

# SAN BENITO LOCAL AGENCY FORMATION COMMISSION

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## REGULAR MEETING AGENDA

December 13, 2018

Board of Supervisors Chambers  
481 Fourth Street, Hollister CA

**3:00 P.M.**

1. Call to Order and Roll Call
2. Recitation of the Pledge of Allegiance
3. Public Comment Period - This is an opportunity for members of the public to speak on items that are not on the agenda

### CONSENT AGENDA

4. Approval of minutes: November 8, 2018

### BOUNDARY CHANGE PROPOSALS – PUBLIC HEARING ITEM

5. LAFCO 525 – The Promontory at Ridgemark Annexation to the Sunnyslope County Water District and Parallel Sphere of Influence Amendment: Involving an amendment to the Sunnyslope County Water District Sphere of Influence and the annexation of 49.23 acres into the District located south of Ridgemark Drive and Marks Drive, and on the northeast side of Southside Road in the Ridgemark area of unincorporated San Benito County. The proposed annexation is for 90 single-family detached lots with access to Ridgemark Drive and Southside Road. The actions requested are to make an environmental determination regarding the adequacy of the County's Environmental Impact Report, and to consider amendment of the Sphere of Influence and approval the annexation. **(This hearing was continued from the August 9, October 11, and November 8, 2018 regularly scheduled Commission meetings.)**

### INFORMATIONAL

6. Communication from State Controller's Office Regarding Inactive Special Districts in San Benito County and Process to Pursue Dissolution of Eleven (11) Inactive County Service Areas (CSAs) in Compliance with Senate Bill SB 448
7. Commissioner Announcements and Requests for Future Agenda Items
8. Adjourn to regular meeting on January 10, 2019, unless meeting time is changed based on Commission action or cancelled by Chair.

Disclosure of Campaign Contributions – LAFCO Commissioners are disqualified and are not able to participate in proceedings involving an "entitlement for use" if, within the 12 months preceding the LAFCO decision, the Commissioner received more than \$250 in campaign

contributions from the applicant, an agent of the applicant or an financially interested person who actively supports or opposes the LAFCO decision on this matter.

Those who have made such contributions are required to disclose that fact for the official record of the proceedings. Disclosures must include the amount of the contribution and the recipient Commissioner and may be made either in writing to the Executive Officer of the Commission prior to the hearing or by an oral declaration at the time of the hearing.

The foregoing requirements are set forth in the Political Reform Act of 1974, specifically in Government Code section 84308.

Disability Accommodations - Persons with a disability who require any disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting are asked to contact the LAFCO office at least three (3) days prior to the meeting by telephone at 831/637-5313 or by email at [jslibsager@cosb.us](mailto:jslibsager@cosb.us).

*LOCAL AGENCY FORMATION COMMISSION  
2301 Technology Parkway  
Hollister, CA 95023*



**CERTIFICATE OF POSTING**

Pursuant to Government Code §59454.2(a) I, Janet Slibsager, Clerk of the Board, certify that the REGULAR MEETING AGENDA for the

**LOCAL AGENCY FORMATION COMMISSION**

scheduled for December 13, 2018, was posted at the San Benito County Planning Department, 2301 Technology Parkway, Hollister, CA and at County Administration Office, 481 Fourth Street, Hollister, CA on this 7<sup>th</sup> day of December 2018.

All locations freely accessible to the general public.

Janet Slibsager  
Clerk of the Board of Supervisors

# CONSENT AGENDA

**4. Approval of minutes: November 8, 2018.**



# **SAN BENITO LOCAL AGENCY FORMATION COMMISSION MINUTES OF MEETING**

November 8, 2018

Board of Supervisors Chambers - Hollister, CA

## **CALL TO ORDER**

1. Commissioner Anthony Botelho called the meeting to order at 3:00 p.m. Present were Executive Officer Bill Nicholson and Commissioners: Chair, Ignacio Velasquez; Vice Chair, Anthony Botelho; Commissioner Jaime De La Cruz; and Commissioner Richard Bettencourt. Also present were G. Michael Ziman, LAFCO Counsel and Janet Slibsager, Recording Secretary.
2. Commissioner Botelho led the Pledge of Allegiance.

## **PUBLIC COMMENT**

3. Public Comment Period: There was no one from the public who wished to speak.

## **CONSENT AGENDA**

4. **Approval of Minutes from the October 11, 2018 meeting.**

*Commissioner De La Cruz made a motion to approve the minutes. Commissioner Botelho seconded the motion.*

Ayes: Bettencourt, Botelho, Velasquez, West  
Noes: None  
Abstain: None

## **BOUNDARY CHANGE PROPOSALS – PUBLIC HEARING ITEM:**

5. **LAFCO 525 – The Promontory at Ridgemark Annexation to the Sunnyslope County Water District and Parallel Sphere of Influence Amendment: Involving an amendment to the Sunnyslope County Water District Sphere of Influence and the annexation of 49.23 acres into the District located south of Ridgemark Drive and Marks Drive, and on the northeast side of Southside Road in the Ridgemark area of unincorporated San Benito County. The proposed annexation is for 90 single-family detached lots with access to Ridgemark Drive and Southside Road. The actions requested are to make an environmental determination regarding the adequacy of the County's Environmental Impact Report, and to consider amendment of the Sphere of Influence and approval of the annexation. This hearing was continued from the August 9, 2018 and October 11, 2018 regularly scheduled Commission meetings.**

Executive Officer Bill Nicholson provided background information on the item. He discussed the two page memo he prepared that contains updated information. He also summarized the discussion that had taken place at the October 11, 2018 LAFCO meeting, wherein the Commissioners discussed the percolation pond capacity of Sunnyslope County Water District and the landslide that occurred on Southside Road, near the District's wastewater treatment plant. Additionally, he summarized the options that are available to the Commission in regard to this item. The options include:

- 1) Approve the sphere of influence amendment and annexation, subject to one mitigation measure, and make the appropriate determinations.
- 2) Deny the sphere of influence amendment and annexation, based on the inability to make the appropriate determinations and findings. The denial should include the reasons the Commission reached that conclusion.
- 3) Continue the sphere of influence amendment and annexation to a future meeting, in order to obtain more information.

Don Ridenhour, General Manager of the Sunnyslope County Water District, spoke about how capacity is not an issue for the District. He stated that the District has the financial ability to make upgrades and improvements to their facility. He also spoke about the boundaries of the District and the projects that are pending or anticipated within it, reiterating that the capacity is still indisputable. He encouraged the Commission to make a decision so that the project can move forward.

Commissioner Bettencourt asked if the water District had shut down Pond #5 and begun utilizing Pond #6.

Mr. Ridenhour stated that this was correct. Out of an abundance of caution, the District is avoiding putting water in Pond #5 until the landslide issue is resolved. Water can now be moved directly to Pond #6, without having to utilize Pond #5.

Commissioner Bettencourt asked whether the documentation regarding the financial information that Mr. Ridenhour had discussed previously was provided to LAFCO.

Mr. Ridenhour said that was his understanding.

Commissioner Botelho spoke about how the study regarding the cause of the landslide is in a draft form at the San Benito County Resource Management Agency.

Mr. Ridenhour said that the District has not seen any information regarding the report, and was under the impression that it wasn't even in a draft form yet.

Commissioner Botelho stated that he is ready to move forward with the project.

*Commissioner Botelho made a motion to approve the sphere of influence amendment and annexation, based upon findings, determinations, and orders A – E in the Executive Officer's Report (Option #1). Commissioner Bettencourt seconded the motion.*

Ayes: Bettencourt, Botelho  
Noes: De La Cruz, Velasquez  
Abstain: None

*Commissioner Bettencourt made a motion to continue the item to a future meeting (Option #3). Commissioner Botelho seconded the motion.*

Ayes: Bettencourt, Botelho  
Noes: De La Cruz, Velasquez  
Abstain: None

Since no motion passed, Commissioner Botelho suggested that they have a special meeting to bring the item back again when the full Commission could meet, even as soon as next week.

Discussion ensued regarding the next meeting date of the Commission and the number of Commissioners that would be present.

Chairman Velasquez requested that the item come back before the Commission at the December 13, 2018 meeting.

## **INFORMATIONAL**

### **6. Commissioner announcements and requests for future agenda items.**

There were no announcements or requests.

## **ADJOURNMENT**

### **7. Upon a motion by Commissioner Botelho, and seconded by Commissioner De La Cruz, adjourned meeting at 3:26 p.m.**

Final Minutes Approved by the Commission  
on \_\_\_\_\_

By \_\_\_\_\_  
Ignacio Velasquez, Chairman



# **BOUNDARY CHANGE PROPOSALS – PUBLIC HEARING ITEM**


**5. LAFCO 525-The Promontory at Ridgemark Annexation to the Sunnyslope County Water District at Parallel Sphere of Influence Amendment: Involving an amendment to the Sunnyslope County Water District Sphere of Influence and the annexation of 49.23 acres into the District located south of Ridgemark Drive and Marks Drive, an on the northeast side of Southside Road in the Ridgemark area of unincorporated San Benito County. The proposed annexation is for 90 single-family detached lots with access to Ridgemark Drive and Southside Road. The actions requested are to make an environmental determination regarding the adequacy of the County's Environmental Impact Report, and to consider amendment of the Sphere of Influence and approval the annexation. (This hearing was continued from the August 9, October 11, & November 8, 2018 regularly scheduled meetings).**





**LOCAL AGENCY FORMATION COMMISSION**  
SAN BENITO COUNTY

2301 Technology Parkway  
Hollister, CA 95023  
Phone: (831) 637-5313 Fax: (805) 647-7647

DATE: December 13, 2018 (Agenda)  
TO: Local Agency Formation Commission  
FROM:  Bill Nicholson, Executive Officer  
RE: Continued Hearing for Promontory at Ridgemark Annexation to the Sunnyslope County Water District and Parallel Sphere of Influence Amendment (**Agenda Item 5**)

History of Proposal

The Commission held a continued public hearing on November 8, 2018, to consider the Promontory at Ridgemark Annexation to the Sunnyslope County Water District and Parallel Sphere of Influence Amendment (LAFCO File No. 525). This hearing was continued from October 11, 2018, and several earlier adjourned meetings. The Executive Officer's Memo to the Commission dated November 8, 2018 contained updated information on the sewer treatment and ponding capacity of the Sunnyslope County Water District, alternative pond options to the use of Pond #5, and the District's current budget status and reserves. However, Commission requested results of the soil boring tests from the landslide area adjacent to the wastewater treatment plant site were not available.

Detailed minutes of this hearing are part of the Agenda Packet for the December 13<sup>th</sup> Commission meeting under Agenda Item No. 4 (Consent Agenda), but a brief summary of the meeting is presented below along with a summary of the two motions made - but not passed - at the conclusion of the public hearing. Attached to this Memo is the detailed Executive Officer's Report from the October 11, 2018 meeting containing all the necessary determinations and actions for the Commission to take action on these applications, and updated Resolution No. 525 should the Commission desire to approve the applications. Should the Commission wish to deny the applications, a framework for making a motion is also provided in this Memo.

Summary and Update

At the November 8<sup>th</sup> continued public hearing, Executive Officer Nicholson provided background information on the items requested by the Commission. He discussed the two page memo he prepared that identified the remaining treated percolation ponding capacity of the District as 37.5% of the 416,000 gallon capacity, although some improvements and corresponding expenditures would be required to implement reuse of percolation ponds on the eastside of the Ridgemark community. The previous memo and presentation also included recent budget information for the District in terms of expenses and revenues, with identification of a \$12.15 million reserve as of June 2018.

During the public hearing, Don Ridenhour, General Manager of the District stated they have several options and plenty of capacity in existing storage ponds to accommodate wastewater flows, and he summarized new development projects that have been discussed over the past several years for which the District has adequate wastewater treatment and ponding capacity for - even though it is unlikely they would all be built.

Mr. Ridenhour concluded that the annexation of the Promontory project and its 90 units will not be a problem for the District. As for the landslide issue, he indicated that no information has been presented to the District indicating they are responsible for the landslide above Southside Road, but even so, out of an abundance of caution, the District has redirected all treated wastewater flows away from Pond #5 into Pond #4, and are reconnecting Pond #6 further north as a future option.

After discussion by the Commission the following motions were made, which both resulted in 2-2 tie votes, and did not pass for a lack of a 3-vote majority of the entire Commission as required in San Benito LAFCO local procedures:

Commissioner Botelho made a motion to approve the sphere of influence amendment and annexation based upon findings, determinations, and orders A – E in the Executive Officer's Report (Option #1). Commissioner Bettencourt seconded the motion.

Ayes: Bettencourt, Botelho

Noes: De La Cruz, Velasquez

Commissioner Bettencourt made a motion to continue the item to a future meeting (Option #3). Commissioner Botelho seconded the motion.

Ayes: Bettencourt, Botelho

Noes: De La Cruz, Velasquez

As a result, of these failed motions, Chairman Velazques directed that these applications be returned at the December 13, 2018, Commission hearing in order to get a full Commission (all five members) present for a vote.

Should Commissioners need copies of previous Executive Officer's Reports or Memos, or the County's EIR documents that were mailed in the previous packets for this continued public hearing, please contact the Executive Officer.

#### Action Requested

The same alternative actions presented in the October 11, 2018 Executive Officer's Report remain available for the Commission to consider for action on the Promontory at Ridgemark Annexation and parallel Sphere of Influence Amendment applications – from project approval, continuance or denial. The following alternatives that were presented on Pages 12 and 13 of the October 11th Executive Officer's Report for the Alternatives and Determinations, are presented below, but with more detail for OPTION 2 "Denial" to help provide the basis for taking this action. Draft Resolution No. 525 has been updated and is attached should the Commission decide to approve the applications.

#### ALTERNATIVES FOR COMMISSION CONSIDERATION

After reviewing this updated Memo and any testimony or materials that are presented, the Commission should take one of the following actions:

OPTION 1 – APPROVE the proposed sphere of influence amendment and annexation as submitted based upon the following findings, determinations and orders:

A. Find that the Commission has reviewed and considered the Draft and Final EIR prepared by San Benito County as lead agency under CEQA approval of the development project, sphere of influence amendment of the Sunnyslope County Water District and annexation. Mitigation measure AG-1 is hereby adopted by the Commission requiring obtaining an agricultural easement or payment of in-lieu fees to a qualified trust on a 1:1 ratio for the 36.4 acres of important farmland converted by the project which is under the responsibility of LAFCO to adopt or monitor as a responsible agency for approval of this sphere amendment and annexation.

B. Adopt this report and approve the Sphere of Influence amendment to the Sunnyslope County Water District based on the five determinations presented on Pages 4 and 5 of this Executive Officer's Report, and approve the annexation proposal known as the "Promontory at Ridgemark Annexation to the Sunnyslope County Water District" based on the determinations presented on Pages 5 through 10 of the October 11, 2018 Executive Officer's Report, by adopting Resolution No. 525. The annexation is subject to a requirement that the territory be liable for any existing or authorized taxes or bonded assessments applicable to properties presently within the district (District Resolution No. 549, Section 6.B.).

C. Find: 1) the subject territory is uninhabited, 2) the affected landowner has signed a petition giving consent to the annexation and 3) the annexing agency has given written consent to the waiver of conducting authority proceedings.

D. Waive the conducting authority (protest) proceedings and direct the staff to complete the proceedings without further notice, hearing or election.

E. Direct staff not to record the annexation until the map and legal description are found to be acceptable by the County Surveyor.

OPTION 2 – If the Commission cannot make the determinations and findings presented in the Executive Officer's Report, the Commission should DENY the sphere of influence amendment and annexation applications and provide supporting findings as to why the Commission cannot make some or all of the following determinations:

A. The Commission cannot find there is sufficient evidence to make any or all of the following determinations as set forth more completely on Pages 4 and 5 of the October 11, 2018 Executive Officer's Report for expansion of the Sunnyslope County Water District Sphere of Influence: (1) the proposals consistency with the present and planned land uses in the area; (2) the present and probable need for public facilities and services; (3) the present capacity of public facilities and adequacy of public services that the agency provides; and (4) the existence of any social or economic communities of interest - based upon the following findings demonstrating a lack of sufficient evidence to make any or all of the above determinations.

[Insert concerns in Commissioner's motion]

B. The Commission cannot find there is sufficient evidence to make any or all of the following determinations as set forth more completely on Pages 5 through 11 of the October 9, 2018 Executive Officer's Report for annexation into the Sunnyslope County Water District: (1) the proposals consistency with current or future land use, general plan and zoning designations; (2) conflicts with topography, natural features and drainage; (3) population of annexation area; (4) inadequate governmental services and controls, costs or availability; (5) impact on prime agricultural and open space lands; (6) assessed value, tax rates and indebtedness of the District; (7) concerns over environmental justice or affordable

housing; (8) questions over landowner and subject agency consent; and (9) questionable project boundaries or conflicts with lines of assessment - based upon the following findings demonstrating a lack of sufficient evidence to make any or all of the above determinations.

[Insert concerns in Commissioner's motion]

OPTION 3 - CONTINUE these applications to a future meeting for additional information. If a specific date is not set, the hearing would need to be re-noticed and advertised.

**Attachments:**

1. Executive Officer's Report Dated October 9, 2018 with maps
2. Draft Resolution No. 525 formatted for approval of the applications

cc: Don Ridenhour, General Manager, Sunnyslope County Water District  
Scott Stringer, Bates Stringer Hollister LLC  
Taven Kinesin Brown, Principal Planner, San Benito County RMA  
G. Michael Ziman, LAFCO Counsel

SAN BENITO LOCAL AGENCY FORMATION COMMISSION  
EXECUTIVE OFFICER'S REPORT  
(Agenda Item 5)

October 11, 2018 (Agenda)

LAFCO No. 525: Promontory at Ridgemark Annexation to the Sunnyslope County Water District and Parallel Sphere of Influence Amendment

PROPONENT: Board of Directors of the Sunnyslope County Water District by Resolution, and Property Owners by Petition

ACREAGE & LOCATION Expansion of the Sphere of Influence of the Sunnyslope County Water District and Annexation involve 49.24 acres of property located south of Ridgemark Drive and Marks Drive, and on the northeast side of Southside Road in the Ridgemark area of unincorporated San Benito County

PURPOSE: To include this property within the Sunnyslope County Water District sphere of influence and to annex the territory into the District in order to receive District potable water and wastewater services for a 90 unit single family residential development with associated parks and landscape areas

BACKGROUND/HISTORY

This application was originally scheduled on the August 9, 2018 Commission Agenda, but prior to the meeting the project proponent, Scott Stringer, requested a continuance in order to conduct meetings with outside parties "...which would resolve issues related to the project and pertinent to the LAFCO proceedings" as stated in his letter requesting the continuance. Prior to the scheduled Commission meeting, a landslide occurred on the hillside between the Sunnyslope County Water District wastewater treatment plant site and Southside Road, blocking access through Southside Road. While the location of the slide is not adjacent to the Promontory project site, there may be implications for District sewage treatment capacity depending on the solutions available to stabilize the slope. Although the Commission continued the hearing without receiving a presentation or deliberating on the project, Commissioner Botelho questioned Don Ridenhour, P.E. who is the General Manager of the Sunnyslope County Water District about the impact of the slide on District operations and alternative options for sewage treatment capacity.

Mr. Ridenhour indicated there had been no identified link between the District's facilities and the slide, and that should there be a need to shut down any ponds at the treatment plant site, there are other ponds that were available. On motion by Commissioner Bettencourt, Seconded by Commissioner Botelho, and carried 3-0, the hearing was continued to the September 13<sup>th</sup> regular meeting. However, due to ongoing issues with the landslide including attempts to identify the source of the slope failure, LAFCO Chairman Velazquez, with concurrence of the project proponent, cancelled the September meeting and postponed this item to the October 11<sup>th</sup> continued hearing as this was the only item on the agenda.



The Executive Officer sent a letter dated August 21, 2018, to Mr. Ridenhour requesting more detail on the alternative sewage treatment options available to the District and the approximate costs to implement these options. On September 5, 2018, Mr. Ridenhour provided a response regarding options for providing treated effluent storage capacity (presented in Attachment No. 6 to this report), and in a subsequent Email dated September 27, 2018, Mr. Ridenhour supplemented his response with some cost estimates and timing for these improvements (refer to Attachment No. 7).

Due to the important nature of these communications, a summary of the questions and responses from Mr. Ridenhour are presented next, and then the next two sections of the Report, "Project Evaluation and Determinations" for both the Sphere of Influence expansion and Annexation, have been updated from the initial August 9<sup>th</sup> Report.

#### UPDATED INFORMATION ON WASTEWATER PERCOLATION POND DISPOSAL OPTIONS

Based upon information in Don Ridenhour's September 5, 2018 letter (Attachment No. 6) the District has approval from the State to treat up to 350,000 gallons per day (gpd) at their updated wastewater treatment plant completed in 2013. The flows in 2017 were 156,000 gpd (or 44.6% of capacity), and according to the Environmental Impact Report (EIR) prepared by San Benito County for the "Bluffs at Ridgemark" subdivision project, the plant processed 175,000 gpd in 2016, which is referenced in the Project Evaluation and Determinations - Annexation portion of this Executive Officer's Report under Item 4. This 2016 historic flow level is higher than last year, but still only required 50% of capacity. Mr. Ridenhour indicates that due to conservation, improved plumbing fixture efficiencies and customer awareness, the District wastewater flows were 56% lower in 2017 than they were in 2000 - even though the District experienced some modest growth in new sewer connections.

The treatment plant is located on the southwest side of the Ridgemark community, and the 1.2 acre Pond No. 5, which has been emptied, is the closest pond to the area of hillside failure above Southside Road. There are two other percolation ponds adjacent to the treatment plant that have been in use and are receiving the flows previously going into Pond No. 5. Refer to the three sets of maps provided by the District as part of Attachment No.6 which includes a Ridgemark-wide view of the sewer plant site and pond locations, and some close up aerial views.

The simplest solution to replace lost capacity from Pond No. 5 is to redirect flows to Pond No. 6. According to Mr. Ridenhour's September 27, 2018 Email (Attachment No. 7), the costs for this would only be \$35,000 and a contractor has been hired to complete this reconnection within the next 60 days or so.

Another alternative is to use existing, but abandoned, ponds from the former treatment plant located on the east side of Ridgemark (old Ponds Nos. 1 – 4). This requires installation of a new

pump at a cost of \$100,000, and there are existing pipelines in place. Mr. Ridenhour did not estimate the costs to update or rehabilitate these old ponds because he indicated there is no immediate need to use them. There will also be new permits required from the State before the ponds could be reactivated.

The third alternative is to convert Pond No. 1 at the new treatment plant site from a treatment pond into a percolation pond. While Mr. Ridenhour estimated a cost in the range of \$250,000 for pond conversion, he indicated there is no need to do the engineering work in order to estimate a more accurate cost because the capacity isn't needed. This Executive Officer's Report has been forwarded to Mr. Ridenhour and to the County Resource Management Agency, as the responsible entity to manage the landslide and reopen Southside Road. More information may become available by the time of the hearing as soil borings were conducted by consultants for the County, but verification of the full testing may require more time than the October 11<sup>th</sup> hearing date would allow.

The following sections present the analysis and determinations from the original Executive Officer's Report dated August 9, 2018, with new text added highlighted in **boldface type**.

#### PROJECT EVALUATION AND DETERMINATIONS – SPHERE OF INFLUENCE

San Benito LAFCO prepared a comprehensive review of the Sunnyslope County Water District sphere of influence (SOI) in 2008 along with the preparation of the first round of Municipal Service Reviews (MSRs) for the two cities and eight special districts within San Benito County. In 2014, LAFCO approved an updated Municipal Service Review for the District, but did not change the SOI. As a result of the County's approval of the "**Bluffs at Ridgemark Tentative Subdivision Map**," the Sunnyslope County Water District adopted Resolution No. 549 requesting LAFCO amend their SOI boundary and approve annexation of the 49.24 acre property into the district, **with the project's name changed to the "Promontory at Ridgemark."**

The purpose of a sphere of influence, as described in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governing LAFCO procedures, is to:

- Identify the eventual service area or boundary of a city or special district – typically larger than the current agency boundary when growth in services or population is anticipated.
- Identify which local agency is appropriate to provide services in an area that is not within a current agency boundary in order to avoid overlapping and inefficient boundaries and service extensions; and
- Include an evaluation of public agencies under five determinations consistent with Government Code section 56425(e).

In staff's review of the application materials for the SOI amendment submitted by the Sunnyslope County Water District (SSCWD) in the Sphere of Influence Proposal Questionnaire, along with the annexation application materials, the 49.24 acre project area complies with Government Code section 56425(e) as summarized below:

1. The present and planned land uses in the area including agricultural and open space lands: The application materials and Environmental Impact Report prepared by San Benito County identify the project as a 90 lot single family residential subdivision, including two active and one passive park, new roads, a drainage basin and related public facilities to serve the development. The current land uses include 36.4 acres of fallow land identified as "Important Farmland" under the CEQA definition as it contains soils designated under the Farmland Mapping & Monitoring Program as: prime, statewide important and unique. The balance of the property consists of steep slopes on the southwest and south dropping approximately 55 feet to the property boundary on Southside Road. With the exception of a second project access road with a 40 foot right-of-way, this slope area will remain in open space. (Refer to the determinations under Item 5 on **Page 8** of this Executive Officer's Report for a summary of how the County addressed the impact to Important Farmland.)
2. Present and probable need for public facilities and services in the area: In order to develop the property into urban densities allowed under the County General Plan and zoning, access to the SSCWD potable water supply and wastewater treatment system are required. There are no alternate service providers in the vicinity of this project adjacent to and planned to become part of the Ridgemark Community. **The nearest City of Hollister sewer lines are located to the northwest on Southside Road extending to a complex of County facilities and a farm labor housing development.**
3. Present capacity of public facilities and adequacy of public services that the agency provides: The SSCWD has provided evidence they have adequate water and wastewater treatment capacity for this 49.24 acre sphere amendment and annexation with the corresponding 90 lot subdivision. With indoor and outdoor water demand for the homes, and other park and landscape maintenance, the total annual water demand will be 63 acre feet per year. **The District expects to have 2,935 acre feet of water available by 2020, so the 63 acre demand is a small fraction of the District's capacity. Wastewater treatment services were highlighted earlier, with the District using between 45-50% of permitted treatment capacity. Alternatives for redirecting flows from Pond No. 5 to Pond No. 6 or other ponds are being explored, and a contractor has been retained to connect Pond No. 6 within approximately the next 60 days.**
4. The existence of any social or economic communities of interest: There are no other districts or jurisdictions to provide sewer and water services to the project site. The property consists of two isolated parcels on a bluff adjacent to the unincorporated

Ridgemark community which is separated from Southside Road running along the southwest boundary of the property at the bottom of bluff. **However, a new road connection for residents within the development into the Ridgemark community and a full road connection to Southside Road need to be provided as a condition of the subdivision project approval by the County. When provided, these roads will help improve access to the Southside School which has been partially isolated from the landslide.**

5. For updates to a sphere of a city or district providing water, sewer or fire suppression, the needs and deficiencies related to public services in any disadvantaged unincorporated community (DUC): The project area contains no existing residents, and the adjacent lands to the west and south are rural and agricultural. The existing Ridgemark community to the north and east is an above moderate income development around a golf course and open space lands. Therefore, there are no DUCs in the vicinity of the project. However, the County has made two requirements to help provide new housing opportunities that are more affordable to lower income residents: at least 13 second dwelling units must be constructed within the 90 lots of the subdivision, and the County has imposed their affordable housing ordinance which requires a fee of \$4,500 per lot be paid to the County to provide affordable housing elsewhere in the community.

#### PROJECT EVALUATION AND DETERMINATIONS – ANNEXATION

1. Land Use, Planning and Zoning - Present and Future:

The 49.24 acre property involving two Assessor's Parcels consists of fallow farmland (34.4 acres) on top of a bluff, and steeply sloping land on the southern and western portion of the site. The territory is designated Residential Mixed in the San Benito County General Plan (allowing up to 20 dwellings per acre). The annexation area is zoned R-1 (Single Family Residential). The developable area sits on top of a bluff, which is proposed for 90 residential lots for single family homes and up to 15 secondary units, along with two active and one passive park areas (a total of 3.2 acres) for residents within the gated community.

Surrounding land uses include existing residential development and a golf course to the north and east within the Ridgemark community. These areas are also designated Residential Mixed in the General Plan. The area to the southwest is designated Agricultural with some existing agricultural cultivation and orchards, and the area immediately to the south and southeast is designated Residential Mixed. The corresponding zoning to the southwest and south is "Agricultural Productive."

2. Topography, Natural Features and Drainage Basins:

The project area is level on top of the bluff, and steeply sloping toward the southwest with an approximate 55 foot drop with slopes ranging between a 1.5:1 to 3:1 ratio down to Southside Road. The approximately 12.1 acres of natural slope features will be preserved with building setbacks, with the exception of construction of a new two way access street to Southside Road. This road was required by the County as a second means of access with the primary connection through Ridgemark Drive. The southwestern access point is proposed to be gated as is the current access into the Ridgemark Community.

**There has been a disagreement between the project proponent, Bates Stringer Hollister II LLC and the Ridgemark Homeowner's Association over the primary project access to Ridgemark Drive. Documents provided by Scott Stringer which are a part of the LAFCO File indicate that when a 1983 expansion of the Ridgemark Community was approved by the County, the Environmental Impact Report (EIR) contained Mitigation Measure No. 9 under the "Land Use" impact section: "Design site to provide for possible future access to Lompa property." (Page 1-3 of Draft EIR). Roy and Rita Lompa are the current landowners who signed the landowner petition in support of the annexation, and the property included in this annexation application is the same as referenced in the 1983 EIR.**

**With approval of the Ridgemark Master Plan and Rezoning, the County made the zoning "conditional" and entered a "Zoning Contract" (Contract No. 8403428) with the Ridgemark Corporation that bound the owner to comply with all the mitigation measures. Mr. Stringer and his counsel argue that the successor in interest to the Ridgemark Corporation is the Homeowners Association and they are also bound to comply with the mitigation measures from the 1983 EIR.**

**For the Promontory at Ridgemark (the Lompa property), two full points of access will be required by the County through the connection to Ridgemark Drive and Southside Road, which was identified as Alternative 2 "Full Secondary Access to Southside Road" in the EIR.**

3. Population:

There are no existing homes within the annexation area and no registered voters. Following annexation, development will result in the construction of 90 single family homes and possibly an additional 15 secondary units. Exact occupancy levels are not known, but applying an average of 3.22 occupants per primary dwelling unit would result in a population of 290 based on the Draft EIR calculations.

4. Governmental Services and Controls - Need, Cost, Adequacy and Availability:



The modification to the sphere of influence and annexation into the Sunnyslope County Water District (SSCWD) is proposed in order for the project to receive potable water and wastewater treatment from the district, and to provide sufficient pressure, storage, and flow for adequate fire protection. All other municipal services will be provided by the County or by the City of Hollister through agreements with the County (such as fire protection). In Resolution No. 549, the SSCWD indicates that the district entered into an agreement with the property owner in 1992 when they obtained the rights to a water well site (currently identified as Well #8) in return for supporting the future annexation of the properties into the district. The district's commitment to annex the property also recognized that the parcels were located outside the SSCWD sphere of influence, and an amendment to the sphere would be required along with processing an annexation application through LAFCO.

The project is anticipated to require approximately 45 acre feet of treated water per year, which is a small fraction of the water supply and treatment capacity of the district identified as 2,935 acre feet by Year 2020. The water is supplied in a joint treatment system with the City of Hollister and the San Benito County Water District using surface supplies from the State Water Project and groundwater supplies, and the water is treated to potable standards at the Lessalt treatment plant. The District will require the developer to enter into an Agreement for Water Facilities and Services with the District to cover construction and connection costs.

According the Section 4.15 Utilities of the Draft Environmental Impact Report: "The statement of sufficient supply from the water purveyor providing water service to the proposed project, combined with the information from the HUA 2015 UWMP [Urban Water Management Plan] and previous water planning documents, provides sufficient evidence of adequate supplies and infrastructure necessary to serve anticipated buildout in the HUA. (Page 431)

With respect to the districts wastewater treatment capacity, the SSCWD Sequential Batch Reactor wastewater treatment plant can treat 350,000 gpd (gallons per day). In 2016 the total treated wastewater was approximately 175,000 gpd. The annexation area will require 22,410 gpd of wastewater treatment at full buildout of the subdivision. According to the district records, this represents only 12.8% of the remaining treatment capacity. (Draft EIR, Page 432). The referenced EIR analysis constitutes the "Plan of Services" as required by Government Code Section 56653 for district facilities and services.

**As stated in the History/Background section of this Report and the following section "Updated Information on Wastewater Percolation Pond Disposal Options," Don Ridenhour, General Manager of the SSCWD, indicated the 2017 sewer flows were only using 44.6% of capacity. This section of the Report identified several options that the District has available to replace pond capacity from the potential**

**decommissioning of Pond No. 5 adjacent to the landslide area, as detailed in correspondence from Mr. Ridenhour by letter (dated September 5, 2018) and in an Email (dated September 27, 2018). Mr. Ridenhour stated that the District is already underway with a contractor to redirect flows to Pond No. 6 within the next 60 days or so, and the cost is relatively inexpensive at \$35,000. However, the other options referenced are more costly: installation of a new pump at approximately \$100,000 to use an existing pipeline connecting to the former district ponds located in the eastern part of the Ridgemark Community (with unknown costs to reactivate the ponds), and conversion of Pond No. 1 next to the treatment plant site into a percolation pond (in the neighborhood of \$250,000).**

**The costs of these upgrades would be born by the District, although there has been no confirmation from the District whether any of these costs would be shared by new projects such as the Promontory at Ridgemark. There could be additional costs faced by the District should they agree or be required to reimburse the County for costs to stabilize the slope and reopen Southside Road (over \$1 million dollars to date). As of the date of this Report, there is no information available as to the cause of the slope failure, what the ultimate solution will be to stop future slides or whether the solution will require physical occupation of part of the treatment plant site. Finally, it is not clear what type of agreement, if any, is needed between the District and County regarding reimbursement. However, from the perspective of the District and their General Manager, the addition of 90 homes will have a negligible impact on District operations and capacity.**

In terms of County services required for new residential development, the County required the project applicant to either form or annex into a Community Facilities District (CFD) as a condition of approval to ensure the project is fiscally neutral on general County services. The project applicant is required to cooperate in the establishment and the imposition of the related special assessment tax levy over the project site prior to recording the first final subdivision map within the annexation area. However, the County has traditionally relied on County Service Areas (CSA's) to provide this project-level services which typically include: street lighting, street sweeping, and maintenance of road, drainage, open space and landscape improvements. For this project, the only additional services that would be provided through a CFD would be public safety (police and fire).

Another condition on the subdivision map requires the applicant to annex the project site into the Ridgemark Home Owners Association (HOA), or if the Association does not agree, to form a separate HOA. As a related requirement, the project site would be annexed into the existing County Service Area (CSA) #9 covering the Ridgemark Community or provide evidence the territory is already within CSA #9. The public

services provided through the HOA and/or the CSA #9 include: street lighting, street sweeping, and maintenance of road, drainage, open space and landscape improvements.

CFDs (also known as Mello-Roos Districts) are exempt from LAFCO review as they only act as financing entities and are not "districts" for LAFCO jurisdictional purposes. However, the formation of or annexation into CSAs requires LAFCO approval. CSAs act as "dependent" districts under the control of the County Board of Supervisors. After a review of LAFCO files and Assessor's records, the annexation territory does not appear to have ever been annexed into CSA #9, and therefore, if the SSCWD sphere of influence amendment and annexation is approved by the Commission and a final map is prepared, LAFCO will likely see the Promontory at Ridgemark project again in order to approve annexation into CSA #9. However, it would be more appropriate for the County to decide whether the project services would be funded through CSA #9 or through formation of a new CFD (Community Facilities District). This would need to be resolved before LAFCO should consider annexation of the project area into CSA #9.

In terms of student generation, the project will be subject to the Proposition 50 impact fees collected at the building permit stage for funding school facilities for K-12 students. The project is within the San Benito High School District and Southside Elementary School District boundaries (refer to Section 3.12 and Impact PF-3 for school facilities in the Draft EIR, Page 358).

One additional public facility cost involves payment of the San Benito County Council of Governments Traffic Impact Mitigation Fee (TIMF) for regional road improvements serving growth throughout the County. This requirement is contained in Mitigation Measure T-1 in the Draft Environmental Impact Report (Page 400). Funds generated under this mitigation measure would fully mitigate traffic impacts based on the analysis in the Draft EIR, with specific reference to the following improvements in Chapter 3.13 of the Draft EIR:

- Installation of a traffic signal at the SR 25/Enterprise Road intersection
- Widening of Union Road to four lanes between San Benito Street and SR 25
- Installation of a traffic signal at the Fairview Road/Hillcrest Road intersection

5. Impact on Prime Agricultural Land, Open Space and Agriculture:

The County's Environmental Impact Report (EIR) **for this project** contains an evaluation of the agricultural resources within the annexation territory which identified the project as containing 36.4 acres of "Important Farmland" as identified in the States Farmland Mapping and Monitoring Program. Important Farmland includes the top three classes of

soil including Prime Farmland, Farmland of Statewide Importance, and Unique Farmland. The property is not under a Williamson Act contract.

The EIR referenced San Benito County General Plan Policy LU-3.10 which calls for the replacement of important farmland through obtaining a permanent conservation easement on similar quality soils on an acre for acre basis, or the payment of an in-lieu fee to a farmland trust to obtain 36.4 acres of farmland easements within the County, together with an endowment amount, as mitigation for the loss of productive farmland. The easement could be held by the San Benito County Agricultural Land Trust or other qualified entity approved by the County. With this mitigation requirement, the impact on agricultural resources was determined to be mitigated to a level was required in the EIR.

6. Assessed Value, Tax Rates and Indebtedness:

The annexation territory consists of two Assessor's Parcels located within Tax Rate Area 83-008: APN 025-420-005 & 019. The assessed value is \$316,968.

The base property tax rate will not be affected by the annexation, although the County's requirement for annexation into a Community Facilities District and a CSA will be added to the tax bill of individual lots following future subdivision and development. The project will not be subject to the existing bonded indebtedness of the SSCWD following annexation.

7. Environmental Justice and Affordable Housing:

The 90 single family dwellings proposed in the Promontory at Ridgemark project will be sold at market rates which will contribute to the "Above Moderate" housing needs under the County's Regional Housing Needs Assessment (RHNA) housing target. In addition, the County required that the applicant provide 15% (or a minimum of 13) secondary units within the project up to the discretion of the Resource Management Agency Director to implement in consultation with the applicant. Another measure to achieve affordable housing was the requirement to pay the County adopted \$4,500 fee per dwelling unit that will go into a County fund to provide affordable housing elsewhere in the community. A total of \$405,000 will be generated through this fee.

The site is not adjacent to a disadvantaged unincorporated community as the adjacent land located in the County contains non-residential land uses and the existing gated golf course housing community of Ridgemark.

8. Landowner and Subject Agency Consent:

Written consent to the annexation has been given by petition of the affected property owners (**Roy and Rita Lompa**) and the district consents to the waiver of conducting authority (protest) proceedings. The district has demonstrated support for the sphere of influence expansion and annexation through adoption of Resolution No. 549 on May 15, 2018.

9. **Boundaries, Lines of Assessment and Registered Voters:**

The boundaries appear to be definite and certain and there are no conflicts with lines of assessment or ownership. The site is contiguous to the SSCWD boundary on the north and east. The map and legal description are being reviewed by the County Surveyor for sufficiency in filing with the State Board of Equalization.

The territory is uninhabited; specifically, there are fewer than 12 registered voters.

**ENVIRONMENTAL REVIEW**

San Benito County, acting as lead agency for initial approval of the Promontory at Ridgemark Vesting Tentative Map (originally referred to the "Bluffs at Ridgemark") prepared and certified a Draft and Final Environmental Impact Report (EIR) to evaluate the project on April 2, 2018. The environmental record reflects that the project also included future annexation of the parcel into the SSCWD. The Commission must rely on this environmental document when approving the annexation application in its role as a "Responsible Agency" under CEQA.

The County, through adoption of Planning Commission Resolution No. 2018-0-2, determined that all areas of potential impact in the Environmental Checklist would have a less than significant impact with adoption of 30 mitigation measures, and there was no need to adopt a Statement of Overriding Considerations. Mitigation measures were adopted in the following impact areas: aesthetics, agricultural resources, biology, cultural resources, geology, greenhouse gas emissions, noise, transportation and tribal resources. The County also selected Alternative 2 identified in the EIR as "Full Secondary Access to Southside Road" which required the second access to consist of a 40 foot right-of-way road providing access to residents and other visitors rather than only an emergency access route. Only one mitigation measure is under LAFCO's authority to adopt or administer as a responsible agency: measure MM AG-1 requiring agricultural mitigation for the conversion of 36.4 acres of Important Farmland. However, the County maintains responsibility to monitor the impacts from development for all areas as the annexation of the property into the SSCWD is only one small aspect of the development project. The full text of MM AG-1 is found in the County Planning Commission's Resolution No. 2018-2 certifying the EIR (provided as Attachment 7 to the original August 9, 2018 Executive Officer's Report). **The CD containing the Draft and Final EIR was included in the original August 9,**



**2018 Commission Packet as Attachment 8. The Commissioners should review this CD prior to the continued hearing or let Staff know if you need another copy.**

ALTERNATIVES FOR COMMISSION CONSIDERATION

After reviewing this report and any testimony or materials that are presented, the Commission can take one of the following actions:

OPTION 1 – APPROVE the proposed sphere of influence amendment and annexation as submitted based upon the following findings, determinations and orders:

- A. Find that the Commission has reviewed and considered the Draft and Final EIR prepared by San Benito County as lead agency under CEQA approval of the development project, sphere of influence amendment of the Sunnyslope County Water District and annexation. Mitigation measure AG-1 is hereby adopted by the Commission requiring obtaining an agricultural easement or payment of in-lieu fees to a qualified trust on a 1:1 ratio for the 36.4 acres of important farmland converted by the project which is under the responsibility of LAFCO to adopt or monitor as a responsible agency for approval of this sphere amendment and annexation.
- B. Adopt this report and approve the Sphere of Influence amendment to the Sunnyslope County Water District based on the five determinations presented on Pages 4 and 5 of this Executive Officer's Report, and approve the annexation proposal known as the "Promontory at Ridgemark Annexation to the Sunnyslope County Water District" based on the determinations presented on Pages 5 through 10 of this Executive Officer's Report, by adopting Resolution No. 525. The annexation is subject to a requirement that the territory be liable for any existing or authorized taxes or bonded assessments applicable to properties presently within the district (**District Resolution No. 549, Section 6.B.**).
- C. Find: 1) the subject territory is uninhabited, 2) the affected landowner has signed a petition giving consent to the annexation and 3) the annexing agency has given written consent to the waiver of conducting authority proceedings.
- D. Waive the conducting authority (protest) proceedings and direct the staff to complete the proceedings without further notice, hearing or election.
- E. Direct the staff not to record the annexation until the map and legal description are found by the County Surveyor to be acceptable.

OPTION 2 – If the Commission cannot make the determinations and findings presented in the Executive Officer's Report, the Commission should DENY the sphere of influence amendment and annexation applications.

OPTION 3 - CONTINUE these applications to a future meeting for additional information. **Specifically, if the Commission determines that the wastewater treatment system design and improvements to replace Pond No. 5 are not sufficiently identified, or the full costs and extent of necessary improvements as a result of the landslide adjacent to the treatment plant site have not been sufficiently identified, the Commission could postpone the hearing until adequate study results of the cause of the slide and full remediation measures and costs have been identified. If a specific date is not set, the hearing would need to be re-noticed and advertised.**

RECOMMENDED ACTION:

**If the District and/or the County can provide updated information by the date of the continued public hearing, the Commission may have enough supporting information to make the determinations presented in this Report and approve the Sphere of Influence amendment and Annexation as outlined under Option 1. A resolution for approval has been prepared as Attachment No. 8.**

**However, due to the unknown impact to the District of the ongoing slope failure including how stabilization measures may impact the current treatment plant site, the lack of certainty over the overall costs to the District for alternative percolation pond connection and operation, along with unknown liability for costs for permanently stabilizing the slope and protecting Southside Road, the Commission may want to continue the public hearing as outlined under Option 3.**

Respectfully submitted,

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BILL NICHOLSON  
Executive Officer  
LAFCO of San Benito County

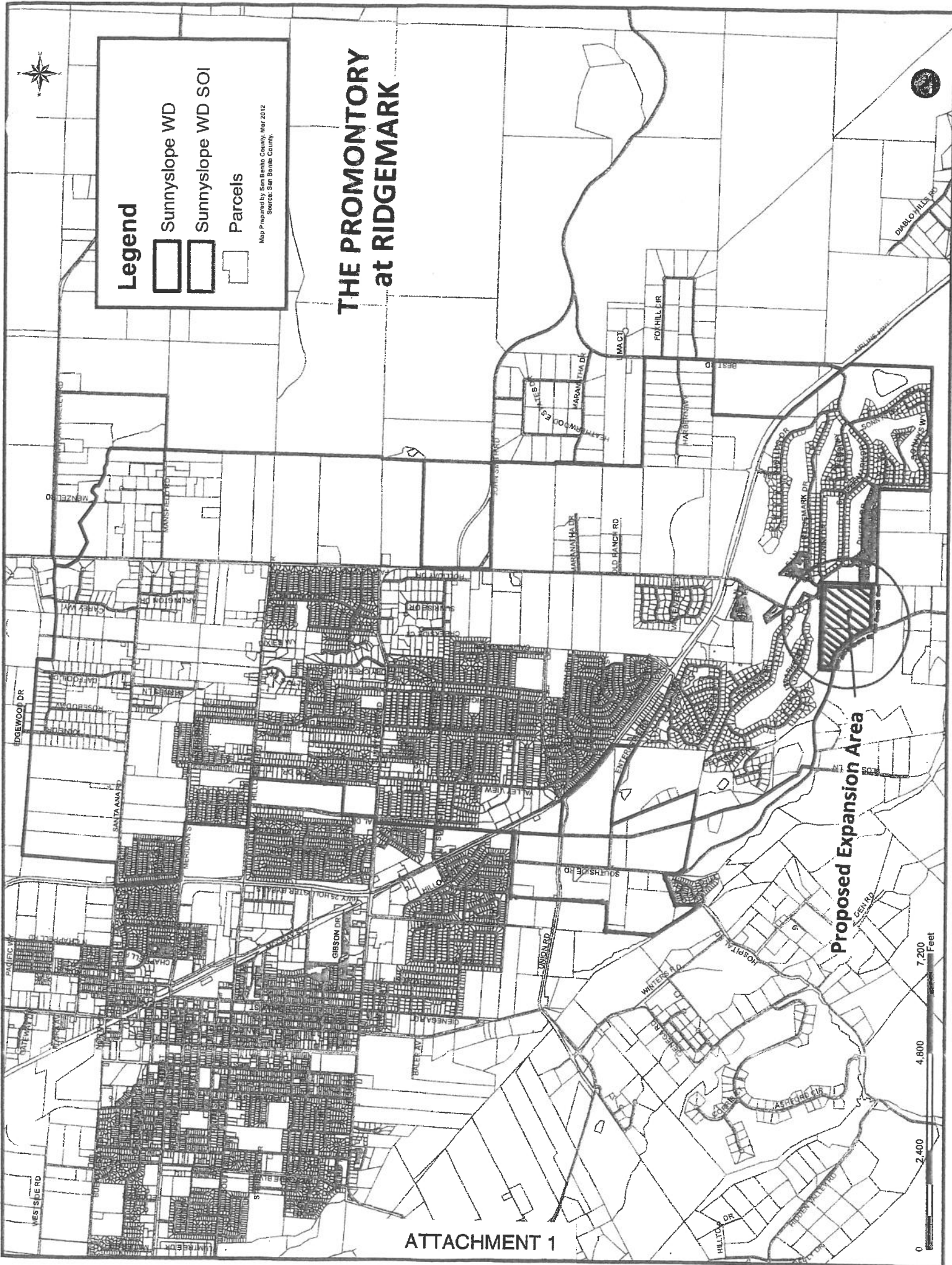
cc: Scott Stringer and Fred Bates (Bates Stringer Hollister LLC)  
Don Ridenhour, General Manager, Sunnyslope County Water District  
Taven Kinesin Brown, Principal Planner, San Benito County RMA  
G. Michael Ziman LAFCO Counsel

Attachments:




1. Sphere of Influence Amendment Map
2. Map of Annexation Area and Conceptual Site Plan
- ~~3. Proposal Justification Questionnaire – Sphere of Influence Amendment~~
- ~~4. Proposal Justification Questionnaire - Annexation~~
- ~~5. Resolution No. 549 of the Sunnyslope County Water District "Resolution of Application"~~
- ~~6. Letter from Don Ridenhour, General Manager, Sunnyslope County Water District (9/5/18)~~
- ~~7. Email from Don Ridenhour, General Manager, Sunnyslope County Water District (9/5/18)~~
- ~~8. Draft LAFCO Resolution No. 525 Amending the Sunnyslope County Water District Sphere of Influence and Approving the Promontory at Ridgemark Annexation to the Sunnyslope County Water District~~

**NOTE: The following documents were attached to the Commission's Agenda Packet for the August 9, 2018, meeting and are still posted on the LAFCO Website for that Agenda:**

**Previous attachment No. 7: Resolution No. 2018-2 of the San Benito Planning Commission Certifying the EIR and Adopting the Mitigation Monitoring and Reporting Program. Previous attachment No. 8: CD Containing the Draft and Final Environmental Impact Report (EIR) for the Promontory (Bluffs) at Ridgemark Vesting Tentative Map, and related annexation to the Sunnyslope County Water District and District sphere of influence amendment. (The Commissioners should review these documents from the prior packet prior to the continued hearing.)**



# Legend

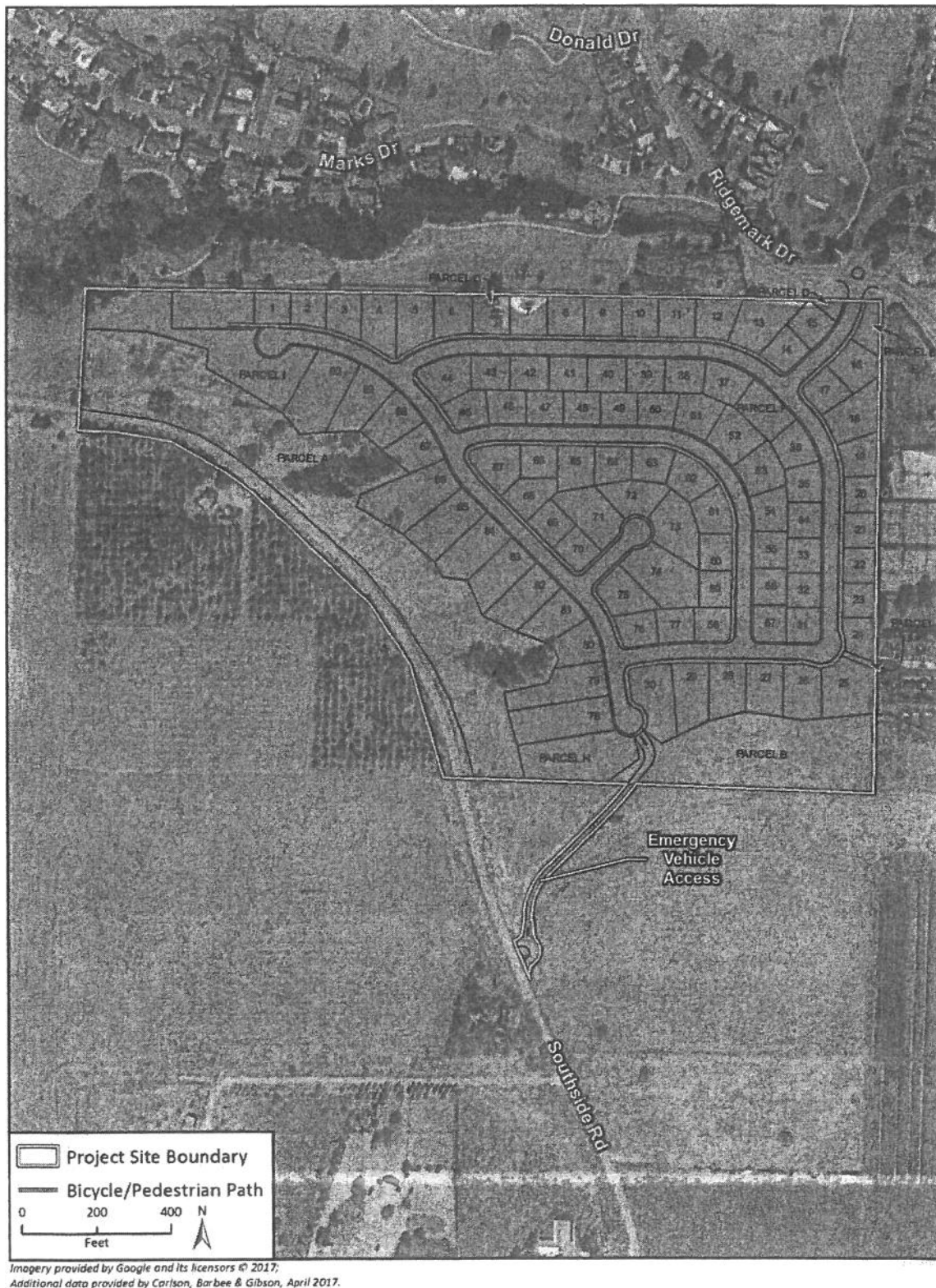
-  Sunnyslope WD
-  Sunnyslope WD SOI
-  Parcels

Map Prepared by San Benito County, May 2012  
Source: San Benito County

## THE PROMONTORY at RIDGEMARK

Proposed Expansion Area

Figure 6 Conceptual Site Plan





LAFCO No. 525

**RESOLUTION OF THE SAN BENITO LOCAL AGENCY FORMATION COMMISSION  
MAKING DETERMINATIONS AND APPROVING THE PROMONTORY AT RIDGEMARK  
ANNEXATION TO THE SUNNYSLOPE COUNTY WATER DISTRICT**

WHEREAS, the Promontory at Ridgemark Annexation to the Sunnyslope County Water District (LAFCO File No. 525) has been filed with the Executive Officer of the San Benito Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act and the County Service Area Law (Sections 56000 et seq. of the Government Code); and

WHEREAS, the proposal seeks Commission approval to annex 49.24 acres into the Sunnyslope County Water District ("District") and represents two parcels identified by the San Benito County Assessor as APN Numbers 025-420-005 & 019; and

WHEREAS, because the property is outside the District's Sphere of Influence, the District has requested the Commission approve a sphere of influence amendment in addition to approval of an annexation in District Resolution No. 549; and

WHEREAS, the Executive Officer has reviewed the proposal and prepared a report with recommendations; and

WHEREAS, the Commission heard and fully considered all the evidence presented at public hearings held on the proposal on August 9, October 11, November 8, and December 13, 2018; and

WHEREAS, at the times and in the manner required by law the Executive Officer has given notice of the Commission's consideration of the proposal through publication in the Hollister Freelance Newspaper, and notice to neighboring landowners within 300 feet; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony related to the proposal including, but not limited to, the Executive Officer's Report and recommendation, the Environmental Impact Report and San Benito County's determinations upon certification, the current and proposed Spheres of Influence and applicable General Plan; and

WHEREAS, in accordance with applicable provisions of the California Environmental Quality Act (hereinafter “CEQA”), the Commission serves as responsible agency for the sphere of influence amendment and annexation and has determined that the applications are a “project” subject to CEQA; and

WHEREAS, the Local Agency Formation Commission finds the applications to be in the best interests of the affected area and the organization of local governmental agencies within San Benito County.

NOW, THEREFORE, BE IT RESOLVED DETERMINED AND ORDERED by the Local Agency Formation Commission of San Benito County as follows:

(1) The Commission finds it has reviewed and considered the Environmental Impact Report prepared by San Benito County as lead agency under CEQA, and the Commission finds the EIR adequately addresses all environmental impacts of the sphere of influence amendment and annexation and no new significant impacts have been identified, and that there is one mitigation measure that is the responsibility of LAFCO to adopt or monitor as a result of action on this proposal (Mitigation Measure AG-1 “Agricultural Conservation”). These environmental findings are based on the Commission’s independent judgment and analysis, and the Commission agrees with the CEQA Findings of Fact contained in San Benito County Planning Commission Resolution No. 2018-2, presented on Pages 3 through 17, and the Commission agrees with the County in selecting Alternative 2 entitled “Full secondary access to Southside Road” based on the conclusions of the County, presented on Pages 15 through 17 of Resolution No. 2018-2.

(2) The Commission adopts the one mitigation measure, Mitigation Measure AG-1, requiring the applicant to obtain an agricultural easement or payment of in-lieu fees to a qualified agricultural trust on a 1:1 ratio for the 36.4 acres of important farmland converted by the project which is under the responsibility of LAFCO to adopt or monitor as a responsible agency for approval of this sphere amendment and annexation.

(3) The annexation proposal is assigned the distinctive short-form designation:

PROMONTORY AT RIDGEMARK ANNEXATION TO THE SUNNYSLOPE COUNTY  
WATER DISTRICT

(4) Said territory is found to be uninhabited as there are no registered voters within the annexation area.

(5) The boundaries of the affected territory are found to be definite and certain as approved and set forth in the legal descriptions, with verification from the County Surveyor.

(6) All proceedings in connection with this proposal shall be conducted in compliance with the approved boundaries set forth in the attachments.

(7) The annexation boundary is consistent with the sphere of influence as amended by the Commission as part of their approval of the proposal, and identified in Exhibit C, and the sphere of influence amendment is processed in compliance with the provisions contained in Section 56425 of the Government Code, and the Commission adopts all five determinations as presented on Pages 4 and 5 of the Executive Officer's Report dated October 11, 2018.

(8) The Commission has considered evidence in the record regarding the District's water and wastewater treatment capacity and alternatives for providing wastewater ponding capacity within the authority and funding capability of the Sunnyslope County Water District.

(9) Since the subject territory is uninhabited, all affected landowners have given written consent to the annexation and the annexing agency has given written consent to the waiver of conducting authority proceedings, the conducting authority proceedings are waived and the staff is directed to complete the proceeding.

(10) The territory being annexed shall be liable for any existing or authorized taxes, charges, fees or assessments comparable to properties presently within the District.

(11) The proposal is APPROVED, and Staff is directed not to record the annexation until the following condition of approval has been satisfied:

(a) The maps and legal descriptions presented as Exhibit A and B are found by the County Surveyor to be acceptable.

I, Ignacio Valezquez, Chairman of the Local Agency Formation Commission of San Benito County, California, do hereby certify that the foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof held upon the 13th day of December, 2018, by the following vote:

AYES:

NOES:

ABSTAINS:

Dated: \_\_\_\_\_

\_\_\_\_\_  
Ignacio Velazquez., Chair  
San Benito Local Agency Formation Commission

ATTEST

\_\_\_\_\_  
Bill Nicholson, Executive Officer  
San Benito Local Agency Formation Commission

# **INFORMATIONAL**

**6. Communication from State Controller's Office Regarding Inactive Special Districts in San Benito County and Process to Pursue Dissolution of Eleven (11) Inactive County Services Areas (CSAs) in compliance with SB 488.**

**7. Commissioner Announcements & Requests for Future Agenda Items.**

**8. Adjourn to regular meeting on January 10, 2019 unless time is changed based on Commission action or cancelled by the Chair.**





## LOCAL AGENCY FORMATION COMMISSION

SAN BENITO COUNTY


2301 Technology Parkway

Hollister, CA 95023

Phone: (831) 637-5313 Fax: (805) 647-7647

DATE: December 13, 2018 (Agenda)

TO: Local Agency Formation Commission

FROM:  Bill Nicholson, Executive Officer

RE: Communication from State Controller's Office Regarding Inactive Special Districts in San Benito County and Process to Pursue Dissolution of Eleven (11) Inactive County Service Areas (CSAs) in Compliance with Senate Bill SB 448 (**Agenda Item 6**)

San Benito LAFCO received a letter from the Local Government Reporting Section of the State Controller's Office, dated November 6, 2018, identifying 11 County Service Areas which are defined as "inactive" under recent State legislation, and notifying the Commission we have 90 days to initiate the dissolution process for these County Service Areas (CSAs) unless we can conclude the CSAs don't meet the State dissolution criteria under Government Code section 56042. This Agenda Item is presented to the Commission in order to introduce the requirements and process under SB 448. At the January 10, 2018, Regular Commission Meeting, the Commission will be requested to initiate the dissolution process.

Briefly, the requirements for being identified as "inactive" by the Controller's Office include:

- The district meets the definition of "Special District" in Government Code section 56036 which under subsection (b) includes county service areas;
- The district has no financial transactions in the previous fiscal year (which each district is required to report to the State Controller); and
- The district has no assets, liabilities, outstanding debt, judgments, liens, contracts, liens, or claims.

The Executive Officer has provided a copy of the letter and list of 11 inactive CSAs to the San Benito County Resource Management Agency (RMA) Director to clarify whether the CSAs are not functioning and have no assets. This has been confirmed, and there may be more CSAs which the County may initiate dissolution of although they wouldn't go through the simplified process provided for under SB 448. Once the Commission initiates the dissolution process, staff will work with the County to identify all CSA boundaries and get property owner information for noticing a public hearing which must be held within 90 of the Commission's action to initiate the dissolution.

### RECOMMENDATION

This is just an informational item; no action is requested of the Commission at this time.

Attachment: Correspondence from the State Controller's Office dated November 6, 2018

cc: John Guertin, RMA Director, San Benito County  
Jessica Stratton, CSA Coordinator, San Benito County  
G. Michael Ziman, LAFCO Counsel

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**Commissioners:** Ignacio Velazquez, Chair ♦ Anthony Botelho, Vice Chair ♦ Richard Bettencourt ♦ Jaime De La Cruz ♦ Jim West

**Alternate Commissioners:** Dan DeVries ♦ Robert Rivas ♦ Roberta Daniel **Executive Officer:** Bill Nicholson



**BETTY T. YEE**  
**California State Controller**

November 6, 2018

Bill Nicholson  
2301 Technology Parkway  
Hollister, CA, 95023

**SUBJECT: Notification of Inactive Special Districts in County**

Dear Mr. Nicholson:

Chapter 334, Statutes of 2017, also known as Senate Bill (SB) 448, added various provisions to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 regarding special districts that are inactive. It requires the State Controller's Office (SCO) to create a list of inactive special districts based on information in the special district's Financial Transactions Report (FTR), to publish the list of inactive special districts on its website annually, and to notify the local agency formation commission in the county or counties in which the inactive special district is located.

Pursuant to Government Code (GC) section 56042, an "inactive special district" must:

- Meet the definition set forth in GC section 56036;
- Have no financial transactions in the previous fiscal year; and
- Have no assets, liabilities, outstanding debts, judgments, litigation, contracts, liens, or claims.

Pursuant to GC 56879, within 90 days of receiving this notice, the Commission is required to initiate dissolution of inactive special districts by resolution, unless the Commission determines that a district does not meet the criteria set forth in GC 56042. Additionally, the Commission is required to notify the SCO if it determines that district does not meet the dissolution criteria in GC 56042. Once the dissolution process is complete, please inform the SCO using the contact information on the next page.

The enclosure lists the special districts within your jurisdiction that are inactive, based on financial data in each special district's fiscal year 2016-17 FTR. The complete list of inactive California special districts may be found at:  
[https://www.sco.ca.gov/ard\\_local\\_rep\\_freq\\_requested.html](https://www.sco.ca.gov/ard_local_rep_freq_requested.html).



Name

November 6, 2018

Page 2

If you have any questions or need to notify us of a special district's status, please contact Derek Miller by telephone at (916) 322-5579, or by email at [dmiller@sco.ca.gov](mailto:dmiller@sco.ca.gov).

Sincerely,

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

PHILLIP PANGILINAN

Manager

Local Government Reporting Section

Enclosure: 2016-17 County Inactive Districts List

**State Controller's Office**  
**2016-17 Inactive Districts for San Benito County**

County Name	District Name	District Type	Email Address	Street Address 1	Street Address 2	P.O. Box	City	Zip
San Benito	County Service Area No. 1 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023
San Benito	County Service Area No. 2 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023
San Benito	County Service Area No. 3 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023
San Benito	County Service Area No. 10 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023
San Benito	County Service Area No. 12 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023
San Benito	County Service Area No. 13 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023
San Benito	County Service Area No. 15 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023
San Benito	County Service Area No. 17 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023
San Benito	County Service Area No. 26 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023
San Benito	County Service Area No. 27 (San Benito)	Dependent		Auditor-Controller	481 Fourth Street, Second Floor		Hollister	95023

State Controller's Office

2016-17 Inactive Districts for San Benito County

San Benito	County Service Area No. 40 (San Benito)	Dependent	Auditor-Controller	481 Fourth Street, Second Floor	Hollister	95023
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Note: Email Address belongs to the Financial Transactions Report preparer; in some cases this may be an outside consultant.