

# LAFCO *of Monterey County*

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## LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY


LOCAL AGENCY FORMATION COMMISSION  
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Kate McKenna, AICP  
Executive Officer

### MEMORANDUM

DATE: October 23, 2023

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, Executive Officer, AICP 

SUBJECT: **Supplemental Memorandum #2 Transmitting Amendments regarding October 23, 2023 LAFCO Meeting Agenda Item No. 7 – Consideration of the 2023 Municipal Service Review and Sphere of Influence Study for Five Greenfield Area Public Agencies**

LAFCO received an additional comment letter on October 23, 2023 (Attachment 1) from the Community Water Center (CWC), a non-profit seeking to increase access to safe, clean, and affordable drinking water. In their letter, the CWC recommended additional analysis in the draft municipal service review and sphere of influence study (MSR/SOI study) of the Walnut Ave and 12th St & Pine Ave community (outside of the existing City of Greenfield's city limits).

In response to the letter, staff recommends amendments to the MSR determination #3 (Attachment 2, previously recommended amendments to MSR determination #2 and SOI determinations #4 and #5 are also shown as tracked changes in Attachment 2).

Attachment 2 to this supplemental memo shows in tracked changes staff's recommended amendments to the Determinations section of the MSR/SOI study. Staff recommends approval of amended Item No. 7 with the changes presented in Attachment 2.

#### Attachments:

1. October 23, 2023 letter from the Community Water Center
2. Revised agenda item 7.2 (recommended MSR determination #2 and #3, and SOI determinations #4 and #5)

# Attachment #1

October 23, 2023 Letter  
From the Community Water Center



To: Monterey County LAFCO  
132 W Gabilan St #102  
Salinas, CA 93901

From: Community Water Center  
406 Main St #421  
Watsonville, CA 95076

Date: Oct 23, 2023

RE: Supplemental Memorandum transmitting Amendments regarding October 23, 2023 LAFCO Meeting Agenda Item #7 PUBLIC REVIEW DRAFT 2023 MSR & Sphere Study – Greenfield Area Public Agencies

Dear Monterey County LAFCO,

Thank you for the *Supplemental Memorandum transmitting Amendments regarding October 23, 2023 LAFCO Meeting Agenda Item #7* provided by Monterey County LAFCO. Although we are glad to see the inclusion of the Walnut and Pine community as named DUCs, LAFCO must carry out the remaining requirements put forth under SB 244 for the analysis of present and probable needs for the facilities and services for this community, including drinking water services. We understand that you have put forth extraterritorial service agreements as a potential option for the City of Greenfield in your MSR and have stated that the City of Greenfield does not seek annexation at this time. At this time, all parties during various meetings have agreed that we are yet unclear if this is the best way forward for these residences. Our intention in encouraging the required DUC analysis by LAFCO is to capture as many potential avenues for access to safe and democratic water in advance of the completion of an alternatives analysis as possible during this critical juncture in the long term project to access safe drinking water for these families.

**Prior Communications:** We have outlined, and you have acknowledged in our July 13th, 2023 meeting, the lack of access to potable drinking water in the Walnut and Pine DUC and furthermore have acknowledged in your October 20th communication Supplemental Memorandum transmitting Amendments regarding October 23, 2023 LAFCO Meeting Agenda Item #7 “In response to the letter [from CWC], staff recommends amendments to the MSR determination #2 and SOI determination #5 to identify these areas as Disadvantaged Unincorporated Community.”

In the amended Determinations you state, “Within this large Census block group, there are clusters of unincorporated residential parcels– in three areas within and adjacent to the City’s existing designated sphere of influence along the south side of Walnut Ave., at the corner of 12th St. & Pine Ave., and on the south side of Apple Avenue between 13th and 14th Streets (Mercado Camp). It is unclear whether any of these three areas meet the CKH Act’s criterion of

having 12 or more registered voters. However, these areas are occupied and used for residential purposes. The on-site wells at these properties are known to have had issues with water quality for several years.”

**Bringing SB 244 to bear in the Walnut/Pine DUC:** SB 244 was meant to supplement the Cortese-Knox-Hertzberg Act of 2000<sup>1</sup> which outlines requirements for LAFCOs with respect to SOIs and MSRs. Specifically, every five years, LAFCOs must re-determine SOIs of each local governmental agency in the county or designated area by making plans for the probable physical boundaries and service areas of a city or special district. To do this, LAFCOs must prepare a written statement with respect to municipal services in the affected area as well. But the Cortese-Knox-Hertzberg Act failed to include language around DUCs, which SB 244 was created to remedy. SB 244 attempts to supplement the Cortese-Knox-Hertzberg Act by including requirements for LAFCO, cities, and counties to consider DUCs within their SOI and MSR analyses.

SB 244 codified as California Government Code sections 56430, 56425, and 65302.10<sup>2</sup> was adopted in 2012 to require LAFCOs, cities, and counties to address infrastructure needs of DUCs in their land use and municipal service plans.<sup>3</sup> This legislation was passed to address the historical lack of investment in DUCs and the subsequent lack of reliable public services or services provided at levels below what is provided at the cities that surround DUCs. A DUC is an inhabited and unincorporated community that either includes 10 or more dwelling units in proximity or 12 or more registered voters’ residences, and has a median household income that is 80% or less than the statewide median household income.<sup>4</sup> DUCs may also be characterized as a fringe, island, or legacy community,<sup>5</sup> an illustration of which follows. As seen in the illustration, these communities are often excluded from the municipal services (water, wastewater, parks, and fire protection) provided at a city- or county-wide level. Thus, these communities often have to contend with inconsistent and unreliable services, which poses a serious public health risk to residents.

Under SB 244 LAFCOs must adopt determinations for an update of an SOI of a city or special district that provides public facilities and services, i.e. present and probable need for those

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<sup>1</sup> Cal. Gov’t Code §§ 56000 – 57550;

<https://www.calafco.org/resources/introduction-lafco/citizens-guide-lafcos>;

<https://www.calafco.org/resources/cortese-knox-hertzberg-act/ckh-reorganization-act-guide>.

<sup>2</sup> Cal. Gov’t Code §56430, 56425, 65302.10.

<sup>3</sup>[http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb\\_0201-0250/sb\\_244\\_cfa\\_20110421\\_154425\\_sen\\_comm.htm](http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0201-0250/sb_244_cfa_20110421_154425_sen_comm.htm)

<sup>4</sup>[https://opr.ca.gov/docs/SB244\\_Technical\\_Advisory.pdf](https://opr.ca.gov/docs/SB244_Technical_Advisory.pdf)

<sup>5</sup> “Community” means an inhabited area within a city or county that is comprised of no less than 10 dwellings adjacent or in close proximity to one another.

“Fringe community” means any inhabited and unincorporated territory that is within a city’s sphere of influence.

“Island community” is an inhabited and unincorporated territory surrounded or substantially surrounded by one or more cities or by one or more cities and a county boundary or the Pacific Ocean

“Legacy community” means a geographically isolated community that is inhabited and has existed for at least 50 years.

facilities and services in identified DUCs.<sup>6</sup> LAFCOs must (via writing) identify “location and characteristics” of DUCs within or contiguous to existing SOIs of cities and special districts as part of LAFCOs’ MSR determinations.<sup>7</sup> These determinations must include written determinations on infrastructure needs or deficiencies related to public facilities and services in the DUCs.

SB 244 adds on to these obligations by requiring LAFCOs to consider DUCs in three critical aspects. First, in order to adequately update SOIs, LAFCOs must prepare a MSR that outlines, in writing, “growth and population projections for the affected area”, “location and characteristics of any [DUCs] within or contiguous to the sphere of influence”, “present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies ... in any [DUCs] within or contiguous to the sphere of influence”, “financial ability of agencies to provide services”, “opportunities for shared facilities”, and “accountability for community service needs, including governmental structure and operational efficiencies”.<sup>8</sup> In other words, LAFCOs must acknowledge the presence of nearby DUCs, along with their municipal service needs and deficiencies.

Second, during SOI updates, LAFCOs must use findings from the MSR to adopt determinations for present and probable needs for public facilities and services in the previously-identified DUCs.<sup>9</sup> This means that LAFCOs have to acknowledge the extent to which nearby DUCs do not have access to municipal services and/or the relevant infrastructure for services. And third, when LAFCOs propose an annexation of 10 or more acres of land (usually to an incorporated city), they must file a second application to incorporate any DUCs that are contiguous to the proposed area.<sup>10</sup> This last obligation is critical in preventing the creation of more DUC islands, since nearby inhabited areas cannot be overlooked or ignored when land is annexed<sup>11</sup>. The SOIs and MSR determinations are then sent to the respective cities and counties, which decide whether or not to implement LAFCO recommendations.

**California Environmental Quality Act:** In order for CEQA requirements to apply to an activity, that activity must be considered a “project” under CEQA<sup>12</sup> The main question that the LAFCO must consider is whether its action may have a potential to cause significant environmental impacts, either directly or indirectly. Adoption of MSRs may meet this test if the action could influence future growth patterns or otherwise affect land use in a way that impacts the environment. This action may include the proposed construction of new or upgraded infrastructure for disadvantaged communities. MSRs are intended to support SOI updates, which may include expansions or reductions in SOI boundaries, the creation of new SOIs, or

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<sup>6</sup>Cal. Gov’t Code § 56425.

<sup>7</sup> Cal. Gov’t Code § 56430(a)(2).

<sup>8</sup> Cal. Gov’t Code § 56430.

<sup>9</sup> Cal. Gov’t Code § 56425(e)(5).

<sup>10</sup> Cal. Gov’t Code § 56375(a)(8)(A-B).

<sup>11</sup> Note that this incorporation consideration is waived if a majority of registered voters within the DUC provide written evidence opposing the annexation or a DUC annexation application was already filed in the last 5 years.

<sup>12</sup> State CEQA Guidelines § 15378.

SOIs amendments that trigger a need to update the pertinent SOI. We understand that this analysis has not been completed yet and ask the Commission to consider the need presented by the DUC in question to reevaluate the capacity for the completion of this analysis if required.

**Conclusion:** Overall, the requirements set forth by SB 244 give LAFCOs the authority and obligation to develop detailed written analyses on the municipal service needs of DUCs within and contiguous to existing SOIs. Though this does not necessarily mean that the analyses will be acted upon after passing to the respective cities and counties, the law at least requires LAFCOs to acknowledge the presence and municipal needs of nearby DUCs, and outline consolidation strategies and financial solutions. In some cases, an MSR, and its required determinations including those required by SB 244, will provide policy guidance for future LAFCo decisions that may direct or affect the location and pattern of growth. Due to the great and immediate need of the families faced by the public health hazards in the fringe of the City of Greenfield, and the yet unclear pathway forward to ensure a reliable source of safe drinking water, we rely on the partnership of LAFCO to undergo the needed analysis.

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Community Water Center  
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(760) 613-2936

## Attachment #2

### Revised MSR & SOI Determinations

## Determinations

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### Municipal Service Review Determinations

Per Government Code Section 56430(a)

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This section contains recommended Municipal Services determinations for the City of Greenfield and the Greenfield Fire Protection, Memorial, Public Recreation, and Cemetery Districts.

#### 1. Growth and population projections for the affected area

The City of Greenfield's population is approximately 19,000 (18,937 as of the 2020 census). The Fire District's population is about 600. For the other districts, the in-district population includes city residents plus up to approximately 700 residents in the outlying unincorporated area, for a total of about 19,700.

Most population growth in Monterey County in recent decades has occurred in the cities. The Association of Monterey Bay Area Governments (AMBAG) 2022 Regional Growth Forecast projected the City of Greenfield population to increase by 11.8% between 2020 and 2045, which is about the same as AMBAG's projection for Monterey County as a whole (11.4%). According to the U.S. Census 2021 American Community Survey, the City of Greenfield has a relatively large youth population (55% under the age of 30), compared to the County as a whole (42% under the age of 30). The large youth population in the overall Greenfield community could place increasing demands on service providers in the area.

#### 2. Location and characteristics of any disadvantaged unincorporated communities (“DUCs”) within or contiguous to the sphere of influence

~~There are no potential DUCs within or contiguous to the City and four special districts' existing spheres of influence. State law—The Cortese-Knox-Hertzberg Act, Section 56033.5, defines a DUC as unincorporated communities inhabited territory (with 12 or more registered voters) with an annual median household income that is less than 80% of the statewide annual median household income. A large Census block group in unincorporated Monterey County surrounds the City and meets the income criteria of a DUC. However, this area has no identifiable inhabited area contiguous to the City's sphere of influence. Within this large Census block group, there are clusters of unincorporated residential parcels – in three areas within and adjacent to the City's existing designated sphere of influence - along the south side of Walnut Ave., at the corner of 12<sup>th</sup> St. & Pine Ave., and on the south side of Apple Avenue between 13<sup>th</sup> and 14<sup>th</sup> Streets (Mercado Camp). It is unclear whether any of these three areas meet the CKH Act's criterion of having 12 or more registered voters. However, these areas are occupied and used for residential purposes. The on-site wells at these properties are known to have had issues with water quality for several years.~~

#### 3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs and deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within, or contiguous to, the sphere of influence)

The City is a capable service provider of its various municipal services. The City has constructed, acquired, and adequately maintains its public facilities and other infrastructure. With a large youth population and projected moderate growth in the City over the next 25 years, the City is taking appropriate actions to plan for future service and infrastructure needs. For example, the City's adopted FY 2023-24 Budget includes hiring of eight additional staff positions and includes capital projects such as improved City entrance signage, park lighting, ball field improvements, and road improvements.

As discussed in MSR determination #2, there are clusters of unincorporated residential parcels both within and adjacent to the City's existing designated sphere, along the south side of Walnut Ave., at the corner of 12<sup>th</sup> St. & Pine Ave., and on the south side of Apple Avenue between 13<sup>th</sup> and 14<sup>th</sup> Streets (Mercado Camp). The City is continuing to grow with a population of approximately 19,000 residents. The City



maintains its municipal services and plans for future growth and capacity of its wastewater, municipal water, fire protection, and other services within its city limits. Through a service agreement with the Greenfield Fire Protection District, the City also provides adequate fire protection service to these areas. The City does not currently provide municipal water and wastewater to these areas, which are outside of the city limits. The private wells on these properties are known to have had issues with water contamination and water quality for several years. The City of Greenfield has the option to extend potable water service to these areas in the future through submitting a LAFCO application for an out-of-agency service extension. If the City makes such an application, LAFCO will review the City's current capacity to provide municipal water service or wastewater service to these areas. LAFCO can approve a service extension to areas within the City's sphere of influence, and also outside the sphere if the County Environmental Health Department determines the existence of an existing or impending threat to public health or safety. LAFCO has approved several City of Greenfield out-of-agency service extensions in the past, most recently in 2019. Any such extension would likely be a significant expense and would most likely need to be funded either by the property owners, by grants, or by some other combination of funding sources.

The Greenfield Fire Protection District provides services to the unincorporated area surrounding the City through a comprehensive service agreement with the City, in which the City provides the services within the District's boundaries in exchange for most of the District's annual revenues. The City is planning for the present and future fire protection and emergency medical services needs of the City and the District by designing improvements to the City's existing fire station that would include updated bathrooms, sleeping quarters, office facilities, electricity generator, and security systems.

The Greenfield Memorial District's Jim Maggini Memorial Park is not actively maintained and needs significant improvements. The Public Recreation District's outdoor swimming pool is currently unused and non-operational. The Cemetery District has nearly reached full burial capacity at Holy Trinity Cemetery. Although other facilities, such as playgrounds at Oak Park, Oak Park Cemetery, and Greenfield Memorial Hall, are operated and actively maintained by the three districts, the current or pending inoperability of the facilities listed above are examples of previously available services or facilities being no longer available or having diminished capacity.

Investment is needed to repair, replace, or augment these facilities to meet current and future needs of the growing Greenfield-area community. It would be appropriate for the Memorial, Recreation, and Cemetery districts to develop annual capital improvement programs and adopt annual budgets to ensure that capital improvements and upgrades are made in a timely fashion.

#### **4. Financial ability of agency to provide services**

The demands on the five Greenfield-area public agencies vary due to the size and geography of each agency's boundaries, land use, demographics, types of services provided, and other factors. These factors help determine the level of funding required to provide an adequate level of service.

The five public agencies within this study receive per-resident revenues ranging from approximately \$11 (Greenfield Memorial District) to \$1,172 (City of Greenfield), depending on assessed valuation, the date of the public agency's formation, development activity, property sales within the agency's boundaries, and other factors.

The financial resources of the agencies appear adequate to meet current demands for services. However, audits of the operations of the Greenfield Memorial, Public Recreation, and Cemetery Districts were last completed six to ten years ago. Completion of annual audits is needed to provide an accurate picture of agency finances. Upon completion of annual audits, it is recommended that the three districts perform strategic planning for current and future service and facility needs. The strategic planning effort would include completion of capital improvement and financial plans to implement needed service and facility improvements.

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

In 2017, the City of Greenfield detached from the Greenfield Fire Protection District and created the City of Greenfield Fire Department. Since this time, the District has contracted with the City to provide fire protection and emergency medical services – through the City’s staff, equipment, and facilities – to its residents in exchange for most of the District’s annual revenues. The District and City’s service agreement serves as a model of local government cooperation and efficiency.

The Greenfield Public Recreation, Greenfield Cemetery, and Greenfield Memorial Districts each function mostly as stand-alone local government agencies with no significant partnerships with other public agencies to share facilities or services. Partnering with other local agencies could help the three districts to achieve economies of scale through pooled resources. Partnerships with other local agencies could also improve each district’s efficiency and effectiveness.

LAFCO strongly encourages the City of Greenfield and three districts to collaborate on completion of a feasibility study, which would explore and recommend a service model option to improve the Greenfield Public Recreation District, Greenfield Cemetery District, and Greenfield Memorial District’s administrative and service delivery efficiency and effectiveness.

## **6. Accountability for community service needs, including government structure and operational efficiencies**

Registered voters within the City elect a mayor at-large and four councilmembers based on voter districts. Elections are frequently vigorous and active. Each of the four districts is governed by a three- or five-person Board of Directors/Trustees. The five-person Greenfield Public Recreation District and Greenfield Cemetery District Board Directors/Trustees are the same individuals appointed by the Monterey County Board of Supervisors. The five-person Greenfield Memorial District and three-person Greenfield Fire Protection District Board members are elected by voters within their respective districts. If there are no candidates, or if the number of candidates equals the number of eligible seats, the County Board of Supervisors will appoint Directors. The Memorial District’s bylaws also include a process for the Board of Directors to post a notice of vacancy and to appoint a replacement to fill a vacancy by majority vote within 30 days before the County Board of Supervisors would make an appointment to fill a vacancy.

The Greenfield Memorial, Recreation, and Cemetery Districts have various deficiencies in complying with State law (including, but not limited to, adopting annual budgets and completing financial audits), and implementing best practices. These Districts must take immediate action to correct identified deficiencies.

LAFCO strongly encourages the three districts to explore opportunities for improving government structure and operational efficiencies. Such opportunities may include entering into a service agreement with another government agency (such as the City of Greenfield) to provide services. LAFCO also recommends that the City of Greenfield and three districts collaborate to complete a feasibility study. The study would explore and recommend a service model option to improve the three districts’ administrative and service delivery efficiency and effectiveness.

## **7. Any Other Matter Related to Effective or Efficient Service Delivery, As Required by Commission Policy**

LAFCO of Monterey County has adopted Sphere of Influence Policies and Criteria within its *Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization*. These policies and criteria were adopted, in conformance with State law, to meet local needs. The proposed affirmations of the existing five Greenfield area public agencies’ spheres of influence are consistent with local policies and criteria.

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## Sphere of Influence Determinations

Per Government Code Section 56425(e)

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This section provides recommended sphere of influence determinations for the **City of Greenfield and the Greenfield Fire Protection, Memorial, Public Recreation, and Cemetery Districts**. The Executive Officer recommends that the Commission affirm the current spheres of influence with no changes at this time.

### **1. Present and planned land uses in the area, including agricultural and open-space lands**

Current and future land uses within the study's scope are guided by the general plans of the County of Monterey and the City of Greenfield. Areas outside of the Greenfield city limits are primarily farmlands and grazing land uses. The City's existing sphere and boundaries encompass a wide range of land uses, including open space and agricultural land. The primary agricultural areas within the City's existing 599-acre sphere are areas to the west and east of the city limits. Present and planned land uses are discussed and evaluated in the City's adopted 2005 General Plan, the 2005 General Plan's certified Final Environmental Impact Report (EIR), and in the approved 2013 City-County-LAFCO MOA for orderly and appropriate land use development in the Greater Greenfield Area. The MOA's fundamental objective is to balance the preservation of open space and prime agricultural lands with the need for orderly City growth.

### **2. Present and probable need for public facilities and services in the area**

The Greenfield area has a relatively young population that is currently projected by AMBAG to experience moderate growth through 2045. The City provides a full range of municipal services and has adopted utility master plans and impact fees to ensure that developments within the city fund their share of the costs of city facilities.

### **3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**

The City and Greenfield Fire Protection District generally have adequate facilities and services to meet the needs of the overall community that they serve. Since the City-District fire services agreement model took effect in 2017, service levels within the Greenfield Fire Protection District's territory have been consistently maintained.

Levels of service provided by the Greenfield Public Recreation, Greenfield Cemetery, and Greenfield Memorial District have decreased over recent years due primarily to loss of Oak Park's swimming pool operation, Holy Trinity Cemetery approaching/reaching its burial capacity, and discontinued maintenance of Greenfield Memorial District's Jim Maggini Memorial Park as an active sports park. These reductions in levels of services likely place higher demands on similar neighboring public facilities such as Soledad-Mission Recreation District's indoor pool facility, Greenfield Cemetery District's Oak Park Cemetery, and City of Greenfield's Patriot Park's sports facilities.

Consequently, there is an immediate need for the three districts to engage with the community to assess current and future needs for facilities and services. A strategic planning process would also include completion of capital improvement and financial plans to implement identified service and facility improvements.

### **4. The existence of any social or economic communities of interest in the area, if the commission determines that they are relevant to the agency**

Please see MSR determination #2 above, and SOI determination #5, below. There are no other particular social or economic communities of interest in the area that have been determined to be relevant to the five Greenfield area public agencies.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any DUCs within the existing sphere of influence.

~~There are no potential disadvantaged unincorporated communities within the five public agencies' existing spheres of influence. As discussed in MSR determination #2, there are clusters of unincorporated residential parcels both within and adjacent to the City's existing designated sphere, along the south side of Walnut Ave., at the corner of 12<sup>th</sup> St. & Pine Ave., and on the south side of Apple Avenue between 13<sup>th</sup> and 14<sup>th</sup> Streets (Mercado Camp). The private wells on these properties are known to have had issues with water contamination and water quality for several years. The City of Greenfield has the option to extend potable water service to these areas in the future through submitting a LAFCO application for an out-of-agency service extension. LAFCO can approve a service extension to areas within the City's sphere of influence, and also outside the sphere if the County Environmental Health Department determines the existence of an existing or impending threat to public health or safety. LAFCO has approved several City of Greenfield out-of-agency service extensions in the past, most recently in 2019.~~