 1/10/19 2/28/19 1/10/19	Expires 12/31/20 12/31/20 12/31/20 12/31/20 12/31/20
Finance Advisory Committee ● The Committee provides financial and budget alternatives and advice to the City Council. 7 Members 2-Year Term Membership: Mayor and Vice Mayor (or other appointed Council Members); 1 appointee from each of the remaining 3 City Council members, and a Capitola Businessperson/Capitola Resident representing the business community as recommended by the Capitola Soquel Chamber of Commerce. Council appointees must be City residents. <u>Meets:</u> 3 rd Tuesday of every other month at 6 p.m. in the City Hall Council Chambers	Incumbents with Expiring Terms Marilyn Warter [Council Appointee] Laura Alioto [Council Appointee] Paul Estey [Council Appointee] Pete Cullen [Business Representative?]+	Appointed 1/10/19 ? 1/10/19 1/23/20	Expires 12/31/20 12/31/20 12/31/20 12/31/20
+ Appointee replaced a resignation; serving the original term length			

▲ = Members are required to File Statements of Economic Interest, Form 700

■ = Members are required to complete AB 1234 Ethics Training

● = Committee also may include non-voting youth members

2020 CAPITOLA BOARD, COMMISSION & COMMITTEE APPOINTMENT LIST

Name of Board/Commission/ Committee – Membership Information	Community Members & Term Expirations		
Historical Museum Board ● Board members have an interest in preservation and promotion of the City’s history and oversee operations of the Historical Museum. 7 Members 3-Year Term Membership: Preferably City residents, 18 years of age or older. <u>Meets:</u> 1 st Thursday of each month at 5:30 p.m. in the Community Room	<i>Incumbents with Expiring Terms</i>	<i>Appointed</i>	<i>Expires</i>
	Emmy Mitchell-Lynn	6/27/19	6/9/22
	Pam Greeninger	6/14/18	6/10/21
	Niels Kisling	6/27/19	6/9/22
	Dean Walker	7/25/19	6/9/22
	David Peyton	6/14/18	6/10/21
	Brian Legakis	8/9/18	6/10/21
	Gordon van Zuiden	6/27/19	6/9/22
Planning Commission ▲ ■ The Commission issues development permits on behalf of the City Council and advises the City Council on land use and policy issues. 5 Members 2 -Year Terms Membership: 5 individual council appointees. <u>Meets:</u> 1 st Thursday of each month at 7 p.m. in the City Hall Council Chambers	<i>Incumbents with Expiring Terms</i>	<i>Appointed</i>	<i>Expires</i>
	Edward Newman [Council Appointee]	12/10/20	12/31/22
	Courtney Christiansen [Council Appointee]	12/10/20	12/31/22
	Mick Routh [Council Appointee]	12/10/20	12/31/22
	Susan Westman [Council Appointee]	12/10/20	12/31/22
	Peter Wilk [Council Appointee]	12/10/20	12/31/22

Additionally, the City may appoint community members to represent it on the boards of other agencies. Interested persons are encouraged to visit the City's website at www.CityofCapitola.org

Posted December 18, 2010
 Chloé Woodmansee, City Clerk
 420 Capitola Avenue, Capitola, CA 95010
 (831) 475-7300
cwoodmansee@ci.capitola.ca.us

[This Local Appointments List shall remain posted until 12/31/21]

- ▲ = Members are required to File Statements of Economic Interest, Form 700
- = Members are required to complete AB 1234 Ethics Training
- = Committee also may include non-voting youth members

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 City of Capitola

Project Location: The City of Capitola was incorporated in 1949 and operates as a general law city **pursuant to the laws of the State of California. Capitola's city limits encompasses approximately two** square miles and has a population estimated at 10,000. The City provides an array of services, including but not limited to, law enforcement, animal control, and parks and recreation. A vicinity map depicting the **City's** jurisdictional and sphere boundaries is attached (refer to Attachment A).

Project Location City: Capitola 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 City. The purpose of the report is to ensure the effectiveness and efficiency in the delivery of public services by the City, 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 May 4, 2022.

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

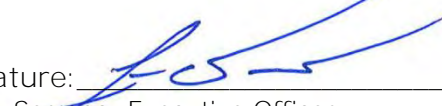
Exempt Status: (check one)

- ☐ 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 City. 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: April 13, 2022

☒ Signed by Lead Agency



**NOTICE OF PUBLIC HEARING
LOCAL AGENCY FORMATION COMMISSION**

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, May 4, 2022, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold a public hearing on the following:

- **City of Capitola Service and Sphere of Influence Review:** Consideration of a service and sphere review for the City of Capitola. In compliance with the California Environmental Quality Act (CEQA), LAFCO staff has prepared a Categorical Exemption for this report.

Due to COVID-19, this meeting will be conducted as a teleconference pursuant to the provisions of the Governor's Executive Orders and Assembly Bill 361, which suspend certain requirements of the Ralph M. Brown Act. Members of the public are encouraged to participate remotely. Instructions to participate remotely are available in the Agenda and Agenda Packet: <https://www.santacruzlafco.org/2022-agenda-packets/>

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.

A handwritten signature in blue ink, appearing to read 'Joe A. Serrano'.

Joe A. Serrano
Executive Officer
Date: April 12, 2022

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2022-06

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
APPROVING THE 2022 SERVICE AND SPHERE OF INFLUENCE REVIEW
FOR THE CITY OF CAPITOLA

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 City of Capitola ("City").
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 May 4, 2022, 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 2022 Service and Sphere of Influence Review for the City 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 2022 Service and Sphere of Influence Review for the City.
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 reaffirms the Sphere of Influence Map for the City, as shown in Exhibit C.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 4th day of May 2022.

AYES:

NOES:

ABSTAIN:

RACHÉL LATHER, CHAIRPERSON

Attest:

Joe A. Serrano
Executive Officer

Approved as to form:

Joshua Nelson
LAFCO Counsel

EXHIBIT A
CITY OF CAPITOLA
2021 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

The City currently provides various municipal services to a population of approximately 10,000. A slow growth is projected to occur for the next twenty years. LAFCO staff estimates that the entire population of Capitola will reach 10,800 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 City's sphere boundary.

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 City General Plan within its jurisdictional limits designates areas for residential, commercial, and other city-related zoning.

4. Financial ability of agencies to provide services.

Capitola is financially stable. Audited financial statements from Fiscal Years 2015-16 to 2020-21 indicate that the City has ended in a surplus in five of the last six years. As of June 30, 2021, the City is operating with a net position of approximately \$33 million.

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

LAFCO has recommended that the City continue exploring for collaborative efforts with neighboring agencies to improve efficiencies.

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

LAFCO has recommended that the City adopt a new five-year capital improvement plan, similar to the one completed in 2014.

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
CITY OF CAPITOLA
2021 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 City's general plan which ranges from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of open space, residential uses, and environmental protection. Planned land uses within the applicable general plans are a mix of urban and residential, public recreation, and open-space lands.

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

Capitola has identified and prioritized its infrastructure needs in various projects. LAFCO has recommended that the City adopt a new five-year capital improvement plan, similar to the one completed in 2014.

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

Capitola provides various types of municipal services, including but not limited to law enforcement and public works. In 2021, the City's population was estimated to be 10,200. LAFCO staff projects that the City's population will reach 10,800 by 2040.

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.

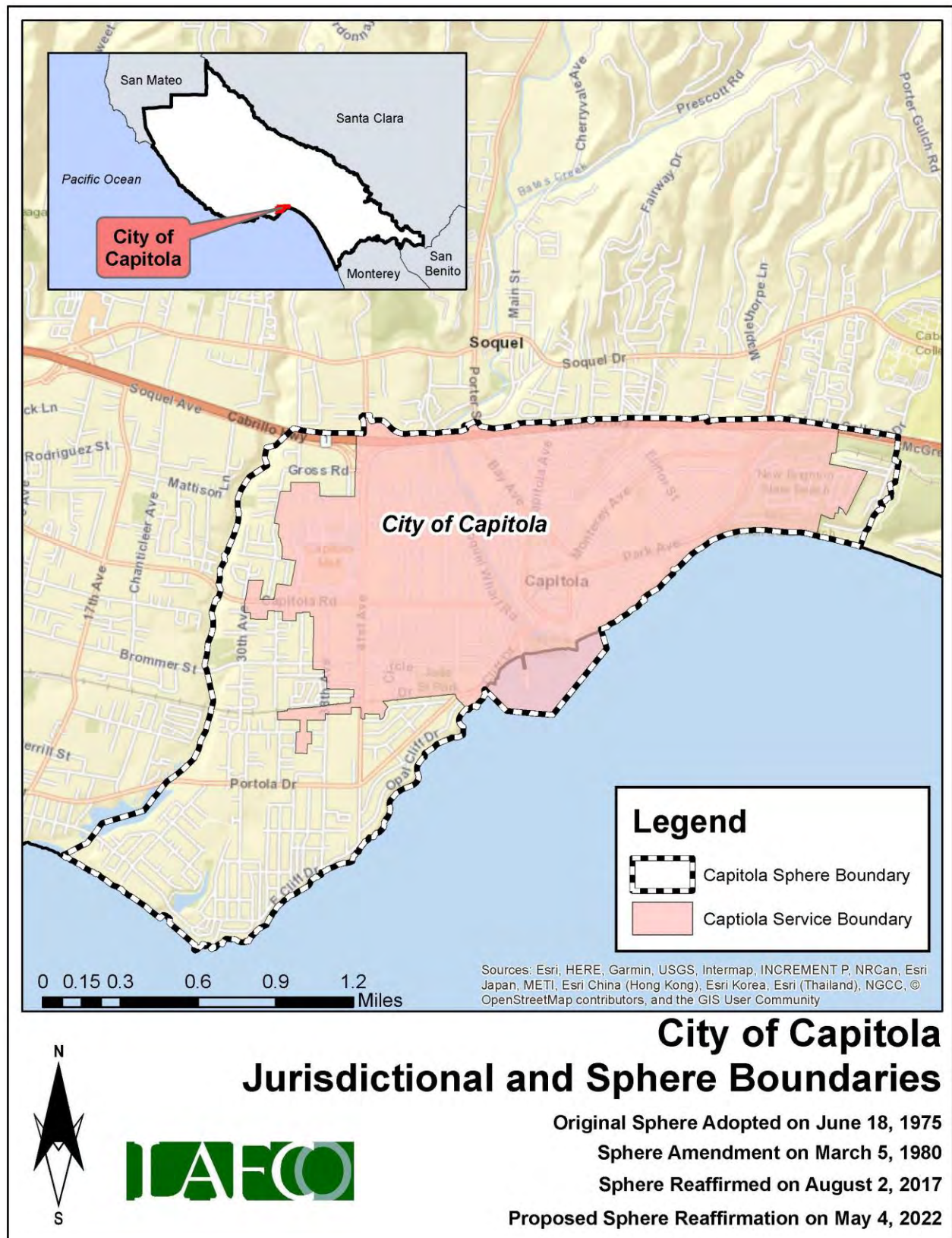
Capitola appoints its citizens on an array of boards, commissions, and committees to assist and advise in formulating policies. These advisory bodies provide feedback that may help the City make significant decisions. In total, the City has one board (Historical Museum Board), three Commissions (Art & Cultural, Environment, and Planning), and two committees (Architectural & Site Review and Finance Advisory).

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 City's sphere boundary. It is important to note that the City does not provide water, sewer, or fire protection to its constituents. Those services are provided by independent special districts in the area.

EXHIBIT C
CITY OF CAPITOLA
SPHERE OF INFLUENCE MAP

LAFCO reaffirms the Sphere of Influence for the City of Capitola.





Date: May 4, 2022
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Continuation of Remote Meetings**

SUMMARY OF RECOMMENDATION

The Governor issued a series of executive orders in connection with the ongoing COVID-19 pandemic, which included a waiver of all physical-presence requirements under the Brown Act. These orders expired on September 30, 2021. Assembly Bill 361, which took effect as an urgency measure on September 16, 2021, allowed local agencies to continue conducting remote meetings under specific conditions and following the adoption of a resolution. This Commission adopted a resolution on November 3, 2021. The findings within the resolution are required to be periodically renewed to allow for future remote meetings under the AB 361 guidelines.

It is recommended that the Commission ratify the existing resolution (No. 2021-19) approving the continuation of remote meetings under AB 361.

EXECUTIVE OFFICER'S REPORT:

In November 2021, the Commission adopted a resolution (refer to **Attachment 1**) to continue remote meetings in accordance with the guidelines under AB 361, which acts as a temporary waiver of the Brown Act's in-person attendance requirements. In order to continue to qualify for AB 361's waiver of in-person meeting requirements, the Commission is required to renew the findings outlined in the adopted resolution. During the April Meeting, the Commission ratified the resolution to continue the use of remote meetings with the condition that staff provide information about the potential implementation of a hybrid model to conduct future meetings.

Hybrid Model

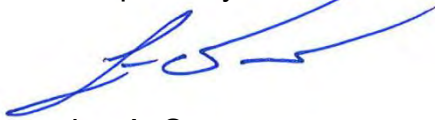
Staff met with County representatives to determine if LAFCO is capable of utilizing the County's hybrid meeting equipment within the Board of Supervisors Chambers. It is staff's conclusion that the implementation of the hybrid model may be possible as long as there is a balance of in-person Commissioners and virtual Commissioners to validate the additional responsibilities on staff when conducting future hybrid meetings.

The new technical duties will not be disruptive nor include any additional costs, however, it will add further obligations on top of the other responsibilities required for staff to adequately operate the LAFCO meetings. That being said, the implementation of a hybrid model, whenever that occurs, will offer members of the public and the Commission the flexibility on how to participate in future LAFCO meetings.

Commission Preference

Staff conducted a short survey asking each Commissioner their preference in attending upcoming LAFCO meetings in-person or remotely. Seven Commissioners prefer participating remotely, three Commissioners are open to either option, and only two Commissioners prefer attending in-person at this time. Therefore, staff is recommending that the Commission continue hosting virtual meetings until there is a more balanced interest in utilizing the hybrid approach or once the State of Emergency is officially lifted.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachment:

1) Resolution No. 2021-19 (Adopted Version)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2021-19

On the motion of Commissioner Rachél Lather
duly seconded by Commissioner Jim Anderson
the following resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND ORDERING THE CONTINUATION OF
TELECONFERENCE MEETINGS DUE TO THE GOVERNOR'S PROCLAMATION OF
STATE EMERGENCY AND STATE RECOMMENDATIONS RELATED TO PHYSICAL
DISTANCING DUE TO THE THREAT OF COVID-19

WHEREAS, the Local Agency Formation Commission of Santa Cruz County ("Commission" or "LAFCO") is committed to preserving and nurturing public access and participation in meetings of the Commission; and

WHEREAS, all Commission meetings are open and public, as required by the Ralph M. Brown Act (Government Code Section 54950 et seq.), so that any member of the public may attend, participate, and observe how the Commission conducts its business; and

WHEREAS, the Brown Act, pursuant to Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code Section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the state; and

WHEREAS, such conditions now exist in the state, specifically, the Governor of the State of California proclaimed a state of emergency on March 4, 2020, related to the threat of COVID-19, which remains in effect; and

WHEREAS, on September 16, 2021, the Governor signed Assembly Bill 361 ("AB 361"), urgency legislation effective immediately, that amended Government Code section 54953 to permit legislative bodies subject to the Brown Act to continue to meet under modified teleconferencing rules provided they comply with specific requirements set forth in the statute; and

WHEREAS, pursuant to AB 361, the Commission may hold an initial teleconference meeting under the modified teleconferencing rules and may continue to hold such teleconference meetings during a proclaimed state of emergency where the Commission has reconsidered the circumstances of the state of emergency, the state of emergency continues to directly impact the ability of the Commission to meet safely in person, and state or local officials have recommended measures to promote physical distancing; and

WHEREAS, the California Division of Occupational Safety and Health ("Cal/OSHA") regulations at Title 8 Section 3205 recommends physical distancing in the workplace as precautions against the spread of COVID-19 and imposes certain restrictions and requirements due to a "close contact" which occurs when individuals are within six feet of another in certain circumstances; and

WHEREAS, the proliferation of the Delta variant of the virus continues to pose imminent risk to health and safety and directly impacts the ability of the public and the Commission to meet safely in person, accordingly, the Commission hereby recognizes the proclamation of state of emergency by the Governor of the State of California and the regulations of Cal/OSHA recommending physical distancing; and

WHEREAS, as a consequence of the emergency related to COVID-19, the Commission does hereby find that the Commission shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of section 54953, and that the Commission shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Section 54953; and

WHEREAS, the Commission meetings will be accessible to the public to attend virtually or via phone.

NOW, THEREFORE, BE IT RESOLVED THAT THE COMMISSION DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.
2. State of Emergency due to COVID-19. The Commission hereby recognizes the imminent threat to the health and safety of attendees at public meetings due to the impacts of COVID-19 and the continued recommendation of state officials to promote physical distancing to minimize any potential adverse health and safety risks.
3. Remote Teleconference Meetings. The Executive Officer is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings of the Commission in accordance with Government Code Section 54953(e) and other applicable provisions of the Brown Act for remote only teleconference meetings.

4. Reconsideration of the State of Emergency. The Commission has reconsidered the state of emergency proclaimed by the Governor of the State of California and finds that the state of emergency continues to directly impact the ability of the members to meet safely in person.
5. Reoccurring Evaluation by the Commission. The Executive Officer is hereby directed to continue to monitor the conditions and health and safety conditions related to COVID-19, the status of the Governor's State of Emergency, and the state regulations related to social distancing, and present to the Commission at its next regularly scheduled meeting the related information and recommendations for remote only meetings pursuant to the provisions of Government Code Section 54953(e)(3) and to extend the time during which the Commission may continue to teleconference without compliance with paragraph (3) of subdivision (b) of Section 54953.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 3rd day of November 2021.

AYES: Commissioners Jim Anderson, Roger Anderson, Ryan Coonerty, Justin Cummings, Francisco Estrada, Zach Friend, and Rachél Lather

NOES: None

ABSTAIN: None



JUSTIN CUMMINGS, CHAIRPERSON

Attest:



Joe A. Serrano
Executive Officer

Approved as to form:



Daniel H. Zazueta
LAFCO Counsel



Date: May 4, 2022
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Comprehensive Quarterly Report – Third Quarter (FY 2021-22)**

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 from January through March. 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, the development of scheduled service reviews, and staff's ongoing collaboration with local agencies.

Active Proposals

Santa Cruz LAFCO currently has five active applications, one completed application, and one terminated application:

1. **Terminated Application: "Roaring Camp Annexation" (Project No. 967)**: This application was initiated by petition on March 4, 2019 and requested the annexation of approximately 170 acres to the San Lorenzo Valley Water District. The purpose of the annexation was to provide water service to an unincorporated area commonly known as Roaring Camp.

Latest Status: LAFCO staff sent a letter to the applicant on January 10, 2022 indicating that the proposal will be terminated on April 1, 2022 unless the outstanding items are submitted to LAFCO before March 31, 2022. The applicant did not provide the necessary documents to move the application forward so it was terminated.

2. **Completed Application: "Opal Cliffs Recreation District Reorganization" (Project No. RO 21-18)**: This proposal was initiated by the Opal Cliffs Recreation District (OCRD) Board of Directors on October 11, 2021. The purpose of the application was to facilitate the efficient delivery of recreational services to the Opal Cliffs community by dissolving OCRD and concurrently annexing the dissolved area into County Service Area 11 (County Parks).

Latest Status: The reorganization was recorded on April 11, 2022. The date of recordation was the date that OCRD was officially dissolved and the dissolved area was concurrently annexed into County Parks.

3. **Active Application: “Blossom Way/Stephen Bell Annexation” (Project No. CA 22-02)**: This application was initiated by petition on February 18, 2022 and proposes the annexation of a single one-acre parcel into the City of Scotts Valley. The purpose of the annexation is to provide sewer service to a vacant parcel.

Latest Status: LAFCO staff sent a preliminary staff report to all the affected and interested agencies on March 14 soliciting comments on the application. LAFCO is currently awaiting the City’s official position on the proposed annexation.

4. **Active Application: “Pajaro Valley Rod and Gun Club Annexation” (Project No. DA 22-05)**: This application was initiated by board resolution on March 17, 2022 and proposes the annexation of two parcels (totaling 3 acres) into the Salsipuedes Sanitary District. The purpose of the annexation is to provide sewer service to an existing building.

Latest Status: LAFCO staff sent a preliminary staff report to all the affected and interested agencies on April 7 soliciting comments on the application. The District and affected landowner have already indicated that they support the proposed annexation.

5. **Active Application: “Pajaro Valley Fire Protection District Reorganization” (Project No. RO 22-06)**: This application was initiated by board resolution on March 22, 2022 and proposes the annexation of approximately 72 square miles into the Pajaro Valley Fire Protection District, the dissolution of CSA 4 (Pajaro Dunes), and the detachment of the annexed area from CSA 48 (County Fire). The purpose of the reorganization is to provide a better level of fire protection services to approximately 20,000 people through an independent fire district rather than a county service area.

Latest Status: LAFCO staff sent a preliminary staff report to all the affected and interested agencies on April 15 soliciting comments on the application. The District is currently working with LAFCO to determine the financial impact on the affected agencies.

6. **Active Application: “Branciforte Fire Protection District Reorganization” (Project No. RO 22-07)**: This application was initiated by board resolution on April 1, 2022 and proposes the dissolution of the Branciforte Fire Protection District (BFPD) and concurrent annexation of the dissolved area into the Scotts Valley Fire Protection District. The purpose of the reorganization is to provide a better level of fire protection services to approximately 1,700 people by merging the two fire districts.

Latest Status: LAFCO staff sent a preliminary staff report to all the affected and interested agencies on April 22 soliciting comments on the application. The two districts and LAFCO continue to collaborate under the Pre-Reorganization Agreement, which was signed by all three parties.

7. **Active Application: “El Alamein Road Annexation” (Project No. DA 22-08)**: This application was initiated by landowner petition on April 15, 2022 and proposes the annexation of two parcels (totaling 31 acres) into the San Lorenzo Valley Water District in order to provide adequate water services to the existing homes.

Latest Status: LAFCO staff is currently reviewing the application.

Multi-Year Work Program (Service Reviews)

A five-year work program was adopted in 2019 to ensure that service reviews for each local agency under LAFCO's purview are considered within the legislative deadline. This year, a total of 41 local agencies will be evaluated in 3 separate service and sphere reviews. Below is a status update on each scheduled review.

1. **City of Capitola** – The City was incorporated in 1949 and operates as a general law city. The City contains approximately 2 square miles of land and provides various municipal services, including but not limited to parks and recreation, police, and animal control.

Tentative Hearing Date: A service and sphere review was presented and adopted by the Commission on May 4.

2. **Water Districts (6 in total)** – The six water districts in Santa Cruz County are the following: Central Water District, Pajaro Valley Water Management Agency, Reclamation District (No. 2049), San Lorenzo Valley Water District, Scotts Valley Water District, and Soquel Creek Water District.

Tentative Hearing Date: A service and sphere review for all the water districts is scheduled to be presented to the Commission on August 3.

3. **Road CSAs (34 in total)** – The 34 road-related county service areas districts in Santa Cruz County are the following: CSA 13 (Hutchinson Road), CSA 15 (Huckleberry Woods), CSA 16 (Robak Drive), CSA 17 (Empire Acres), CSA 18 (Whitehouse Canyon), CSA 21 (Westdale), CSA 22 (Kelly Hill), CSA 23 (Old Ranch Road), CSA 24 (Pineridge), CSA 25 (View Point Road), CSA 26 (Hidden Valley), CSA 28 (Lomond Terrace), CSA 30 (Glenwood Acres), CSA 32 (View Circle), CSA 33 (Redwood Drive), CSA 34 (Larsen Road), CSA 35 (Country Estates), CSA 36 (Forest Glen), CSA 37 (Roberts Road), CSA 39 (Reed Street), CSA 40 (Ralston Way), CSA 41 (Loma Prieta Drive), CSA 42 (Sunlit Lane), CSA 43 (Bonita Encino), CSA 44 (Sunbeam Woods), CSA 46 (Pinecrest Drive), CSA 47 (Braemoor Drive), CSA 50 (The Vineyard), CSA 51 (Hopkins Gulch Road), CSA 52 (Upper Pleasant Valley), CSA 55 (Riverdale Park), CSA 56 (Felton Grove), CSA 58 (Ridge Drive), and CSA 59 (McGaffigan Bill Road).

Tentative Hearing Date: A service and sphere review for all the road-related CSAs is scheduled to be presented to the Commission on October 5.

Budget Report

The third quarter of Fiscal Year 2021-22 ended on March 31, 2022. During this 3-month period, the Commission received approximately \$3,500 in revenue. This amount is primarily from interest earned and the recent application fees. 100% of the anticipated revenue for the entire year has already been collected. During the same period, the Commission incurred approximately \$63,000 in total expenses. Approximately 42% of the estimated costs for the entire year has been accrued. The following table shows a breakdown of LAFCO's financial performance during the first, second, and third quarter.

Table A: LAFCO Budget Overview (First, Second, and Third Quarter)

	FY 21-22 (1st Qtr.)	FY 21-22 (2nd Qtr.)	FY 21-22 (3rd Qtr.)	Amount from Reserves	Total Amount (as of 3/31)	FY 21-22 Adopted Budget	Percentage (Accrued vs. Budget)
Total Revenue	\$405,014	\$1,843	\$3,544	\$239,550	\$649,951	\$641,850	101%
Total Expense	<u>\$137,139</u>	<u>\$67,656</u>	<u>\$62,961</u>	-	<u>\$267,756</u>	<u>\$641,850</u>	42%
Difference	\$267,876	\$(65,813)	\$(59,418)	\$239,550	\$382,194	-	-

A detailed review of LAFCO's financial performance during the first, second, and third quarter (July to March) is attached to this report (refer to **Attachment 1**).

Recent & Upcoming Meetings

LAFCO staff values the collaboration with local agencies, members of the public, and other LAFCOs to explore and initiate methods to improve efficiency in the delivery of municipal services. During the third quarter, staff held meetings either remotely or in-person to discuss current and/or upcoming LAFCO projects. A summary of those and more recent meetings are discussed below.

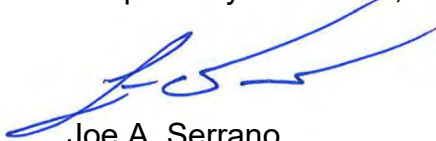
1. **CALAFCO Staff Workshop Planning Committee**: LAFCO staff met with CALAFCO representatives on January 4 and January 6 to discuss the two breakout sessions that Santa Cruz LAFCO was invited to be guest speaker. These sessions were scheduled to be part of the 2022 Staff Workshop. LAFCO met with representatives multiple times during the months of January and February before CALAFCO decided to cancel the March Workshop due to the ongoing pandemic.
2. **Branciforte Fire Protection District Residents**: LAFCO staff met with two residents on January 11 to discuss the current insurance coverage in the Branciforte community and how the potential merger could impact the insurance policies. Commissioner Ed Banks also participated in the discussion.
3. **CSDA-LAFCO Workshop Committee**: LAFCO staff met with CSDA representatives on January 13 to discuss the workshop tailored for special district board members. The workshop, co-hosted by CSDA and LAFCO, will cover two state laws that impact special districts – the Brown Act and the Public Request Act.
4. **Big Basin Water Transition Team**: LAFCO staff participated in a group meeting on January 13 with other stakeholders to discuss the potential annexation of the Big Basin Water Company into the San Lorenzo Valley Water District. This private water company is facing multiple issues involving operations and overall water quality. The stakeholder group was formed to help address the challenges with the potential transfer of water responsibilities from a private entity to a public water agency.
5. **Personnel Committee**: LAFCO staff met with LAFCO's Personnel Committee on January 14 to discuss the Executive Officer's performance during the 2021 calendar year, review any areas of improvement, and identify potential goals for 2022.

6. **Public Works Department:** LAFCO staff met with representatives from the County Public Works Department on January 18 to discuss the upcoming countywide service and sphere review involving the 34 county service areas that provide road maintenance services. This was an opportunity to discuss the service review process and address any questions the department had about the upcoming analysis.
7. **California State Assembly Legislative Committee:** LAFCO staff attended the legislative committee meeting on January 19 to learn more about the potential formation of a healthcare district in Santa Cruz County through special legislation.
8. **Potential Fire Reorganization:** LAFCO staff met with the fire chiefs from Branciforte and Scotts Valley Fire Protection Districts (FPD) on January 19 to discuss the potential reorganization between the two fire districts. The intent of the meeting was to learn how Branciforte FPD plans on operating as a stand-alone agency following the sunset of the administrative contract with Scotts Valley FPD.
9. **Opal Cliffs Recreation District:** LAFCO staff met with representatives from the County Parks Department on January 20 to discuss the progress of the reorganization effort involving the recreation district and County Service Area 11.
10. **Pajaro Valley Fire Protection District:** LAFCO staff attended the fire district board meeting on January 20 to answer any questions about the potential annexation of territory within the district's sphere boundary. The District has expressed interest in annexing the entire area located within its sphere of influence. Such annexation would require a detailed analysis and coordination between the fire district, the County, and LAFCO.
11. **CSDA-LAFCO Workshop:** LAFCO staff co-hosted a virtual workshop with CSDA on January 25 to provide helpful information to the independent special districts within Santa Cruz County. This workshop was at no cost to the districts and offered various best practices to implement within their internal operations.
12. **Monterey-Santa Cruz LAFCOs:** LAFCO staff co-hosted a virtual meeting on January 28 with representatives from Monterey LAFCO, the Pajaro Valley Health Care Project, and the County to discuss the potential formation of a healthcare district. The meeting focused on the pros and cons in forming a healthcare district under LAFCO law or through special legislation.
13. **City Selection Committee:** LAFCO staff attended the committee meeting on January 28 to request that two council members be appointed as LAFCO's new regular and alternate members. The committee selected Yvette Brooks from Capitola to be LAFCO's new regular city member and deferred action on the alternate seat for their next meeting (April 22).
14. **Central Water District:** LAFCO staff met with representatives from the Central Water District on February 9 to discuss the upcoming countywide service and sphere review involving the six water districts located throughout the county. This was an opportunity to discuss the service review process and address any questions the District had about the upcoming analysis.

- 15. Scotts Valley Water District:** LAFCO staff met with representatives from the Scotts Valley Water District on February 10 to discuss the upcoming countywide service and sphere review involving the six water districts located throughout the county. This was an opportunity to discuss the service review process and address any questions the District had about the upcoming analysis.
- 16. Ben Lomond Fire Protection District:** LAFCO staff attended the fire district's board meeting on February 16 to provide a summary of LAFCO's Countywide Fire Report adopted back in October 2021. Staff presented LAFCO's findings and recommendations about the fire district and answered questions from the board.
- 17. City of Capitola:** LAFCO staff met with representatives from the City of Capitola on February 16 to discuss the upcoming service and sphere review. This was an opportunity to discuss the service review process and address any questions the City had about the upcoming analysis.
- 18. CALAFCO Executive Officers:** LAFCO staff attended the quarterly meeting on February 23 to share best practices and discuss current issues facing other Executive Officers. This was also an opportunity to learn about CALAFCO-related news, including the recruitment for a new CALAFCO Executive Director.
- 19. City of Scotts Valley (Landowner Inquiry):** LAFCO staff met with a landowner on February 23 to discuss their current septic tank problem and determine whether annexation into the City of Scotts Valley could address the health and safety issue.
- 20. Branciforte Fire Protection District:** LAFCO attended the fire board meeting on February 24 to observe the District's plans on transitioning into a stand-alone agency.
- 21. Pajaro Dunes Community:** LAFCO staff attended the community's committee meeting on February 25 to provide a summary of LAFCO's Countywide Fire Report. Staff presented LAFCO's findings and recommendations about County Service Area 4 and answered questions from the committee as well as members of the public.
- 22. Branciforte Fire Protection District:** LAFCO staff attended a community discussion on February 27 (Sunday) to discuss the future governance option for the fire district. The residents are part of an ad-hoc committee tasked to identify potential options for the District to consider.
- 23. Joint Ad-Hoc Committee:** LAFCO staff facilitated a joint meeting on February 28 with representatives from the Branciforte and Scotts Valley Fire Protection Districts. The purpose of the meeting was to determine whether a merger between the two districts would help address Branciforte FPD's operational issues and benefit the community.
- 24. Finance Enterprise Transition:** LAFCO staff attended the virtual workshop on March 1 to learn about the upcoming change in how invoices are processed under the County's new fiscal system. LAFCO currently contracts with the County for payroll and accounting services. The new system will go into effect in April 2022.

- 25. New Fire Consultant:** LAFCO staff met with LAFCO's new fire consultant on March 4 to discuss current and future fire-related projects. This was also an opportunity to officially sign the contractual agreement between Fire Reorganization Consulting, LLC and LAFCO.
- 26. Alba Park and Recreation District:** LAFCO staff attended the recreational board meeting on March 7 to learn about the District's progress with a new board and staff. This meeting marks a change in operations following LAFCO's recommendation to address various internal and external issues. The District is now operating under a detailed strategic plan it developed to fulfill LAFCO's requirement and to ensure it complies with state laws and functions in an efficient manner.
- 27. CALAFCO Legislative Committee:** LAFCO staff participated in CALAFCO's quarterly meeting on March 10 to learn about legislative bills that may affect LAFCOs. As CALAFCO's legislative liaison, staff also presented the latest version of the annual omnibus bill during the meeting.
- 28. Fire District Advisory Committee:** LAFCO staff attended the FDAC meeting on March 16 to observe the discussion about the future of County Service Area 48. This discussion was based on LAFCO's Countywide Fire Report and the Commission's recommendation to receive annexation plans from the independent fire districts.
- 29. City of Scotts Valley:** LAFCO staff held a virtual introductory meeting with the new City Manager on March 29. This was an opportunity to discuss the City's current jurisdictional and sphere boundaries and highlight any potential boundary changes in the future.
- 30. Central Fire District:** LAFCO staff met with representatives from the fire district on March 30 to discuss the District's current sphere boundary and LAFCO's request for an annexation plan by August 2022.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachment:

1. LAFCO FY 2021-22 Budget Review (First, Second, and Third Quarter)

FISCAL YEAR 2021-22	FY 21-22 First Qtr. (Jul - Sep)	FY 21-22 Second Qtr (Oct - Dec)	FY 21-22 Third Qtr (Jan - Mar)	FY 21-22 Adopted Budget	Difference (\$)	Budget Line Item Notes
REVENUES DESCRIPTION						
Interest	\$ 389	\$ 478	\$ 493	\$ 3,000	\$ 1,640	Anticipated Funds
Contributions from Other Govt Agencies	\$ 401,800	\$ -	\$ -	\$ 399,300	\$ (2,500)	Surplus Fund (\$2,500) Pays Auditor-Controller Fees
LAFCO Processing Fees	\$ 2,500	\$ 950	\$ 1,600	\$ -	\$ (5,050)	Fees for DA 21-14, ESA 21-16, & CA 22-02
Medical Charges-Employee	\$ 325	\$ 415	\$ 415	\$ -	\$ (1,294)	Surplus Funds
Other Revenue	\$ -	\$ -	\$ 1,035	\$ -	\$ (1,035)	CALAFCO Workshop Refund
Re-budget from Fund Balance	\$ -	\$ -	\$ -	\$ 239,550	\$ 239,550	Net Position Funds (if needed)
TOTAL REVENUES	\$ 405,014	\$ 1,843	\$ 3,544	\$ 641,850	\$ 231,311	Additional Funds in Total Revenue
EXPENDITURES DESCRIPTION						
Regular Pay	\$ 42,610	\$ 37,274	\$ 34,678	\$ 220,000	\$ 93,822	Remaining Funds
Sick Leave	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	Remaining Funds
Holiday Pay	\$ 1,549	\$ 3,494	\$ 1,776	\$ 10,000	\$ 2,568	Remaining Funds
Social Security	\$ 3,433	\$ 2,660	\$ 2,892	\$ 18,000	\$ 8,045	Remaining Funds
PERS	\$ 65,254	\$ 4,436	\$ 3,966	\$ 68,000	\$ (6,987)	Overbudget Amount
Insurances	\$ 10,688	\$ 8,088	\$ 8,560	\$ 50,000	\$ 19,807	Remaining Funds
Unemployment	\$ -	\$ -	\$ 126	\$ 450	\$ 324	Remaining Funds
Workers Comp	\$ 156	\$ -	\$ -	\$ 1,000	\$ 844	Remaining Funds
Salaries Sub-total	\$ 123,690	\$ 55,951	\$ 51,998	\$ 368,450	\$ 119,425	Remaining Funds in Salaries & Benefits
Telecom	\$ 114	\$ 351	\$ 347	\$ 2,000	\$ 1,188	Remaining Funds
Office Equipment	\$ 13	\$ -	\$ -	\$ 200	\$ (258)	Overbudget Amount
Memberships	\$ 4,766	\$ 1,556	\$ -	\$ 7,500	\$ 1,178	Remaining Funds
Hardware	\$ -	\$ -	\$ -	\$ 300	\$ 300	Remaining Funds
Duplicating	\$ 125	\$ -	\$ 334	\$ 1,000	\$ 541	Remaining Funds
PC Software	\$ -	\$ 382	\$ -	\$ 600	\$ 218	Remaining Funds
Postage	\$ 110	\$ 68	\$ 628	\$ 800	\$ (6)	Overbudget Amount
Subscriptions	\$ -	\$ 268	\$ 190	\$ 500	\$ 42	Remaining Funds
Supplies	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	Remaining Funds
Accounting	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500	Remaining Funds
Attorney	\$ 6,563	\$ 1,430	\$ 3,661	\$ 150,000	\$ 138,346	Remaining Funds
Data Process GIS	\$ 284	\$ 4,704	\$ -	\$ 12,000	\$ 7,012	Remaining Funds
Director Fees	\$ 715	\$ 900	\$ 1,350	\$ 6,000	\$ 2,585	Remaining Funds
Prof. Services	\$ -	\$ -	\$ -	\$ 50,000	\$ 43,970	Remaining Funds
Legal Notices	\$ 410	\$ 397	\$ 2,400	\$ 7,000	\$ 3,794	Remaining Funds
Rents	\$ -	\$ -	\$ 328	\$ 9,000	\$ 8,672	Remaining Funds
Misc. Expenses	\$ 350	\$ 1,650	\$ 1,725	\$ 5,000	\$ 1,225	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	\$ -	\$ -	\$ -	\$ 500	\$ 500	Remaining Funds
Mileage	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	Remaining Funds
Travel-Other	\$ -	\$ -	\$ -	\$ 300	\$ 300	Remaining Funds
Registrations	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	Remaining Funds
Supplies Sub-total	\$ 13,449	\$ 11,705	\$ 10,963	\$ 273,400	\$ 230,307	Remaining Funds in Services & Supplies
TOTAL EXPENDITURES	\$ 137,139	\$ 67,656	\$ 62,961	\$ 641,850	\$ 349,732	Remaining Funds in Total Expenditures



Santa Cruz Local Agency Formation Commission

Date: May 4, 2022
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Resolution of Appreciation for Commissioner Justin Cummings**

SUMMARY OF RECOMMENDATION

The Commission will recognize Justin Cummings' time and dedication as LAFCO's Regular City Member.

It is recommended that the Commission adopt LAFCO Resolution (No. 2022-07) acknowledging Commissioner Cummings' leadership on LAFCO.

EXECUTIVE OFFICER'S REPORT

Commissioner Justin Cummings' four-year term on LAFCO ends in May 2022. The City Selection Committee recently appointed a new Regular Member from Capitola and a new Alternate Member from Scotts Valley to serve on LAFCO. The May 4th LAFCO Meeting marks the last day for Commissioner Cummings.

The Commission will act on a *Resolution of Appreciation* for Mr. Cummings' dedicated service as a city representative on LAFCO. He will remain as a councilmember for the City of Santa Cruz until December 2022.

Respectfully Submitted,

A blue ink signature of Joe A. Serrano, written in a cursive style.

Joe A. Serrano
Executive Officer

Attachment: Resolution of Appreciation (No. 2022-07)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2022-07

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

RESOLUTION OF APPRECIATION FOR COMMISSIONER JUSTIN CUMMINGS

WHEREAS, Justin Cummings has served as a Regular City Member on the Local Agency Formation Commission of Santa Cruz County for the last four years starting from May 1, 2019 to May 4, 2022; and

WHEREAS, Justin Cummings contributed to LAFCO deliberations with his knowledge of land use issues, provisions of public services, and forward-thinking best practices; and

WHEREAS, Justin Cummings served as LAFCO's Chair during the 2021 calendar year and was instrumental in championing 16 successful proposals and services reviews, including but not limited to the dissolution of County Service Area 60, the completion of two extraterritorial service agreements involving the Cities of Scotts Valley and Watsonville, and the completion of the Countywide Fire Protection Service and Sphere Review; and

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission of Santa Cruz County that this Commission hereby expresses its appreciation to Justin Cummings for his work on behalf of LAFCO and for the people of Santa Cruz County.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 4th day of May 2022.

AYES:

NOES:

ABSTAIN:

RACHÉL LATHER, CHAIRPERSON

Attest:

Approved as to form:

Joe A. Serrano
Executive Officer

Joshua Nelson
LAFCO Counsel



Santa Cruz Local Agency Formation Commission

Date: May 4, 2022
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Press Articles during the Months of March and April**

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.

Article #1: "Santa Cruz County Supervisors confirm south county district board":

The article, dated March 22, notes that the Santa Cruz County Board of Supervisors unanimously appointed five local leaders to be on the board for the newly-formed Pajaro Valley Health Care District. The board of directors will be subject to public elections within the next five years.

Article #2: "Irwin Ortiz appointed Watsonville city clerk": The article, dated March 23, announces that the City of Watsonville has hired a life-long resident and employee as their new City Clerk. Irwin Ortiz has worked for the City for over 10 years and held various roles including Assistant City Clerk.

Article #3: "To buy Watsonville Community Hospital, group needs \$20 million by July": The article, dated April 4, indicates that the new healthcare district will need approximately \$20 million to buy the hospital as part of the bankruptcy case. Based on the additional analysis, it may cost over \$62 million to acquire and operate the hospital. At present, the healthcare district has approximately \$24 million committed funding and anticipates receiving another \$23 million from the State and other grants.

Article #4: "No protest against Opal Cliffs 'Privates' going public": The article, dated April 6, highlights the fact that LAFCO did not receive a single petition of opposition during the 21-day protest period for the dissolution of the Opal Cliffs Recreation District. After the Commission certified the protest results, the reorganization was recorded on April 11. The date of recordation was the date that the recreation district was officially dissolved and the dissolved area was concurrently annexed into County Service Area 11, also known as County Parks.

Article #5: “Montecito Water Part One: is a Merger in the Works?”: The article, dated April 7, explains the potential merger between a water district and a sewer agency in Santa Barbara County. The two districts have agreed to jointly hire an outside consultant to produce a feasibility study. If the study shows that a merger would benefit the residents, the districts may initiate the consolidation process with Santa Barbara LAFCO.

Article #6: “Watsonville pegs Rene Mendez as new city manager”: The article, dated April 8, announces that the City of Watsonville has hired Rene Mendez as their new City Manager. Mr. Mendez was previously the City Manager for the City of Gonzales in Monterey County for almost 20 years before accepting the job with Watsonville.

Article #7: “Bodega Bay Fire officially consolidates with Sonoma County crews”: The article, dated April 12, highlights the recent consolidation effort between two fire districts in Sonoma County. The multi-year process led to the merger of Bodega Bay Fire Protection District with the Sonoma County Fire District following the approval process by Sonoma LAFCO. The newly consolidated district will begin operations on July 1, 2022.

Article #8: “Scotts Valley Fire mirror neighbor’s annexation commitment”: The article, dated April 14, notes that the Scotts Valley Fire Protection District unanimously approved the “Pre-Reorganization Agreement,” which was also unanimously approved by the Branciforte Fire Protection District in March. This agreement indicates that both districts and LAFCO will work together towards the completion of a reorganization involving the two fire agencies.

Article #9: “Santa Cruz County Resource Conservation District offers no-cost chipping program”: The article, dated April 19, states that the Santa Cruz County Resource Conservation District will be offering chipping services at no cost to the public for the second consecutive year. The program aims to assist those who live in the wildland-urban interface, areas especially at-risk of wildland fires because of proximity to forest or grassland.

Article #10: “City Council selects districts for November election”: The article, dated April 20, notes that the City of Santa Cruz has selected maps that will be used to determine the city’s new representation boundaries if approved by the residents during the November General Election. In the meantime, the voters will decide how many districts the City will have during the upcoming June 7th Primary Election.

Article #11: “Montecito Sanitary District Board Member Quits”: The article, dated April 20, indicates that a board member from a sanitary district in Santa Barbara County has resigned due to their concerns about the board’s potential violation of the Brown Act. The situation is tied to the potential merger between a water and sanitary district discussed in “Article No. 5,” shown above.

Article #12: “Santa Cruz names Robert Oatey as new fire chief”: The article, dated April 20, announces that Robert Oatey had been officially named the new fire chief for the City of Santa Cruz. Mr. Oatey was the interim fire chief for over eight months following the retirement of Chief Hajduk in August 2021. Mr. Oatey has been with the City since 1999.

Article #13: “San Lorenzo Valley Water District Board names Jeff Hill as interim member”: The article, dated April 20, highlights the unanimous vote by the San Lorenzo Valley Water District to appoint Jeff Hill as the new interim board member following Lois Henry’s resignation in March 2022. Mr. Hill will complete Ms. Henry’s term, which ends in November 2022. After the November election, the newly-elected board member will then have a full four-year term beginning in December 2022.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. “Santa Cruz County Supervisors confirm south county district board”
2. “Irwin Ortiz appointed Watsonville city clerk”
3. “To buy Watsonville Community Hospital, group needs \$20 million by July”
4. “No protest against Opal Cliffs ‘Privates’ going public”
5. “Montecito Water Part One: is a Merger in the Works?”
6. “Watsonville pegs Rene Mendez as new city manager”
7. “Bodega Bay Fire officially consolidates with Sonoma County crews”
8. “Scotts Valley Fire mirror neighbor’s annexation commitment”
9. “Santa Cruz County Resource Conservation District offers no-cost chipping program”
10. “City Council selects districts for November election”
11. “Montecito Sanitary District Board Member Quits”
12. “Santa Cruz names Robert Oatey as new fire chief”
13. “San Lorenzo Valley Water District Board names Jeff Hill as interim member”

santacruzsentinel.com

Santa Cruz County Supervisors confirm south county district board

Melissa Hartman

4-5 minutes

WATSONVILLE — Thanks to an unanimous vote from the Santa Cruz County Board of Supervisors on Tuesday, the Pajaro Valley Health Care District has its first board.

The district, created through the help of [Sen. John Laird's Senate Bill 418](#), will be directed by a group of five local leaders. In a release issued later in the day, the county said that the board members have the experience, skills and geographical and cultural diversity necessary to ensure the success of the formation of the district and the acquisition and operation of Watsonville Community Hospital.

John Friel, a former CEO of Watsonville Community Hospital who helped to improve the establishment's financials through public ownership in the '80s and '90s, was the first board member named. According to a [Sentinel article from the spring of 1994](#), Friel credited the improvement of the hospital's operating profit then to "strict cost control." He lives in Aptos.

Jasmine Nájera, the co-president of Monarch Services and former forensic program manager for the Santa Cruz County Adult Behavioral Health Services Department, was the second board member named. Nájera, a licensed social worker with more than 20

years of experience in the county and most recently has [spoken about access to behavioral health care resources](#), also grew up in the area. She is now a Watsonville resident.

Dr. Katherine “Katie” Gabriel-Cox, OB/GYN Chief at Watsonville Community Hospital and Salud Para La Gente, is also a board member. Gabriel-Cox lives in Aptos.

Tony Nuñez, the current managing editor of the Register-Pajaronian and the Press-Banner newspapers, will sit on the board. Nuñez is a lifelong Watsonville resident who broke into the media industry nearly 10 years ago. Recently, he wrote about the history of his south county newspaper and [how it has connected the community for 154 years](#).

Last but not least, Marcus Pimentel, the county’s budget manager in addition to his role on the Salud Para La Gente board, will round out the board and take its fifth seat. Pimentel, a Monterey County resident, most recently [moved his expertise in finance and nonprofit management from the City of Santa Cruz](#) when Mimi Hall, the impromptu spokesperson for the Pajaro Valley Healthcare District Project, was still on staff in 2019.

In the county’s statement, S. Martinelli & Co. Chairman S. John Martinelli vouched for John Friel specifically while also praising the rest of the members.

“As a former board member of Watsonville Community Hospital when it was a public hospital, I believe this diverse group has the experience needed to establish the Pajaro Valley Healthcare District now and into the future,” he said. “(This) board will have the expertise needed to make this project a success for generations to come.”

Hall, who is handing over the process of district operations to the board after completing her mission of creating the district itself as a

part of a team of four, said that a sustainable health care solution for Pajaro Valley is in capable hands now.

“The breadth of experience and community connections demonstrated by this board will serve Pajaro Valley residents well,” she said in the statement.

The members will stand for public elections in the next five years, something Hall explained to this publication previously. Elections will cycle, with three seats up one year and two seats up another.

As the board gets acclimated with its new responsibilities, the project managers are still fundraising for the acquisition and operation of the hospital and its assets. Donations are tax-deductible and can be processed online at pvhdp.org or through the mail by check to Pajaro Valley Healthcare District Project at 23 Beach Road No. 214, Watsonville CA 95076.

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Irwin Ortiz appointed Watsonville city clerk

Hannah Hagemann

3-4 minutes

WATSONVILLE — It's official: Lifelong Watsonville resident Irwin Ortiz is Watsonville's newest city clerk, after city councilmembers unanimously voted for his appointment Tuesday night.

Ortiz worked under Beatriz Flores, who held the clerk position for decades before she retired in March. Over the course of 10 years, Ortiz has held various roles at the Watsonville's city clerk office.

"I am most excited to be able to work with my community and inspire youth to pursue their dreams," Ortiz wrote in an email. "I want our Watsonville youth to know that no matter how many roadblocks and how many people don't believe in you, hard work does pay off."

As part of the job, Ortiz will organize municipal elections, maintain official city documents and records as well as record decisions during city meetings. The city clerk also responds to public record requests, and generally serves as a liaison between community members and local government.

His starting annual salary is \$125,082 — with that comes cost of living adjustments, including a 2.5% pay bump that will hit in July. Ortiz will have the option to request such salary adjustments — or raises — yearly.

Watsonville Director of Parks and Community Services Nick Calubaquib spoke to Ortiz's leadership qualities. Ortiz previously worked in the parks department, leading the city's summer camp.

"I can't think of another city employee who is as humble, intelligent, hardworking and dedicated to this community as Irwin," Calubaquib said. "I think he's a great example of how we can grow our hometown heroes here in Watsonville."

As part of the city clerk selection process, the council formed a three-person subcommittee which conducted a recruitment search. Ortiz was one of five final candidates.

"We had people interview that were city clerks, that had years of city clerk experience and they could not articulate the job as well as Irwin could. Irwin was a great student and he's now ready to become the teacher," Watsonville Mayor Ari Parker said.

Watsonville resident Steve Trujillo praised Ortiz's work ethic.

"I thank you Irwin, for being a kind, professional, genuine, authentic, human being in all situations ... including during City Council meetings, sitting under duress. You're a great guy, I'm so pleased the city has hired you," Trujillo said.

Watsonville City Councilmember Francisco Estrada classified the clerk duties as a "keeper of democracy."

Councilmember Jimmy Dutra remarked on Ortiz's Watsonville roots, and the significance of that local knowledge to the job.

"This community means a lot to me — to every one of us up here. To see someone like you get into this position, its a special thing," Dutra said.

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To buy Watsonville Community Hospital, group needs \$20 million by July

Hannah Hagemann

3-4 minutes

APTOS — The newly-formed Pajaro Valley Health Care District will need to pull together some \$20 million dollars by July in order to buy the bankrupt Watsonville Community Hospital, according to officials.

Those funds are a fraction of \$66 million the group estimates will be necessary to operate the hospital during its first year under Pajaro Valley Health Care District ownership.

“In some ways because of the bankruptcy this is a moving number but it’s the minimum number that we know we need to purchase the hospital through the sale ... and then also run the hospital for the first year,” said Mimi Hall, board member of Pajaro Valley Healthcare District, who spoke during a Friday Aptos Chamber of Commerce meeting.

Sen. John Laird’s speedy legislative efforts meant Senate Bill 418 was passed in a mere three weeks, and officially created the Pajaro Valley Health Care District in February. The nonprofit was formed to collect funds in order to purchase the institution, as well as set up a permanent district which will operate and [oversee the community hospital into the future](#).

The community hospital is one of two in Santa Cruz County. In the last 21 years, 20 different for-profit healthcare companies have taken ownership of the facility and subsequently sold the hospital, according to Mimi Hall, board member of Pajaro Valley Healthcare District, who spoke during a Friday Aptos Chamber of Commerce meeting.

“Why a healthcare district? We believe that in order to truly have a hospital that is transparent and accountable to the community, and is run by the people for the people, is the best scenario for a community like Watsonville,” Hall said.

Santa Cruz County residents who don’t have health insurance – or are underinsured – would be able to more easily access care at such a district-run hospital, Hall said.

Major government, philanthropic and healthcare players have already committed \$25.8 million to the project.

Watsonville-based Community Health Trust of Pajaro Valley has put up \$6 million, while the County of Santa Cruz pledged \$5.5 million. The effort is also set to receive \$7 million from Kaiser Permanente. Private donors have contributed nearly \$16.5 million through a fundraising campaign. With Assemblymember Robert Rivas, D-Salinas, and Laird, the district is also requesting that the Newsom administration earmark \$20 million in the state budget to fund the hospital acquisition.

“If we do not have a hospital in the Pajaro Valley, Natividad in Monterey is going to be overwhelmed, Dominican is going to have pressure on it,” Laird said Friday. “The notion that people live in the Pajaro Valley remote from those health facilities ... is a basic public safety and health issue. We have to make this work.”

santacruzsentinel.com

No protest against Opal Cliffs 'Privates' going public

Jessica A. York

1-2 minutes

LIVE OAK — The board of a local jurisdictional boundary oversight agency on Wednesday formalized the public takeover of a small private Opal Cliffs park.

The Local Agency Formation Commission of Santa Cruz County already had voted in February to allow Santa Cruz County Parks to absorb the Opal Cliffs Recreation District. The district and the public were given through this month to protest the move.

The park, associated with the "Privates" surf break, had previously taxed neighborhood property owners and collected key fees to a large gate to subsidize landscaping, security and stairway repairs, among other costs. The district was ultimately required to leave its gate open to all as part of a coastal access dispute.

According to Executive Officer Joe Serrano, no objections were filed against the district dissolution and the commission certified the results of the protest period this week. Serrano said that once the resolution and certificate are formally signed and filed, likely next week, the Opal Cliffs Recreation District will be dissolved officially.

independent.com

Montecito Water Part One: Is a Merger in the Works?

10-12 minutes

A merger of Montecito's small, independent water and wastewater treatment districts, the dream of a group of wealthy Montecitans who raised more than \$250,000 to win control of both agencies during recent elections, is now under study by a Los Angeles consulting firm.

In February, the Montecito Water District and Montecito Sanitary District boards voted overwhelmingly to split the \$47,000 cost of a study on consolidation "to determine if there is a business case affirming that the two Districts can and should consolidate."

"This is just to see if this is something that would work or not work for our community," Dorinne Johnson, the sanitary district board president, said at a February 24 board meeting. "We're not trying to rush anything."

The water and sanitary boards also voted jointly to retain the California law firm of Colantuono, Highsmith & Whatley to handle consolidation matters. If the study shows that a merger would be beneficial, they plan to proceed with further studies required by Santa Barbara County Local Agency Formation Commission. Consolidation would not necessarily require a vote by the ratepayers.

The study is being conducted by Raftelis, a company that works with water and wastewater utilities nationwide; the results are expected to be made public later this year. But there's already

strong support for consolidation on both Montecito boards.

“My feeling is that even if initially there’s more cost and more people have to be hired at both districts, I’m still for it,” Woody Barrett, vice president of the sanitary district board, said at a joint district committee meeting on February 8. At a board meeting that month, he added, “I’ve said this all along: I don’t think there’s going to be much cost savings in the consolidation of the districts, but I think the efficiencies are going to go way up.”

Most of the board members on both districts, including Johnson and Barrett, ran for election on “Water Security Team” slates that were recruited and backed by such deep-pocket donors as Bob Hazard, a past president of the Birnam Wood Golf Club and an editor of the *Montecito Journal*. At district meetings and in his columns, Hazard advocated tirelessly for the consolidation of the water and sanitary districts and cityhood for Montecito.

Over the course of the 2016, 2018, and 2020 elections, with \$256,000 in campaign funds, including generous checks from members of Birnam Wood and the Valley Club, the golf resorts on East Valley Road, the slates captured nine out of 10 seats on the water and sanitary district boards.

Gary Fuller, a sanitary district board member who ran against the Water Security Team, cast the sole vote against the consolidation study on either district board this February. Fuller said he viewed consolidation as “the first step of efforts toward privatization” of water in Montecito.

“Our board has a lot of support for it, but I don’t see that there is any public support for it,” he said.

Building Plan Scrapped

During the 2020 campaign, the Water Security Team took aim at the Sanitary District’s plans to replace its dilapidated and cramped

offices at 1042 Monte Cristo Lane with a \$4.6 million operations building. The project was approved by the Montecito Planning Commission, but the new district board majority canceled the contract in February, 2021. Fuller voted against the cancellation. Under emergency permits, three trailers on district property are providing a staff room, office space, and toilets for employees.

“Even with consolidation, Montecito would still need infrastructure for the collection and treatment of wastewater,” said Brad Rahrer, who was hired last June as the new sanitary district manager. “The water district cannot provide the certified operators to do that.”

Hazard did not respond to requests for comment on consolidation this week. But Ken Coates, the water board vice president and a former Water Security candidate, stressed at a joint district committee meeting in January that the focus was on “the longer-term strategic benefits” of consolidation, “rather than short-term cost savings.... We’re looking further into the future rather than at what we can get out of this tomorrow. How do you get the community on board so that it doesn’t object?”

Raftelis was chosen for the consolidation study in part because the firm recently helped the water district devise a five-year schedule of rate increases to begin paying for a \$33 million supply of drinking water from Santa Barbara over the next 50 years. There was little opposition; the city began delivering the water on January 1 this year.

“The ability to avoid any controversy in the community — that’s an area where Raftelis has experience in the past,” Coates said.

At a September 30 committee meeting last year, Coates said he was in favor of “moving very quickly.”

“This is the sort of thing that could drag out and we get everybody anxious about what the hell’s going on,” he said. “The faster we can

move, the better off we are.”

In recent interviews, Charles Newman, a former member of both the water board and Montecito Planning Commission, said he viewed consolidation “a solution in search of a problem.” Donna Senauer, a current commissioner, agreed, saying it would be “very unwise.” Why don’t the districts simply draw up a memorandum of understanding for any project they jointly undertake? she asked.

Senauer said she was often the only person from the public in attendance at water and sanitary district meetings.

“I’m concerned that the community doesn’t understand the complexities and cost to ratepayers of forming a new special district,” she said.

As to the persistent rumors about the privatization of Montecito’s water and sanitary districts, Floyd Wicks, a water board member since 2016 and the former CEO of Golden State Water, a private company serving 80 communities in California, would like to set the record straight.

“I was accused of getting on the board for that purpose,” he said. “I’ve got no purpose in mind to do that.”

Wicks said he wouldn’t rule out some kind of public-private partnership for future water management in Montecito, “but not for the purpose of acquiring systems or taking over anything.”

Turnover at Sanitary

The talk of merging Montecito’s water and sanitary districts has already had an impact on their operations. Since the 2020 election campaign, according to Fuller, 12 sanitary district employees have quit, including the general manager, interim general manager, two legal counsels, two district administrators, the engineering manager, operations and maintenance manager, chief plant operator, treatment plant operator, and two maintenance workers.

Three of these were retirees. The engineering manager has not yet been replaced.

Meanwhile, 19 non-managerial employees at the water district and 11 at the sanitary district have joined Local 620 of the Service Employees International Union, the union that represents Santa Barbara city and county employees and Goleta Water District employees. The Montecito Water District is currently in contract negotiations with Local 620, and talks at the sanitary district are pending; the main issues are job security and wage parity, union officials said.

“The employees do not feel safe, which is why they’re running headlong to the unions,” Fuller said. “We are losing employees.”

At the same time, he said, “We are spending an inordinate amount of money on meetings. I’m extremely frustrated with the lack of a clear direction and the literally endless meetings, including ad hoc committee meetings that are not announced, so the public cannot view them, and no recordings are made.”

District records show that the sanitary district held 31 board meetings in 2021, compared to 15 in 2019. Board members are paid an honorarium of \$220 per meeting. The board formed several ad-hoc committees in 2021 to update the board’s “policies and procedures” manual, review proposed sewer line extensions, and recruit a general manager.

Rahrer said board meetings have been held more frequently because “the board president feels two shorter meetings a month are better than one long meeting a month.” Also, he said, the number of special board meetings increased in 2021.

Finally, a public records request filed by Fuller last summer revealed that Johnson, the board president, and Barrett, the vice president, were ordered by the district in May 2015 and January 2020, respectively, to replace their aging sewer laterals. The

laterals — private sewer pipes that connect the plumbing in homes with the public sewer mains located under the streets — had overflowed, causing sewage spills.

District records show that Johnson and Barrett completed the required video inspections and were given 90 days to replace their defective pipes. In the pandemic, Barrett requested and was granted an extension to early 2021; he obtained a district permit in November. Johnson has not yet obtained a permit. To date, neither she nor Barrett has done the work.

“That appears to be a direct conflict of interest,” Fuller said.

Johnson and Barrett did not respond to requests for comments about their laterals. Their properties are among five in Montecito that are out of compliance with district orders regarding sewer laterals.

“Due to staff turnover, from a workload standpoint, other land-use issues have been more pressing for the district,” Rahrer said. “We have it in our ordinance to enforce the issue; we have not pushed it very hard. We have not followed up with any of the corrective actions that could be taken, other than a reminder.”

Look for Montecito Water Part Two next Thursday. Melinda Burns is an investigative journalist with 40 years of experience covering immigration, water, science and the environment. As a community service, she offers her reports to multiple local publications, at the same time, for free.

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Watsonville pegs Rene Mendez as new city manager

Hannah Hagemann

2 minutes

WATSONVILLE — Longtime Salinas Valley government leader Rene Mendez is likely to step into the role of Watsonville city manager, according to a press release, after the city and a consultant [undertook a months-long search](#).

Mendez's appointment is pending a Watsonville City Council vote, which is scheduled for Tuesday.

"It's still not a done deal," said Michelle Pulido, a spokesperson with the Watsonville City Manager's Office. "They'll make the final decision at the council meeting on Tuesday."

Watsonville's previous city manager, Matt Huffaker, left the post in November to lead the City of Santa Cruz. Tamara Vides has since served as interim city manager. During several meetings on the subject with city staff and recruiting firm Peckham & McKenney, some community members and city staff objected to Vides being promoted into the role, while others such as Councilmember Francisco Estrada defended her. As part of the hiring process, the city also put out a survey to residents.

Mendez hails from Gonzales, where he's served as city manager for more than 17 years and previously worked as the Inyo County administrator. He has notable Monterey Bay area ties, and has

worked with the Monterey Bay Economic Partnership, Monterey Bay Community Power Agency and Salinas Valley Groundwater Sustainability Agency.

Mendez also [launched some noteworthy environmental projects in Gonzales](#), a town made up of 9,000 predominantly working-class residents, such as building the state's largest electric microgrid — a tactic in which a community can produce its own electricity, instead of relying on utility companies. Mendez is a first-generation Mexican American and holds a master's degree in public policy from Duke University.

sonomacountygazette.com

Bodega Bay Fire officially consolidates with Sonoma County crews

HEATHER RATHBUN

3-4 minutes

April 12, 2022, 5:50PM

Updated 1 hour ago

On Thursday, Apr. 8 the Sonoma County Local Agency Formation Commission (LAFCO) took a significant step toward the finalization of the consolidation of the Bodega Bay Fire Protection District with the Sonoma County Fire District.

BBFPD will now be SCFD Station 10 in the consolidated agency. From land to sea, the District will provide 24/7 “all risk” service to a large area of Sonoma County. SCFD’s 911 paramedic response/transport ambulances and paramedic staffed engines will provide lifesaving emergency medical services in both urban and rural areas.

SCFD is known as an innovative district that has successfully used prior consolidations to enhance both service levels and administrative efficiency. The consolidation is the result of a multi-year commitment of both agencies, their boards, leadership, and staff.

“This consolidation merges two strong agencies into one. We know each other well and we share common values, and we share a common mission. I am excited about our combined future,” said

BBFPD Assistant Chief, Steve Herzberg. “The Sonoma County Fire District is known for its visionary approach to creating a better fire and emergency medical service model and, for the last couple of years, we have been working together to push those frontiers. Many of our initiatives will not only improve the services in Sonoma County, but are being followed throughout the state. We are grateful for the opportunities this consolidation is giving us and we will take advantage of each and every one of them as we build an innovative, strong and robust safety net for all we serve.”

The process was a multi-year one that required work from both the County and Bodega Bay Fire.

“This has been a long process for both agencies and we could not be more thankful for the commitment by our members, the Bodega Bay residents and property owners, District Boards, and the Board of Supervisors to get this across the finish line,” said SCFD Fire Chief Mark Heine. “This will allow us to deliver top notch fire and life safety services to our Bodega Bay community and afford us the ability to provide the enhanced services that a larger organization can deliver across the entirety of the 250 square miles of the Sonoma County Fire District.”

Although there are a few more procedural steps to be taken, the “Go-Live” date has been set for July 1, 2022. To make that possible, the agencies have been implementing transition plans for several months, all with the goal in mind, to provide the highest levels of care to those who call us in some of their worst moments.

santacruzsentinel.com

Scotts Valley Fire mirrors neighbor's annexation commitment

Jessica A. York

5-6 minutes

SCOTTS VALLEY — For the first time, Scotts Valley fire leaders publicly on Wednesday discussed a proposed effort to reconfigure their district with a smaller neighboring fire agency.

The Scotts Valley Fire Protection District Board of Directors' special meeting drew just a small handful of attendees to its in-person meeting in the Scotts Valley City Council chamber. The board unanimously voted to approve a "pre-reorganization agreement" with the Branciforte Fire Protection District and the Local Agency Formation Commission of Santa Cruz County. The move mirrored a similar action taken by the [Branciforte fire board last month](#). The reorganization efforts are expected to take at least a year to conclude, per estimates made by LAFCO Executive Officer Joe Serrano, who is assisting in the process.

"I heard that there may be some misinformation out there," board President Russ Patterson said during Wednesday's meeting. "I think I read an article in the paper that talked about being a 'merger' or 'consolidation.' That is not true, correct?"

Serrano clarified the language, saying the intent, in plain language, is that there would be a "combining of forces" between the two fire districts. Special district terminology more properly describes the

effort as a reorganization, however, he said.



The Branciforte Fire Station, at 2711 Branciforte Drive, has struggled with minimum staffing levels. (Shmuel Thaler — Santa Cruz Sentinel file)

“Meaning that the Branciforte Fire Protection District will be dissolved and the dissolved area will be concurrently annexed into Scotts Valley Fire,” Serrano said. “So, Scotts Valley Fire is the successor agency.”

In recent years, the Central and Aptos/La Selva fire protection districts undertook a similar formal reorganization process, [culminating in early 2021](#) with the formation of the combined new Central Fire District of Santa Cruz County. Such reorganization processes can be prevented if more than 50% of, in this case, affected Branciforte-area residents, submit a petition opposing it, according to Serrano. If just 25% to 50% or more of residents protest the change, their action also would trigger a special election.

Seeking fire staffing solutions

Branciforte Fire, a 22-year-old hybrid paid/volunteer district which operates a single fire station and employs a part-time fire chief and as many as three paid firefighters at a time, plus numerous volunteer firefighters, has struggled to remain fully operational in recent years. The district has faced issues with volunteer recruitment, as well as financial solvency struggles. The larger and fully paid Scotts Valley Fire took on administrative duties for Branciforte Fire for six years, until its management contract was allowed to lapse in September. At the time, Branciforte Fire not only lost its shared fire chief and administrative staff, but its automatic firefighter backup from Scotts Valley Fire.

In fact, earlier this week, the Branciforte Fire board met to discuss a process by which it could continue to keep its station staffed while consolidation talks were underway. The board agreed Tuesday to spend \$225,000 this year to fund the emergency hiring of three full-time temporary firefighters — a move cutting the district's remaining spending reserves by half.

Since Branciforte's contract with Scotts Valley Fire lapsed, the single paid firefighter per shift had "often been left to respond to emergency incidents by themselves, without any backup" from Scotts Valley, according to a Branciforte Fire report. The district has had an insufficient level of volunteer staffing to consistently backfill the shortages, Interim Chief Nate Lackey said.

Branciforte Fire board members separately approved a plan that would bring in an outside consultant to study a potential "benefit assessment fee," or voter-approved tax to fund ongoing station operations into the future. In particular, the study would determine what residents' cost would be to permanently fund a paid two-member crew on any given shift at the Branciforte Fire Station.

After months of challenges, numerous public meetings and the [end of interim Branciforte Fire Chief Samantha Sweeden's contract](#), the board committed in March to annexation talks.

Serrano congratulated the Scotts Valley fire board at Wednesday's meeting on "really spearheading this effort in a detailed and transparent fashion" with Branciforte Fire.

"This really stemmed from [LAFCO's countywide fire report](#), but even before that, the two districts have been working together and have this kind of internal merger," Serrano said. "That agreement, or that contract, did end, but that didn't end the discussion between the two districts."

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Santa Cruz County Resource Conservation District offers no-cost chipping program

Hannah Hagemann

3 minutes

FELTON — For a second year, the Santa Cruz County Resource Conservation District is offering residents no-cost chipping services, to break down overgrown trees, branches and brush into woodchips. The program aims to assist those who live in the wildland-urban interface, areas especially at-risk of wildland fires because of proximity to forest or grassland.

“Now more than ever we need to be diligent about the landscape immediately next to our homes,” said Angie Richman, who manages the chipping program for the Resource Conservation District. “By offsetting some of the cost, we hope more people will be able to reduce wildfire hazards around their properties and neighborhoods.”

By removing overgrown branches, brush and shrubs near a home, the risk of wildfire spreading is reduced. It also means firefighters can access a home in case fire breaks out.

Residents who live the Santa Cruz Mountains and adjacent areas, can check if their property is eligible using this map:

rcdsantacruz.org. This year, CZU August Lightning Complex fire survivors who are rebuilding are also eligible to participate in the

program.

Residents have two options to chip overgrown vegetation through the program: sign up as an individual and have a Resource Conservation District contractor come to do the chipping, or get together a neighborhood group with eight or more properties and receive reimbursement for your own chipping, either through a rental or contractor. Under either program, the vegetation-to-be-chipped must have originated within a 100-foot radius of the home, or within 15 feet on either side of a private road.

The application process is two-part: the first, pre-registration step, and a second application step, which locks in a chipping-spot, comes four to six weeks later. Piles will be chipped from May 9 to May 20. For the neighborhood program, each resident who pitches in for the chipper can be reimbursed up to \$250. If a resident elects to have a Resource Conservation District contractor visit their individual home, chips must be left on the property.

Residents who secure pre-registration must prepare their piles using the conservation district's "Chipping Checklist," as well as take photos of their vegetation piles. Both parts of the application must be completed by April 30, at which time piles should be prepared to be chipped.

Cal Fire, the California Fire Safe Council and the United States Forest Service are funding the chipping program. More information can be found at rcdsantacruz.org.

santacruzsentinel.com

City Council selects districts for November election

Ryan Stuart

6-7 minutes

SANTA CRUZ – Santa Cruz is one step closer to completing its transition to district-based elections.

The Santa Cruz City Council on Tuesday selected which maps will be used to determine representation throughout the city starting with November's general election. Currently, the format of those district elections — whether there will be six districts with an elected mayor or seven districts — is up in the air.

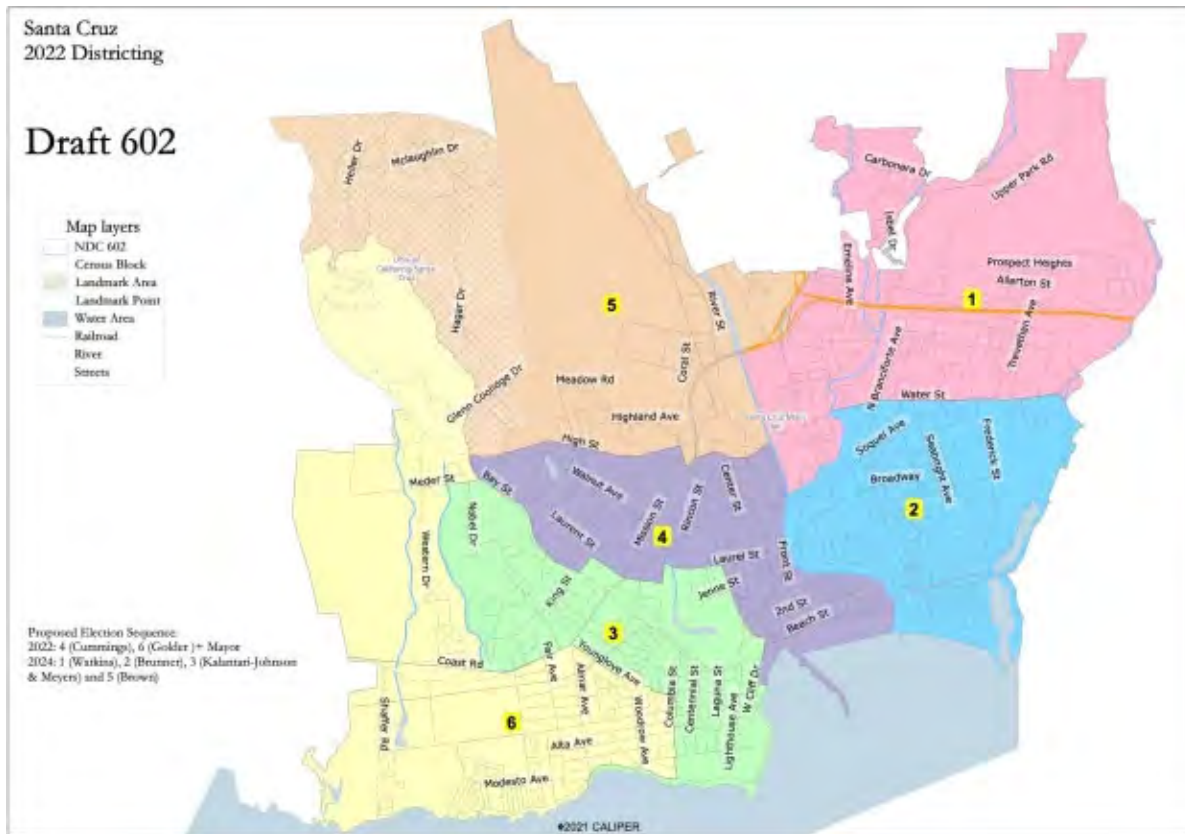
Voters in Santa Cruz are set to decide how many districts the city will have during the June 7 primary election. The council approved the charter amendment for the ballot in late February.

The council has been in the process of converting to district-based elections for nearly two years now. A lawsuit alleging the city's election process violates state voting and does not ensure minorities are represented in local government served as the catalyst of the campaign.

City officials have disagreed with the accusation through the process, especially as it sits its most diverse council in history. Nonetheless, the city has moved forward toward district-based elections as the outcomes of similar lawsuits remain unclear.

While new maps were introduced to the council after listening to the

concerns of citizens who called into last month's meeting, the council elected to select two maps originally proposed last month.



The two selected district maps for the City of Santa Cruz.
(Contributed by the City of Santa Cruz)



The two selected district maps for the City of Santa Cruz.

(Contributed by the City of Santa Cruz)

Both maps focus on keeping the Seabright community together, something both residents and councilmembers expressed a desire to do. The maps have also focused on containing the Beach Flats area in the same district, where a majority of the city's immigrant and lower-income residents live.

Additionally, both maps split the Westside into two districts. Each district will have half of the lower westside and half of the upper Westside. Lastly, in the event the city goes the direction of a seven-district map, UC Santa Cruz will have its own district, a point of contention during last month's hearing.

Some residents worried that the interests of university students would dilute those of surrounding neighborhoods. Other residents felt it would be unfair for the university to have its own district at all since the campus is not subject to the same municipal codes as the rest of the city.

Councilmembers and City Attorney Tony Condotti argued on behalf of the students. While many municipal codes do not affect the campus, student that live on campus are still subject to the decisions made by councilmembers anytime they come into town to eat, shop or enjoy the beach.

However, it did not appear the council would select a seven-district map for a moment. Councilmember Justin Cummings had motioned to table the discussion prior to the council's selection of a seven-district map.

Cummings had concerns over the constitutionality of the staff recommendation to introduce an ordinance that would establish the seven-district map as the city's districts, especially as voters are set to decide whether they want six or seven districts this June.

However, the ordinance is procedurally necessary to mitigate possible scenario this summer, but won't overturn the charter amendment that voters select.

With the certification of June's vote on July 6 and the deadline to submit district maps to the county on July 8, there is a possibility that the vote will not be certified in time to send correct district map to the county in time for implementation for the November general election.

Therefore, the purpose of the ordinance is to establish the seven-district map as the districts for the city, which closely mirrors its current election system, for the 2022 election in the event the June vote is not certified in time. Then, if voters elected to move to a six-district system, the city would transition during the next election cycle in 2024.

In addition to the district maps, the council also determined the election sequence, since not all council seats will be open at the same time. Currently, three council seats are set to open this year.

If the voters decide on a six-district map with a directly elected mayor, then voters in District 4 — occupied by Cummings — and voters in district 6 — occupied by Renee Golder — will select their representatives. The third vacant seat will be filled by the directly elected mayor.

The remaining districts, occupied by Vice Mayor Martine Watkins (District 1) Mayor Sonja Brunner (District 2) and Councilmembers Shebreh Kalantari-Johnson (District 3), Donna Meyers (District 3) and Sandy Brown (District 5) will be chosen in 2024.

If voters elect to move forward with a seven-district map, the voters in District 4 — still occupied by Cummings — and the voters in Districts 6 and 7 — both of which are vacant — would vote in 2022. The following election cycle will involved District 1 (Watkins),

District 2 (Brunner), District 3 (Brown) and District 5 (Golder, Kalantari-Johnson and Meyers.)

Councilmembers Cummings, Meyers and Golder are set to vacate their seats at the end of the year. Cummings currently is not running for reelection as he is running for the soon-to-be vacant District 3 Santa Cruz County Supervisor seat. Meyers will term out at the end of her term.

A fourth seat on the council may open up is Councilmember Kalantari-Johnson is successful in her campaign for the county Board of Supervisors. If she is elected, she will either be replaced via special election or appointment.

[noozhawk.com](https://www.noozhawk.com)

Montecito Sanitary District Board Member Quits, Citing Concerns with Public Meeting Compliance

Noozhawk

8-10 minutes

Gary Fuller, the only [Montecito Sanitary District](#) board member who has publicly opposed a possible merger with the [Montecito Water District](#), has resigned, citing the board's failure to address what he believed to be violations of the state Brown Act, the "sunshine" law for transparency in local government, by the sanitary board's president and vice president.

Fuller, a building and plumbing contractor and attorney who was elected to a four-year term in November 2020, turned in his letter of resignation on April 14 to Brad Rahrer, the sanitary district general manager, minutes before the board met in a special closed session meeting.

Fuller's abrupt departure is the latest flare-up in a long-running controversy at the district, amid a push by the four other sanitary board members and the water board members [to consolidate water and sanitary district operations and administration](#). With the exception of Fuller, both boards were elected in costly, aggressive campaigns, an unusual display of raw power politics in a bid to seize historically low-profile elected offices for special districts.

At stake is the cost and resilience of the water supply in Montecito, an affluent enclave of one-acre lots, large estates and luxury

resorts where the average per-capita residential water use is among the highest in the state.

Based on conversations with the district earlier this month, Fuller said, he believed that on April 14, the sanitary board was going to discuss Brown Act allegations he had brought up in January 2021, not long after taking office, and recent counter-allegations by board president Dorinne Johnson.

These reportedly included Johnson's claim that Fuller had violated the state Ralph Civil Rights Act in early 2021 by threatening her, an Asian-American woman, with litigation, in a voicemail message to an attorney, Fuller said. When the voicemail came to light at a board meeting this March, Johnson requested a copy of it.

Fuller remembers telling his colleagues that he believed Johnson and board vice president Woody Barrett may have violated the Brown Act by attending a Jan. 6, 2021, meeting with water district representatives and officials of the [Santa Barbara County Local Agency Formation Commission](#), the agency that oversees district consolidations, without first obtaining the authorization of the sanitary board, and without reporting back on the meeting.

"I felt they were going to just bulldoze ahead with consolidation," Fuller said.

Fuller said he felt strongly that last week's board discussion should not be held in secret, so he decided to resign in protest before it started. His decision was made easier, Fuller said, because his cardiologist had warned him that morning that his heart condition was worsening.

"I couldn't take the stress of watching people do something that I felt was wrong and having them act as if it wasn't happening," he said. "I was so disappointed in the fact that I had brought the conduct of these directors to their attention multiple times, and the board wouldn't even entertain a conversation about it. And it

appeared they were going to take action against me for simply attempting to hold them accountable. That's insane. I believe this board will never change its ways."

The Exodus

The Brown Act requires local government business to be conducted in open and public meetings so that the people can be well-informed and can exercise control over their government. The Ralph Civil Rights Act prohibits threatening a person because of their gender, race, sex, religion, age, skin color or national origin.

Johnson and Barrett did not respond to a reporter's requests for comment this week.

Rahrer declined to comment on the contents of last week's closed session, which lasted two hours. The board was scheduled to meet in closed session at 2 p.m. Thursday to discuss anticipated litigation regarding the Brown Act and Ralph Civil Rights Act. On April 28, the board is expected to discuss how to fill Fuller's vacant seat.

Fuller is the [latest person to flee the sanitary district](#), a small, independent agency with about 18 employees serving 9,000 people with wastewater collection and treatment services. Since the start of the 2020 election campaign, 12 employees, including two general managers and two attorneys, have quit.

Fuller was the only member on either the water or sanitary district board whose election campaign was not funded by a group of wealthy Montecitans who raised more than \$250,000 during three election cycles to oust the incumbents.

Bob Hazard, a major donor, a former president of the Birnam Wood Golf Club and an editor at the Montecito Journal, spearheaded the campaigns, frequently advocating in his columns and at public meetings for the consolidation of the water and sanitary districts.

Riding a backlash against water rationing in the drought, the candidates swept nine out of 10 seats on the two boards. Fuller, who spent zero funds to get elected, was an anomaly.

In mid-2021, he made a public records request at the sanitary district; it revealed that Johnson and Barrett had been ordered in 2015 and early 2020, respectively, to replace their leaking sewer laterals. In the pandemic, Barrett got an extension to early 2021. To date, neither director has done the work; the board is not enforcing such orders for now, Rahrer said.

Old Grievances

The Jan. 6, 2021, LAFCO meeting was a conference call with Johnson and Barrett, two water board directors, and the water district general manager. LAFCO officials provided an overview of consolidation procedures and answered questions.

The sanitary district's interim general manager at the time, Jon Turner, did not participate. Instead, he submitted his letter of resignation, noting that the sanitary board majority apparently intended to seek a merger with the water district.

“This meeting with the Santa Barbara County LAFCO was done without notification or advertisement and appears to be a violation of the Brown Act,” Turner wrote.

On Jan. 26, 2021, Fuller said, he was surprised to learn that Holly Whatley, a Pasadena attorney, had addressed a letter to Johnson and the water board general manager — “as asked,” she wrote — outlining the terms under which she could advise the water and sanitary districts about LAFCO and their “potential reorganization” into one agency.

The sanitary district board had taken no action to pursue consolidation, Fuller said, so he called Whatley in February 2021 and left a message on her voicemail.

“I’m looking at correspondence from you regarding basically some sort of hostile takeover of Montecito Sanitary,” Fuller began. Johnson, he said, “is about to be hit with a Brown Act violation currently for meeting on this topic without discussing it with the other board members. So, I hope that gives you some pause ... I am opening a complaint with the Fair Political Practices Division of the local district attorney based on the conduct of Director Johnson and Director Barrett and the influence of one Mr. Bob Hazard.”

In the end, Fuller decided not to file a complaint. The [District Attorney’s Office](#), he said, was not encouraging about the time and complexity it would entail. Fuller said Johnson’s claim that his voicemail violated the Ralph Civil Rights Act amounted to “unfounded retribution.” He said Johnson apparently also was alleging that he had violated the Brown Act by phoning three other board members back in December 2020 to tell them he would support them and not Johnson for board president.

“This is a complete waste of the district’s time and money,” Fuller said of Johnson’s allegations.

A [consolidation study funded by the water and sanitary districts](#) is expected to be made public by the end of this year. Recently, both boards voted to retain Whatley for advice about LAFCO.

— Melinda Burns is an investigative journalist with 40 years of experience covering immigration, water, science and the environment. As a community service, she offers her reports to multiple publications in Santa Barbara County, at the same time, for free.

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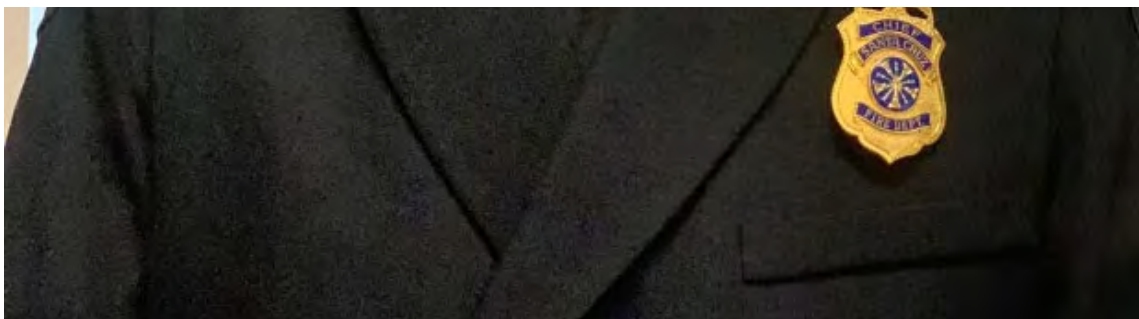
Santa Cruz names Robert Oatey as new fire chief

Jessica A. York

3-4 minutes

SANTA CRUZ — After filling the chief's role temporarily since August, Santa Cruz Fire Department veteran Robert Oatey was officially made top firefighter this week.





Robert Oatey (City of Santa Cruz — Contributed)

Oatey most recently served as the department's fire prevention division chief. He was hired as a city firefighter-paramedic in November 1999, having graduated from the fire academy with his immediate predecessor, retired Fire Chief Jason Hajduk

Before joining the department, Oatey worked as a paramedic for American Medical Response in Santa Clara and Santa Cruz counties and did earlier stints as a Harvey West Pool lifeguard, beach lifeguard and marine rescue responder. Oatey had served as Santa Cruz's interim fire chief for the past nine months, since Hajduk's Aug. 19 retirement.

Oatey, 47, is a 1992 Harbor High School graduate who served as a water polo goalie for the school's team and went on to continue playing the sport while studying at Cabrillo College and UC Santa Cruz. He now resides in Live Oak with his wife and four children, he said Friday.

"I sort of found some new motivation and inspiration to really give back to this community that I grew up in and I owe so much to," Oatey said of his interest in running the fire department. "I just feel such an honor and a privilege to get to serve this community in this capacity."

Oatey said a long-term goal he is focused on includes continued work to secure a fireboat that could respond to emergency rescues and fires in the city, Santa Cruz County and the larger Monterey Bay region. Since his early assignment to the city's marine division, Oatey said he and others in the department have long observed the

need. He and Hajduk secured what Oatey termed a “placeholder” boat for such a program years ago.

The department maintained a decommissioned 35-foot fiberglass-hulled U.S. Coast Guard vessel from 2011 to 2020, during which time it was used to fight three fires but not to conduct rescues. In 2021, the department [donated the vessel to the Santa Cruz Sea Scouts](#) unit, after officials deemed the fire boat’s ongoing maintenance and repair costs too great.

Next up for a formal fireboat program will be answering the question of “how do we get there?” with funding and logistics, Oatey said.

“We are very happy that Rob has been selected as our next Chief,” Santa Cruz Mayor Sonja Brunner was quoted in a city announcement of Oatey’s appointment by City Manager Matt Huffaker. “He has grown through the ranks and has proudly served our community for nearly three decades. He brings not only the skills to meet the urgent needs every day, but also the focus on prevention that will be critical for our community’s safety in the years to come.”

At its top step, the Santa Cruz fire chief position pays nearly \$233,000 a year in salary, according to information provided by the city.

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San Lorenzo Valley Water District Board names Jeff Hill as interim member

Hannah Hagemann

3 minutes

FELTON — The San Lorenzo Valley Water District Board of Directors unanimously voted that Jeff Hill take the helm as an interim board member, subsequently swearing him in during its Thursday meeting. He replaces Lois Henry, [who resigned in March](#).

Hill, who's lived in the Santa Cruz Mountains for more than 20 years, has served for nearly two years on the district's finance and budget committee and has a background in business and Silicon Valley tech ventures. Boulder Creek resident Alina Layng also applied for the seat. She currently serves on the district's environmental committee and has expertise in environmental science and fisheries field work, but most recently has worked in the real estate sector.

A third applicant, Elizabeth Paulsen, did not speak during Thursday's board meeting, where applicants were questioned by board members about their experience and goals for the water district.

Hill will serve in the capacity for about eight months, unless he runs for the position in November. Hill's seat would then be filled by whomever is elected, whose term would last four years and begin December.

When asked about the biggest challenges faced by the water district, Hill focused on financing and completing a long list of projects.

The San Lorenzo Valley Water District faces multiple challenges: a potential consolidation with three small water purveyors, extensive damage inflicted by the 2020 August CZU Lightning Complex fire, rebuilding 7 miles of burned out water pipeline and stressed finances.

“The district, it’s not business as usual for the next few years. We’ve got the CZU fire rebuilds, the mergers ... the already existing long list of complex engineering upgrades and replacement projects across the district,” Hill said.

In her response, Layng focused on the continuing environmental impacts from the 2020 CZU August Lightning Complex fire.

“I think priority number one is getting the surface water intake systems replaced after the CZU fire ... allowing the wells to rest and recharge our groundwater is essential for long-term health of the watershed,” Layng said.

District customers that spoke during the public comment section were split evenly in supporting Hill and Layng. Board members that spoke on the matter all voiced support for Hill and voted for him 4-0.

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