

Action Minutes**San Mateo Local Agency Formation Commission Meeting****July 16, 2014**

In the Board of Supervisors' Chambers, 400 County Center, Redwood City, California, Vice Chair Craig called the July 16, 2014 meeting of the Local Agency Formation Commission (LAFCo) to order at 2:32 pm.

Roll Call

Members Present: Commissioners Allan Alifano, Joshua Cosgrove, Don Horsley, Ric Lohman (Alternate), Michael O'Neill (Alternate), Adrienne Tissier, Vice Chair Linda Craig.

Members Absent: Commissioner Joe Sheridan and Chair Richard Garbarino

Staff Present: Martha Poyatos, Executive Officer
Rebecca Archer, Deputy County Counsel
Jean Brook, Commission Clerk/Executive Secretary

Consent Agenda

Executive Officer Poyatos explained that the resolution for Item 2c includes conditioning approval upon submittal of the map and legal description, which were noticed as missing in the staff report, and that Item 2d is action by motion.

Commission Action: Commissioner Horsley moved approval of the consent agenda consisting of the Action Minutes: May 21, 2014; LAFCo File No. 14-05—Proposed Annexation of 108 Foxwood Road, Unincorporated Los Trancos Woods to the West Bay Sanitary District; LAFCo File 14-06—Proposed Annexation of 185 Shawnee Pass to West Bay Sanitary District and Annexation of 18 Redberry Ridge to West Bay Sanitary District's On-site Wastewater Disposal Zone. Commissioner O'Neill abstained on the minutes. Commissioner Alifano seconded the motion, which passed unanimously. (Ayes: Commissioners Alifano, Cosgrove, Horsley, Lohman, Tissier, and Vice Chair Craig; Abstentions: Commissioner O'Neill; Noes: None.)

Public Comment for Items Not on the Agenda

None.

LAFCo File No. 12-06—Minor Sphere of Influence Amendment and Annexation of 830 Los Trancos Road (Santa Clara County) to West Bay Sanitary District

Ms. Poyatos referred to the July 7, 2014 staff report and the slide presentation and noted that sanitary districts are permitted to have territory in more than one county. She said that because the majority of the assessed value of West Bay Sanitary District (WBSD) is in San Mateo County, San Mateo LAFCo is considered to be the principal LAFCo [according to the Cortese-Knox-Hertzberg (CKH) Act] with authority for district annexations in either San Mateo or Santa Clara Counties. She said that both LAFCos have an agreement with proposed annexations to either WBSD or Midpeninsula Regional Open Space District San Mateo LAFCo refers the proposal to Santa Clara LAFCo.

She stated that Santa Clara LAFCo held a hearing and recommended approval of the sphere amendment and annexation, conditioned upon zero property tax exchange between WBSD and the City of Palo Alto, which has been completed by both agencies.

Referring to the presentation and staff report, Ms. Poyatos noted that in 2002, the District's SOI was amended and the adjacent parcels were annexed to WBSD. She said that the parcel in question was not included in the 2002 annexation, which focused on parcels adjacent to Los Trancos Creek (boundary between San Mateo and Santa Clara Counties). She stated that the applicant has since applied for annexation of the adjacent parcel, which requires a minor SOI amendment to be included within the District's boundaries, in order to construct a single-family home within the jurisdiction of the City of Palo Alto. She referred to the presentation showing the location of said parcel and pointed out that although accessible via back roads located in Santa Clara County, direct access to the property is on roads in San Mateo County.

Ms. Poyatos said that for the reasons stated above, discussions have taken place with Woodside Fire Protection District (WFPD) regarding providing services to the property. She said that in this case, WFPD would receive no property tax revenue. She indicated that it might make sense to annex and transfer the property tax. Ms. Poyatos indicated a slide that details the road access to the parcel via Alpine Road and Los Trancos Road.

Ms. Poyatos said the application was submitted via petition with 100 percent landowner consent. She said it is necessary to adopt determinations because of the minor sphere amendment, as detailed on Page 2 of the staff report and incorporated into the resolution. She stated that the annexation and sphere amendment are exempt from CEQA.

Ms. Poyatos stated that staff recommendations include (1) that the Commission certify that the project is exempt from CEQA, and (2) by resolution, that the Commission approve LAFCo File 12-06 and waive conducting authority proceedings.

Public Comment: None.

Commissioner Horsley inquired about the fire service reciprocity between Palo Alto Fire and WFPD. Ms. Poyatos replied that the nearest Palo Alto fire station is at Stanford University and used to also include Stanford Linear Accelerator Center. She said that Stanford now contracts with Menlo Park Fire Protection District for that service. She said that the most common reciprocal response is Menlo Park Fire and WFPD. In response to a question about how to shift the tax, Ms. Poyatos explained that WFPD could apply to LAFCo to annex territory into the District, which would trigger a property tax negotiation between Santa Clara County and the City of Palo Alto with WFPD.

Commissioner Cosgrove noted that Santa Clara LAFCo's vote on the annexation and sphere amendment was not unanimous and asked if there was any background on the No vote.

Ms. Poyatos said that there is a precedent for Santa Clara County to prefer septic systems over connecting to a sewer system, while the reverse is the case in San Mateo County.

Commission Actions: Commissioner Tissier moved to approve the sphere amendment and annexation. Commissioner Horsley seconded the motion, which passed unanimously. (Ayes: Commissioners Alifano, Cosgrove, Horsley, Lohman, O'Neill, Tissier, and Vice Chair Craig; Noes: None.)

Commissioner Tissier moved to certify that the annexation is exempt from CEQA. Commissioner Cosgrove seconded the motion which passed unanimously on voice vote. Commissioner Tissier moved adoption of the resolution for said amendment and annexation. Commissioner Cosgrove seconded the motion, which passed unanimously. (Ayes: Commissioners Alifano, Cosgrove, Horsley, Lohman, O'Neill, Tissier, and Vice Chair Craig; Noes: None.)

Applications Received and Not Yet Ready for Hearing (Agenda listing pursuant to Government Code Section 56857—No Action Required):

- LAFCo File 14-03—Proposed Annexation of four parcels and roadway located adjacent to 17 Cranfield Avenue to the City of San Carlos
- LAFCo File 14-04—Proposed Annexation of APN 182-34-011 on Arastradero Road, Santa Clara County, to West Bay Sanitary District and the On-site Wastewater Disposal Zone
- LAFCo File No. 14-07—Proposed Annexation of 118 Ramona Road to West Bay Sanitary District

Ms. Poyatos clarified that when LAFCo receives an annexation application that does not come by resolution of the subject agency and is by petition, the application is placed on the next agenda so that agencies may halt the progress of the application if they so choose.

Public Comment: None.

In response to a question from Commissioner Cosgrove about the intermittent receipt of applications from West Bay Sanitary District rather than larger applications, Ms. Poyatos explained that the annexations for West Bay Sanitary District in Santa Clara County tend to be more programmatic. She said the West Bay Sanitary District sphere includes all of Portola Valley and Menlo Park and unincorporated areas as well as portions of Woodside. She said because the district has an ordinance that requires connection to public sewer if a parcel is in District boundaries even if the septic is functioning, property owners don't apply to annex until their septic fails.

In response to a question from Vice Chair Craig regarding the reimbursement agreement costs, Ms. Poyatos stated that properties connecting to a recently constructed sewer main funded by other homeowners are required to reimburse the property owners who funded the sewer main. She stated that \$60,000 is a typical amount for reimbursement fees when there has been a very large infrastructure extension and can quite often be a disincentive to annex.

San Mateo County Civil Grand Jury Report “What is the Price of Dysfunction? The San Mateo County Harbor District”—Informational Item

Ms. Poyatos noted that LAFCo received the report requesting a response within 90 days on the same day the agenda for today’s meeting was mailed. She said that it would be formally on the September meeting agenda with a prepared response from staff.

She said the report contains a recommendation that LAFCo start a municipal service review (MSR) on the Harbor District by December 31, 2014. She second a separate recommendation is that the County initiate an application to LAFCo to dissolve the District, also by December 31, 2014. Ms. Poyatos recommended a more tiered approach with LAFCo first doing the MSR and then the County would take action based on that information.

Following discussion Ms. Poyatos stated that the report would be distributed in advance of the September agenda to give the Commission additional time for review. Vice Chair Craig noted the September meeting there would be further opportunity to comment on the staff analysis.

Public Comment: None.

California Association of LAFCos Correspondence

- Annual Conference: Wednesday, October 15 through Friday, October 17, 2014, Doubletree Hotel, Ontario, CA

Vice Chair Craig stated that there are four slots for delegates to attend the annual fall conference in October. She said she hopes to attend and said that the delegates should represent different categories of Commission members.

Commissioner Lohman expressed interest in attending.

Vice Chair Craig said she did not know if Chair Garbarino was interested in attending or not. She said the Commission would coordinate with Ms. Poyatos on conference registration. She said there were three indications of interest so far.

- Call for Nominations for CALAFCO Board of Directors

Vice Chair Craig asked for any nominations for the Board of Directors. She noted that there are only two categories of membership for the coastal section of CALAFCO, which are Special District and County. She said the consent of the nominee is required and that nominees have to go through a campaign.

Vice Chair Craig acknowledged that no potential nominees had come forward and that the Commission had none to propose.

- Call for Nominations for 2014 CALAFCO Annual Achievement Awards

Vice Chair Craig referred to the meeting packet and pointed out the many different categories of awards. She asked if anyone wished to nominate someone.

Following discussion of Commissioner Lohman's nomination of Commissioner Cosgrove based on North Coast County Water District's recent California Special Districts Association Certificate, Commissioner Cosgrove suggested nominating Vice Chair Craig.

Vice Chair Craig noted that NCCWD has fulfilled many of the special district requirements within the CA Association of Special Districts, which she said may or may not be related to the CALAFCO achievement awards but does give awards to special district members.

Commissioner Tissier asked if the Commission had ever made a nomination and Vice Chair Craig noted that several had been made over time.

Commissioner Tissier nominated Vice Chair Craig for the Outstanding Commissioner Award, while Commissioners Alifano and Lohman suggested nominating her for the Lifetime Achievement Award.

When asked about her length of service, Vice Chair Craig responded that she was a LAFCo alternate from 1974-76 and then an alternate beginning in 2006, for a total of 10 years of service.

Commissioner concurred that either of the suggested nominations would be appropriate.

Vice Chair Craig expressed that the nomination might best be deferred until 2015 when she would be Commission Chair.

Commissioner Alifano suggested nominating Vice Chair Craig for the 2014 Lifetime Achievement Award and Commissioner Tissier said she would second that.

Vice Chair Craig asked for any discussion on the nomination and Commissioner Cosgrove said that he also agreed with it.

Commission Action: Commissioner Alifano moved to nominate Vice Chair Craig for the 2014 CALAFCO Lifetime Achievement Award. Commissioner Tissier seconded the motion, which passed unanimously. (Ayes: Commissioners Alifano, Cosgrove, Horsley, Lohman, O'Neill, Tissier, and Vice Chair Craig; Noes: None.)

- Designation of Voting Delegates at Annual Conference Business Meeting

Vice Chair Craig said the motion would be to approve the Commission's list of priorities for who would be its voting delegate as written in the staff report.

Public Comment: None.

Commission Action: Commissioner Cosgrove moved to keep the Commission's list of priorities for who would be its voting delegates at the 2014 CALAFCO Annual Conference Business Meeting as stated in the staff report. Commissioner Tissier seconded the motion, which passed unanimously. (Ayes: Commissioners Alifano, Cosgrove, Horsley, Lohman, O'Neill, Tissier, and Vice Chair Craig; Noes: None.)

Legislative Report

Ms. Poyatos referred to the July 9, 2014 staff report with the CALAFCO legislative committee's report summarizing several bills. She noted that AB 2762, the CALAFCO Omnibus bill, was signed by the Governor after the meeting packet was mailed out. She said that there will be changes in LAFCo law that will be effective November 2014.

Ms. Poyatos stated that SB 614, which deals with annexations involving disadvantaged unincorporated communities and how to create some sort of financing mechanism, is now going to be taken up in August 2014 and followed closely by CALAFCO. She stated that the disadvantaged unincorporated community designation came about because in many counties throughout the state, there are unincorporated areas with no public sewer system, have inadequate infrastructure in many ways, and are low income as well (defined as being at 80 percent of the median state income). Ms. Poyatos said that the legislation has been pushing LAFCos to use annexation as a tool to solve those problems; however, she said that annexation is not the solution in these cases because new sources of revenues are needed to improve the infrastructure.

She said that in San Mateo County, the County general plan and housing element are now required to identify these communities. She further stated that due to the high cost of living in the County, few areas qualify as low income and even fewer unincorporated areas designated as disadvantaged. She also noted that most unincorporated areas in the County are connected to a sewer system. She said the focus of the bill, therefore, was more on communities in the Central Valley.

Ms. Poyatos noted the CALAFCO Quarterly included in the packet.

Public Comment: None.

Commissioner/Staff Reports

Ms. Poyatos noted that the deadline for the RFP was July 18, 2014. She said that she has one bid and has received inquiries and anticipates other proposals. She said she would make a recommendation to the Commission at the September meeting. Ms. Poyatos noted that there have not been as many responses to RFPs as in the past.

Ms. Poyatos cited another Grand Jury Report that was issued that did not request any LAFCo response and will be posted on the LAFCo website. The report identified areas where districts could improve their accountability and transparency on their websites. She said that she has noted some great website improvements since the report was issued, which also makes the MSR process easier.

Ms. Poyatos noted that by August, the LAFCo site would be migrating to a new web platform that can be maintained by LAFCo staff rather than the County Information Services Department (ISD). She said she anticipates this will improve the timeliness of updating the site with the latest information. She proposed doing a brief demonstration of the website at the September meeting.

Public Comment: None

Commissioner Alifano asked when the next update was expected on the Mosquito Abatement District.

Ms. Poyatos responded that she had recently received the District's most recent audit from their finance director. She said she would check to ensure the Commission is receiving quarterly updates on the District.

Commissioner Horsley congratulated Commissioner Cosgrove and his colleagues at NCCWD on their Certificate of Transparency from the CA Special Districts Association. He proposed that the meeting adjourn in memory of former California Assemblyman, and former Redwood City Mayor and Councilmember Ira Ruskin.

Commissioner Cosgrove thanked Commissioner Horsley for his commendation on the receipt of the Certificate of Transparency. He thanked Commissioners Horsley and O'Neill and Ms. Poyatos for attending the award ceremony. He encouraged other special districts within the County to also pursue the certificate.

Commissioner Cosgrove noted that the CALAFCO Best Practices class that he was interested in taking had been cancelled, but expressed his continued interest in similar offerings from CALAFCO if they are somewhat local.

Commissioner Lohman mentioned attending a meeting in Foster City along with other commissioners on the effects of sea level rise, hosted by Supervisor David Pine and Representative Jackie Speier. He noted that the subject of sea rise would be of particular interest to members of special districts throughout the County.

Vice Chair Craig stated that there needs to be a structure on how to deal with adaption to sea level rise. She said she did not know what form that involvement would take, e.g., a new agency, joint power agreement, etc. She noted that in light of the Grand Jury reports and recent events that she was pleased that a lot of issues LAFCo has been concerned about over the years are starting to get attention.

Adjournment

The meeting was adjourned at 3:32 pm in memory of former California Assemblyman, and former Redwood City Mayor and Councilmember Ira Ruskin.