



SANTA CLARA VALLEY WATER DISTRICT

NON-AGENDA

June 7, 2019

Board Policy EL-7 Communication and Support to the Board
The BAOs shall inform and support the Board in its work.

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4	CEO Bulletin: 05/31/19 – 06/07/19
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11	Memo from Nina Hawk, to the Board, dated 05.29.19, regarding Surface Water Customers Notifications of Planned Shutdown of Cross Valley Pipeline
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	<u>INCOMING BOARD CORRESPONDENCE</u>
	Board Correspondence Weekly Report: 05/31/19 – 06/06/19
23	Email from Bob Huenemann, to the Board, dated 05.13.19, regarding Agribusiness Water Rates (C-19-0135)
25	Email from Vivian Euzent, to the Board, received 05.29.19, regarding: Suggested way to conservation water in dwellings (C-19-0144)
27	Email from Carla Lewis to the Board, dated 05.31.19, regarding Composting Toilet Information; Thank you (C-19-0145)
28	Email from Craig Larson to the Board, dated 05.31.19, regarding Recent Homeless Encampment Trash in San Tomas Aquino Creek and Saratoga Creek in Santa Clara (C-19-0146)
31	Mailed (USPS) from Len Materman, Exec Director SFCJPA, to Norma Camacho, CEO, c.c. N. Hsueh and G. Kremen, dated 05.03.19, regarding District FY 2019-20 Member Contribution (C-19-0150)
33	Email from Craig Larson to the Board, dated, 05.31.19, regarding Recent Homeless Encampment Trash in San Tomas Aquino Creek and Saratoga Creek in Santa Clara (C-19-0151)
36	Email from Tom Kruse to SCVWD Office of Communications, Linda LeZotte, dated 05.31.19, regarding Pipeline Recommendation (C-19-0152)

- 37 USPS Mail from Jack Burgett, Director ACWA Region 5 NCCWD, to the Board, dated 05.28.19, regarding Re-election vote request (C-19-0153)
- 39 Email from Bob Huenemann, to the Board, dated 06.03.19, regarding SCVWD Auto Reply (C-19-0154)
- 40 Email from Ngoc Nguyen, Deputy Operating Officer, to Julia Miller, dated 06.04.19, regarding Sunnyvale Bay Trail Resurfacing Project (C-19-0155)
- 43 Email from Mae Empleo Legal Assistant, Soluri Meserve, A Law Corporation to the Board, dated 06.04.19, regarding Invalid Reliance on Decertified Water Fix EIR (C-19-0156)
- 54 Email from Gerhard Eschelbeck, to the Board and Sue Tippets, dated 06.06.19, regarding Stevens Creek Reservoir, follow up discussion (C-19-0157/C-19-0042)
- 57 Email from Ryan Clausnitzer GM Alameda Cty Mosquito Abatement District, to the Board, dated 06.06.19, regarding CSDA Board Member Election: Bay Area Network (C-19-0158)
- 59 Email from Prashant Kondawar to the Board, dated 06.06.19 regarding Cinnabar Hills Road Bridge over Almaden Calero Canal (Almaden-Calero Canal) (C-19-0159)

OUTGOING BOARD CORRESPONDENCE

- 64 Reply email from Linda LeZotte, Chair Board of Directors, to Mr. Ferraro, dated 06.03.19, regarding Dwelling Encroachment in Coyote Creek Floodways d/s E. William St. Bridge (C-19-0092)
- 67 Reply email from Linda LeZotte, Chair Board of Directors, to Mr. Huenemann, dated 06.03.19, regarding Agribusiness Water Rates (C-19-0135)
- 69 Reply email from Director Richard Santos/Director Barbara Keegan, to Mr. Larsen 05.30.19, regarding Recent Homeless Encampment Trash in San Tomas Aquino Creek and Saratoga Creek in Santa Clara (C-19-0140)
- 72 Reply email from Usha Chatwani, P.E., CFM, Engineering Unit Manager, to Mr. Kondawar, dated 06.03.19, regarding Cinnabar Hills Road Bridge over Almaden Calero Canal (Almaden-Calero Canal) (C-19-0141)
- 79 Reply email from Director Gary Kremen/Barbara Keegan, to Council Member Esparza, dated 06.03.19, regarding Valley Water Abatement Budget (C-19-0143)
- 81 Reply email from Linda LeZotte, Chair Board of Directors, to Ms. Euzent, dated 06.07.19, regarding Suggested way to conservation water in dwellings (C-19.0144)

CEO BULLETIN/ NEWSLETTERS



To: Board of Directors
From: Norma J. Camacho, CEO

Chief Executive Officer Bulletin Week of May 31 – June 6, 2019

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

Item	IN THIS ISSUE
<u>1</u>	2019 State Legislative Days in Sacramento
<u>2</u>	State Assembly Passes Valley Water Public Works Contracting Bill
<u>3</u>	Rinconada Water Treatment Plant Public Meeting
<u>4</u>	Calabazas Creek Rehabilitation Project from Miller Avenue to Bollinger Road
<u>5</u>	4S Ranch Groundwater Bank Update
<u>6</u>	<u>Varela</u> Director Varela requested staff to follow up with JVSV Talent Partnership Program representative regarding the expansion of the existing Internship Program. I-19-0008

2019 State Legislative Days in Sacramento

On May 21 and May 22, 2019, Chair LeZotte and Director Keegan led Valley Water advocacy efforts in Sacramento for two (2) days of successful meetings with numerous state legislators, key department heads, and administration officials. The busy schedule included over 20 meetings in which the Directors and staff discussed this year’s priority issues.

Meetings with Karla Nemeth, Director of the Department of Water Resources, and Chuck Bonham, Director of the Department of Fish and Wildlife, focused on regulatory permitting, Delta conveyance, the voluntary agreements, and flood control funding. There also were meetings with most of the Santa Clara County legislative delegation as well as with representatives of the Senate and Assembly leadership and relevant legislative policy committee chairs. Topics discussed included our sponsored bill AB 707 (Kalra) Valley Water Public Works Contracting, problematic ballot label requirements, regulatory permitting, flood protection funding, the Anderson Dam Seismic Retrofit Project, and the Pacheco Reservoir Expansion Project.

The Directors' participation in meetings increases Valley Water's profile in Sacramento, allows access to senior officials, and provides an opportunity to advocate for the water supply, flood protection, and environmental policy interests of the people of Santa Clara County. Valley Water is

following up on action items identified in the meetings and will keep the Board informed about state policy developments.

For further information, please contact Rachael Gibson at (408) 630-2884

State Assembly Passes Valley Water Public Works Contracting Bill

On May 30, 2019, AB 707 (Kalra) Valley Water Public Works Contracting, our sponsored bill to increase Valley Water's competitive bidding threshold to \$50k, was passed on the Assembly floor in a vote of 73-0. After the bill was amended on the floor on May 29, 2019, the Construction Industry Force Account Council, the California State Council of Laborers, and California-Nevada Conference of Operating Engineers removed their opposition, noting that they would continue to work with the author's office on the amendments.

The amendments were negotiated by Assembly member Kalra's office acting as a liaison between the opponents and Valley Water. The opponents raised concerns over Valley Water's "force account" limit, which is the labor cost above which public works must be contracted rather than done by in-house staff. Valley Water's labor leaders were engaged throughout the process to help ensure our unions' voices were heard and their jobs were protected, and the negotiated amendments to AB 707 now achieve those goals.

The amended bill now increases Valley Water's competitive bidding threshold from \$25k to \$50k, increases our force account limit from \$5k to \$50k while maintaining existing exceptions, and adds new exceptions to the force account limit for environmental preservation and habitat management. AB 707 now moves to the Senate for further consideration.

For further information, please contact Rachael Gibson at (408) 630-2884.

Rinconada Water Treatment Plant Public Meeting

On Wednesday, June 12, 2019, Valley Water will host a public meeting at the Rinconada Water Treatment Plant to update the neighborhood on the progress of the Reliability Improvement Project (Project). This 6:00 PM meeting satisfies Valley Water's commitment to stakeholders to conduct quarterly meetings on work that is modernizing operations at the more than 50-year-old facility.

Assistant Officer, Aaron Baker, will serve as the Master of Ceremonies. The attendance and participation of Directors Kremen and Hsueh has been requested. The agenda includes a progress report on Phase 2 (two) of the five-phase Project. Phase 3 (three) is expected to begin in early 2020. Capital Engineering Manager, Mike Munson, who has led the project through planning, design and construction, is retiring in late June 2019. As such, the agenda will include this announcement and the introduction of Capital Engineering Manager, Emmanuel Aryee, as the new project manager.

For further information, please contact Rick Callender at (408) 630-2017.

Calabazas Creek Rehabilitation Project from Miller Avenue to Bollinger Road

The Calabazas Creek Rehabilitation Project (Project) objectives are to repair and stabilize channel banks that are eroding at 11 locations along the Calabazas Creek. The current schedule is to advertise for construction in spring 2020, subject to obtaining permits. It is anticipated that the construction will take two (2) seasons and be completed in October 2021.

After a right of way survey was performed, the Project team discovered 44 parcels with misaligned property line fences, including 19 parcels that affect the Project's repair work and access to the repair sites. Notifications were sent out on April 11, 2019, to all 44 parcel property owners. As of May 30, 2019, responses were received from 40 out of 44 parcel property owners agreeing to correct the misaligned property line fence and to remove any of their personal items located on the Valley Water land. Among the four (4) parcels lacking agreements, only two (2) parcels conflict with proposed repair work.

Valley Water has made the following recommendations to address the misaligned property line fencing:

- Secure a contractor via public bidding process to remove the old fence and install a new wood fence along the correct property line within eight (8) months for the 40 property owners that already agreed to the correction of the misaligned fences.
- Provide additional time for the four (4) property owners lacking agreements for further communication and resolution of the misaligned fences.

For further information, please contact Ngoc Nguyen at (408) 630-2632.

4S Ranch Groundwater Bank Update

On May 28, 2019, the San Jose Mercury News published an article referring to Valley Water's negotiations towards purchasing the 4S Ranch in Western Merced County. Valley Water continually reviews opportunities for groundwater banking to supplement its existing Semitropic banking arrangements in Kern County. In each case considered, Valley Water's approach is to bring in Valley Water surplus water in wet years and withdraw that water for use during droughts.

In this context, Valley Water considered the possibility of establishing a groundwater bank on the 4S Ranch.

However, staff have decided to no longer explore this opportunity.

For further information, please contact Garth Hall at (408) 630-2750.

Varela

Director Varela requested staff to follow up with JJSV Talent Partnership Program representative regarding the expansion of the existing Internship Program.

I-19-0008

Valley Water received information regarding Silicon Valley Talent Partnership and is continuing to explore the opportunity for Valley Water to possibly expand the internship program. Valley Water will reach out to JJSV Talent Partnership directly to discuss this further.

For further information, please contact Anna Noriega at (408) 630-3089.

Outlook as of June 1, 2019

We began calendar year 2019 with groundwater storage well within Stage 1 (Normal) of Valley Water’s Water Shortage Contingency Plan despite below-normal local rainfall and statewide snow pack in calendar year 2018. As of June 1, the statewide average snowpack water equivalent is well above normal and valley floor precipitation is also above normal. Countywide, groundwater storage remains healthy due to the wet winter and continued water use reduction by the community. In northern Santa Clara County, groundwater levels in many monitoring wells reached historic highs this spring and the basin is essentially full.

Weather

Rainfall in San Jose:

- Month of May, City of San Jose = 1.34 inches
- Rainfall year total = 15.67 inches or 110% of average to date (rainfall year is July 1 to June 30)

Local Reservoirs

- Total June 1 storage = 104,970 acre-feet
 - » 99% of 20-year average for that date
 - » 63% of total capacity
 - » 94% of restricted capacity (166,808 acre-feet total storage capacity limited by seismic restrictions to 111,963 acre-feet)
- Approximately 89.1 acre-feet of imported water delivered into local reservoirs during May 2019
- Total estimated releases to streams (local and imported water) during May was 7,420 acre-feet (based on preliminary hydrologic data)

Treated Water

- Below average demands of 9,450 acre-feet delivered in May
- This demand is 100% of the five-year average for the month of May
- Year-to-date deliveries = 30,745 acre-feet or 94% of the five-year average

Groundwater

- Groundwater conditions are very healthy, with total storage at the end of 2019 predicted to fall well within Stage 1 (Normal) of Valley Water’s Water Shortage Contingency Plan.

	Santa Clara Subbasin		Llagas Subbasin
	Santa Clara Plain	Coyote Valley	
May managed recharge estimate (AF)	4,500	1,300	2,900
January to May managed recharge estimate (AF)	16,300	5,200	8,800
January to May managed recharge, % of 5-year average	85%	135%	157%
April pumping estimate (AF)	4,200	900	2,800
January to April pumping estimate (AF)	12,900	2,700	10,400
January to April pumping, % of 5-year average	62%	91%	120%
GW index well level compared to last May	Increase	Increase	Increase

AF = acre-feet

continued on back ►

Imported Water

- As of June 3, 2019, the Statewide average snowpack water equivalent is 208% of the historic average for this date.
- 2019 State Water Project (SWP) and Central Valley Project (CVP) allocations:
 - » 2019 SWP allocation of 70%, which provides 70,000 acre-feet to Valley Water
 - » 2019 South-of-Delta CVP allocations are 95% for M&I and 70% for Agriculture, which provides 120,670 acre-feet to Valley Water
- Statewide reservoir storage information, as of June 2, 2019:
 - » Shasta Reservoir at 98% of capacity (115% of average for this date)
 - » Oroville Reservoir at 98% of capacity (116% of average for this date)
 - » San Luis Reservoir at 71% of capacity (91% of average for this date)
- Valley Water's Semitropic groundwater bank reserves are at 85% of capacity, or 297,482 acre-feet, as of April 30, 2019
- Estimated SFPUC deliveries to Santa Clara County:
 - » Month of April = 3,167 acre-feet
 - » 2019 Total to Date = 10,582 acre-feet
 - » Five-year annual average is 48,700 acre-feet
- Board Governance Policy No. EL-5.3.3 includes keeping the Board informed of imported water management activities on an ongoing basis. In calendar year 2019, two imported water management agreements were executed as of June 3, 2019

Conserved Water

- Saved 75,687 acre-feet in FY18 from long-term program (baseline year is 1992)
- Long-term program goal is to save nearly 100,000 acre-feet by 2030
- The Board continues its call for a 20% reduction and a limit of three days per week for irrigation of ornamental landscape with potable water
- Achieved a 25% reduction in water use in calendar year 2019, compared to 2013 (through April)

Recycled Water

- Estimated May 2019 production = 1,800 acre-feet
- Estimated Year-to-Date through May = 5,500 acre-feet or 90% of the five-year average
- Silicon Valley Advanced Water Purification Center produced an estimated 1.3 billion gallons (4,100 acre-feet) of purified water in 2018. Since the beginning of 2019, about 1,370 acre-feet of purified water has been produced. The purified water is blended with existing tertiary recycled water for South Bay Water Recycling Program's customers



CONTACT US

For more information, contact **Customer Relations** at (408) 630-2880, or visit our website at valleywater.org and use our **Access Valley Water** customer request and information system. With three easy steps, you can use this service to find out the latest information on district projects or to submit questions, complaints or compliments directly to a district staff person.

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BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS

Report Name: Board Member Requests

Request	Request Date	Director	BAO/Chief	Staff	Description	20 Days Due Date	Expected Completion Date	Disposition
I-19-0009	05/23/19	Kremen	Camacho	Taylor	What are the pros and cons of using a Section 115 Trust for the purposes of addressing the unfunded liability for pension?	06/12/19		
R-19-0003	03/26/19	Keegan	Callender	Gibson	Director Keegan requested that External Affairs (GRU) assist the Homeless Encampment Ad Hoc Committee with the logistics, topic, participants, etc. for the proposed Homeless Summit.	04/16/19		



MEMORANDUM

FC.14 (02-08-19)

TO: Board of Directors

FROM: Nina Hawk

SUBJECT: Surface Water Customers Notifications of
Planned Shutdown of Cross Valley Pipeline

DATE: May 29, 2019

The Cross Valley and Calero Pipelines Inspection and Rehabilitation Project (Project) requires a scheduled shutdown of both pipelines from November 20, 2019 to February 28, 2020. This Project is part of the 10-Year Pipeline Inspection and Rehabilitation Program that is essential to maintain Valley Water's aging infrastructure. The Cross Valley and Calero Pipelines carry raw (untreated) water from San Luis Reservoir and/or Anderson Reservoir for delivery to the water treatment plants, release via turnouts for managed recharge in creeks and ponds, and distribution to surface water users. The shutdown is needed to drain, inspect, and rehabilitate both the Cross Valley and Calero Pipelines.

During the upcoming shutdown of over three months, supplies from San Luis and Anderson reservoirs will not be accessible to Valley Water facilities in North County. Valley Water plans to supply all three water treatment plants with State Water Project water via the South Bay Aqueduct (SBA). Winter demands are expected to be low and SBA water will suffice for the demands on the water treatment plants. No imported water is planned to be released to creeks during the shutdown and creek releases will be made from local reservoirs only.

Eleven surface water customers along the Cross Valley Pipeline and one customer along the Almaden Valley Pipeline will be impacted during the planned shutdown. During late May 2019, Valley Water sent letters to all impacted surface water customers notifying them of a service interruption from November 20, 2019 to February 28, 2020. Additionally, staff made courtesy calls to the largest two surface water customers, Cinnabar Hill Golf Course and Boulder Ridge Golf Course, to inform them of the shutdown that will likely affect their operations. All affected customers have an alternate source of water available in the form of treated water deliveries and/or a well on their property that they may wish to use for the duration of the planned outage.

The letters informed customers that the planned shutdown will impact permit holders receiving untreated surface water deliveries from Valley Water. The letters also reminded customers that untreated surface water service is subject to Valley Water's Surface Water Rules and Regulations, which clearly state that the raw water distribution system is an interruptible source of water that is not designed, operated, or approved to meet fire protection requirements. Section 18.2 of the Rules and Regulations clearly states that all surface water furnished by Valley Water is subject to interruption of service, shortages, and fluctuations in flow.

Boulder Ridge Golf Course receives deliveries directly from the Almaden Valley Pipeline and may not be impacted for the entire duration of the shutdown. Valley Water may be able to provide raw water supply to Boulder Ridge Golf Course from the Almaden Valley Pipeline when the pipeline is adequately pressurized with SBA water as it is being delivered to Santa Teresa Water Treatment Plant.

Valley Water is planning additional outreach to residents prior to the November 20, 2019, shutdown. Notices to the untreated surface water customers impacted by the planned shutdowns were sent six months in advance to give them ample time to plan for the outage.

Please contact me at (408) 630-2736 with any related questions.



FOR: Nina Hawk
Chief Operating Officer
Water Utility Enterprise

cc: N. Camacho, K. Arends, G. Hall, K. Oven



MEMORANDUM

FC 14 (02-08-19)

TO: Board of Directors

FROM: David Cahen
Risk Manager

SUBJECT: Risk Management Communication

DATE: June 6, 2019

The purpose of this memorandum is to provide you a copy of recent Risk Management staff's communication with individuals that have filed a claim against the District.

Please find the following attachments:

- 1) May 28, 2019 claim confirmation letter to Ms. Haghghi-Massoumi (District 5)
- 2) June 5, 2019 subrogation letter to Mr. Peter Mandel (District 1)

For additional information, please contact me at 408-630-2213.

A handwritten signature in black ink, appearing to read "David Cahen", written over a horizontal line.

David Cahen
Risk Manager

June 5, 2019

Peter Mandel
3450 Oak Lane
Morgan Hill, CA 95037

Dear Mr. Mandel,

The District has reviewed your claim. The Santa Clara Valley Water District's general contractor, Monterey Peninsula Engineering, is performing the Main Avenue and Madrone Pipeline Restoration Project and is the proper party to handle this matter. Monterey Peninsula Engineering is obligated by contract to receive and handle any claims arising from this Project. Accordingly, we have tendered this claim to Monterey Peninsula Engineering for further handling.

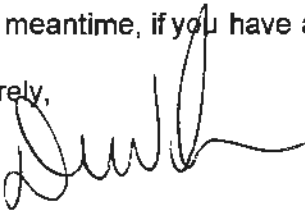
The name and address of the contact person for Monterey Peninsula Engineering is:

Peter Taormina
Monterey Peninsula Engineering
P.O. Box 400
Marina, CA 93933

A representative from Monterey Peninsula Engineering should contact you soon. If you receive no contact within the next 30 days, please contact my office and we will follow up on the status of your claim.

In the meantime, if you have any questions, please contact me at (408) 630-2213.

Sincerely,



David Cahen
Risk Manager

WARNING

You have two years from the accrual of the cause of action to file a court action on this claim. See Government Code Section 945.6. You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

cc: Board of Directors (7), S. Yamamoto



May 28, 2019

Farimah Haghighi-Massoumi
14215 Squirrel Hollow Lane
Saratoga, CA 95070

Regarding: Receipt of Claim – L1890027

Dear Ms. Haghighi-Massoumi,

We received your claim regarding the damages to your back-yard trees as a result of a large tree along Saratoga Creek that fell during a recent heavy storm.

We will investigate the claim and notify you of our findings.

If you have any questions, please don't hesitate to contact me at (408) 630-2652.

Sincerely,



Lilian Dennis
Management Analyst II
ldennis@valleywater.org

Upper Guadalupe River Reach 6 Aquatic Habitat Improvement Project

Final Mitigated Negative Declaration

Project No. 26154002

June 2019



Prepared by:

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118-3614

*Visit the [Upper Guadalupe River Flood Protection Project website](#) for
the complete document.*

Hard copy available at Clerks Office.



**Local Agency
Formation Commission
of Santa Clara County**
777 North First Street
Suite 410
San Jose, CA 95112
SantaClaraLAFCO.org

Commissioners
Susan Ellenberg
Sequoia Hall
Sergio Jimenez
Linda J. LeZotte
Rob Rennie
Mike Wasserman
Susan Vicklund Wilson

Alternate Commissioners
Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

June 7, 2019

TO: County Executive, Santa Clara County
City Managers, Cities in Santa Clara County
District Managers, Independent Special Districts in Santa Clara County

FROM: Neelima Palacherla, LAFCO Executive Officer

SUBJECT: LAFCO BUDGET FOR FISCAL YEAR 2019-2020

At its June 5, 2019 meeting, LAFCO adopted its Final Budget for Fiscal Year 2019-2020. The adopted Final Budget and the staff report are attached for your information.

Pursuant to the apportionment method specified in Government Code §56381 and §56381.6, the County Auditor-Controller will apportion LAFCO’s net operating expenses to the cities, the County and the independent special districts. Please expect to receive an invoice from the County Controller’s Office in the next few days. The County Auditor will invoice the cities, independent special districts and the County for LAFCO costs based on the Final Budget adopted by LAFCO.

Should you have any questions regarding the LAFCO budget or cost apportionment, do not hesitate to contact me at (408) 993-4713 / neelima.palacherla@ceo.sccgov.org or Dunia Noel, LAFCO Analyst, at (408) 993-4704 / dunia.noel@ceo.sccgov.org.

Thank you.

Attachments: Fiscal Year 2019-2020 Budget approved by LAFCO on June 5, 2019
Staff Report on June 5, 2019 re. Final LAFCO Budget for FY 2019-2020

cc: Board of Supervisors, Santa Clara County
City Council Members, Cities in Santa Clara County
Independent Special District Board Members
Santa Clara County Cities Association
Santa Clara County Special Districts Association



Local Agency
Formation Commission
of Santa Clara County

777 North First Street
Suite 410
San Jose, CA 95112

SantaClaraLAFCO.org

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Sequoia Hall
Sergio Jimenez
Linda J. LeZotte
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Mike Wasserman
Susan Vicklund Wilson

Alternate Commissioners
Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull
Executive Officer
Neelima Palacherla

LAFCO MEETING: JUNE 5, 2019

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: FINAL LAFCO BUDGET FOR FISCAL YEAR 2020

FINANCE COMMITTEE / STAFF RECOMMENDATION

1. Adopt the Final Budget for Fiscal Year 2019-2020.
2. Find that the Final Budget for Fiscal Year 2020 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association and the Special Districts Association.
4. Direct the County Auditor–Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

REVISIONS TO THE DRAFT /PRELIMINARY BUDGET

The Commission on April 3, 2019, adopted LAFCO’s preliminary budget for Fiscal Year 2019- 2020. The preliminary budget was prepared using the best information available at that time.

At its meeting on May 23, the Finance Committee recommended that the Commission retain an independent professional service firm to conduct a comprehensive organizational assessment of LAFCO. For further detail on this issue, please refer to Agenda Item #6.

As a tentative measure, the Committee also recommended that LAFCO add \$50,000 to the FY 2020 LAFCO Budget under the Reserves line item, to timely implement potential recommendations from the organizational assessment. If this amount is not spent during FY 2020, the Reserves could be reduced to \$200,000 the following year, and the \$50,000 could be utilized to reduce the cost to LAFCO’s funding agencies.

The proposed FY 2020 Final Budget (Attachment A) reflects this change to the Reserves item.

BACKGROUND

LAFCO Budget Process Requirements

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO, as an independent agency, to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities, the special districts and the County. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. After adoption of the final budget by LAFCO, the County Auditor is required to apportion the net operating expenses of the Commission to the agencies represented on LAFCO.

LAFCO and the County of Santa Clara entered into a Memorandum of Understanding (MOU) (effective since July 2001), under the terms of which, the County provides staffing, facilities, and services to LAFCO. The associated costs are reflected in the LAFCO budget. LAFCO is a stand-alone, separate fund within the County's accounting and budget system and the LAFCO budget information is formatted using the County's account descriptions/codes.

COST APPORTIONMENT TO CITIES, DISTRICTS AND COUNTY

The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency's representation (excluding the public member) on the Commission. The LAFCO of Santa Clara County is composed of a public member, two County board members, two city council members, and since January 2013 – two special district members. Government Code §56381(b)(1)(A) provides that when independent special districts are seated on LAFCO, the county, cities and districts must each provide a one-third share of LAFCO's operational budget.

Since the City of San Jose has permanent membership on LAFCO, as required by Government Code §56381.6(b), the City of San Jose's share of LAFCO costs must be in the same proportion as its member bears to the total membership on the commission, excluding the public member. Therefore in Santa Clara County, the City of San Jose pays one sixth and the remaining cities pay one sixth of LAFCO's operational costs. Per the CKH Act, the remaining cities' share must be apportioned in proportion to each city's total revenue, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county. Each city's share is therefore based on the 2016/2017 Report – which is the most recent edition available.

Government Code Section 56381 provides that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Santa Clara County Special Districts Association (SDA), at its August 13, 2012 meeting, adopted

an alternative formula for distributing the independent special districts' share to individual districts. The SDA's agreement requires each district's cost to be based on a fixed percentage of the total independent special districts' share.

The estimated apportionment of LAFCO's FY 2020 costs to the individual cities and districts is included as **Attachment B**. The final costs will be calculated and invoiced to the individual agencies by the County Controller's Office after LAFCO adopts the final budget.

ATTACHMENTS

Attachment A: Final LAFCO Budget for Fiscal Year 2020

Attachment B: Costs to Agencies Based on the Final Budget

**FINAL LAFCO BUDGET
FISCAL YEAR 2019- 2020**

**AGENDA ITEM # 4
Attachment A**

ITEM # TITLE	APPROVED FY 2019 BUDGET	ACTUALS Year to Date 3/4/2019	PROJECTIONS Year End 2019	FINAL FY 2020 BUDGET
EXPENDITURES				
Object 1: Salary and Benefits	\$720,316	\$475,955	\$725,480	\$772,591
Object 2: Services and Supplies				
5255100 Intra-County Professional	\$45,000	\$2,787	\$10,000	\$45,000
5255800 Legal Counsel	\$70,200	\$36,762	\$65,000	\$72,240
5255500 Consultant Services	\$100,000	\$36,550	\$100,000	\$110,000
5285700 Meal Claims	\$750	\$257	\$750	\$750
5220100 Insurance	\$6,000	\$5,296	\$5,296	\$6,000
5250100 Office Expenses	\$10,000	\$4,039	\$10,000	\$10,000
5270100 Rent & Lease	\$42,764	\$31,996	\$42,764	\$44,478
5255650 Data Processing Services	\$5,068	\$7,400	\$10,000	\$14,825
5225500 Commissioners' Fee	\$10,000	\$2,700	\$5,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$97	\$200	\$2,500
5245100 Membership Dues	\$8,926	\$9,615	\$9,615	\$11,836
5250750 Printing and Reproduction	\$1,500	\$0	\$1,500	\$1,500
5285800 Business Travel	\$16,000	\$1,598	\$10,000	\$16,650
5285300 Private Automobile Mileage	\$2,000	\$648	\$1,000	\$2,000
5285200 Transportation & Travel (County Car Usage)	\$605	\$378	\$600	\$605
5281600 Overhead	\$79,368	\$34,972	\$79,368	\$61,183
5275200 Computer Hardware	\$3,000	\$726	\$2,000	\$3,000
5250800 Computer Software	\$4,000	\$539	\$2,000	\$5,000
5250250 Postage	\$2,000	\$100	\$1,000	\$2,000
5252100 Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000 Reserves	\$0	\$0	\$0	\$100,000
TOTAL EXPENDITURES	\$1,131,997	\$652,415	\$1,082,573	\$1,294,158
REVENUES				
4103400 Application Fees	\$35,000	\$30,295	\$35,000	\$35,000
4301100 Interest: Deposits and Investments	\$4,000	\$5,626	\$6,500	\$6,000
TOTAL REVENUE	\$39,000	\$35,921	\$41,500	\$41,000
3400150 FUND BALANCE FROM PREVIOUS FY	\$259,171	\$314,693	\$314,693	\$107,446
NET LAFCO OPERATING EXPENSES	\$833,826	\$301,801	\$726,380	\$1,145,712
3400800 RESERVES Available	\$150,000	\$150,000	\$150,000	\$150,000
COSTS TO AGENCIES				
5440200 County	\$277,942	\$277,942	\$277,942	\$381,904
4600100 Cities (San Jose 50% + Other Cities 50%)	\$277,942	\$277,942	\$277,942	\$381,904
4600100 Special Districts	\$277,942	\$277,942	\$277,942	\$381,904

AGENDA ITEM # 4
Attachment B

LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS
Preliminary Estimated Costs to Agencies Based on the Final FY 2020 LAFCO Budget

Final Net Operating Expenses for FY 2020				\$1,145,712
JURISDICTION	REVENUE PER 2016/2017 REPORT	PERCENTAGE OF TOTAL REVENUE	ALLOCATION PERCENTAGES	ALLOATED COSTS
County	N/A	N/A	33.33333333%	\$381,904.00
Cities Total Share			33.33333333%	\$381,904.00
San Jose	N/A	N/A	50.00000000%	\$190,952.00
Other cities share			50.00000000%	\$190,952.00
Campbell	\$59,643,742	2.0634538%		\$3,940.21
Cupertino	\$108,239,147	3.7446759%		\$7,150.53
Gilroy	\$112,074,851	3.8773771%		\$7,403.93
Los Altos	\$50,863,149	1.7596776%		\$3,360.14
Los Altos Hills	\$13,618,429	0.4711475%		\$899.67
Los Gatos	\$46,676,687	1.6148415%		\$3,083.57
Milpitas	\$172,958,945	5.9837425%		\$11,426.08
Monte Sereno	\$3,177,329	0.1099239%		\$209.90
Morgan Hill	\$88,439,683	3.0596873%		\$5,842.53
Mountain View	\$293,917,704	10.1684701%		\$19,416.90
Palo Alto	\$577,910,583	19.9935779%		\$38,178.14
Santa Clara	\$822,606,457	28.4591540%		\$54,343.34
Saratoga	\$27,732,221	0.9594327%		\$1,832.06
Sunnyvale	\$512,622,137	17.7348381%		\$33,865.03
Total Cities (excluding San Jose)	\$2,890,481,064	100.0000000%		\$190,952.03
Total Cities (including San Jose)				\$381,904.00
Special Districts Total Share			33.33333333%	\$381,904.00
Aldercroft Heights County Water District		0.062333%		\$238.04
Burbank Sanitary District		0.155933%		\$595.50
Cupertino Sanitary District		2.64110%		\$10,086.47
El Camino Healthcare District		4.90738%		\$18,741.48
Guadalupe Coyote Resource Conservation District		0.04860%		\$185.61
Lake Canyon Community Services District		0.02206%		\$84.25
Lion's Gate Community Services District		0.22053%		\$842.21
Loma Prieta Resource Conservation District		0.02020%		\$77.14
Midpeninsula Regional Open Space District		5.76378%		\$22,012.11
Purissima Hills Water District		1.35427%		\$5,172.01
Rancho Rinconada Recreation and Park District		0.15988%		\$610.59
San Martin County Water District		0.04431%		\$169.22
Santa Clara Valley Open Space Authority		1.27051%		\$4,852.13
Santa Clara Valley Water District		81.44126%		\$311,027.43
Saratoga Cemetery District		0.32078%		\$1,225.07
Saratoga Fire Protection District		1.52956%		\$5,841.45
South Santa Clara Valley Memorial District		0.03752%		\$143.29
Total Special Districts		100.00000%		\$381,904.00
Total Allocated Costs				\$1,145,712.00

May 29, 2019