

AGENDA LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

REGULAR COMMISSION MEETING
Monday, January 24, 2022

4:00 p.m.

The Commission will hold this meeting virtually only, without a physical location for public participation. The meeting is accessible by phone or video conference and livestreaming, in order to avoid public gatherings and until further notice.

Public Participation Instructions

1. **To View this Meeting:** Please click on the following link to the LAFCO of Monterey County YouTube site: <https://www.youtube.com/channel/UCIF6pPx2hn3Ek94Wg0UI7QA>

Then click on the Live Stream of the scheduled meeting.

2. **To Participate in the Meeting:** Use the Zoom app on your smart phone, laptop, tablet or desktop and click on this link: <https://montereycty.zoom.us/j/92486168468>.

The meeting ID is: [924 8616 8468](#). There is no password. To make a public comment, please “Raise your Hand.”

3. **To Participate by Phone:** Please call: +1 669 900 6833
Enter the meeting ID: [924 8616 8468](#) when prompted. There is no participant code – just enter the and the pound sign # after the recording prompts you. To make a public comment by phone, please push *9 on your phone keypad.
4. **To Make Remote Public Comments Via Email:** Written comments can be emailed to the Clerk to the Commission at: malukis@monterey.lafco.ca.gov Please include the following Subject Line: “Public Comment – Agenda Item #__”. Written comments must be received by noon on the day of the meeting. All submitted comments will be provided to the Commission for consideration, compiled as part of the record, and may be read into the record.

Call to Order

Roll Call

Pledge of Allegiance

Closed Session

1. [Pursuant to Government Code Section 54956.9\(d\)\(2\), the Commission will confer with legal counsel regarding one matter of significant exposure to litigation.](#)

The Commission Recesses for Closed Session Agenda Items

Closed Session may be held at the conclusion of the Commission's Regular Agenda, or at any other time during the course of the meeting, before or after the scheduled time, announced by the Chairperson of the Commission. The public may comment on Closed Session items prior to the Board's recess to Closed Session.

Public Comments on Closed Session Items

Reconvene on Public Agenda Items

Roll Call

Read Out from Closed Session by LAFCO General Counsel

Read out by General Counsel will only occur if there is reportable action (s).

General Public Comments

Anyone may address the Commission briefly about items not already on the Agenda.

Consent Agenda

All items on the Consent Agenda will be approved in one motion and there will be no discussion on individual items, unless a Commissioner or member of the public requests a specific item to be pulled from the Consent Agenda for separate discussion.

2. [Approve finding, pursuant to AB 361 and in order for the Commission to continue to meet remotely, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Commission has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Officer continues to recommend social distancing measures for meetings of legislative bodies.](#)

Recommended Action: Pursuant to AB 361 and in order for the Commission to continue to meet remotely, the Commission finds: that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Commission has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Officer continues to recommend social distancing measures for meetings of legislative bodies of local agencies.

3. [Approve Draft Minutes from the January 5, 2022 LAFCO Special Meeting.](#)
Recommended Action: Approve minutes

4. [Approve Warrant Register for December 2021.](#)
Recommended Action: Approve warrant register.

5. [Accept Report on Anticipated Agenda Items and Progress Report on LAFCO Special Studies.](#)
Recommended Action: Accept report.
6. [Accept Report on Activities of the California Association of Local Agency Formation Commissions.](#)
Recommended Action: Accept report.

Public Hearing

7. [Conducting Authority \(“Protest”\) Proceedings to Consider any Written Protests Regarding an Approved Annexation to Monterey Peninsula Water Management District \(LAFCO File No. 21-01\).](#)
Note: This Item does not affect the District’s proposed activation of latent powers.

Recommended Actions:

- (1) Receive a report from the Executive Officer;
- (2) Open the public hearing and receive any public comments;
- (3) Provide for any questions or follow-up discussion by the Commission;
- (4) Close the public hearing, and
- (5) Move to approve a draft resolution (Attachment 1) ordering the annexation, if the Commission determines that insufficient written protests have been received to require an election or to terminate proceedings.

Executive Officer’s Communications

The Executive Officer may make brief announcements about LAFCO activities, for information only.

8. [Communications](#)
 - a) Possible Formation of Pajaro Valley Healthcare District
 - b) Memoriam: Barbara Shipnuck

Commissioners Comments

Individual Commissioners may comment briefly on matters within the jurisdiction of LAFCO. No discussion or action is appropriate, other than referral to staff or setting a matter as a future agenda item.

Adjournment to the Next Meeting

The next (Special) LAFCO Meeting is scheduled for Wednesday, February 2, 2022 at 10:00 a.m. (AB 361-remote meeting compliance).

Alternative Formats and Facility Accommodations: If requested, the agenda packet will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC 12132) and the federal rules and regulations adopted in implementation thereof. Also, if requested, facility or other accommodations will be made for persons with disabilities. Please contact (831) 754-5838 for assistance.

CLOSED SESSION

1. Pursuant to Government Code Section 54956.9(d)(2), the Commission will confer with legal counsel regarding one matter of significant exposure to litigation.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369
Salinas, CA 93902
Telephone (831) 754-5838

132 W. Gabilan Street, Suite 102
Salinas, CA 93901
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: January 24, 2022

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

BY: Kelly Donlon, General Counsel

SUBJECT: Approve finding, pursuant to AB 361 and in order for the Commission to continue to meet remotely, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Commission has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Officer continues to recommend social distancing measures for meetings of legislative bodies.

SUMMARY OF RECOMMENDATION:

Pursuant to AB 361 and in order for the Commission to continue to meet remotely, the Commission finds: that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Commission has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Officer continues to recommend social distancing measures for meetings of legislative bodies of local agencies.

EXECUTIVE OFFICER'S REPORT:

On September 16, 2021, Governor Newsom signed AB 361. This legislation amends the Brown Act to allow meeting bodies subject to the Brown Act to meet via teleconference during a proclaimed state of emergency in accordance with teleconference procedures established by AB 361 rather than under the Brown Act's more narrow standard rules for participation in a meeting by teleconference. AB 361 provides that if a state or local health official recommends social distancing, a "legislative body" – which is defined to include the Commission – may meet remote remotely after September 30, 2021, provided that within 30 days of the first meeting after September 30, and every 30 days thereafter, the legislative body finds 1) the Governor's proclaimed state of emergency is still in effect; 2) the legislative body has reconsidered the circumstances of the state of emergency, and 3) the Monterey County Health Officer continues to recommend social distancing measures for meetings of legislative bodies and/or the state of emergency continues to directly impact the ability of the members to meet safely in person.

The Monterey County Health Officer has recommended and continues to recommend social distancing measures for meetings of legislative bodies, so the Commission was able to meet remotely under AB 361

from October 2021 through January 2022.

The Commission must make the findings at least every 30 days in order to keep meeting remotely. If the Commission makes the findings on January 24, 2022, the Commission may continue to meet remotely for the next thirty days. Due to the greater than 30-day separation between the January 24 and February 28 regular meetings of the Commission, the Commission has scheduled a special meeting on February 2 in order to have the opportunity to renew the AB 361 findings again. If the Commission declines to make the findings on January 24, the next Commission meeting would be held under the standard Brown Act requirements. Under those requirements, the meeting must be held in a physical location accessible to the public, and if any Commissioner were to want to participate by teleconference, that teleconference location would need to be identified on the agenda, be accessible and open to the public in a manner that enables the public to participate from that location, and the agenda would need to be posted at that location.

LAFCO Counsel Kelly Donlon was consulted in the preparation of this report.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2022

Commissioners

Chair

Christopher Lopez
County Member

Vice Chair

Mary Ann Leffel
Special District Member

Luis Alejo

County Member

Wendy Root Askew

County Member, Alternate

Kimbley Craig

City Member

Matt Gourley

Public Member

Ian Oglesby

City Member

Warren Poitras

Special District Member

Steve Snodgrass

Public Member, Alternate

Graig R. Stephens

Special District Member, Alternate

Anna Velazquez

City Member, Alternate

Counsel

Kelly L. Donlon

General Counsel

Executive Officer

Kate McKenna, AICP

132 W. Gabilan Street, #102
Salinas, CA 93901

P. O. Box 1369
Salinas, CA 93902

Voice: 831-754-5838

www.monterey.lafco.ca.gov

SPECIAL MEETING DRAFT MINUTES
LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY
Scheduled for Adoption 1/24/2022

Monday, January 5, 2022

All Commissioners and public participated in the meeting on Monday, January 5, 2022 by Zoom video conference or telephone, in order to avoid public gatherings and until further notice.

Call to Order

The Local Agency Formation Commission was called to order by Chair Lopez at 11:00 a.m.

Roll Call

Commissioner Root Askew
Commissioner Craig
Commissioner Gourley
Commissioner Oglesby
Commissioner Poitras
Commissioner Snodgrass
Commissioner Stephens
Commissioner Velazquez – joined the meeting at 11:04 a.m.
Chair Lopez
Vice Chair Leffel

Members Absent (Excused Absence)

Commissioner Alejo

Staff Present

Darren McBain, Principal Analyst
Jonathan Brinkmann, Senior Analyst
Safarina Maluki, Interim Clerk to the Commission/Office Administrator

Also Present

Kelly L. Donlon, General Counsel
Paula de Sousa, Special Counsel

Pledge of Allegiance

Commissioner Root Askew led the Pledge of Allegiance.

Closed Session

1. Pursuant to Government Code Section 54956.9(d)(2), the Commission will confer with legal counsel regarding one matter of significant exposure to litigation.

Public Comments on Closed Session Items

None

The Commission Recesses for Closed Session Agenda Items

Closed Session may be held at the conclusion of the Commission's Regular Agenda, or at any other time during the course of the meeting, before or after the scheduled time, announced by the Chairperson of the Commission. The public may comment on Closed Session items prior to the Board's recess to Closed Session.

The Commission ADJOURNED to Closed Session at 11:04 a.m.

Reconvene on Public Agenda Items

The Commission RECONVENED to Open Session at 11:21 a.m.

Roll Call

Commissioner Root Askew
Commissioner Craig
Commissioner Gourley
Commissioner Oglesby
Commissioner Poitras
Commissioner Snodgrass
Commissioner Stephens
Commissioner Velazquez
Vice Chair Leffel
Chair Lopez

Members Absent (Excused Absence)

Commissioner Alejo

Read Out from Closed Session by LAFCO General Counsel

Read out by General Counsel will only occur if there is reportable action (s).

Kelly Donlon, General Counsel, advised that there were no reportable items.

General Public Comments

There were public comments made by Rick Aldinger and Gary Cursio.

Consent Agenda

2. Approve finding, pursuant to AB 361 and in order for the Commission to continue to meet remotely, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Commission has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Officer continues to recommend social distancing measures for meetings of legislative bodies.

Recommended Action: Approve finding.

3. Approve Draft Minutes from the December 6, 2021 LAFCO Regular Meeting.
Recommended Action: Approve Minutes.
4. Approve Warrant Register for November 2021.
Recommended Action: Approve warrant register.
5. Approve Report on Activities of the California Association of Local Agency Formation Commissions.
Recommended Action: Approve report for information only

Commissioner Action:

Upon motion by Commissioner Craig, seconded by Commissioner Leffel, Consent Items #2 -#5 were approved by a Roll Call Vote.

Motion Carried (Roll Call Vote)

AYES: Commissioner Root Askew (voting in the absence of Commissioner Alejo), Craig, Gourley, Oglesby, Poitras, Leffel and Lopez
 NOES: None
 ABSENT: Commissioner Alejo
 ALTERNATES: Commissioners Snodgrass, Stephens, Velazquez (non-voting)
 ABSTAIN: None

Old Business

6. Consider adoption of a resolution formalizing and effectuating the Commission's December 6, 2021 decision to deny the Monterey Peninsula Water Management District's proposed activation of latent powers to provide and maintain potable water production and distribution services for retail customers (LAFCO File #21-01).

Recommended Actions:

- (1) Receive a report from the Executive Officer;
- (2) Receive comments from District representatives;
- (3) Receive public comments;
- (4) Provide for questions or follow-up discussion by the Commission; and
- (5) Consider and adopt a resolution (Attachment 1) that formalizes and puts into effect the Commission's December 6, 2021 decision to deny the District's proposed activation of latent powers to provide and maintain potable water production and distribution services for retail customers.

Darren McBain, LAFCO Principal Analyst gave the report on behalf of Kate McKenna, LAFCO Executive Officer.

Mr. McBain advised the Commission of the supplemental correspondence received from December 23 to January 4th; and read into the record last minute correspondence received overnight.

The Commission received comments from David Stoldt, General Manager, Monterey Peninsula Water Management District and George Soneff, Counsel for Cal-Am.

There were twenty-three comments from the public.

There were comments from Chair Lopez, questions for staff from Commissioner Oglesby, and comments from Commissioner Root Askew and Commissioner Velazquez.

Commissioner Action:

Chair Lopez made a motion, with a second by Commissioner Craig to adopt the resolution (Attachment 1) that formalizes and puts into effect the Commission's December 6, 2021 decision to deny the District's proposed activation of latent powers to provide and maintain potable water production and distribution for retail customers.

Motion Carried (Roll Call Vote)

AYES: Commissioners Craig, Gourley, Poitras, Leffel and Lopez

NOES: Commissioners Root Askew (voting in the absence of Commissioner Alejo), Oglesby

ABSENT: Commissioner Alejo

ALTERNATES: Commissioners Snodgrass, Stephens, Velazquez (non-voting)

ABSTAIN: None

Adjournment to the Next Meeting

The meeting was adjourned at 12:40 p.m. The next Regular LAFCO Meeting is scheduled for Monday, January 24, 2022 at 4:00 p.m.

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

LOCAL AGENCY FORMATION COMMISSION

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KATE McKENNA, AICP
Executive Officer

DATE: January 24, 2022

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

PREPARED BY: Safarina Maluki, Interim Clerk to the Commission/Office Administrator

SUBJECT: LAFCO Warrant Register – December 2021

SUMMARY OF RECOMMENDATION:

It is recommended that the Commission approve the warrant register.

EXECUTIVE OFFICER'S REPORT:

Attached is the list of LAFCO checks issued by Hayashi & Wayland for December 2021. Expenses and deposits are typical for the second quarter of this fiscal year.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachment: Warrant Register for December 2021, Hayashi & Wayland Accounting & Consulting, LLP

LAFCO
 LOCAL AGENCY FORMATION COMMISSION
 OF MONTEREY COUNTY
 WELLS FARGO BANK WARRANT REGISTER
 DECEMBER 2021

Attachment 4.1

DATE	CK#	NAME	DESCRIPTION	CHECK AMOUNT	DEPOSIT AMOUNT	ACCOUNT BALANCE
Beginning Balance 12/1/2021						\$ 106,251.38
12/06/2021	EFT	CalPERS Health	December 2021 Health Insurance	7,259.38		98,992.00
12/06/2021	EFT	AT&T Mobility	Telephone Service 10/18/21-11/17/21	144.00		98,848.00
12/08/2021	TFR	County of Monterey	Funds Transfer-Drawdown Request #15		550.00	99,398.00
12/09/2021	EFT	QuickBooks Payroll Service	For Payroll Period Ending 12/3/21 Paid 12/10/21	10,084.31		89,313.69
12/10/2021	7201	Darren J McBain	For Payroll Period Ending 12/3/21 Paid 12/10/21	-		89,313.69
12/10/2021	7202	Jonathan Brinkmann	For Payroll Period Ending 12/3/21 Paid 12/10/21	-		89,313.69
12/10/2021	7203	Kathryn M. McKenna	For Payroll Period Ending 12/3/21 Paid 12/10/21	-		89,313.69
12/10/2021	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,853.74		86,459.95
12/10/2021	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	2,422.79		84,037.16
12/10/2021	EFT	EDD	State Payroll Tax Deposit	935.04		83,102.12
12/10/2021	EFT	EFTPS	Federal Payroll Tax Deposit	2,268.39		80,833.73
12/10/2021	7204	Berkson Associates	Subcontract PCA Research and Review	7,990.00		72,843.73
12/10/2021	7205	Best Best & Krieger	Professional Legal Services Relating to MPWMD	8,852.50		63,991.23
12/10/2021	7206	Bianchi, Kasavan & Pope, LLP	Progress Billing #2 and #3 for FY 2021-2022	12,500.00		51,491.23
12/10/2021	7207	Hayashi Wayland	Accounting Services Client No. 72520	10,400.00		41,091.23
12/10/2021	7208	IBM Corporation	Leased Computers for Lafco Staff 12/1/21-12/31/21	43.69		41,047.54
12/10/2021	7209	Michael P. McMurry	Monterey County Fire Service MSR	750.00		40,297.54
12/10/2021	7210	Pitney Bowes Global Financial Svcs LLC	Postage Machine Rental 12/30/21-3/29/22	238.86		40,058.68
12/10/2021	7211	Principal Life	December 2021 LTD, ADD, STD, Life	403.76		39,654.92
12/10/2021	7212	Sunrise Express	Board Packet Deliveries	324.74		39,330.18
12/10/2021	7213	Universal Staffing Inc	Temporary Clerical Services for P/E 11/27/21 and 12/4/21	4,118.25		35,211.93
12/10/2021	7214	County of Monterey, Information Technology	Computer Support Services from July-October 2021	3,577.48		31,634.45
12/10/2021	7215	Office of County Counsel - Co of Monterey	LAFCO-CNPS-Litigation: Legal Services through October 2021	616.00		31,018.45
12/10/2021	7216	Office of County Counsel - Co of Monterey	LAFCO: General Legal Services through October 2021	1,012.00		30,006.45
12/10/2021	7217	Office of County Counsel - Co of Monterey	LAFCO-MPWMD-Latent Power-Legal Svcs for October 2021	8,184.00		21,822.45
12/13/2021	TFR	County of Monterey	Funds Transfer		150,000.00	171,822.45
12/13/2021	EFT	Wells Fargo Bank	Internet Service; Office Supplies	191.83		171,630.62
12/16/2021	DEP	Monterey Peninsula Water	Deposit: Lafco File No. 21-01: MPWMD		14,802.74	186,433.36
12/17/2021	EFT	Comcast	Telephone Services from 11/27/21-12/26/21	120.11		186,313.25
12/22/2021	EFT	QuickBooks Payroll Service	For Payroll Period Ending 12/17/21 Paid 12/23/21	12,402.70		173,910.55
12/23/2021	7218	Darren J McBain	For Payroll Period Ending 12/17/21 Paid 12/23/21	-		173,910.55
12/23/2021	7219	Jonathan Brinkmann	For Payroll Period Ending 12/17/21 Paid 12/23/21	-		173,910.55
12/23/2021	7220	Kathryn M. McKenna	For Payroll Period Ending 12/17/21 Paid 12/23/21	-		173,910.55
12/23/2021	7221	Jonathan Brinkmann	Accrued Leave Payout-40 Hours	-		173,910.55
12/23/2021	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,853.74		171,056.81
12/23/2021	EFT	CalPERS 457 Program	457 Deferred Compensation Contribution	2,422.79		168,634.02
12/23/2021	EFT	EDD	State Payroll Tax Deposit	942.49		167,691.53
12/23/2021	EFT	EFTPS	Federal Payroll Tax Deposit	2,319.62		165,371.91
12/23/2021	7222	Colantuono, Highsmith & Whatley, PC	General Legal Services through 11/30/21	35.00		165,336.91
12/23/2021	7223	MBS Business Systems	Copy Machine Rental 12/23/21-3/22/21	814.53		164,522.38
12/23/2021	7224	Universal Staffing Inc	Temporary Clerical Services for P/E 12/14/21	2,288.63		162,233.75
12/23/2021	7225	FedEx Office	Outside Printing	57.95		162,175.80
12/23/2021	7226	Bruce Lindsey	Monthly Building Rent	2,397.69		159,778.11
12/23/2021	7227	Universal Staffing Inc	Temporary Clerical Services for P/E 12/21/21	1,338.75		158,439.36
12/25/2021	EFT	Wolfpack Insurance Services, Inc.	Dental and Vision Insurance-January 2022	694.30		157,745.06
12/31/2021	INT	Wells Fargo Bank	Interest		1.24	157,746.30
				113,859.06	165,353.98	
Ending Balance 12/31/2021						\$ 157,746.30

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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DATE: January 24, 2022
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: Anticipated Future Agenda Items and Progress Report on Special Studies

SUMMARY OF RECOMMENDATION:

This report is for information only.

EXECUTIVE OFFICER'S REPORT:

Following are current work priorities and a partial list of items that the Commission may consider in coming months or years. Attachment 1 is a progress report on LAFCO's special studies.

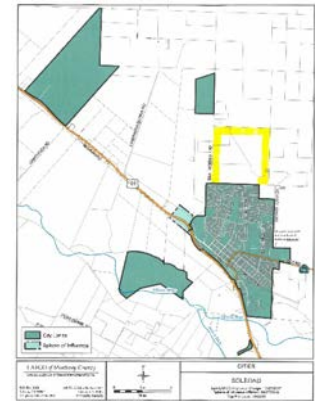
Items Currently on File and In Progress, but Not Set for Hearing

1. **City of Soledad:** Approximately 647-acre Miramonte (formerly Miravale III) sphere of influence (SOI) amendment and annexation. Application status is incomplete.

The City of Soledad submitted a LAFCO application in March 2020 that proposes an approximately 40% expansion to Soledad's existing 1,525 acres of developed area (excluding non-contiguous areas such as the wastewater treatment plant). LAFCO's March 2020 completeness letter listed items needed before the application can be deemed complete. On June 28, 2021, the Commission held a study session to receive information on the status of Soledad's proposed SOI/annexation.

In July 2021, LAFCO received a revised application from the City of Soledad. Staff met with City staff and land-owner representatives in August to discuss application completeness items. Some of these items include a City-County property tax transfer agreement, an agricultural mitigation and buffering plan, and a detailed plan for services. LAFCO issued a second incompleteness letter on September 1. Coordination discussions are ongoing. The City is making progress in addressing remaining completeness items and intends to provide a third updated application submittal to LAFCO in 2022.

2. **Fort Ord Reuse Authority Dissolution:** Per State law, the Fort Ord Reuse Authority (FORA) ceased operations after June 30, 2020. LAFCO's statutory FORA dissolution oversight authority expired after December 31, 2020 with the repeal of the FORA Act, but litigation and monitoring of final administrative tasks continue. Final action on the LAFCO dissolution process is on hold until those items are resolved. LAFCO staff received a copy of FORA's final-year audit on January 11, 2022 and is coordinating with the County on this and other final administrative tasks.



3. **City of Pacific Grove:** Annexation of the 2.9-acre Mission Linen site. Application status is incomplete.
The City of Pacific Grove applied to LAFCO in May 2021 to annex a 2.9-acre parcel that is one of the last few remaining “county islands” in Monterey County. In June, LAFCO issued a completeness letter stating that a property tax transfer agreement is needed before the application can be deemed complete. The agreement was approved by the Board of Supervisors in November 2021 and will be considered soon by the Pacific Grove City Council. Also, a wastewater service provider issue has been addressed to the satisfaction of the regional MIW Board and other parties. We anticipate that the application will be deemed complete in coming weeks and set for a public hearing on February 28.
4. **Mission Soledad Rural Fire Protection District:** Sphere amendment and annexation of Paraiso Springs Resort (portion). Application status is incomplete.
The County approved this substantial development project in November 2019. The project proponents are now moving forward with development of the site. The previously/historically developed portion of the resort is already within the fire district. Pursuant to conditions of approval in the County’s development permitting, the developer is required to work with the fire district to annex the remainder of the new development site. LAFCO staff has been monitoring and engaged with this project since 2013. LAFCO received the District’s application on January 6, 2022 and is reviewing it for completeness.

Potential Agenda Items under Discussion

1. **City of Monterey:** Detachment from the City of parcels owned by the Monterey Peninsula Airport District. Status is pre-application.
Most Airport District-owned parcels are in the unincorporated County. Several outlying parcels along Highway 68 are in the City of Monterey. The District has expressed interest in detaching these parcels from the City to eliminate this split in underlying city-county jurisdictions as the airport develops new facilities according to its master plan. LAFCO staff met with Airport, City, and County representatives in March 2020. However, in September 2020, the City and the Airport entered into a legal dispute regarding potential future roadway access. Coordination will continue when the parties are ready to move forward.
2. **City of Gonzales:** Annexation of some or all of an approximately 1,350-acre area placed in the City’s sphere in 2014, plus potentially an adjacent 50-acre parcel. Status is pre-application.
The City of Gonzales is currently completing an administrative draft Specific Plan and EIR for the Vista Lucia project (Fanoe-owned lands of approximately 770 acres). The City similarly is working on a specific plan and an EIR for the Puente del Monte project (Jackson and Rianda-owned lands comprising approximately 547 acres). In total, the two projects together would represent a large expansion of the City, approximately doubling the existing City size. The scope of such an expansion raises issues relevant to LAFCO’s review. On June 28, 2021, the Commission held a study session to receive information on the status of the City’s proposed annexations.
The City issued a Notice of Preparation for the Vista Lucia project in September 2021, and LAFCO staff provided a comment letter in October 2021. LAFCO will comment on the project’s draft environmental impact report when it is available in 2022. The City anticipates submitting a LAFCO annexation application for the Vista Lucia project in 2022. Also this year, we anticipate commenting on a draft environmental impact report for the Puente del Monte project, and receiving an application for annexation of that project. Staff will continue to coordinate with Gonzales staff, and with the County, as the City refines and develops its future expansion proposals.

3. **Marina Coast Water District:**

- a. **U.C. MBEST Center** – sphere of influence amendment and annexation of an approximately 75-acre portion of the site, located in the City of Marina. Status is pre-application. In June 2020, the City of Marina approved a master plan for future development of the site. LAFCO staff also held an initial meeting with MCWD and UC representatives in June 2020.
- b. **Campus Town Project and Medical Officers Barracks site** – sphere of influence amendment and annexation of Seaside’s Campus Town Project, an approximately 122-acre large infill project near the freeway interchange at Lightfighter Drive and Highway One, and Seaside’s Medical Barracks site, an approximately 5-acre site in the City of Seaside for future reuse as housing. Status is pre-application. The Campus Town Project’s development plans include: up to 1,485 housing units; 250 hotel rooms; 75 youth hostel beds; 150,000 square feet of retail, dining, and entertainment uses; 50,000 square feet of office and light industrial uses; and 12 acres of parks and open space. LAFCO staff met with City of Seaside and Marina Coast Water District representatives in July 2021 and in December 2021. The Marina Coast Water District will be the agency that initiates the application to LAFCO, with support from the City of Seaside. The City’s certified EIR for the Campus Town Project has been challenged in appellate court as of August 2021.

4. **Monterey County Mosquito Abatement District:** Potential annexation of areas in south Monterey County. Status is pre-application. The District’s sphere was expanded in 2016 to cover the entire county. Initial discussions are in progress.

5. **County Service Area (CSA) 25 – Quail Lodge Golf and Country Club:** Potential expansion of the CSA’s boundaries. Status is pre-application.

This CSA was formed in 1963 to provide street and sidewalk, storm drain, and road shoulder maintenance for the Valley Greens subdivision and golf course. The area consists of a golf course, 165 single-family residential lots, and 21 condominium lots, serving about 400 people. Services are provided by the County Public Works Department. Several CSA residents contacted the County and LAFCO to potentially add several adjacent parcels to the CSA. LAFCO staff participated in a CSA advisory committee meeting in April 2021 to provide an overview of the annexation process. LAFCO and County met in August 2021 to coordinate on the project.

6. **Pájaro County Sanitation District (PCSD) (for wastewater collection) and/or Pájaro-Sunny Mesa Community Services District (for domestic water)** for the “Parks Legacy” Project. Status is pre-application.

This project, at the Pájaro Valley Golf Club on Salinas Road in Las Lomas, involves creation of an approximately 107-unit modular home community, a campground and recreational vehicle (RV) park, and complete refurbishment of the golf course. Initial discussions among County staff, developer representatives, and the service districts occurred in early 2020. The project will require a new environmental impact report and Coastal Commission approval.

Separately, the County is also considering annexing several nearby properties to PCSD as one coordinated effort. The County is also exploring transferring the entire PCSD system to Cal-Am.

7. **City of Salinas:** Target Area “K” (Ferrasci Ranch) sphere amendment and annexation of approximately 100 acres at the northeast corner of Harrison Road and Russell Road. Status is pre-application.

The site, just north of Salinas and designated as Target Area K in the City’s recently approved Economic Development General Plan Element, is planned for industrial and commercial development. In 2019, the County and City approved a site-specific amendment of the Greater Salinas Area Memorandum of

Understanding to facilitate the City's annexation and development of this site. Informal pre-application discussions have been underway with County staff, City staff and property owners since January 2020.

8. **City of Marina:**

- a. **Former Fort Ord Landfill and Landfill Border Parcels** – Annexation of an approximately 341-acre former Army landfill and landfill border parcels area (south of Imjin Parkway, north of Intergarrison Road, east of 8th Street, and west of Abrams Drive), and detachment of this area from Monterey County Regional Fire District. Current status is pre-application. In November 2020, Monterey County and City of Marina entered into an agreement to convey its landfill border parcels (approximately 177 acres) to the City of Marina and designate the City of Marina as recipient of the former landfill parcels (approximately 164 acres) from the U.S. Army. The City of Marina and County of Monterey also agreed to seek prompt annexation of these properties to the City of Marina. The area is currently uninhabited and includes a five-acre commercial area known as the Ord Market. The area is within the City of Marina's existing sphere of influence.
- b. **East Campus Housing Areas** – Annexation of California State University Monterey Bay (CSUMB) East Campus housing areas (Schoonover and Frederick Park neighborhoods between Reservation Road and Imjin Road), and detachment of this area from Monterey County Regional Fire District. Current status is pre-application. Both housing areas are in Marina's sphere of influence and have a combined population of about 3,000.

Among other considerations, LAFCO's review will include each proposal's potential effect on fire and emergency medical service delivery models and related revenues to the affected agencies. Initial discussions with the parties occurred in 2019. There is currently no specific schedule for the City to submit an application or applications.

9. **City of Monterey** – Sphere amendment and annexation of a six-acre site in the former Fort Ord area. Status is pre-application.

The site is adjacent to the Monterey-Del Rey Oaks boundary. Del Rey Oaks has transferred ownership of this parcel to Monterey. Monterey city staff and LAFCO staff began annexation discussions in 2017.

10. **City of Greenfield** – Annexation proposal with two separately owned parcels (Thorp parcel for residential development, plus an existing elementary school site) on Apple Avenue west of the existing city limits. An annexation application was submitted in March 2017 but is currently incomplete. LAFCO staff has been working with City and County staff to resolve completeness checklist items and policy conformance matters. As of October 2020, the City is pursuing development of a community center – rather than housing – on the Thorp parcel. Staff will continue to work with the City and County.

11. **Rancho Los Robles residential subdivision (Las Lomas unincorporated community)**

The County approved this 34-acre project in 2009. In late 2017, the California Coastal Commission granted final approval for a revised version of the project, now reduced to 54 residential units. The LAFCO project status is pre-application. In November 2021, a State appeals court overturned the Coastal Commission's approval of this development. The developer has not yet decided whether it will petition for a re-hearing of the case or if it will petition for the case to be heard by the State Supreme Court. If the project eventually moves forward, consultation will be needed to determine any necessary LAFCO approvals. The Coastal Commission's 2017 approval was conditioned upon dedication of approximately 20 acres of the site to a public agency for recreation and open space uses. Potential receiving agencies may include Pajaro-Sunny Mesa Community Services District (PSMCSD) or a County Service Area, and LAFCO may have a role in implementing the action.

12. Drinking Water Project North of Moss Landing

LAFCO staff met with representatives from the Community Water Center (CWC), a non-profit for community-driven water solutions, in August 2021. Due to water quality issues in the unincorporated County area north of Moss Landing, the CWC prepared a report to identify potential solutions to provide safe potable water to approximately 90 households in this area. CWC is working with PSMCSD, the closest public water provider in the area. LAFCO staff provided relevant information to CWC representatives regarding potential LAFCO actions that could facilitate the extension of PSMCSD's potable water services to this area. Current status is pre-application.

13. Castroville Community Services District (CSD) – Potential sphere amendment and annexation of the Moss Landing Commercial Park

This commercial and industrial site, designated as a future study area for the Castroville CSD in 2014, has ongoing problems with its septic system and will eventually need to connect to the Monterey One Water regional wastewater treatment plant by annexing to the CSD (a Monterey One Water member agency). Preliminary coordination with the CSD, the County, and property owner representatives is underway. LAFCO staff participated in a County development review meeting in October 2021. Current status is pre-application.

LAFCO-Initiated Studies

Please see Attachment I for information about LAFCO-initiated studies. Highlights are as follows.

In March 2021, the LAFCO Commission adopted a Municipal Service Review and Sphere of Influence study for the Carmel Area Wastewater District (for a sphere of influence amendment and annexation application approved by the Commission at the same meeting). The annexation was recorded in November 2021.

Staff is preparing a Municipal Service Review and Sphere of Influence study for the City of Soledad (an incomplete annexation application is on file).

In December 2021, the LAFCO Commission adopted a Municipal Service Review and Sphere of Influence study update for the Monterey Peninsula Water Management District. After adoption of the Study, the Commission acted on the District's LAFCO application. The Commission denied the District's proposed activation of latent powers and approved the District's proposed sphere of influence amendment and annexation of approximately 139 acres.

In 2022, staff will begin a Municipal Service Review and Sphere of Influence study for the City of Gonzales, to coincide with that City's anticipated annexation application, and for the City of Marina, which was last reviewed in 2011.



Kate McKenna, AICP
Executive Officer

Attachment I: Progress Report – LAFCO Special Studies

Attachment 1

STATUS OF LAFCO STUDIES

(Municipal Service Reviews and Sphere of Influence Studies Prepared by LAFCO Staff)

As of January 28, 2022

Completed 2015- 2017:

- Castroville Cemetery District
- Gonzales Cemetery District
- Soledad Cemetery District
- Greenfield Cemetery District
- King City Cemetery District
- San Lucas Cemetery District
- San Ardo Cemetery District
- Cholame Cemetery District
- Pájaro Valley Public Cemetery
- Greenfield Memorial District
- Soledad Mission Recreation District
- Greenfield Public Recreation District
- San Ardo Water District
- San Lucas County Water District
- Spreckels Community Services District
- Spreckels Memorial District
- Carmel Area Wastewater District
- Monterey Peninsula Regional Park District
- Carmel Valley Recreation and Park District
- North County Recreation and Park District
- Monterey Peninsula Airport District
- Moss Landing Harbor District
- N. Salinas Valley Mosquito Abatement District
- Resource Conservation Dist. of Monterey Co.
- Pebble Beach Community Services District
- Santa Lucia Community Services District

Completed in 2018:

- Salinas Valley Memorial Healthcare System

Completed in 2019:

- Marina Coast Water District

Completed in 2020:

- Fort Ord Reuse Authority dissolution – dissolution was effective 2020; final hearing on a resolution anticipated in 2022
- Comprehensive Fire Services and Emergency Medical Services Study for unincorporated Monterey County

Completed in 2021:

- Carmel Area Wastewater District
- Monterey Peninsula Water Management District (December 6, 2021)

Studies Currently in Progress:

- Follow-up action from 2020 LAFCO Fire Services Study – support to Monterey County Board of Supervisors' Fire and Emergency Medical Services Ad Hoc Committee. The committee was formed in response to issues raised in LAFCO's study, and is exploring financial options for rural fire protection issues.
- City of Soledad – timing will coincide with consideration of an annexation application in 2022

Studies Not Yet Initiated, but Included in LAFCO's Annual Work Program:

- Cities of Marina and Gonzales – start 2022
- Other follow-up actions from 2020 Fire Services Study, re support for multi-agency coordination of vegetation management, fuel reduction, and construction/development in areas without local fire protection



News from the Board of Directors

CALAFCO QUARTERLY

December 2021

A
message
from the
Executive
Director

Greetings from your CALAFCO Board of Directors and Executive Director. As we wind down 2021, the holidays and year-end are a great time to reflect on where we've been and look to the future. We wish you and your families all the best in the coming year.

This Fourth Quarterly Report of 2021 will begin by highlighting the news in our CALAFCO family first, followed by Association updates. It's been a very busy 4th quarter so there's lots of news to report. Happy reading!

LAFcos in the News

Congratulations on these retirements

This year we've seen a lot of retirements, and this quarter is no different. We want to congratulate two long-time LAFCo leaders on their retirements. Their contributions to CALAFCO and to LAFCos statewide are far too numerous to list here. Needless to say, they both leave huge shoes to fill and will be greatly missed. We wish them both all the best in their retirement!

After a 35-year LAFCo career, **Roseanne Chamberlain**,



Amador LAFCo Executive Officer (EO), is retiring. Roseanne began her LAFCo career as a public member Commissioner for Sacramento LAFCo. She served on the CALAFCO Board for 6 years with 2 of those years as Chair of the Board. Her distinguished career also includes work as

EO and Interim EO for several LAFCos. In 2013, Roseanne was the recipient of CALAFCO's Distinguished Service Award.

Also calling it time to retire this month is San Mateo LAFCo Executive Officer (EO) **Martha Poyatos**. Her LAFCo career began 28 years ago in San Mateo and she's done it all there from commission clerk to analyst and EO. In 2008, Martha received CALAFCO's Outstanding LAFCo Professional Award. Martha also served two terms as CALAFCO Deputy Executive Officer for the coastal region from 2018-2021.



Los Angeles LAFCo Commissioner Retires

Long-time **LA LAFCo** commissioner **Richard Close**, the San Fernando Valley public member, retired after 25 years of service. Commissioner Close was re-appointed to consecutive four-year terms for more than two decades. He served with distinction, even surviving a challenge to his position on the Commission, given that he was a long-standing proponent of the proposed secession of the San Fernando Valley from the City of Los Angeles. Fellow commissioners lauded Commissioner Close's intellect, integrity, and independence in representing the San Fernando Valley.

Amador LAFCo Announces New Executive Officer

Amador LAFCo announced the hiring of **Kris Berry** as the new Executive Officer (EO). Kris retired earlier this year as the EO of Placer LAFCo.

San Mateo LAFCo Announces Interim Executive Officer

Rob Bartoli will transition to the Interim EO position for San Mateo LAFCo effective January 1, with the departure of Martha.

Napa LAFCo Announces New Quarterly Newsletter

Napa LAFCo began a Quarterly Newsletter earlier this year. The newsletter features local LAFCo news of note and what's on the horizon. You can find it on their website.

San Diego LAFCo Welcomes New Analyst

Carolanne Ieromnimon recently joined the San Diego LAFCo team. She started with San Diego LAFCo earlier this year as an intern and is now a full-time Analyst.

Congratulations!

CALAFCO Educational Events

MARK YOUR CALENDARS FOR THESE UPCOMING CALAFCO EDUCATIONAL EVENTS!

CALAFCO 2022 STAFF WORKSHOP

Join us **March 23- 25** at the **Hyatt Regency Newport Beach John Wayne Airport** when we FINALLY get LAFCo staff together for the Workshop. It's been so long since we've gathered in person and the time is finally here! All Workshop details including info about the program, registration and hotel reservations will be posted on the CALAFCO website the first week of January.



Deadline to register for the Workshop is March 9 and hotel reservation cutoff date is February 22.

CALAFCO UNIVERSITY

We are pleased to continue offering webinars at no cost to our members. We have two **CALAFCO U webinars** scheduled for the first quarter 2022, so *mark your calendars!*



First up on **January 10** is *The Property Tax Elements of Jurisdictional Changes and Fiscal Reviews*. Our property tax expert will share resource reports such as trends of value change, revenue calculations, and budget forecast tools that are useful resources for LAFcos when conducting MSR. Other panelists will share case studies and perspectives on budget forecasting. Registration for this session closes January 5.

Scheduled for **February 23** is a session on *Best Practices for Hiring in the New World (Post-Pandemic)*. We will feature a labor/employment law attorney, recruiting firm executive, and an Executive Officer, all of whom will share the myriad of things we need to know as we navigate the new (and wild) labor market seeking the best candidates in this post-pandemic world.

Details for all CALAFCO University courses are on the CALAFCO website.

2021 CALAFCO Achievement Award Recipients

CALAFCO Congratulates the 2021 Annual Achievement Award Recipients

We wish to congratulate all of this year's nominees, and especially those who received a 2021 Achievement Award.

- ❖ **Outstanding Commissioner** – *Olin Woods* (Yolo LAFCo)
- ❖ **Outstanding LAFCo Professional** – *Crystal Craig* (Riverside LAFCo)
- ❖ **Outstanding CALAFCO Associate Member** – *Planwest Partners*
- ❖ **Mike Gotch Excellence in Public Service** (protection of ag/open space land & urban sprawl prevention) – *Napa LAFCo, City and County of Napa and Senator Bill Dodd*
- ❖ **Mike Gotch Excellence in Public Service** (innovation, collaboration, outreach) – *Yolo LAFCo*
- ❖ **Lifetime Achievement** – *Jerry Gladbach* (LA LAFCo)



CALAFCO Board of Directors

CALAFCO Board and Regional Officer Changes

Results of the October CALAFCO Board of Directors elections netted several new Board members for 2022. Earlier this month, Board member **David West** (Imperial LAFCo) who held the southern region public member seat, resigned from the Board. With a term set to expire October 2022, at their January 21 meeting the Board will appoint a replacement to fill that unexpired term.

Current Board members include:

- Northern:** *Bill Connelly* (Butte), *Blake Inscore* (Del Norte), *Debra Lake* (Humboldt) and *Josh Susman* (Nevada).
- Southern:** *Mike Kelley* (Imperial), *Jo MacKenzie* (San Diego) and *Acquanetta Warren* (San Bernardino).
- Coastal:** *Chris Lopez* (Monterey), *Mike McGill* (Contra Costa), *Margie Mohler* (Napa) and *Shane Stark* (Santa Barbara).
- Central:** *Gay Jones* (Sacramento), *Daron McDaniel* (Merced), *Anita Paque* (Calaveras) and *Daniel Parra* (Fresno).

In October the Board said goodbye to **David Couch** (Humboldt) and **Tom Murray** (San Luis Obispo). We thank them for their service and many contributions to CALAFCO.

Additionally, at their November meeting the Board approved the new Coastal and Central region DEO appointments. We welcome **Dawn Mittleman Longoria** (Napa) and **José Henríquez** (Sacramento) to the team. We thank outgoing DEOs **Christine Crawford** (Yolo) and **Martha Poyatos** (San Mateo) for their service.

CALAFCO Board 2022 Officers and Committees

At the October 8 meeting, the CALAFCO Board elected their officers for 2022 as follows:

- Chair – **Anita Paque** (Calaveras - central)
- Vice Chair – **Bill Connelly** (Butte - northern)
- Treasurer – **Margie Mohler** (Napa - coastal)
- Secretary – **Acquanetta Warren** (San Bernardino - southern)

They also appointed members to the 2022 standing committees as follows:

Legislative Committee

- Bill Connelly (North)
- Anita Paque (Central)
- Jo MacKenzie (South)
- Mike McGill (Coastal)
- Gay Jones (At-Large)
- Margie Mohler (a) (At-Large)
- Michael Kelley (a) (South)
- Chris Lopez (a) (Coastal)
- Daron McDaniel (a) (Central)
- Josh Susman (a) (North)

Elections Committee

- Bill Connelly
- Jo MacKenzie (Chair)
- Margie Mohler
- Daniel Parra

Awards Committee

- Blake Inscore (Chair)
- Debra Lake
- Daniel Parra
- Shane Stark
- Acquanetta Warren



2022 Annual Conference

Gay Jones
Daron McDaniel
Mike McGill
Josh Susman

CALAFCO BOARD ACTIONS

The Board met virtually on October 8 and appointed the staff members of the 2022 Legislative and Advisory Committees. In addition to the actions noted on page 2 of this Report, they also adopted their 2022 annual meeting calendar and approved the FY 2020-21 annual tax filings.



They met virtually on November 12 with a full agenda. Under the leadership of **Chair Anita Paque**, the Board took a number of actions.

- ✓ **The FY 2021-22 quarterly financial reports were received.** Revenues for the first quarter were mostly on track and expenses were far below the 24% point.
- ✓ **Received the annual Administrative and Operational Report.** This is an annual item as part of corporation best practice.
- ✓ **Approved amendments/updates to the CALAFCO Legislative Policies, Priorities and Issues of Interest.** All recommended changes by the Legislative Committee were approved and adopted.
- ✓ **Considered and reaffirmed legislative priorities for 2022.** The Board considered an additional proposal received from San Diego LAFCo to sponsor a bill making changes to Gov. Code Sec. 56430, requiring all LAFCos to consider Municipal Service Reviews (MSRs) in a 21-day noticed public hearing and all affected service providers to place the MSR on their meeting agenda for discussion. Given the Board previously approved the sponsorship of three (3) bills for 2022, this proposal was tabled for reconsideration again next year.

The Board's direction to staff in terms of 2022 legislative priorities include sponsoring the annual Omnibus bill, co-sponsoring changes to §56133 with San Diego LAFCo (an item tabled in 2021), and to proceed with wrapping up the work of the protest provision rewrite working group.

- ✓ **Closed session held to approve 2-month contract for Pamela Miller as Executive Director.** In closed session the Board approved a contract for Pamela Miller for Jan-Feb 2022 as a contract Executive Director (transitioning from employee), with limited hours of approx. 20 per week. There was also discussion about priorities during this critical transition period.

All Board meeting documents are on the CALAFCO website.

CALAFCO Administrative Update

The **2021 CKH Guides** are now available. You can download an electronic copy from the CALAFCO website. Pre-orders for printed hard copies are now being accepted. You will find all the details on the CALAFCO website at www.calafco.org.



We will be updating the **CALAFCO Member Directory** in the next two months, so watch for an email from us requesting your changes.

CALAFCO Legislative Update

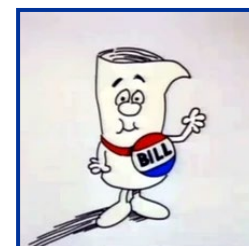


January 3, 2022 marks the start of the second year in the 2-year legislative cycle. Once again the year is expected to be wild and unpredictable. The State has a large budget surplus which is creating all kinds of early budget negotiating, as is the influx of Federal money.

Legislators will hit the ground running trying to move the large number of left-over 2-year bills through committee in January to meet deadlines. That action, along with introduction of new bills for the year, sets the table for a very busy January.

All bills being tracked by CALAFCO can be found on the CALAFCO website inside the Legislation section of the site (log in with your member id first to access this section). CALAFCO's position on all bills is reflected there, and any letters issued by CALAFCO are posted. The CALAFCO Legislative Committee meets regularly and all meeting materials are located in the Legislation section of the CALAFCO website.

Watch for the two Local Government Committee and OPR year-end legislative reports coming soon!





CALAFCO Associate Members' Corner



This section is dedicated to highlighting our Associate Members. The information below is provided to CALAFCO by the Associate member upon joining the Association. All Associate member information can be found in the CALAFCO Member Directory.

We are pleased to acknowledge our **Gold Associate Members** in this edition and thank all our Associate Members for their support and partnership.

**GOLD
Associate
Members**

Best Best & Krieger



BEST BEST & KRIEGER
ATTORNEYS AT LAW

In meeting the needs of public and private sector clients, **BB&K** offers unique experiences in handling complex, multi-disciplinary issues and providing solutions of common interest to leaders of both business and government, including LAFCo law. **BB&K** has been CALAFCO's legal counsel since 1982. Visit www.bbklaw.com to learn more about the expert legal services provided by BBK.

Colantuono, Highsmith & Whatley, PC

Colantuono, Highsmith & Whatley, PC's attorneys are among just a few in California with deep expertise in the Cortese-Knox-Hertzberg Act. The firm currently serves as general counsel to Calaveras, San Diego and Yuba LAFCos and as alternate counsel to several other LAFCos on matters as to which their general counsels have conflicts of interest. The Firm's attorneys also serve as special counsel to LAFCos throughout the state and have deep litigation expertise representing LAFCos in court. **Colantuono, Highsmith & Whatley, PC** has been a Gold Associate member since July 2008. Learn more about them at www.chwlaw.us.

COLANTUONO
HIGHSMITH
WHATLEY, PC

CV Strategies

CV Strategies is a dedicated team helping companies with strategic planning, communications and training. **CV Strategies** joined the CALAFCO team as a Gold Associate Member in the fall of 2016. To learn more about their team and the services they offer, visit them at www.cvstrategies.com or contact Erin Kaiman at erin@cvstrat.com.



CALAFCO wishes to thank all of our Associate Members for your ongoing support and partnership. We look forward to continuing to highlight you in future Quarterly Reports.

Did You Know??



CALAFCO Webinars & Courses Archived

Did you know that all **CALAFCO Webinar recordings** on archived on the **CALAFCO website** and available at no cost for on-demand viewing? Visit the CALAFCO website in the CALAFCO Webinars section (log in as a member first). **There are now 49 CALAFCO U courses archived and 15 webinars are archived and available for on-demand viewing!**

Meeting Documents Online

Did you know that all **CALAFCO Board of Directors and Legislative Committee meeting documents** are online? Visit the Boards & Committees pages in the Members Section of the site. Board documents cover 2008 to present and Legislative Committee documents span 2007 to present.

Mark Your Calendars For These Upcoming CALAFCO Events

- ❖ CALAFCO U webinar on Rev & Tax Sharing – 1/10
- ❖ CALAFCO Board meeting – 1/21 (Sacto)
- ❖ CALAFCO Leg meeting – 1/28 (virtual)
- ❖ CALAFCO U webinar on Best Hiring Practices – 2/23
- ❖ CALAFCO Leg meeting – 3/11 (virtual)
- ❖ CALAFCO Staff Workshop – 3/23 – 3/25 (Newport Beach)



The **CALAFCO 2022 Calendar of Events** can be found on the CALAFCO website.



LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 W. Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 www.monterey.lafco.ca.gov

DATE: January 24, 2022
TO: Chair and Members of the Commission
FROM: Kate McKenna, AICP, Executive Officer
PREPARED BY: Jonathan Brinkmann, Senior Analyst
SUBJECT: Conducting Authority (“Protest”) Proceedings to Consider any Written Protests Regarding an Approved Annexation to Monterey Peninsula Water Management District (LAFCO File No. 21-01).

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission:

1. Receive a report from the Executive Officer;
2. Open the public hearing and receive any public comments;
3. Provide for any questions or follow-up discussion by the Commission;
4. Close the public hearing, and
5. Move to approve a draft resolution (Attachment 1) ordering the annexation, if the Commission determines that insufficient written protests have been received to require an election or to terminate proceedings

EXECUTIVE OFFICER’S REPORT:

Summary

The purpose of this agenda item is to hold a Conducting Authority (“protest”) hearing, as required by State law, to allow for any objections to the Commission’s December 6, 2021 approval of the annexation of 58 parcels to the Monterey Peninsula Water Management District (District). The parcels to be annexed are in the Yankee Point and Hidden Hills areas. To date, LAFCO has received no protests about the annexation. This protest hearing is only for the annexation action. It does not address LAFCO’s recent denial of the District’s proposal to activate latent powers.

Background

In February 2021, the Monterey Peninsula Water Management District submitted an application (LAFCO File No. 21-01) requesting that LAFCO authorize two separate actions for the District:

- (1) Activate the District’s latent powers authority to provide and maintain potable water production and distribution services for retail customers (in accordance with Measure J, a 2018 voter-approved initiative, and for the purpose of proceeding with acquisition of Cal-Am’s Monterey Main water system through negotiation or a condemnation proceeding); and
- (2) Approve an amendment of the District’s sphere of influence and the annexation of approximately 139 acres (58 parcels) in the Yankee Point and Hidden Hills areas.

LAFCO held a public hearing for this application on October 25, which was continued to December 6, 2021. On December 6, the Commission voted 5-2 to deny the requested activation of the District's latent powers authority and approve the sphere amendment and annexation (LAFCO Resolution #21-11). As directed by the Commission, staff prepared a new draft resolution reflecting the Commission's reasons for denial of the proposed latent powers activation and making written determinations as required by the Cortese-Knox-Hertzberg Act, which the Commission adopted at its January 5, 2022 special meeting.

The approved aspect of the proposal is a sphere of influence amendment and annexation of approximately 139 acres in the Yankee Point and Hidden Hills areas of unincorporated Monterey County. An overview map of the annexation areas is provided as Attachment 2.

Discussion

State law requires a protest hearing for an annexation unless all property owners provide prior advance written consent to the proposal. Alternatively, LAFCO may also waive protest proceedings if LAFCO mails individual hearing notices for the annexation to all property owners and registered voters within the affected area, and receives no written opposition in response. With a population of approximately 112,000 in the Monterey Peninsula Water Management District's February 2021 (as amended) proposal, which included the proposed 139-acre annexation and a proposed activation of latent powers within the District's territory, neither of these avenues was feasible. LAFCO provided public notice of both the proposal hearing and protest proceedings by newspaper publication of a hearing notice, as allowed by State law when mailed notices would require more than 1,000 envelopes.

LAFCO staff also mailed the required notice of the January 24, 2022 protest hearing to landowners and registered voters within the annexation areas in December 2021.

Registered voters and landowners within the affected area may file written protests. Written protests may also be submitted at the protest hearing. As of this writing, the LAFCO office has received no protests.

Following the close of the protest hearing, according to Government Code section 57075(a), the Commission shall order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following: 1) At least 25 percent, but less than 50 percent, of the registered voters residing in the affected territory, or 2) At least 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory. The proposed change of organization or reorganization shall be abandoned if the Commission finds that written protests filed and not withdrawn prior to the conclusion of the hearing represent 50 percent or more of the voters residing in the territory.

A Certificate of Completion can be recorded following this hearing, and upon satisfaction of other remaining conditions of approval in the Commission's December 6, 2021 resolution, unless a threshold for sufficient protest is met.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Draft resolution
2. Map of the approved annexation areas

CC:

Monterey Peninsula Water Management District
Manatt, Phelps & Phillips, LLP
Anthony Lombardo, Esq.

THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

RESOLUTION NO. 22-xx

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY, ACTING AS THE CONDUCTING AUTHORITY, ORDERING THE APPROXIMATELY 139-ACRE “MONTEREY PENINSULA WATER MANAGEMENT DISTRICT – YANKEE POINT AND HIDDEN HILLS ANNEXATION” TO MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (LAFCO FILE 21-01)

WHEREAS, these proceedings are taken in conformance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 et seq. of the Government Code; and

WHEREAS, the Monterey Peninsula Water Management District (“District”) filed an application for proposed actions consisting of: (1) activation of latent powers to provide and maintain potable water production and distribution services for retail customers; and (2) sphere of influence amendment and annexation of approximately 139 acres outside current District boundaries, in the Yankee Point and Hidden Hills areas in unincorporated Monterey County, and the application was heretofore filed and accepted for filing by the Executive Officer of this Local Agency Formation Commission; and

WHEREAS, on December 6, 2021 a majority of members of this Commission voted to deny the requested activation of latent powers and directed staff to agendize for January 5, 2022 a revised draft resolution with written determinations reflecting the Commission’s December 6, 2021 deliberations resulting in denial. On January 5, 2022, this Commission adopted Resolution No. 22-01, disapproving the Monterey Peninsula Water Management District’s proposed activation of latent powers; and

WHEREAS, this Commission adopted Resolution No. 21-11 on December 6, 2021, making determinations and approving the “Monterey Peninsula Water Management District – Yankee Point and Hidden Hills Annexation” to Monterey Peninsula Water Management District; and

WHEREAS, the Commission, pursuant to Government Code section 57002, set January 24, 2022 as the date for the Conducting Authority (“Protest”) Proceedings for the Yankee Point and Hidden Hills Annexation aspect of this proposal; and

WHEREAS, the required notice of the January 24, 2022 proceedings was mailed to landowners and registered voters in December 2021, and was published in the Monterey Herald and Monterey County Weekly on December 28 and 30, 2021, respectively; and

WHEREAS, the protest proceedings by this Commission were held upon the date and at the time and place specified in said notice of proceedings and in any order or orders continuing such proceedings; and

WHEREAS, no protests have been received about the annexation action;

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

Section 1. The Commission, acting as the Conducting Authority, hereby orders the annexation to the Monterey Peninsula Water Management District of territory designated as the “Monterey Peninsula Water Management District – Yankee Point and Hidden Hills Annexation” in accordance with approved LAFCO Resolution 21-11, without election, pursuant to Government Code section 57075(a).

Section 2. The Executive Officer is hereby authorized and directed to file a Certificate of Completion upon fulfillment of the terms and conditions imposed on the proposal by LAFCO Resolution 21-11.

UPON MOTION of Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 24th day of January 2022 by the following vote:

AYES:

NOES:

ABSENT:

ALTERNATES:

ABSTAIN:

By: _____

Chair

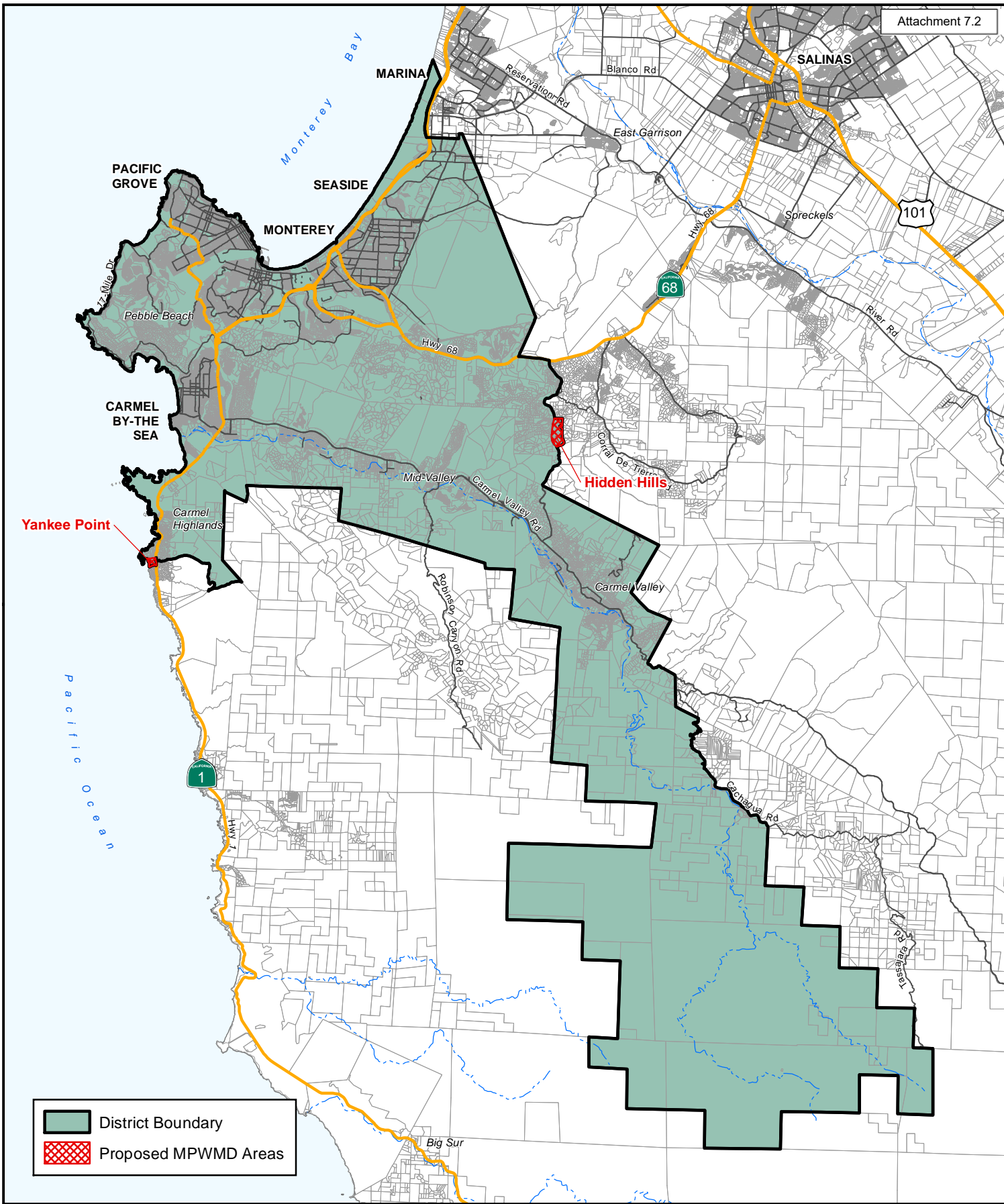
Local Agency Formation Commission of Monterey County



ATTEST: I certify that the within instrument is a true and complete copy of the original resolution of said Commission on file within this office.

Witness my hand this 24th day of January, 2022

By: _____

Kate McKenna, AICP, Executive Officer

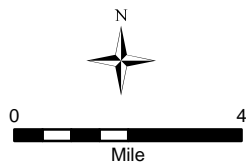


 District Boundary
 Proposed MPWMD Areas

LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



SPECIAL DISTRICTS

**MONTEREY PENINSULA
 WATER MANAGEMENT DISTRICT**

Map Prepared: 6/28/2021

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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P.O. Box 1369
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132 W. Gabilan Street, Suite 102
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www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: January 24, 2022
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: Executive Officer Communication – Possible Formation of Pajaro Valley Healthcare District (follow-up to Dec. 6, 2021 E.O. communication)

SUMMARY OF RECOMMENDATION:

This report is for information only.

EXECUTIVE OFFICER'S REPORT:

Special legislation is in progress to form a new special district. Under pending Senate Bill 418 introduced by Senator John Laird, the proposed Pajaro Valley Healthcare District would assume ownership and operation of the for-profit, corporate-owned Watsonville Community Hospital. The hospital is reportedly in imminent danger of financial collapse and closure, creating an urgent need for action to maintain continuity of services. There may be an opportunity for State funding to acquire the hospital.

The proposed initial district boundaries generally match the Pajaro Valley Unified School District. Thus, the new healthcare district would be centered on Watsonville, but would also extend south into northern Monterey County. Pajaro and Las Lomas are the main communities in Monterey County that would be included in the district.

Salinas Valley Memorial Healthcare System (SVMHS) is an affected agency. SVMHS' 2018-designated sphere of influence extends to the county line. SVMHS also owns and operates several facilities in southern Santa Cruz County. Monterey LAFCO would assist SVMHS with any boundary adjustments necessary for cooperation with a new healthcare district.

Staff is continuing to coordinate with SVMHS, representatives of the Counties of Monterey and Santa Cruz, and other interested parties to discuss health care needs and options for the region. We will stay engaged in the process. I will keep the Commission informed about this important ongoing effort.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer

Attachments: Current SB 418 language, map of the proposed new district, and related correspondence

AMENDED IN ASSEMBLY JANUARY 14, 2022

AMENDED IN SENATE MARCH 17, 2021

SENATE BILL

No. 418

Introduced by Senator Laird

(Coauthor: Senator Caballero)

(Coauthors: Assembly Members Robert Rivas and Stone)

February 12, 2021

~~An act to amend Section 30968 of the Public Resources Code, relating to sea level rise; add Chapter 9 (commencing with Section 32498.5) to Division 23 of the Health and Safety Code, relating to health care districts, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 418, as amended, Laird. ~~Sea level rise planning: database. Pajaro Valley Health Care District.~~

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts by local agency formation commissions.

This bill would create the Pajaro Valley Health Care District, as specified, except that the bill would authorize the Pajaro Valley Health Care District to be organized, incorporated, and managed, only if the relevant county board of supervisors chooses to appoint an initial board of directors.

The bill would require, within 5 years of the date of the first meeting of the Board of Directors of the Pajaro Valley Health Care District, the board of directors to divide the district into zones and number the

zones consecutively. The bill would require that, after formation, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 govern any organizational changes for the Pajaro Valley Health Care District.

This bill would make legislative findings and declarations as to the necessity of a special statute for the creation of the Pajaro Valley Health Care District within the Counties of Santa Cruz and Monterey.

This bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law requires the Natural Resources Agency, in collaboration with the Ocean Protection Council, to create, update biannually, and post on an internet website a Planning for Sea Level Rise Database describing steps being taken throughout the state to prepare for, and adapt to, sea level rise. Existing law further requires that various public agencies and private entities provide to the agency, on a biannual basis, sea level rise planning information, as defined, that is under the control or jurisdiction of the public agencies or private entities, and requires the agency to determine the information necessary for inclusion in the database, as prescribed. Existing law repeals these provisions on January 1, 2023.~~

~~This bill would extend the sunset date for the above provisions until January 1, 2028.~~

~~Vote: majority $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes-no. State-mandated local program: no.~~

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

- 1 *SECTION 1. The Legislature finds and declares all of the*
- 2 *following:*
- 3 *(a) Watsonville Community Hospital is a 106-bed hospital*
- 4 *located in the Pajaro Valley, which straddles southern County of*
- 5 *Santa Cruz and northern County of Monterey on California's*
- 6 *central coast. The hospital provides important acute care and*
- 7 *emergency services in a culturally diverse community where the*
- 8 *nearest alternative hospital can be up to an hour away during*
- 9 *regularly congested commutes.*
- 10 *(b) Watsonville Community Hospital employs 620 people and*
- 11 *has a medical staff of over 200 physicians. It provides a range of*
- 12 *quality medical services, including pediatrics, obstetrics and*
- 13 *gynecology, internal medicine, family medicine, anesthesiology,*

1 wound care, gastroenterology, orthopedics, cardiovascular disease,
2 dermatology, and more. In 2020, the hospital delivered more babies
3 than any other hospital in the County of Santa Cruz. Serving a
4 significant immigrant population, the hospital provides care to
5 those without English language proficiency in their preferred
6 language.

7 (c) The community of Watsonville has historically faced many
8 health and economic disparities. The pandemic has resulted in the
9 loss of employment and school closures, and has caused
10 nonessential workers and at-risk populations to stay home.
11 Overcrowded and substandard housing conditions, food insecurity,
12 lack of transportation, and the high cost of housing have intensified
13 disparities overnight. The Pajaro Valley saw dramatic and
14 disproportionate rates of COVID-19 infections, hospitalizations,
15 and death as compared to the rest of the County of Santa Cruz.

16 (d) Over the last 21 years of for-profit ownership, the hospital
17 administration has changed 20 times. Due to this history, partners
18 of the Pajaro Valley Healthcare District Project all believe
19 community ownership will provide more consistent management,
20 oversight, and stability for the patients, staff, and community.
21 Public ownership through a local hospital district also creates
22 financing and funding opportunities not otherwise available to a
23 for-profit or nonprofit entity.

24 (e) Originally incorporated in 1902 as a privately owned
25 for-profit entity, the Watsonville Community Hospital board of
26 directors voted in 1950 to reorganize to nonprofit status. This
27 allowed a bond sale and access to federal and state grants for
28 construction of a new hospital, which opened in 1969. That facility
29 was seriously damaged in the 1989 Loma Prieta earthquake. With
30 funding from the Federal Emergency Management Agency, the
31 current facility, which replaced the 1969 facility and opened in
32 1998, is sufficient to keep pace with the growing needs of the
33 community. In 1998, the previously not-for-profit hospital was
34 sold to a for-profit company, Community Health Systems (CHS).
35 The proceeds of the sale were contributed to a community trust,
36 the Community Health Trust of Pajaro Valley. This trust also held
37 a right of first refusal if CHS were to decide to sell the hospital.

38 (f) In 2015, Community Health Systems reorganized and formed
39 a new subsidiary, Quorum Health Resources, consisting of its
40 small hospitals. Facing financial difficulties, Quorum decided to

1 *sell Watsonville Community Hospital in 2019, and the Community*
2 *Health Trust of Pajaro Valley had the option to acquire the*
3 *hospital. However, at that time the Community Health Trust of*
4 *Pajaro Valley decided not to purchase the hospital, and it was*
5 *sold to a company called Halsen Healthcare and the hospital*
6 *operated under a corporation named Watsonville Hospital*
7 *Corporation (WHC). The real estate for the hospital was purchased*
8 *by a subsidiary of Medical Properties Trust (MPT), a real estate*
9 *investment trust, and then leased back to WHC.*

10 (g) *In January 2021, MPT, after declaring numerous events of*
11 *default, exercised its stock pledge and replaced the*
12 *Halsen-appointed board of directors with a new independent board*
13 *of directors, and the new board designated Prospect Medical*
14 *Holdings as the new hospital manager. However, this change in*
15 *management did not solve the hospital’s liquidity crisis. To remain*
16 *in operation, the hospital has had to borrow millions of dollars to*
17 *address operating losses and the hospital remains in default on*
18 *its operating loan from another subsidiary of MPT regarding the*
19 *real property of the hospital.*

20 (h) *In 2020 and 2021, during the COVID-19 epidemic, with*
21 *rising costs of labor and supplies, the hospital experienced*
22 *significant financial losses. As of August 2021, WHC had a*
23 *year-to-date cashflow shortfall of over \$17,000,000. It also fell*
24 *into arrears in its obligations to suppliers, employees, and lenders.*

25 (i) *Watsonville Community Hospital has been essential in*
26 *servicing its community’s primarily low-income, underinsured, and*
27 *uninsured populations of color for over a century and proved*
28 *crucial in servicing those disproportionately impacted by COVID-19*
29 *throughout the pandemic. This is evidenced by 43 percent of the*
30 *hospital’s gross revenue coming from the Medi-Cal program and*
31 *an additional 30 percent of its gross revenue coming from the*
32 *Medicare Program, servicing the aged and disabled.*

33 (j) *The Pajaro Valley Healthcare District Project (PVHDP), a*
34 *nonprofit organization, was created by the County of Santa Cruz,*
35 *the City of Watsonville, Salud Para La Gente, and the Community*
36 *Health Trust of Pajaro Valley, for the purpose of forming a new*
37 *California health care district. For several years, the partners of*
38 *PVHDP have been concerned about the continuance of operations*
39 *and the financial viability of Watsonville Community Hospital,*

1 and have been working together to explore the possibility of
2 community ownership.

3 (k) PVHDP has initiated a process to establish and capitalize
4 a local health care district to purchase the hospital on behalf of
5 the community through the Chapter 11 bankruptcy/restructuring
6 process commenced by WHC, to prevent the hospital's closure
7 and loss of critical community services. With strong community
8 and stakeholder support, the PVHDP partners are well positioned
9 to engage the Legislature, the Governor, and private funders. In
10 addition, WHC and PVHDP intend to seek emergency funding
11 from public and private entities to support the short-term operating
12 capital needs of the hospital and eventual acquisition of the
13 hospital.

14 (l) If PVHDP cannot raise sufficient funds to acquire and
15 operate the hospital, WHC intends to close the hospital and
16 liquidate the assets. For this reason, PVHDP believes it is critical
17 to the health and welfare of the community that it will be able to
18 keep this important hospital open under the stewardship of the
19 community, rather than under another for-profit operator. To do
20 this, it is imperative that emergency funding and urgency
21 legislation be considered immediately in the 2021–22 legislative
22 session.

23 (m) It is necessary to permit the formation of the Pajaro Valley
24 Health Care District for the above-described purposes.

25 SEC. 2. Chapter 9 (commencing with Section 32498.5) is added
26 to Division 23 of the Health and Safety Code, to read:

27
28 *CHAPTER 9. PAJARO VALLEY HEALTH CARE DISTRICT*

29
30 32498.5. (a) A local hospital district designated as the Pajaro
31 Valley Health Care District is hereby formed within the Counties
32 of Santa Cruz and Monterey. The Pajaro Valley Health Care
33 District may be organized, incorporated, and managed as provided
34 in this division, and may exercise the powers granted or necessarily
35 implied by this division, only if the relevant county board of
36 supervisors chooses to appoint an initial board of directors, as
37 described in Section 32100. All other provisions of this division
38 apply to the Pajaro Valley Health Care District, except as provided
39 in this chapter.

1 **(b)** *The territory of the district shall be the following area:*
2 *Situated in the Counties of Santa Cruz and Monterey, State of*
3 *California; being all the lands within the boundary of the Pajaro*
4 *Valley Unified School District, excepting the lands to the north*
5 *and west of the following described line: beginning at a point on*
6 *the edge of the Pacific Ocean at the intersection with the projected*
7 *centerline of Aptos Beach Drive; thence along said projected*
8 *centerline to the intersection of the centerline of Aptos Beach Drive*
9 *and the centerline of Rio Del Mar Boulevard; thence along the*
10 *centerline of Rio Del Mar Boulevard in a northeasterly direction*
11 *to the intersection of the centerline of Rio Del Mar Boulevard and*
12 *the centerline of Bonita Drive; thence along the centerline of*
13 *Bonita Drive in a westerly direction to the intersection of the*
14 *centerline of Bonita Drive and the centerline of Freedom*
15 *Boulevard; thence along the centerline of Freedom Boulevard in*
16 *a northerly and easterly direction to the intersection of the*
17 *centerline of Freedom Boulevard and the centerline of Hames*
18 *Road; thence along the centerline of Hames Road in an easterly*
19 *direction to the end of the centerline of Hames Road and the*
20 *beginning of the centerline of Browns Valley Road; thence along*
21 *the centerline of Browns Valley Road in a northerly and easterly*
22 *direction to the end of the centerline of Browns Valley Road and*
23 *the beginning of the centerline of Hazel Dell Road; thence along*
24 *the centerline of Hazel Dell Road in an easterly and southerly*
25 *direction to the intersection of the centerline of Hazel Dell Road*
26 *and the centerline of Mount Madonna Road; thence along the*
27 *centerline of Mount Madonna Road in a southerly direction to the*
28 *intersection of the centerline of Mount Madonna Road and the*
29 *centerline of Gaffey Road; thence along the centerline of Gaffey*
30 *Road 1300 feet, more or less, in an easterly direction to a point*
31 *on the centerline of Gaffey Road; thence leaving the centerline of*
32 *Gaffey Road 90 feet, more or less, in a northeasterly direction to*
33 *a point on the Santa Cruz County line.*

34 **(c)** *Following the formation of the district, the*
35 *Cortese-Knox-Hertzberg Local Government Reorganization Act*
36 *of 2000 (Division 3 (commencing with Section 56000) of Title 5*
37 *of the Government Code) governs any change of organization.*

38 32498.6. **(a)** *Notwithstanding any other law, within five years*
39 *of the date of the first meeting of the Board of Directors of the*
40 *Pajaro Valley Health Care District, the board of directors shall*

1 *adopt a resolution to divide the district into zones and number the*
2 *zones consecutively.*

3 *(b) In establishing these zones, the board of directors shall*
4 *provide for representation in accordance with demographic and*
5 *geographic factors of the entire area of the district, including*
6 *population factors. The board of directors shall fix the time and*
7 *place for a hearing on the proposed establishment of zones. At this*
8 *hearing, any elector of the district may present their views and*
9 *plans in relation to the proposed zoning, but the board of directors*
10 *shall not be bound thereby and their decision, in the resolution*
11 *adopted, shall be final.*

12 *(c) The zones shall be effective for the next district election after*
13 *the resolution of the board of directors for which there is time to*
14 *implement the zones and elections within the zones.*

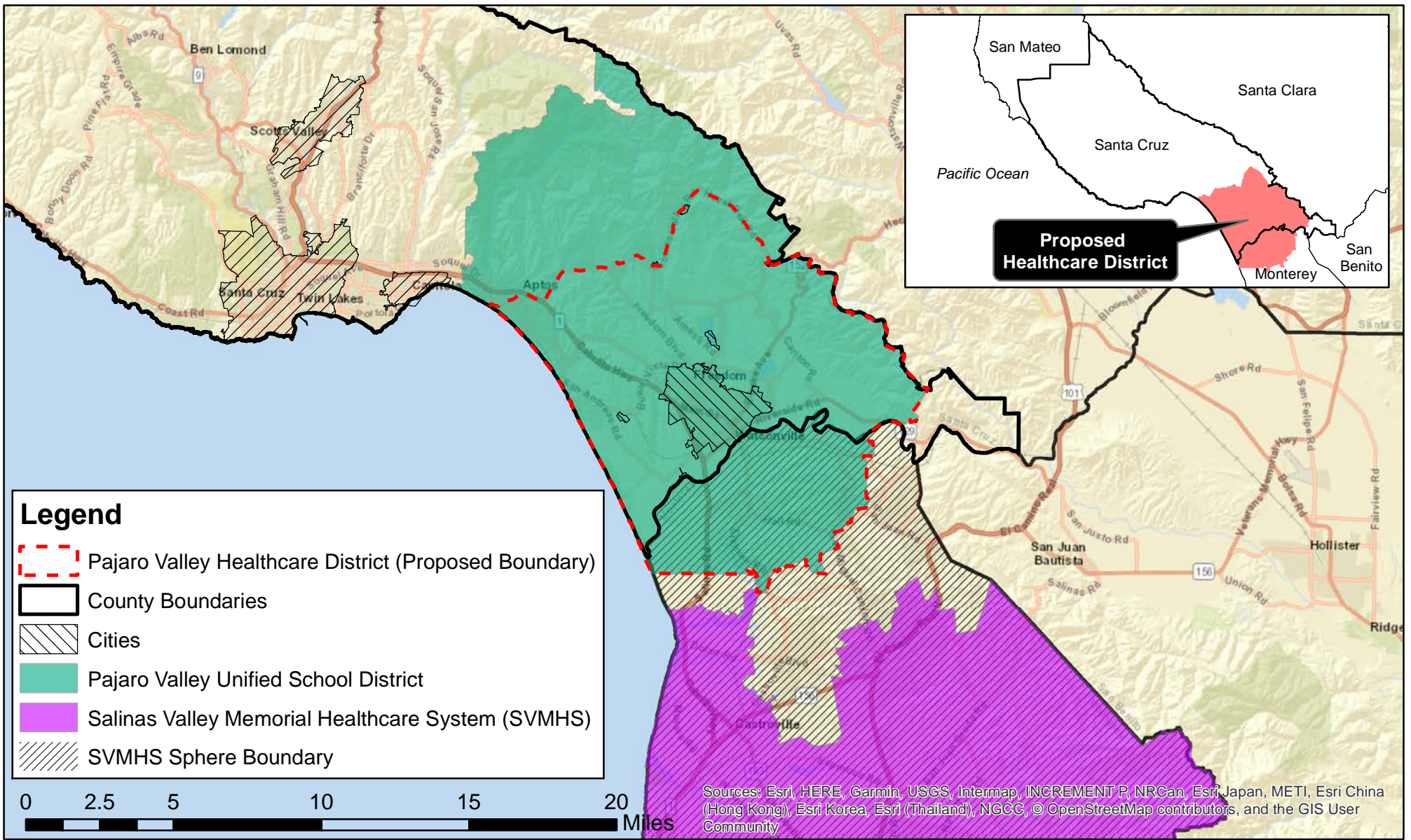
15 *SEC. 3. The Legislature finds and declares that a special statute*
16 *is necessary and that a general statute cannot be made applicable*
17 *within the meaning of Section 16 of Article IV of the California*
18 *Constitution because of the unique circumstances surrounding the*
19 *operation of the Watsonville Community Hospital. .*

20 *SEC. 4. This act is an urgency statute necessary for the*
21 *immediate preservation of the public peace, health, or safety within*
22 *the meaning of Article IV of the California Constitution and shall*
23 *go into immediate effect. The facts constituting the necessity are:*

24 *The imminent financial collapse of the Watsonville Community*
25 *Hospital is a serious threat to the public health and safety of the*
26 *residents of the region, as it is one of two hospitals serving the*
27 *County of Santa Cruz and the only hospital serving the City of*
28 *Watsonville and surrounding area. An urgency statute to form a*
29 *local health care district is necessary to allow local officials the*
30 *opportunity to purchase the Watsonville Community Hospital and*
31 *ensure the continuance of hospital operations at the earliest*
32 *possible time.*

33 ~~SECTION 1. Section 30968 of the Public Resources Code is~~
34 ~~amended to read:~~

35 ~~30968. This division shall remain in effect only until January~~
36 ~~1, 2028, and as of that date is repealed, unless a later enacted~~
37 ~~statute, that is enacted before January 1, 2028, deletes or extends~~
38 ~~that date.~~



New Healthcare District through Special Legislation (Proposed Jurisdictional Boundary)



Map created by Santa Cruz LAFCO on 1-13-22

This map shows the proposed jurisdictional limits of the new healthcare district. If formed, it would be located in two counties (Santa Cruz and Monterey).

Pajaro Valley Healthcare District Project

A not-for-profit entity formed through the collaboration of the County of Santa Cruz, the City of Watsonville, the Community Trust of the Pajaro Valley and Salud Para La Gente for the acquisition of Watsonville Community Hospital

January 10, 2022

The Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
1021 O Street
Sacramento, CA 95814

Re: SB 418 (Laird): Pajaro Valley Healthcare District
As proposed to be amended
Awaiting hearing – Assembly Local Government Committee

Dear Assembly Member Aguiar-Curry:

On behalf of the Board of Directors of the Pajaro Valley Healthcare District Project (PVHCD Project), I write to respectfully request your support for Senate Bill 418, Senator Laird's measure that would establish the Pajaro Valley Healthcare District in Santa Cruz and Monterey Counties. SB 418 is urgently needed to address an imminent closure of the Watsonville Community Hospital and to ensure that the hospital remains open and accessible to our community.

Watsonville Community Hospital is a 106-bed hospital, employs 620 people, and has a medical staff of over two hundred physicians. It provides a range of quality medical services, including an emergency room, OB-GYN, pediatrics, medical surgical care, wound care, gastroenterology, orthopedics, cardiovascular disease, dermatology and more. In 2020, the hospital delivered more babies than any other in the county. Serving a significant immigrant population, the hospital provides care to those without English language proficiency in their preferred language. Nearly 50% of the hospital's patients are on MediCal.

The Pajaro Valley's largest community is the City of Watsonville, which has historically faced many health and economic disparities. The pandemic resulted in the loss of employment, school closures, and caused non-essential workers and at-risk populations to stay home. Overcrowded and substandard housing conditions, food insecurity, lack of transportation and high cost of housing intensified disparities overnight. The Pajaro Valley has seen dramatic and disproportionate rates of COVID-19 infections, hospitalizations and death as compared to the rest of Santa Cruz County.

Watsonville Community Hospital has been essential in serving its community's primarily low-income, under and uninsured populations of color for over a century and proved crucial in serving those disproportionately impacted by COVID-19 throughout the pandemic.

The hospital has a history of financial challenges under costly private equity ownership and while the community has discussed public ownership for a number of years, late last year the current owner/operator unexpectedly and abruptly announced its intention to (1) file for Chapter 11 bankruptcy protection in early December and (2) close the hospital in January. Required WARN notices were sent to all employees. The Pajaro Valley Healthcare District Project (Project), a local non-profit organization

created by the City of Watsonville, the County of Santa Cruz, Salud Para La Gente (a federally qualified health clinic in Watsonville), and the Community Health Trust of Pajaro Valley, immediately began negotiating with the current owner/operator to purchase the hospital in the bankruptcy proceeding. Those negotiations resulted in an asset purchase agreement with the owner/operator, establishing the Project as priority bidder and initiating a process for a yet-to-be -formed California Healthcare District to take over hospital operations. Additionally, the current owner/operator and its largest creditor agreed to defer closure of the hospital through March. The formation of a new healthcare district through legislation is required as a key milestone of the Project's asset purchase agreement filed as part of federal Chapter 11 bankruptcy court process, and must be accomplished prior to bid and auction dates scheduled for February, 2022.

SB 418 lays out the boundaries of the district, makes clear that the new district will be subject to the oversight of the Santa Cruz and Monterey County Local Agency Formation Commissions (LAFCOs), and directs the initial District Board of Directors to establish zones for the eventual election of future Directors. Additionally, the new Pajaro Valley Healthcare District would be subject to all of the requirements and authorities of other California healthcare districts, as contained in Health and Safety Code Section 32000.

The urgent formation of the Healthcare District, as outlined in SB 418, is necessary to ensure that the asset purchase agreement negotiated between the Project and the current owner/operator is achieved, thereby ensuring that the hospital remains open and is under the stewardship of a public entity. We greatly appreciate the time and attention you have provided our group and this effort and respectfully request your "aye" vote on SB 418.

If you have any questions about our position, please don't hesitate to reach out.

Sincerely,



Mimi Hall, Chair
Pajaro Valley Healthcare District Project Board of Directors

cc: Members and Consultants, Assembly Local Government Committee
The Honorable John Laird, California State Senate
The Honorable Anna Caballero, California State Senate
The Honorable Robert Rivas, California State Assembly
The Honorable Mark Stone, California State Assembly

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369
Salinas, CA 93902
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132 W. Gabilan Street, Suite 102
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KATE McKENNA, AICP
Executive Officer

DATE: January 24, 2022
TO: Chair and Members of the Formation Commission
FROM: Kate McKenna, AICP, Executive Officer
SUBJECT: Executive Officer Communication – In Memoriam: Barbara Shipnuck

SUMMARY OF RECOMMENDATION:

This report is for information only.

EXECUTIVE OFFICER'S REPORT:

We are saddened to report the passing of retired LAFCO Commissioner Barbara Shipnuck on January 6 in Long Beach.

A native of Brooklyn, Ms. Shipnuck was the first woman ever elected to the Monterey County Board of Supervisors (in 1978). She was re-elected three times and a champion of health and human services in the County. Among her accomplishments, Ms. Shipnuck led the successful effort to save Natividad Hospital. She was also the first woman County representative to serve on the Local Agency Formation Commission (from 1979-1984 and from 1992-1993). Ms. Shipnuck left Monterey County in 1996 to become deputy secretary for health care policy in Maryland, and eventually took a position as director of public affairs for Kaiser Permanente. She is survived by her children and grandchildren.

Respectfully Submitted,



Kate McKenna, AICP,
Executive Officer