



June 2, 2021

Donna Meyers, Mayor  
City of Santa Cruz  
809 Center Street, Room 10  
Santa Cruz, California 95060

Cynthia K. Larive, Chancellor  
University of California, Santa Cruz  
1156 High Street  
Santa Cruz, California 95064

**Subject: UCSC Long Range Development Plan – LAFCO Comment Letter**

Dear Mayor Meyers and Chancellor Larive:

The Local Agency Formation Commission of Santa Cruz County (“LAFCO” or the “Commission”) is aware of the current litigation between the Regents of the University of California and the University of California, Santa Cruz (collectively, the “University”) and the City of Santa Cruz (the “City”). LAFCO understands that entitlement of water and sewer services through a 1962 Contractual Agreement and subsequent 1965 Contractual Agreement (“Contractual Agreements”) for the entire campus area from the City is a central issue in the lawsuit. LAFCO has reviewed this issue as it has been litigated in the past. Based on LAFCO’s prior analysis, 1,059.60 acres of the approximately 2,000 acres that make up the University’s campus are within the City of Santa Cruz, and the remaining 979.96 acres are located in unincorporated territory of the County of Santa Cruz. It is LAFCO’s understanding that the City has been providing municipal services to the campus within the City limits as part of the Contractual Agreements. The purpose of this letter is two-fold: (1) to reiterate LAFCO’s position on receiving municipal services from a public agency, and (2) to offer additional information beyond the material outlined in LAFCO’s Draft EIR Comment Letter, as shown in **Attachment 1**.

2005 Long Range Development Plan

As mentioned above, the central issue of entitlement of water and sewer services pursuant to the Contractual Agreements was previously litigated following the University’s introduction of the 2005 Long Range Development Plan (“LRDP”). As stated by the Sixth District Court of Appeal that pursuant to Government Code Section 56133, “the city or district that proposes to provide services outside its jurisdictional boundaries must request and receive approval from its local LAFCO . . .” and that “. . . LAFCO’s jurisdiction does not depend upon the identity of the person who filled out the application.”<sup>1</sup>

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<sup>1</sup> *Community Water Coalition v. Santa Cruz County Local Agency Formation Com.*, 200 Cal. App. 4th 1317, 1321 (2011).

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

#### 2020 Long Range Development Plan

The Commission understands that the Comprehensive Settlement Agreement involved the 2005 LRDP. However, it appears the central issue about LAFCO's approval for services delivered outside an agency's jurisdictional limits is being litigated again. LAFCO views this central issue not as to whether the University is subject to the Cortese-Knox-Hertzberg Act ("Act"), rather that the City is subject to LAFCO's approval process should it choose to provide services to an area currently outside its jurisdictional boundaries. As delineated in the *Community Water* decision, state law is clear that an agency (city or district) must get LAFCO approval to service an area outside its jurisdiction.

#### 2003 and 2016 UC Merced Annexation Agreement

The Commission recognizes that the University is familiar with the LAFCO process. In 2003, the Regents of the University of California executed an agreement with the City of Merced permitting the City of Merced to annex the first phase of the University of California at Merced campus (approximately 102 acres in size). The annexation allowed the City of Merced to provide municipal services to the campus, specifically water and sewer services. A subsequent 2016 agreement was executed to continue the annexation effort under the revised 2020 UC Merced Campus Development Project. Ultimately, the agreement highlights that LAFCO action would allow the City of Merced to provide water and sewer services to the campus area. Merced County LAFCO approved the extension of services from the City of Merced to the University of California at Merced campus on October 17, 2019.<sup>2</sup> It is LAFCO's view that a similar process should be followed here in Santa Cruz County for the current LRDP.

#### Closing Remarks

It is the Commission's position that LAFCO should continue to be a neutral party, and therefore, not be part of the current lawsuit between the University and the City. It remains the Commission's belief that any city or district that wishes to extend its services by either annexing an area or receiving an extraterritorial service agreement with the condition that the subject area be annexed at a later date should do so through the LAFCO process laid out in the Act.

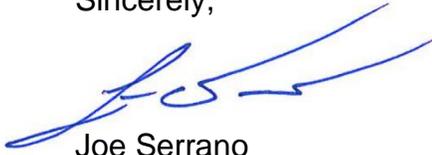
A preliminary analysis of the 5 development projects proposed for outside the City boundaries under the 2020 LRDP (shown in the attached map) may not pose major issues in accordance with the Act. This analysis is non-determinative and only being stated here to help facilitate potential collaboration and discussion among the parties. However, were LAFCO approval of annexation and/or an extraterritorial service agreement to be possible should the City desire to provide such services to the University, LAFCO welcomes an opportunity to review that application.

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<sup>2</sup> Merced LAFCO Staff Report (dated Oct. 17, 2019): <http://www.lafcomerced.org/pdfs/meetings/2019/10-17/Item%20VII.%20B.%20OBS19-03%20City%20of%20Merced%20Serv%20to%20UC%20Merced.pdf>

If any information or statements provided in this letter represent a misunderstanding of the facts or positions of the parties, please do not hesitate to contact me for clarification.

Sincerely,



Joe Serrano  
Executive Officer

Attachment:

A) LAFCO Comment Letter with Vicinity Map (dated February 3, 2021)



February 3, 2021

Erika Carpenter, Senior Environmental Planner  
Physical Planning, Development, and Operations  
University of California, Santa Cruz  
1156 High Street  
Santa Cruz, California 95064

**RE: Draft Environmental Impact Report for the Proposed UC Santa Cruz Long Range Development Plan**

Dear Ms. Carpenter:

Thank you for this opportunity to comment on the Draft Environmental Impact Report (“EIR”) for the University’s Long Range Development Plan (“LRDP”), which is expected to replace the current version that was established back in 2005. The proposed 2021 LRDP envisions adding 8,500 student housing beds, up to 550 employee housing units, and approximately 3.1 million assignable square feet of academic and administrative building space. These developments are scheduled to be built within the campus area. However, it appears that five development projects are located outside the City of Santa Cruz’s jurisdictional and sphere boundaries (refer to attached ***Vicinity Map***). These boundaries are designated by the Local Agency Formation Commission of Santa Cruz County (“LAFCO”). Pursuant to State law, development of currently unincorporated territory would be subject to LAFCO’s approval for the delivery of municipal services, such as water, at a future date.

Under the California Environmental Quality Act (“CEQA”), LAFCO is a Responsible Agency for this proposal, and will have regulatory authority towards future applications involving boundary changes for the delivery of municipal services. It is in this role that LAFCO is commenting on the Draft EIR.

**Comments on Scope of the Draft Environmental Impact Report:**

**1. Conformance to State LAFCO Law and Locally Adopted LAFCO Policies**

(Please provide an analysis in the Draft EIR)

LAFCO’s statutory authority is derived from the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000, et seq.). Among LAFCO’s purposes are: discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (Government Code Section 56301). The Cortese-Knox-Hertzberg Act identifies factors that must be considered, and determinations that must be made, as part of LAFCO’s review of boundary changes requesting the delivery of municipal services.

These state law provisions provide the statutory basis for LAFCO's locally adopted Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization ("LAFCO Policies") which guide LAFCO's review and consideration of requests for annexation and other boundary changes. The full text of the LAFCO Policies is available on LAFCO's web site: <https://www.santacruzlafco.org/policies-rules/>.

If the LRDP is approved, LAFCO will likely be requested to consider the approval of one or more applications requesting the delivery of municipal services for any of the five development projects located within unincorporated territory, in accordance with the Cortese-Knox-Hertzberg Act and local LAFCO policies. As a CEQA Responsible Agency, LAFCO would like to use the University's environmental document to fulfill CEQA clearance for such applications, and to support the evaluation of the proposal's consistency with the applicable LAFCO laws and policies, including the "LAFCO Water Policies" and "Standards for Evaluating Proposals." Such policies are included in this letter (refer to **Attachment 2**).

LAFCO requests that the Draft EIR evaluate the service provisions of all municipal services, specifically those development areas within unincorporated county land. The Draft EIR should also include an analysis of the LRDP's conformance to the full range of LAFCO's adopted policies and related state laws, to the extent such analysis is possible based on information currently available about future development in unincorporated territory.

A more detailed, site-specific, and updated analysis to LAFCO laws and policies should also be anticipated as a required part of subsequent, project-level CEQA documents when future proposals are brought forward to LAFCO. Addition of this information in current and future CEQA documents will help ensure that the Commission will have adequate information to act in its role as a CEQA Responsible Agency when future boundary changes for areas within the LRDP are submitted to LAFCO.

## **2. Consideration of Governance Options**

(Please evaluate the proposed governance options)

Generally, LAFCOs were created to identify the most logical service providers for municipal services, including but not limited to water, sewer, fire, road maintenance, etc. Such determinations can be accomplished through various changes of organizations such as annexations, consolidations, and approvals of extraterritorial service agreements. These governance options allow cities, special districts, and county governments to provide municipal services to landowners throughout the county.

While the majority of the developments in the LRDP are already in the City of Santa Cruz, there are five development projects that are not. In order to comply with state law and local policies, LAFCO has identified four governance options for consideration by UCSC (refer to **Table A** on page 3).

**Table A: List of Potential Governance Options**

Options	Things to Consider	Benefits
<p><b>1) Focus on developments within the city limits of Santa Cruz</b></p>	<p>Based on the 2021 LRDP, developments within the campus will be located in both the City of Santa Cruz and unincorporated county territory.</p> <p>State law requires UCSC to receive LAFCO approval in order to receive municipal services, such as water, from for areas outside City limits.</p>	<p>Under this scenario, UCSC will not need LAFCO approval if their proposed developments are all within City limits.</p>
<p><b>2) Consider an extraterritorial service agreement with the City of Santa Cruz</b></p>	<p>Based on the 2021 LRDP, there are 5 development areas that are located outside the City’s jurisdictional and sphere boundaries. Such discrepancy would require LAFCO approval.</p>	<p>Under this scenario, UCSC can request an extraterritorial service agreement from LAFCO if it meets the statutory criteria outlined in GCS 56133 and the Commission’s adopted policies. If so, this would allow the City to provide services, such as water, to the 5 areas without amending its City limits.</p>
<p><b>3) Consider annexation of the 5 areas into the City of Santa Cruz</b></p>	<p>Based on the 2021 LRDP, there are 5 development areas that include construction of new buildings and roadways, which are located outside the City of Santa Cruz.</p>	<p>Under this scenario, UCSC can request annexation of the 5 development areas to the City of Santa Cruz. This would allow UCSC to complete its LRDP within the City without building in two different jurisdictions.</p>
<p><b>4) Consider annexation of the remaining campus area outside the City of Santa Cruz</b></p>	<p>Based on the 2021 LRDP, the main campus includes approximately 2,000 acres. 1,059.60 acres are within the City of Santa Cruz, and the remaining 979.96 acres are located in unincorporated county territory.</p>	<p>Under this scenario, UCSC can request annexation of the campus not in the City of Santa Cruz. This will allow the City to provide municipal services for any future developments to the entire campus without additional LAFCO approval.</p>

### 3. Conformance to the County Urban Services Line (USL)

(Please address the LRDP's consistency with the USL)

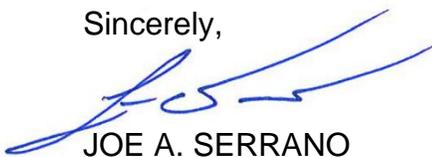
Please include in the Draft EIR an analysis of the LRDP's consistency with the established USL, which does not appear to be discussed in the Draft EIR. The County of Santa Cruz's ("County") General Plan require the County to preserve a distinction between urban and rural areas, to encourage the location of new development in urban areas, and to protect agricultural land and natural resources in rural areas. These policies are supported by the establishment of a rural services line ("RSL") and the USL to define areas which are or have the potential to be urban and areas which are and should remain rural. The establishment of distinct urban boundaries serves the following purposes:

- a) To administer separate urban and rural growth rates and the allocation of residential building permits;
- b) To encourage residential development to locate in urban areas and to discourage division of land in rural areas;
- c) To develop and apply different policies governing urban and rural development;
- d) To provide a basis for a County's Capital Improvements Program;
- e) To coordinate planning for the public services among the County, cities, special districts, and the LAFCO;
- f) To ensure that urban development proceeds at a pace consistent with the provision of urban public services; and
- g) To limit the extension of urban services to those areas within the rural services line in the Coastal Zone.

Implementation of the LRDP may require revisions to the established USL. Because such revisions would likely involve the potential for future sphere amendments or other boundary changes, and would directly pertain to LAFCO's legislative purposes, LAFCO would like to have a role in any future modifications to the established USL.

Thank you again for this opportunity to comment on this important document. Please continue to keep us informed throughout your process. I would be happy to meet with you and your staff for more detailed discussions.

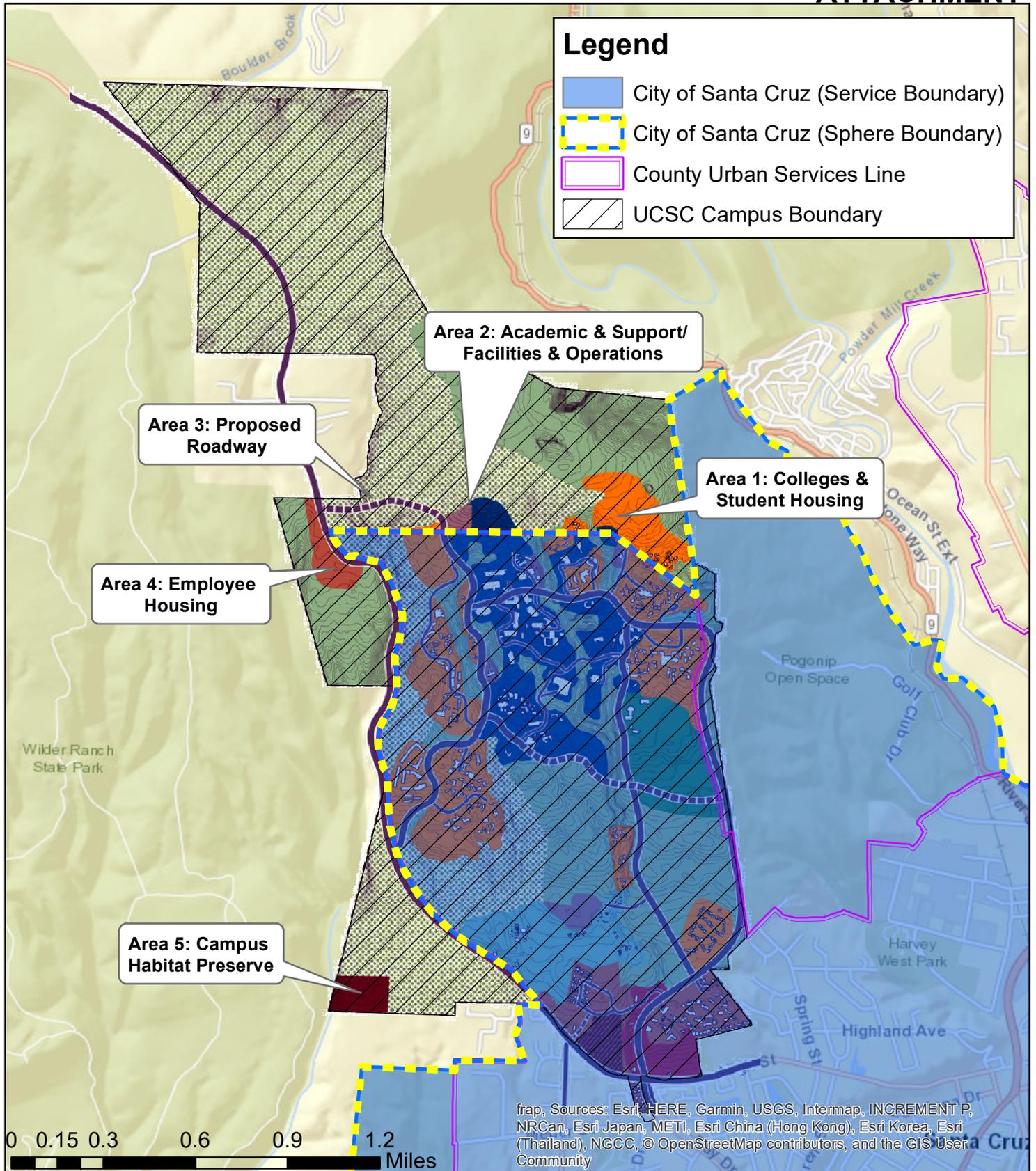
Sincerely,



JOE A. SERRANO  
Executive Officer

Attachments:

- 1) Vicinity Map
- 2) Commission Policies (Water and Proposals)



# UCSC Campus Boundary in relations to the City of Santa Cruz's Service and Sphere Boundaries

Vicinity Map created on January 11, 2021



## LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

### WATER POLICY

Adopted on March 17, 1964 (Resolution No. 14)

Previous Revision on February 2, 2010 (Resolution No. 2011-1)

Last Revision on November 4, 2020 (Resolution No. 2020-33)

#### **1. OVERVIEW**

Government Code Section 56300 requires each Local Agency Formation Commission to establish written policies and to exercise its powers in a manner pursuant to the Cortese-Knox-Hertzberg Local Government Act of 2000 and consistent with the written policies of each Commission. In 1964, the Commission adopted the first water policy to align the limited water supply with existing service providers and smart growth as population continues to increase in Santa Cruz County. The purpose of this policy is to clarify LAFCO's role when considering boundary changes involving cities and special districts.

#### **2. SPHERES OF INFLUENCE**

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

To assist in the review of sphere boundaries and other LAFCO reports, the Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the State Water Resources Control Board;
- b) The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq; and
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

### **3. BOUNDARY CHANGES**

In any proposal requiring water service, the Commission requires that the affected agency identified as the potential water provider to demonstrate the availability of an adequate, reliable and sustainable supply of water. The following factors may be considered:

- a) In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources;
- b) In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase;
- c) In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668[k]); and
- d) In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

### **4. SERVICE REQUEST**

Proposals requesting water service from a city of special district will need to provide proof of lack of services to existing urban land uses, a building permit application, allocation for a single-family dwelling, or for a larger project by: (1) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water service and (2) a growth rate and pattern that the subject area will be developed within 5 years.

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

### **5. EXTRATERRITORIAL SERVICE AGREEMENTS**

When the Commission authorizes the emergency provision of water services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years.

## **6. CONNECTION MORATORIUM**

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

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

Between January 1, 1986 and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986. In this case, an additional criteria not subject to the 1% cumulative impact limitation would be to provide facilities or funding that will allow the agency to lift its service limitation.

## **7. PUBLIC PARTICIPATION**

Water resources and supplies are critical issues for many sphere of influence and application decisions made by LAFCO. Public information and participation are important component in the decisions made by the Commission, the land use agencies, and the water agencies. To promote public education, at least every two years, the Local Agency Formation Commission will sponsor, or co-sponsor with the Regional Water Management Foundation, the County of Santa Cruz, and local water agencies, a public forum that provides the public with an overview of the state of the water supplies in Santa Cruz County.

It is preferable that the residents who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.



LOCAL AGENCY FORMATION COMMISSION  
OF SANTA CRUZ COUNTY

**PROPOSAL EVALUATION POLICY**

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

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

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

**1. OVERVIEW**

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

**2. CONSISTENCY WITH SPHERE OF INFLUENCE**

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

**2.1 Sphere Consistency**

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

**3. INITIAL PROPOSAL EVALUATION**

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

**3.1 Rezoning & General Plan Updates**

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

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

### **3.2 Existing Land Use Designations**

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

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

### **3.3 Divestiture of Services**

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

### **3.4 Population Analysis**

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

### **3.5 Overlapping Plans**

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

### **3.6 In-Fill Development**

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

### **3.7 Provision of Services**

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

### **3.8 Proposals exceeding 50 acres**

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

## **4. AFFECTED AGENCIES AND BOUNDARIES**

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

### **4.1 Ranking Different Boundary Changes**

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

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

### **4.2 Consolidation Proposals**

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

### **4.3 Logical Boundaries**

LAFCO shall promote more logical agency boundaries.

### **4.4 Political Boundaries**

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

### **4.5 Roads and Streets (Right-of-Way)**

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

#### **4.6 Community Boundaries**

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

#### **4.7 Parcel Boundaries**

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

#### **4.8 Prevention of “Islands”**

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

#### **4.9 Prevention of Irregular Boundaries**

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

#### **4.10 Social & Economic Interests**

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

#### **4.11 Metes & Bounds**

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

#### **4.12 Timely LAFCO Actions**

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

#### **4.13 Financially Desirable Areas**

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

#### **4.14 City Jobs & Housing**

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

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

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

### **5. AGRICULTURAL LANDS**

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

#### **5.1 Smart Growth**

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

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

#### **5.2 Infill Development**

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

### **5.3 Ranking Urban Development on Open Spaces and/or Farmlands**

The priorities for urbanization are:

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

### **5.4 Urbanization of Prime Agricultural Lands**

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

## **6. WATER AND SEWER RESOURCES**

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

### **6.1 Supply of Water**

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

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

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

## **6.2 Service Limitations**

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

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

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

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

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

### **6.3 Urban Land uses**

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

### **6.4 Commission Approval**

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

### **6.5 Multiple Service Providers**

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