

PUBLIC HEARING ITEMS

8. LAFCo 13-02S City of Santa Paula Sphere of Influence Review and Update (continued from January 16, 2013)
Review the sphere of influence for the City of Santa Paula and determine that no update is necessary (Option 1) or adopt a Resolution making determinations and updating the sphere of influence for the City of Santa Paula (Option 2 or 3).
RECOMMENDED ACTION: Approval: Option 1, 2 or 3

9. LAFCo 13-03S City of Simi Valley Sphere of Influence Review and Update (continued from January 16, 2013)
A. Review the sphere of influence for the City of Simi Valley and determine that no update is necessary.
B. Direct staff to prepare a letter to the City of Simi Valley from the Commission Chair recommending that the City consider initiating a community planning effort with the Santa Susana Knolls landowners/residents to develop a collective vision to guide eventual annexation, location/array of potential City improvements and build-out of the remaining lots in the area, and direct staff to include a map to corroborate the boundaries of the area in which the City is currently authorized to provide sewer collection and treatment services pursuant to the LAFCo approved merger with the Simi Valley County Sanitation District in 1995.
RECOMMENDED ACTION: Approval (A and B)

ACTION ITEMS

10. Audited Financial Statements for Fiscal Year Ended June 30, 2012
A. Receive and file the audited Annual Financial Report for fiscal year ended June 30, 2012.
B. Receive and file the auditor's communication with those charged with governance (February 8, 2013 letter from Vavrinek, Trine, Day and Co., LLP to the Commission).
RECOMMENDED ACTION: Receive and File (A and B)
11. Update on Oxnard Union High School District's Proposed High Schools in Camarillo and Oxnard (Oral Report)
RECOMMENDED ACTION: Direct Staff as Appropriate
12. "LAFCo 101": Informational Presentation for Local Agencies
RECOMMENDED ACTION: Direct Staff as Appropriate

EXECUTIVE OFFICER'S REPORT
Next LAFCo meeting April 17, 2013

INFORMATIONAL ITEMS

Applications Received:

LAFCo 13-04 City of Santa Paula Reorganization – East Area 2 (Parcels A-C)

COMMISSIONER COMMENTS

ADJOURNMENT

WEB ACCESS:
LAFCo Agendas, Staff Reports
and Adopted Minutes can be found at:
www.ventura.lafco.ca.gov

Written Materials - Written materials relating to items on this Agenda that are distributed to the Ventura Local Agency Formation Commission within 72 hours before they are scheduled to be considered will be made available for public inspection at the LAFCo office, 800 S. Victoria Avenue, Administration Building, 4th Floor, Ventura, CA 93009-1850, during normal business hours. Such written materials will also be made available on the Ventura LAFCo website at www.ventura.lafco.ca.gov, subject to staff's ability to post the documents before the meeting.

Public Presentations - Except for applicants, public presentations may not exceed five (5) minutes unless otherwise increased or decreased by the Chair, with the concurrence of the Commission. Any comments in excess of this limit should be submitted in writing at least ten days in advance of the meeting date to allow for distribution to, and full consideration by, the Commission. Members of the public who wish to make audio-visual presentations must provide and set up their own hardware and software. Set up of equipment must be complete before the meeting is called to order. All audio-visual presentations must comply with the applicable time limit for oral presentations and thus should be planned with flexibility to adjust to any changes to the time limit established by the Chair. For more information about these policies, please contact the LAFCo office.

Quorum and Voting – The bylaws for the Ventura LAFCo Commissioner's Handbook provide as follows:

1.1.6.1 Quorum: Four (4) members shall constitute a quorum for the transaction of business, but a lesser number may adjourn from time to time.

1.1.6.2 Voting: Unless otherwise provided by law or these By-Laws, four affirmative votes are required to approve any proposal or other action. A tie vote, or any failure to act by at least four affirmative votes, shall constitute a denial.

Americans with Disabilities Act - In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the LAFCo office (805) 654-2576. Notification 48 hours prior to the meeting will enable LAFCo to make reasonable arrangements to ensure accessibility to this meeting.

Disclosure of Campaign Contributions - LAFCo Commissioners are disqualified and are not able to participate in any proceeding 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 any financially interested person who actively supports or opposes the LAFCo decision on the matter. Applicants or agents of applicants who have made campaign contributions totaling more than \$250 to any LAFCo Commissioner in the past 12 months are required to disclose that fact for the official record of the proceeding.

Disclosures must include the amount of the contribution and the recipient Commissioner and may be made either in writing to the Clerk 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 Government Code, section 84308.



VENTURA LOCAL AGENCY FORMATION COMMISSION

MEETING MINUTES

Wednesday January 16, 2013

Agenda Item 6

Hall of Administration, Board of Supervisors Hearing Room
800 S. Victoria Avenue, Ventura

1. Call to Order

Chair Parvin called the meeting to order at 9:03 AM.

2. Pledge of Allegiance

Chair Parvin led the pledge of allegiance.

3. Roll Call

The clerk called the roll. The following Commissioners were present:

Commissioner Dandy	Commissioner Parvin
Commissioner Ford-McCaffrey	Commissioner Pringle
Commissioner Long	Alternate Commissioner Cunningham
Commissioner Morehouse	Alternate Commissioner Freeman
Commissioner Parks	

4. Commission Presentations and Announcements

There were no presentations or announcements.

5. Election of Officers for 2013

A. Chair:

MOTION: Nomination for Commissioner Pringle: Dandy
 SECOND: Morehouse
 AYES: Dandy, Ford-McCaffrey, Long, Morehouse, Parks, Parvin, Pringle
 NOES: None
 ABSTAINED: None
 MOTION PASSES 7/0/0

B. Vice Chair:

MOTION: Nomination for Commissioner Parks: Long
 SECOND: Dandy
 AYES: Dandy, Ford-McCaffrey, Long, Morehouse, Parks, Parvin, Pringle
 NOES: None
 ABSTAINED: None
 MOTION PASSES 7/0/0

Commissioner Pringle was seated as Chair and Commissioner Parks was seated as Vice Chair.

COMMISSIONERS AND STAFF

<u>COUNTY</u>	<u>CITY</u>	<u>DISTRICT</u>	<u>PUBLIC</u>
Kathy Long	Carl Morehouse	Elaine Freeman	Lou Cunningham
Linda Parks, Vice Chair	Janice Parvin	Gail Pringle, Chair	
<i>Alternate:</i>	<i>Alternate:</i>	<i>Alternate:</i>	<i>Alternate:</i>
Steve Bennett	Carol Smith	Bruce Dandy	Linda Ford-McCaffrey
Executive Officer:	Dep. Exec. Officer	Office Mgr/Clerk	Legal Counsel
Kim Uhlich	Kai Luoma, AICP	Debbie Schubert	Michael Walker

PUBLIC COMMENTS

6. This is an opportunity for members of the public to speak on items not on the agenda.

There were no public comments.

CONSENT ITEMS

7. Minutes of the Ventura LAFCo November 14, 2012 Regular Meeting
8. LAFCo 10-12-A2 City of Santa Paula Reorganization – East Area 1 – Extension of Time
9. Budget to Actual Reports: October and November, 2012

MOTION: Approve Items 7 and 8, Receive and File Item 9 as recommended:
Parvin
SECOND: Dandy
AYES: Dandy, Ford-McCaffrey, Long, Morehouse, Parks, Parvin, Pringle
NOES: None
ABSTAINED: None
MOTION PASSES 7/0/0

PUBLIC HEARING ITEM

10. LAFCo 13-02S City of Santa Paula Sphere of Influence Review and Update:

MOTION: Approve the recommended action to continue the item to the March 20, 2013 meeting: Long
SECOND: Parvin
AYES: Dandy, Ford-McCaffrey, Long, Parks, Parvin, Pringle
NOES: None
ABSTAINED: Morehouse
MOTION PASSES 6/0/1

11. Review the Sphere of Influence for the City of Fillmore

Chair Pringle opened the public hearing. Kim Uhlich presented the staff report recommending that the Commission determine that no update is necessary at this time, and to schedule a subsequent review at the July 17, 2013 meeting. There were no public speakers. Chair Pringle closed the public hearing.

MOTION: Approve the recommended action: Long
SECOND: Morehouse
AYES: Dandy, Ford-McCaffrey, Long, Morehouse, Parks, Parvin, Pringle
NOES: None
ABSTAINED: None
MOTION PASSES 7/0/0

12. LAFCo 13-01S City of San Buenaventura Sphere of Influence Review and Update

Chair Pringle opened the public hearing. Kai Luoma presented the staff report recommending the Commission adopt Resolution LAFCo 13-01S making determinations and updating the sphere of influence for the City of San Buenaventura. There were no public speakers. Chair Pringle closed the public hearing.

MOTION: Approve the recommended action: Morehouse
SECOND: Ford-McCaffrey
AYES: Dandy, Ford-McCaffrey, Long, Morehouse, Parks, Parvin, Pringle
NOS: None
ABSTAINED: None
MOTION PASSES 7/0/0

13. LAFCo 13-03S City of Simi Valley Sphere of Influence Review and Update

MOTION: Approve the recommended action to continue the item to the March 20, 2013 meeting: Morehouse
SECOND: Parvin
AYES: Dandy, Ford-McCaffrey, Long, Morehouse, Parks, Parvin, Pringle
NOES: None
ABSTAINED: None
MOTION PASSES 7/0/0

14. Review the Sphere of Influence for:
A. Piru Cemetery District
B. El Rancho Simi Cemetery District

Chair Pringle opened the public hearing. Kim Uhlich presented the staff report recommending the Commission review the sphere of influence for the Piru Cemetery District and the El Rancho Simi Cemetery District and determine that no update is necessary. There were no public speakers. Chair Pringle closed the public hearing.

MOTION: Approval as recommended and direct staff to provide, at a time deemed appropriate by staff, a report to the Commission regarding the status of El Rancho Simi Cemetery District's efforts to address deficiencies noted in the staff report: Dandy
SECOND: Morehouse
AYES: Dandy, Ford-McCaffrey, Long, Morehouse, Parks, Parvin, Pringle
NOES: None
ABSTAINED: None
MOTION PASSES 7/0/0

ACTION ITEMS

15. Update on Oxnard Union High School District's Proposed High School in Camarillo
Kim Uhlich presented the Commission with a schedule of upcoming meetings regarding the proposed high school in Camarillo. The Commission directed staff to work with staff from the School District and the City of Camarillo to prepare a matrix of the siting criteria used by the District and the City.
16. Cancel the February 20, 2013 LAFCo Meeting
MOTION: Approve the recommended action to cancel the LAFCo meeting scheduled for February 20, 2013: Long
SECOND: Morehouse
AYES: Dandy, Ford-McCaffrey, Long, Morehouse, Parks, Parvin, Pringle
NOES: None
ABSTAINED: None
MOTION PASSES 7/0/0

EXECUTIVE OFFICER'S REPORT

Kim Uhlich congratulated Commissioners Dandy and Ford-McCaffrey upon starting new four-year terms as regular members. She also congratulated Alternate Commission Freeman for being elected to fill the unexpired term of the Special District Alternate. She also reminded the Commission that their next meeting is scheduled for March 20, 2013

COMMISSIONER COMMENTS

Commissioner Parks thanked Kim Uhlich for her extra efforts on working with the Lake Sherwood Community Services District staff and residences on a pending proposal. Alternate Commissioner Freeman suggested that staff include the history of the current sphere of influence boundary for the City of Santa Paula in their March 20 staff report to the Commission. Alternate Commissioner Cunningham announced that he has been appointed to serve on the Planning Committee for the 2013 CALAFCO Annual Conference which is scheduled to be held August 28 – 30 at The Resort at Squaw Creek in South Lake Tahoe. He noted that he would be participating the next day in a conference call to discuss ideas for Conference topics and invited others to contact him with any suggestions. He also announced that a CALAFCO Board retreat and a quarterly meeting scheduled to take place on February 7 and 8, respectively, in Irvine. He gave kudos to Kai Luoma for his presentation at the 2012 CALAFCO Conference on the proposed revisions to Government Code Section 56133 and to Michael Walker for his presentation on Commissioners' independent judgment, noting that they were the highest rated sessions.

ADJOURNMENT

Chair Pringle adjourned the meeting at 9:53 a.m.

These Minutes were approved on March 20, 2013.

Motion:

Second:

Ayes:

Nos:

Abstains:

Date: _____ **Chair, Ventura Local Agency Formation Commission**

DRAFT



VENTURA LOCAL AGENCY FORMATION COMMISSION

STAFF REPORT

Meeting Date: March 20, 2013

(Consent)

Agenda Item 7

TO: LAFCo Commissioners

FROM: Kim Uhlich, Executive Officer *KU*

SUBJECT: FY 2012-13 Budget to Actual Reports – December 2012, January and February 2013

RECOMMENDATION:

Receive and file Budget to Actual reports for December 2012, January and February 2013.

DISCUSSION:

Pursuant to the Commissioner’s Handbook policies, the Executive Officer is to provide monthly budget reports to the Commission as soon as they are available. The attached reports, which have been prepared with the assistance of the County Auditor-Controller staff, reflect revenue and expenditures for December, January and February of FY 2012-13.

- Attachments:
- 1) Budget to Actual Report: December 2012
 - 2) Budget to Actual Report: January 2013
 - 3) Budget to Actual Report: February 2013

COMMISSIONERS AND STAFF

COUNTY:
 Kathy Long
 Linda Parks, Vice Chair
Alternate:
 Steve Bennett

CITY:
 Carl Morehouse
 Janice Parvin
Alternate:
 Carol Smith

DISTRICT:
 Bruce Dandy
 Gail Pringle, Chair
Alternate:
 Elaine Freeman

PUBLIC:
 Linda Ford-McCaffrey

Alternate:
 Lou Cunningham

Executive Officer:
 Kim Uhlich

Dep. Exec. Officer
 Kai Luoma, AICP

Office Mgr/Clerk
 Debbie Schubert

Legal Counsel
 Michael Walker



**BUDGET TO ACTUAL FY 2012-13
YEAR TO DATE ENDING December 30, 2012 (50.0% of year)
Fund 7920, Organization 8950**

Summary	Budget	Adj. Budget	To Date
Estimated Sources	659,706	659,706	650,408
Appropriations	659,706	659,706	293,603

Account Number	Title	BUDGET			ACTUAL YTD			Variance Favorable (Unfavorable)	
		Budget	Proposed Adjustments	Adjusted Budget	Actual	Encumbered	Total Revenue/Obligation		
FUND BALANCE									
	Beginning Balance	385,219		385,219	385,218.80		385,218.80	0.00	
5331	Committed	100,000		100,000	100,000.00		100,000.00	0.00	
5395	Unassigned	200,028		200,028	200,027.80		200,027.80	0.00	
5395	Unassigned - Appropriated	85,191		85,191	85,191.00		85,191.00	0.00	
REVENUE									
8911	Interest Earnings	4,000		4,000	1,001.81		1,001.81	2,998.19	25%
9372	Other Governmental Agencies	550,515		550,515	550,515.00		550,515.00	0.00	100%
9772	Other Revenue - Miscellaneous	20,000		20,000	13,700.00		13,700.00	6,300.00	69%
	Total Revenue	574,515	0	574,515	565,216.81		565,216.81	9,298.19	98%
	TOTAL SOURCES	659,706	0	659,706	650,407.81	0.00	650,407.81	9,298.19	99%
EXPENDITURES									
1101	Regular Salaries	323,550		323,550	152,679.67		152,679.67	170,870.33	47%
1106	Supplemental Payments	12,400		12,400	5,822.55		5,822.55	6,577.45	47%
1107	Term/Buydown	22,500		22,500	14,165.30		14,165.30	8,334.70	63%
1121	Retirement Contribution	72,000		72,000	33,933.52		33,933.52	38,066.48	47%
1122	OASDI Contribution	18,300		18,300	7,788.17		7,788.17	10,511.83	43%
1123	FICA - Medicare	5,000		5,000	2,496.58		2,496.58	2,503.42	50%
1124	Safe Harbor	0		0	(33.02)		(33.02)	33.02	0%
1141	Group Insurance	21,400		21,400	10,145.50		10,145.50	11,254.50	47%
1142	Life Ins/Dept. Heads & Mgmt.	150		150	63.99		63.99	86.01	43%
1143	State Unempl	700		700	230.38		230.38	469.62	33%
1144	Management Disability Ins.	820		820	374.06		374.06	445.94	46%
1165	Worker Compensation Ins	2,850		2,850	1,390.53		1,390.53	1,459.47	49%
1171	401K Plan	12,000		12,000	4,992.27		4,992.27	7,007.73	42%
	Salaries and Benefits	491,670	0	491,670	234,049.50	0.00	234,049.50	257,620.50	48%
2033	Voice/Data ISF	3,500		3,500	1,212.85		1,212.85	2,287.15	35%
2071	General Insurance Alloca - ISF	2,250		2,250	1,101.00		1,101.00	1,149.00	49%
2125	Facil/Matls Sq. Ft. Alloc. - ISF	15,500		15,500	7,416.00		7,416.00	8,084.00	48%
2128	Other Maint	500		500	0.00		0.00	500.00	0%
2141	Memberships & Dues	6,500		6,500	6,416.00		6,416.00	84.00	99%
2154	Education Allowance	1,350		1,350	0.00		0.00	1,350.00	0%
2158	Indirect Cost Recovery	3,000		3,000	1,484.00		1,484.00	1,516.00	49%
2172	Books & Publications	500		500	342.87		342.87	157.13	69%
2174	Mail Center - ISF	3,000		3,000	1,667.34		1,667.34	1,332.66	56%
2176	Purchasing Charges - ISF	500		500	40.69		40.69	459.31	8%
2177	Graphics Charges - ISF	4,000		4,000	181.25		181.25	3,818.75	5%
2178	Copy Machine Charges - ISF	1,000		1,000	331.74		331.74	668.26	33%
2179	Miscellaneous Office Expense	6,000		6,000	473.74	833.72	1,307.46	4,692.54	22%
2181	Stores ISF	50		50	23.58		23.58	26.42	47%
2191	Board Members Fees	5,000		5,000	1,100.00		1,100.00	3,900.00	22%
2192	Information Technology - ISF	3,000		3,000	918.05		918.05	2,081.95	31%
2195	Specialized Services/Software	1,500		1,500	0.00		0.00	1,500.00	0%
2197	Public Works - Charges	5,000		5,000	0.00		0.00	5,000.00	0%
2199	Other Prof & Spec Service	9,000		9,000	0.00	7,957.00	7,957.00	1,043.00	88%
2203	Accounting and Auditing Services	5,500		5,500	0.00		0.00	5,500.00	0%
2205	GSA Special Services ISF	100		100	64.00		64.00	36.00	64%
2214	County GIS Expenses	25,000		25,000	5,420.70		5,420.70	19,579.30	22%
2261	Public & Legal Notices	5,000		5,000	893.02		893.02	4,106.98	18%
2283	Records Storage Charges	350		350	81.47		81.47	268.53	23%
2293	Computer Equipment <5000	4,000		4,000	3,710.15		3,710.15	289.85	93%
2304	County Legal Counsel	22,500		22,500	6,606.50		6,606.50	15,893.50	29%
2522	Private Vehicle Mileage	7,000		7,000	3,276.78		3,276.78	3,723.22	47%
2523	Conf. & Seminars Expense	13,000		13,000	7,721.22		7,721.22	5,278.78	59%
2526	Conf. & Seminars Expense ISF	500		500	21.00		21.00	479.00	4%
2528	County Motor Pool	1,000		1,000	258.43		258.43	741.57	0%
	Services and Supplies	155,100	0	155,100	50,762.38	8,790.72	59,553.10	95,546.90	38%
6101	Contingency	12,936		12,936	0.00		0.00	12,936.00	0%
	TOTAL EXPENDITURES	659,706	0	659,706	284,811.88	8,790.72	293,602.60	366,103.40	45%
							0.00		

Note: Amounts with "()" in the ACTUAL column reflect FY12 accruals in excess of actual expenditures to date



**BUDGET TO ACTUAL FY 2012-13
YEAR TO DATE ENDING January 31, 2013 (58.3% of year)
Fund 7920, Organization 8950**

Summary	Budget	Adj. Budget	To Date
Estimated Sources	659,706	659,706	652,308
Appropriations	659,706	659,706	338,794

Account Number	Title	BUDGET			ACTUAL YTD			Variance Favorable (Unfavorable)	
		Budget	Proposed Adjustments	Adjusted Budget	Actual	Encumbered	Total Revenue/Obligation		
FUND BALANCE									
	Beginning Balance	385,219		385,219	385,218.80		385,218.80	0.00	
5331	Committed	100,000		100,000	100,000.00		100,000.00	0.00	
5395	Unassigned	200,028		200,028	200,027.80		200,027.80	0.00	
5395	Unassigned - Appropriated	85,191		85,191	85,191.00		85,191.00	0.00	
REVENUE									
8911	Interest Earnings	4,000		4,000	1,001.81		1,001.81	2,998.19	25%
9372	Other Governmental Agencies	550,515		550,515	550,515.00		550,515.00	0.00	100%
9772	Other Revenue - Miscellaneous	20,000		20,000	15,600.00		15,600.00	4,400.00	78%
	Total Revenue	574,515	0	574,515	567,116.81		567,116.81	7,398.19	99%
	TOTAL SOURCES	659,706	0	659,706	652,307.81	0.00	652,307.81	7,398.19	99%
EXPENDITURES									
1101	Regular Salaries	323,550		323,550	177,323.10		177,323.10	146,226.90	55%
1106	Supplemental Payments	12,400		12,400	6,764.51		6,764.51	5,635.49	55%
1107	Term/Buydown	22,500		22,500	14,165.30		14,165.30	8,334.70	63%
1121	Retirement Contribution	72,000		72,000	39,138.29		39,138.29	32,861.71	54%
1122	OASDI Contribution	18,300		18,300	9,370.02		9,370.02	8,929.98	51%
1123	FICA - Medicare	5,000		5,000	2,866.52		2,866.52	2,133.48	57%
1124	Safe Harbor	0		0	(33.02)		(33.02)	33.02	0%
1141	Group Insurance	21,400		21,400	11,783.50		11,783.50	9,616.50	55%
1142	Life Ins/Dept. Heads & Mgmt.	150		150	74.37		74.37	75.63	50%
1143	State Unempl	700		700	268.09		268.09	431.91	38%
1144	Management Disability Ins.	820		820	434.44		434.44	385.56	53%
1165	Worker Compensation Ins	2,850		2,850	1,594.54		1,594.54	1,255.46	56%
1171	401K Plan	12,000		12,000	5,794.64		5,794.64	6,205.36	48%
	Salaries and Benefits	491,670	0	491,670	269,544.30	0.00	269,544.30	222,125.70	55%
2033	Voice/Data ISF	3,500		3,500	1,412.39		1,412.39	2,087.61	40%
2071	General Insurance Alloca - ISF	2,250		2,250	1,101.00		1,101.00	1,149.00	49%
2125	Facil/Matls Sq. Ft. Alloc. - ISF	15,500		15,500	8,652.00		8,652.00	6,848.00	56%
2128	Other Maint	500		500	0.00		0.00	500.00	0%
2141	Memberships & Dues	6,500		6,500	6,416.00		6,416.00	84.00	99%
2154	Education Allowance	1,350		1,350	0.00		0.00	1,350.00	0%
2158	Indirect Cost Recovery	3,000		3,000	1,484.00		1,484.00	1,516.00	49%
2172	Books & Publications	500		500	342.87		342.87	157.13	69%
2174	Mail Center - ISF	3,000		3,000	1,694.73		1,694.73	1,305.27	56%
2176	Purchasing Charges - ISF	500		500	50.40		50.40	449.60	10%
2177	Graphics Charges - ISF	4,000		4,000	181.25		181.25	3,818.75	5%
2178	Copy Machine Charges - ISF	1,000		1,000	331.74		331.74	668.26	33%
2179	Miscellaneous Office Expense	6,000		6,000	2,043.54	835.67	2,879.21	3,120.79	48%
2181	Stores ISF	50		50	34.08		34.08	15.92	68%
2191	Board Members Fees	5,000		5,000	1,450.00		1,450.00	3,550.00	29%
2192	Information Technology - ISF	3,000		3,000	1,041.75		1,041.75	1,958.25	35%
2195	Specialized Services/Software	1,500		1,500	0.00		0.00	1,500.00	0%
2197	Public Works - Charges	5,000		5,000	331.76		331.76	4,668.24	7%
2199	Other Prof & Spec Service	9,000		9,000	0.00	7,957.00	7,957.00	1,043.00	88%
2203	Accounting and Auditing Services	5,500		5,500	0.00		0.00	5,500.00	0%
2205	GSA Special Services ISF	100		100	64.00		64.00	36.00	64%
2214	County GIS Expenses	25,000		25,000	6,659.50		6,659.50	18,340.50	27%
2261	Public & Legal Notices	5,000		5,000	1,075.32		1,075.32	3,924.68	22%
2283	Records Storage Charges	350		350	145.69		145.69	204.31	42%
2293	Computer Equipment <5000	4,000		4,000	3,710.15		3,710.15	289.85	93%
2304	County Legal Counsel	22,500		22,500	10,407.50		10,407.50	12,092.50	46%
2522	Private Vehicle Mileage	7,000		7,000	3,777.26		3,777.26	3,222.74	54%
2523	Conf. & Seminars Expense	13,000		13,000	7,731.22		7,731.22	5,268.78	59%
2526	Conf. & Seminars Expense ISF	500		500	36.00		36.00	464.00	7%
2528	County Motor Pool	1,000		1,000	282.79		282.79	717.21	0%
	Services and Supplies	155,100	0	155,100	60,456.94	8,792.67	69,249.61	85,850.39	45%
6101	Contingency	12,936		12,936	0.00		0.00	12,936.00	0%
	TOTAL EXPENDITURES	659,706	0	659,706	330,001.24	8,792.67	338,793.91	320,912.09	51%
							0.00		

Note: Amounts with "()" in the ACTUAL column reflect FY12 accruals in excess of actual expenditures to date



**BUDGET TO ACTUAL FY 2012-13
YEAR TO DATE ENDING February 28, 2013 (66.7% of year)
Fund 7920, Organization 8950**

Summary	Budget	Adj. Budget	To Date
Estimated Sources	659,706	659,706	654,524
Appropriations	659,706	659,706	385,917

Account Number	Title	BUDGET			ACTUAL YTD			Variance Favorable (Unfavorable)	
		Budget	Proposed Adjustments	Adjusted Budget	Actual	Encumbered	Total Revenue/Obligation		
FUND BALANCE									
	Beginning Balance	385,219		385,219	385,218.80		385,218.80	0.00	
5331	Committed	100,000		100,000	100,000.00		100,000.00	0.00	
5395	Unassigned	200,028		200,028	200,027.80		200,027.80	0.00	
5395	Unassigned - Appropriated	85,191		85,191	85,191.00		85,191.00	0.00	
REVENUE									
8911	Interest Earnings	4,000		4,000	1,468.01		1,468.01	2,531.99	37%
9372	Other Governmental Agencies	550,515		550,515	550,515.00		550,515.00	0.00	100%
9772	Other Revenue - Miscellaneous	20,000		20,000	17,350.00		17,350.00	2,650.00	87%
	Total Revenue	574,515	0	574,515	569,333.01		569,333.01	5,181.99	99%
	TOTAL SOURCES	659,706	0	659,706	654,524.01	0.00	654,524.01	5,181.99	99%
EXPENDITURES									
1101	Regular Salaries	323,550		323,550	201,966.54		201,966.54	121,583.46	62%
1106	Supplemental Payments	12,400		12,400	7,706.47		7,706.47	4,693.53	62%
1107	Term/Buydown	22,500		22,500	14,165.30		14,165.30	8,334.70	63%
1121	Retirement Contribution	72,000		72,000	44,343.06		44,343.06	27,656.94	62%
1122	OASDI Contribution	18,300		18,300	10,951.89		10,951.89	7,348.11	60%
1123	FICA - Medicare	5,000		5,000	3,236.48		3,236.48	1,763.52	65%
1124	Safe Harbor	0		0	(33.02)		(33.02)	33.02	0%
1141	Group Insurance	21,400		21,400	13,421.50		13,421.50	7,978.50	63%
1142	Life Ins/Dept. Heads & Mgmt.	150		150	84.75		84.75	65.25	57%
1143	State Unempl	700		700	305.79		305.79	394.21	44%
1144	Management Disability Ins.	820		820	494.82		494.82	325.18	60%
1165	Worker Compensation Ins	2,850		2,850	1,798.55		1,798.55	1,051.45	63%
1171	401K Plan	12,000		12,000	6,597.01		6,597.01	5,402.99	55%
	Salaries and Benefits	491,670	0	491,670	305,039.14	0.00	305,039.14	186,630.86	62%
2033	Voice/Data ISF	3,500		3,500	1,615.83		1,615.83	1,884.17	46%
2071	General Insurance Alloca - ISF	2,250		2,250	1,101.00		1,101.00	1,149.00	49%
2125	Facil/Matls Sq. Ft. Alloc. - ISF	15,500		15,500	9,888.00		9,888.00	5,612.00	64%
2128	Other Maint	500		500	0.00		0.00	500.00	0%
2141	Memberships & Dues	6,500		6,500	6,416.00		6,416.00	84.00	99%
2154	Education Allowance	1,350		1,350	1,320.00		1,320.00	30.00	98%
2158	Indirect Cost Recovery	3,000		3,000	1,484.00		1,484.00	1,516.00	49%
2172	Books & Publications	500		500	407.87		407.87	92.13	82%
2174	Mail Center - ISF	3,000		3,000	1,707.02		1,707.02	1,292.98	57%
2176	Purchasing Charges - ISF	500		500	60.11		60.11	439.89	12%
2177	Graphics Charges - ISF	4,000		4,000	181.25		181.25	3,818.75	5%
2178	Copy Machine Charges - ISF	1,000		1,000	331.74		331.74	668.26	33%
2179	Miscellaneous Office Expense	6,000		6,000	3,141.72		3,141.72	2,858.28	52%
2181	Stores ISF	50		50	34.08		34.08	15.92	68%
2191	Board Members Fees	5,000		5,000	1,450.00		1,450.00	3,550.00	29%
2192	Information Technology - ISF	3,000		3,000	1,165.45		1,165.45	1,834.55	39%
2195	Specialized Services/Software	1,500		1,500	737.50		737.50	762.50	49%
2197	Public Works - Charges	5,000		5,000	331.76		331.76	4,668.24	7%
2199	Other Prof & Spec Service	9,000		9,000	6,055.00	1,902.00	7,957.00	1,043.00	88%
2203	Accounting and Auditing Services	5,500		5,500	0.00		0.00	5,500.00	0%
2205	GSA Special Services ISF	100		100	64.00		64.00	36.00	64%
2214	County GIS Expenses	25,000		25,000	7,368.80		7,368.80	17,631.20	29%
2261	Public & Legal Notices	5,000		5,000	1,077.32		1,077.32	3,922.68	22%
2283	Records Storage Charges	350		350	161.93		161.93	188.07	46%
2293	Computer Equipment <5000	4,000		4,000	3,710.15		3,710.15	289.85	93%
2304	County Legal Counsel	22,500		22,500	16,561.50		16,561.50	5,938.50	74%
2522	Private Vehicle Mileage	7,000		7,000	4,281.08		4,281.08	2,718.92	61%
2523	Conf. & Seminars Expense	13,000		13,000	7,873.27		7,873.27	5,126.73	61%
2526	Conf. & Seminars Expense ISF	500		500	146.00		146.00	354.00	29%
2528	County Motor Pool	1,000		1,000	303.10		303.10	696.90	0%
	Services and Supplies	155,100	0	155,100	78,975.48	1,902.00	80,877.48	74,222.52	52%
6101	Contingency	12,936		12,936	0.00		0.00	12,936.00	0%
	TOTAL EXPENDITURES	659,706	0	659,706	384,014.62	1,902.00	385,916.62	273,789.38	58%

0.00

Note: Amounts with "()" in the ACTUAL column reflect FY12 accruals in excess of actual expenditures to date



VENTURA LOCAL AGENCY FORMATION COMMISSION
STAFF REPORT

Meeting Date: March 20, 2013

Agenda Item 8

TO: LAFCo Commissioners
FROM: Kai Luoma, Deputy Executive Officer
SUBJECT: LAFCo 13-02S City of Santa Paula Sphere of Influence Review
(Continued from January 16, 2013)

RECOMMENDATIONS:

It is recommended that the Commission approve one of the following options:

Option 1 - Review the sphere of influence for the City of Santa Paula and determine that no update is necessary.

Option 2 - Adopt the attached Resolution (Attachment 10) making determinations and updating the sphere of influence for the City of Santa Paula to remove the Adams Canyon Expansion Area from the sphere of influence for the City of Santa Paula, consistent with Option 2 as discussed in the Staff Report.

Option 3 - Adopt the attached Resolution (Attachment 11) making determinations and updating the sphere of influence for the City of Santa Paula to remove both the Adams Canyon and Fagan Canyon Expansion Areas from the sphere of influence for the City of Santa Paula, consistent with Option 3 as discussed in the Staff Report.

BACKGROUND:

Santa Paula Sphere of influence

The Santa Paula sphere of influence (sphere) encompasses approximately 11,330 acres (17.7 square miles), of which approximately 3,550 acres (5.5 square miles) is within the City of Santa Paula boundary and approximately 7,780 acres (12.2 square miles) is unincorporated territory (Attachment 1). This makes it the largest city sphere in the County

COMMISSIONERS AND STAFF

COUNTY: Kathy Long Linda Parks, Vice Chair <i>Alternate:</i> Steve Bennett	CITY: Carl Morehouse Janice Parvin <i>Alternate:</i> Carol Smith	DISTRICT: Bruce Dandy Gail Pringle, Chair <i>Alternate:</i> Elaine Freeman	PUBLIC: Linda Ford-McCaffrey <i>Alternate:</i> Lou Cunningham
Executive Officer: Kim Uhlich	Dep. Exec. Officer Kai Luoma	Office Mgr/Clerk Debbie Schubert	Legal Counsel Michael Walker

despite the fact that Santa Paula is the fourth smallest city by area. In addition, it is the only city in the county for which the area of unincorporated territory within its sphere exceeds the total area within the city boundary. The following table lists the acreage within the boundary of each city and the acreage of unincorporated area within each city's sphere:

City	City Area within Sphere*	Unincorporated Area within Sphere*
Fillmore	2,111	0
Moorpark	7,982	0
Port Hueneme	2,888	0
Thousand Oaks	35,435	1,921
Camarillo	12,594	2,048
San Buenaventura	14,182	2,180
Ojai	2,795	2,364
Oxnard	17,219	2,800
Simi Valley	27,052	4,003
Santa Paula	3,550	7,783

* Excludes offshore area

More specifically, the amount of unincorporated area within the Santa Paula sphere is more than 2 times larger than the area of the City. The following table lists in order the percentage increase in the size of each city if the unincorporated territory within each sphere were to be annexed:

City	Percentage Increase in City Area if all Territory within Sphere were to be Annexed
Fillmore	0.0%
Moorpark	0.0%
Port Hueneme	0.0%
Thousand Oaks	5.4%
Simi Valley	14.8%
San Buenaventura	15.3%
Oxnard	16.3%
Camarillo	16.4%
Ojai	84.6%
Santa Paula	219.2%

In 1998, the City updated its General Plan to (among other revisions) include two "Expansion Areas" north of the City: the 5,413-acre Adams Canyon Expansion Area and the 2,173-acre Fagan Canyon Expansion Area. At the time, both areas were located outside of the City sphere. In 1999, the City filed a request with LAFCo to amend the City sphere to include both Expansion Areas. After multiple meetings involving hundreds of speakers and thousands of pages of correspondence, the Commission initially approved

the inclusion of only the Fagan Canyon Expansion Area within the sphere. The denial of the request to include the Adams Canyon Expansion Area was primarily due to concerns about the capacity of the City to provide services. The City subsequently filed a request for reconsideration accompanied by a white paper report which included a discussion of how the City would provide services. The Commission considered the reconsideration request in 2000 and, partly based on the white paper report, approved the sphere amendment to include both Expansion Areas.

City of Santa Paula White Paper Report – Sphere of Influence

The City's white paper report was intended "to give a broad overview of how Santa Paula will solve some of the more pressing issues" relating to City services and the infrastructure needed to serve proposed development within the Expansion Areas. In short, the white paper outlined the various General Plan policies that might apply to a development project within the Expansion Areas, as well as the City's plans to adopt impact fees and other requirements to which development would be subject. The report acknowledges that little in the way of planning has occurred within the Expansion Areas in terms of land use, circulation, infrastructure, public facilities, and open space. The report specified that the next step after inclusion of these areas within the sphere would be the development of a specific plan for each area, in which planning and the provision of services would be addressed. The white paper also indicates that in order to prepare for development in the Expansion Areas, the City was working on a number of studies, including "detailed infrastructure planning and impact analysis across the boards [sic]." These were to include capital facilities plans for water, sewer, transportation, drainage, parks and recreation, and general services.

In 2005, the City approved a request to amend the General Plan and a specific plan in Fagan Canyon. The approved project increased the number of allowable units in Fagan Canyon from 450 to 2,155 and allowed for an increased amount of commercial development. This project was the subject of a referendum effort and was subsequently rejected by voters, as discussed in more detail later in this report. To date there are no approved specific plans for either Expansion Area and staff is aware of no detailed land use or infrastructure planning for the Expansion Areas having been conducted by the City.

History of Development Proposals in Adams and Fagan Canyons 1998-2007

Since the adoption of the General Plan Update in 1998 and the approval of the sphere amendment in 2000, both the Adams Canyon and Fagan Canyon Expansion Areas have been the focus of several development proposals. In addition, both Expansion Areas have been subject to voter initiatives regarding development. The following timeline outlines the history of various actions that have affected past development proposals in each Expansion Area:

- 1998 – The City of Santa Paula General Plan Update identifies development in the Adams Canyon and Fagan Canyon Expansion Areas. Adams Canyon development was to include up to 2,250 residential units, 152,000 square feet of commercial

development, 2 hotels, 2 golf courses, schools, and recreational uses on 5,413 acres (8.5 square miles). Fagan Canyon was to include up to 450 residential units and a limited amount of commercial development on 2,173 acres (3.4 square miles). The General Plan Update did not include a land use map, infrastructure plan, circulation plan, or open space plan for either Expansion Area.

- 2000
 - LAFCo amends sphere of influence to include both Expansion Areas.
 - City voters approve SOAR to include Fagan Canyon within the City Urban Restriction Boundary (CURB) line. Adams Canyon is not included within the CURB line.
- 2002 – City voters reject a developer-backed initiative to amend the CURB line to include Adams Canyon to allow for potential annexation and development consistent with the General Plan.
- 2003 – City voters approve an amendment to the CURB to include a 32-acre parcel abutting the City (the Peck/Foothill Property).
- 2005 - Santa Paula City Council approves a General Plan amendment and development project in the Fagan Canyon Expansion Area, which allows for the development of up to 2,155 residential units, commercial development, schools, and other uses.
- 2006
 - City residents gather enough signatures to place a referendum on the ballot to overturn the Fagan Canyon development project approved by the City Council in 2005.
 - City Council rescinds approval of the previously approved development project in Fagan Canyon and places the project on the ballot subject to voter approval.
 - Voters reject General Plan amendment and development project in Fagan Canyon.
 - City voters reject a second developer-backed initiative to include Adams Canyon within the CURB line to allow for potential annexation and development of 495 dwelling units.
 - After collecting enough signatures to qualify for the ballot, voters approve a measure that requires voter approval in order to increase development density on property over 81 acres in size through 2020. This measure applies to all lands within the General Plan planning area.
- 2007 - City voters approve a third developer-backed initiative to develop Adams Canyon. The approved initiative amended the General Plan and CURB line to enlarge the Adams Canyon Expansion Area from 5,413 acres to 6,578 acres (10.3 square miles) and allowed for development of up to 495 units, a hotel, and a golf course. As a result, the Adams Canyon Expansion Area and the CURB now include an additional 1,165 acres (1.8 square miles) of territory located outside the current sphere of influence.

The current extent and the number of acres in the Adams Canyon and Fagan Canyon Expansion Areas are depicted on Attachment 2.

East Area 1 Sphere Amendment

The most recent amendment to the City sphere of influence approved by LAFCo occurred in 2011 as part of the East Area 1 Specific Plan project, which included a sphere of influence amendment and reorganization to annex approximately 550 acres to the City to allow for the development of 1,500 residential units and several hundred thousand square feet of commercial and various other uses. The Commission found that the project would lead to the conversion of prime agricultural land. When a sphere of influence amendment will lead to the conversion of prime agricultural land, Commission policies provide that the development must meet five criteria in order to be considered “planned, orderly, and efficient development” (Handbook Section 4.3.2.1). One of these criteria provides that the Commission find that “Insufficient non-prime agricultural or vacant land exists within the sphere of influence of the agency that is planned and developable for the same general type of use.” The Commission determined that this criterion could not be met because Adams and Fagan Canyons contained such vacant lands. To address the potential policy inconsistency that would occur if the Commission were to approve the East Area 1 sphere amendment, the Commission adopted the following condition as part of its approval of the East Area 1 sphere of influence amendment:

“Upon this sphere of influence amendment becoming effective, the Commission directs staff to include an amendment to the City sphere of influence removing the area known as Adams Canyon in conjunction with the next sphere of influence review and update scheduled for the City.”

LAFCo Municipal Service Reviews

For each city and special district LAFCo must determine and adopt a sphere of influence. A sphere of influence is defined as a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code §56077). Effective January 1, 2001 each LAFCo is required to review and, as necessary, update the sphere of influence of each city and special district on or before January 1, 2008, and every five years thereafter (Government Code §56425(g)). Prior to updating a sphere, LAFCo is required to conduct a municipal service review (MSR) (Government Code §56430).

In March 2007 LAFCo accepted a MSR report for the City. In June 2007, LAFCo reviewed the City of Santa Paula sphere of influence and, in acknowledgment of the action taken by the voters in the previous month to amend the City’s CURB to include the Adams Canyon area, reaffirmed the continued inclusion of both the Fagan and Adams Canyon areas in the sphere. However, LAFCo did not include the additional areas to the west and to the northeast of Adams Canyon despite their being included in the CURB due to what was considered by LAFCo staff to be imprecise mapping of the area. In the southwesterly portion of the City, area was removed from the sphere to align it with the City boundary and the CURB, and in the southeasterly part of the City, to align with parcel boundaries rather than the more imprecise floodplain boundaries. And finally, minor changes were made to other portions of the sphere to align it with parcel boundaries.

Based on a work plan for the second round of sphere reviews adopted by the Commission in May 2008, sphere of influence reviews for each of the nine cities was scheduled for completion in 2012. On November 14, 2012, the Commission accepted a MSR for the cities, including Santa Paula. The sphere of influence review/update for the City of Santa Paula was scheduled for the January 16, 2013 LAFCo meeting. The MSR determinations generally found that the City was able to adequately and efficiently provide services within City boundaries and within areas adjacent to City boundaries slated for future annexation. However, the MSR determined that due to insufficient planning for the Expansion Areas, it is unclear whether the City has the ability or capability to efficiently provide services to these areas. At the January 16 meeting, the Commission approved a request by the City to continue the item to the March 20, 2013 meeting.

DISCUSSION:

To determine a sphere of influence, the Commission must make written determinations with respect to each of the following:

- (1) *The present and planned land uses in the area, including agricultural and open-space lands.*
- (2) *The present and probable need for public facilities and services in the area.*
- (3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- (4) *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*
- (5) *The present and probable need for sewer, water, and structural fire protection services of any disadvantage unincorporated community within the existing sphere of influence.*

These five considerations are discussed below.

Present and Planned Land Use

The territory in the Adams and Fagan Canyon Expansion Areas is primarily undeveloped land, with agriculture (orchards) in some areas. The County General Plan designates most of the territory as Open Space – Urban Reserve. Several hundred acres are designated Agriculture – Urban Reserve. The “Urban Reserve” designation acknowledges that the area is within the City’s sphere.

There are two subareas, one within and one adjacent to, the Adams Canyon and Fagan Canyon Expansion Areas that warrant special consideration: the “Peck/Foothill Property” and the approximately 100 acres of undeveloped land denoted as “Other Area” on Attachment 1. In 2003, voters elected to include the 32-acre Peck/Foothill property within the CURB line. It became part of the Adams Canyon Expansion Area as part of the vote to include Adams Canyon within the CURB in 2007. The City is currently processing an application for development of 79 residential units on this 32-acre site. This development is not associated with the larger development that was envisioned for the remainder of Adams Canyon in 2007. The “Other Area” is not a part of either Expansion Area and has been

within the sphere prior to 2000. It is identified on the General Plan land use map for “Hillside Residential” development. Therefore, the general location, type, and density of planned development of this area are known, and thus its service needs can be anticipated. Staff recommends that both of these areas remain within the sphere.

The City General Plan identifies the following development potential for each Expansion Area:

Expansion Area	Use/Acreage
Adams Canyon - 6,578 acres (5,413 acres within current sphere of influence)	Residential - 495 dwelling units
	One resort hotel
	One golf course
	One school - 40 acres
	Recreation - 100 acres
	Open space - 200 acres
Fagan Canyon - 2,173 acres	Single family residential – 450 dwelling units on 1,953 acres
	Commercial – 76,230 square feet on 5 acres
	Active parks - 7 acres
	Open space - 208 acres

The above table generally represents the current extent of land use planning contained on the City General Plan land use map for the two Expansion Areas (see the City General Plan Land Use Map, Attachment 3). Otherwise, there is limited information as to the general location of land uses, infrastructure, roads, public facilities, natural resources, and hazards within the 13.7 square miles of area contained within the Expansion Areas. This information is required to be part of a General Plan, as discussed below:

- Land Use – The General Plan identifies the type of development that is to occur within the Expansion Areas, such as the overall number of residences and acreage for schools, parks, and commercial uses. However, it contains no land use map depicting where within the Expansion Areas these uses are planned to occur. Govt. Code § 65302 provides that a General Plan shall include “a diagram or diagrams and text setting forth the objectives, principles, standards, and plan proposals” (underline added). Section 65302 continues that the land use element shall designate the “proposed general distribution and general location and extent of the uses of the land for housing, business, industry, open space, including agriculture, natural resources, recreation, and enjoyment of scenic beauty, education, public buildings and grounds, solid and liquid waste disposal facilities, and other categories of public and private uses of land...”
- Circulation: General Plan law requires that a circulation element be included “consisting of the general location and extent of existing and proposed major thoroughfares, transportation routes...and other local public utilities and facilities, all correlated with the land use element of the plan.” Though the circulation element identifies which existing streets might be extended to access the Expansion Areas, it contains no circulation

plans for future thoroughfares and transportation routes within the Expansion Areas themselves. In addition, no plans for local public utilities or facilities are included.

- Open Space/Conservation: State law also requires that a conservation element and open space plan are to be included in the General Plan. The City General Plan text discusses the existence of habitat, agriculture, geological hazards, and other resources/hazards within the Expansion Areas; however, no plan/map that identifies the location of the resources to be preserved and the hazards to be avoided is provided.

In January 2013, LAFCo staff met with two property owners in Fagan Canyon, Bruce Dickinson and Mike Mobley, and Simon Malk of Accretive Investments, Inc. a development company. Also in attendance was Ron Rakunas representing the primary property owner in Adams Canyon. At the meeting, LAFCo staff was provided a conceptual development plan for southern Fagan Canyon adjacent to the City boundary. The conceptual plan includes development of up to approximately 1,900 residential units on what appear to be urban-sized lots (likely under 10,000 square feet). Although the plan depicts land uses and roads in greater detail than the General Plan, it does not demonstrate that access, infrastructure, and other public facilities necessary to serve the development are feasible. Moreover, the plan has not yet been submitted to the City for review. It should also be noted that the conceptual development plan is inconsistent with the City General Plan, which currently allows up to 450 units in Fagan Canyon. Any proposed increase in the number of units allowed by the General Plan would be subject to a public vote. As noted previously in this report, voters rejected a 2,155-unit residential development in Fagan Canyon in 2006. Thus, the probable level of services needed in Fagan Canyon is unknown at this time.

The City adopted a growth management ordinance in the 1980s. The ordinance generally restricts new residential development to 124 units per year. Unused units are carried over and added to future years. The City General Plan Land Use Element provides several objectives, policies, and implementation measures which provide that the City is to adhere to the City's Growth Management Ordinance. These include Policy 1.b.b. which provides, "Allow population growth in the City and expansion and planning areas based on the numbers of new dwelling units allowed to be built under the Growth Management Ordinance." According to the City's Housing Element (adopted April 2012), as of January 2008, there were 1,909 accumulated residential units available. In the five years between 2008 and 2013, an additional 620 units will have accumulated, for a total of 2,529. According to the Housing Element, as of 2012 there were 255 units that were approved or were under construction. In addition, the East Area 1 project has been allocated 1,500 units. It appears another 159 units are allocated to vacant residential property within the City. In addition, the City is currently processing a proposal to develop 79 units on the Peck/Foothill property which, if approved, would reduce the number of available units to approximately 541. The General Plan allows for development of up to 495 units in Adams Canyon and 450 units in Fagan Canyon. Thus, it appears that there are currently not an adequate number of units available to develop both the Adams and Fagan Canyon Expansion Areas consistent with the current General Plan. It appears that a General Plan amendment to allow for the development of up to 1,900 units in Fagan Canyon would

Staff Report

LAFCo 13-02S City of Santa Paula Sphere of Influence Review and Update

March 20, 2013

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substantially increase the disparity between the number of units available and the number of units allowed for under the General Plan.

Present and Probable Need for Public Facilities and Services in the Area

That portion of the Adams and Fagan Canyon Expansion Areas that is within the sphere of influence is generally rectangular in shape and measures approximately 2.5 miles wide by 5 miles long. The primary land use anticipated by the City General Plan in the Expansion Areas is residential. At an average of 3.5 persons per unit, the 945 units allowed within the Expansion Areas would accommodate approximately 3,300 new residents within an area that is larger than the City of Moorpark. From a population perspective, the City General Plan envisions an approximately 220 percent increase in the size of the City to accommodate an approximately 11 percent increase in population. Based on the total acreage within each Expansion Area identified for residential development and the number of residential units allowed for in the General Plan, the overall residential densities envisioned by the City General Plan are as follows:

	Acres	Units	Average Density
Adams Canyon	6,000* acres of potential residential development (9.4 sq. mi.)	495	1 unit / 12.1 acres
Fagan Canyon	1,953 acres of residential development (3.1 sq. mi.)	450	1 unit / 4.3 acres
Total	7,953 acres (12.5 sq. mi)	945	1 unit / 8.4 acres

*Excludes area identified for school (40 acres), recreation (100 acres), open space (200 acres) and hotel/golf course (estimate of 238 acres)

The aforementioned development densities are typically not considered to be urban or even suburban in terms of requiring a full array of urban services. Instead, the overall average total density of 1 unit per 8.4 acres is close to that allowed in the County of Ventura’s Open Space General Plan designation (10 acre minimum lot sizes). According to the Guidelines for Orderly Development (which LAFCo has adopted as local policy), residential development is defined as urban if it consists of lots less than two acres in size. If development in this area is to occur on large rural lots, the probable need for urban-type services may not be sufficient to support annexation to the City.

Present Capacity of City Facilities and Adequacy of City Services

The 2012 MSR for the Nine Ventura County Cities includes a determination that the City of Santa Paula’s facilities and services are adequate to serve development anticipated for the areas within the sphere of influence that are in close proximity to the City, such as East Area 1 and East Area 2. The MSR notes that the City General Plan does not contain basic land use and infrastructure planning for the Adams and Fagan Canyon Expansion Areas as required by state law. Due in part to this absence of information, the Commission approved the following MSR determinations regarding the City’s planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies:

- Fire services: "...no plans appear to be in place to provide and fund the facilities and staffing necessary to provide adequate fire protection services to development anticipated in the Adams and Fagan Canyon Expansion Areas. Without additional fire resources to serve future development, current services may be adversely impacted."
- Police services: "Information is not available at this time to determine whether other future development [including Adams and Fagan Canyon] will provide adequate revenue to fund additional staffing and equipment that will be needed."
- Potable and recycled water: "...it is unclear at this time whether future development will generate sufficient revenue to cover the costs to construct, operate, and maintain the infrastructure necessary to deliver potable water, particularly to the Adams and Fagan Canyon Expansion Areas."

"...demand projections for recycled water [from the City's Urban Water Management Plan] appear to be based on levels of future development that have since been substantially decreased. It is not clear whether it will be cost effective to install and maintain the infrastructure necessary to deliver recycled water to future development, particularly development in the Adams and Fagan Canyon Expansion Area."

- Wastewater: "Future development anticipated in the General Plan will require substantial expansion of the City's wastewater collection system and will result in capacity deficiencies in some portions of the existing system. Information is not available at this time whether future development will generate adequate revenue to cover the costs to construct, upgrade, operate, and maintain the infrastructure necessary to provide wastewater collection, particularly to the Adams and Fagan Canyon Expansion Areas."

Regarding the City's financial ability to provide services to the Expansion Areas, the Commission determined:

"Given the large geographical extent of the Adams and Fagan Canyon Expansion Areas, the cost of extending, operating, and maintaining service infrastructure and facilities in these areas will likely be substantial based on the level of development anticipated in the current General Plan. Due to the fact that planning in the way of land use, infrastructure, circulation, and financing for these areas has not yet occurred, the costs to provide services to them, as well as the sources of revenue to cover those costs, have not been identified. Given that development in each expansion area is currently limited to fewer than 500 residential units and a limited amount of revenue-generating commercial development, it is unclear whether development in these areas would be financially feasible."

The level of planning that is necessary to evaluate a City's capacity to efficiently provide services in an area to be included within a sphere can typically be found in a General Plan that has been prepared and adopted consistent with state law. The level of detail need not be that of a specific plan or project entitlements. However, the City's current General Plan does not include many of the basic requirements of a General Plan and thus, does not provide adequate information to determine whether the current sphere represents the probable boundary and service area of the City.

Social or Economic Communities of Interest in the Area

Although LAFCo law does not define a social or economic community of interest, a community of interest is generally understood to be a group of people that can be identified by common social, political, economic, or ethnic similarities. The shared characteristics that contribute to a community of interest may include class or socio-economic status, race, ethnicity/culture, language, religion, occupations/industry, transportation patterns, family structures, population age, housing patterns, trading/shopping patterns, geography/climate, or shared history among other factors. According to City staff, the majority of development in Adams Canyon would likely occur in the northern portion of the Expansion Area where terrain is generally less steep. This area is geographically and physically separated from the remainder of the City by a distance of several miles and by intervening areas of steep topography. A preliminary fiscal analysis provided to the City by the developer in support of the 2007 CURB initiative assumes that an assessment district will fund all on-going operations and maintenance of public facilities and infrastructure. In addition, it assumes that the 495 dwelling units will be sold for an average price of \$3 million, have an annual appreciation rate of 3%, and be occupied by households with an average annual income of \$600,000, only half of whom will reside there full time. Thus it appears that the plan for this area is intended to result in an exclusive community that is separated geographically, physically, economically, and socially from the remainder of the City.

However, it appears that the development of 495 multimillion-dollar residential units is not certain. Currently, the City is processing a request to subdivide a 32-acre parcel within the Adams Canyon Expansion Area into 79 residential parcels of approximately 10,000 square feet (the Peck/Foothill property). If approved, the number of allowable units remaining within the Expansion Area would be reduced to 416. In addition, according to the white paper report prepared by the City to support inclusion of the Expansion Areas within the sphere in 2000, development proposals in Adams and Fagan Canyons "cannot conform to the hundreds of goals, policies, objectives, and implementation measures obtained in the General Plan if the projects propose nothing but high income housing. The development proposals will need to include the full range of housing types..." It is important to note that one of the factors to be considered by LAFCo in the review of an annexation proposal is the extent to which the proposal will affect a city in achieving its fair share of regional housing needs.

Based on the preliminary fiscal analysis, it appears that the development of a social/economic community of interest comprised of 495 multimillion-dollar homes occupied by high-income households is necessary to ensure that the project is financially feasible.

However, it appears that the development of 495 multimillion-dollar homes may not occur, is inconsistent with the information provided to LAFCo to justify the inclusion of Adams Canyon within the sphere, is inconsistent with the goals, policies, and implementation measures of the City General Plan, and would not help the City in meeting its regional housing needs obligation.

Any disadvantaged unincorporated community within the existing sphere of influence

As defined by Section 56033.5 of the Government Code, a “Disadvantaged Unincorporated Community” (DUC) is a community with an annual median household income that is less than 80 percent of the statewide annual median household income. There are no DUCs within or contiguous to the City sphere of influence.

VENTURA LAFCo COMMISSIONER’S HANDBOOK

The Commissioner’s Handbook (Handbook) is a compendium of the Commission’s local policies. Division 4 contains policies and standards related to determining, updating, and amending sphere of influence boundaries. As discussed below, two of the Handbook sections pertaining to spheres of influence merit consideration with regard to the sphere for Santa Paula.

Section 4.3.1 – General Standards

This section provides that LAFCo favors sphere boundaries that, among other standards, “[c]oincide with existing and planned service areas.” (4.3.1.1(a)) As discussed in this report, there is insufficient land use, infrastructure, and public facility planning for the Expansion Areas. Therefore, it appears that the current sphere does not represent the planned service area for the City.

This section also provides that LAFCo discourages sphere boundaries that, among other standards, “create areas where it is difficult to provide services.” (4.3.1.2(b)) The sphere extends approximately 5 miles north of City boundaries and is approximately 2 miles wide. The area contains rugged topography, steep slopes, narrow canyons, and areas subject to flooding and landslides. Given the size of the area and the variety of constraints, it can be assumed that the provision of services to certain areas would be difficult. However, in the absence of adequate land use and infrastructure planning, the level of difficulty with providing services to the Expansion Areas is unknown.

Section 4.3.2 – Agriculture and Open Space Preservation

Several hundred acres within the Expansion Areas are used for agriculture and appear to meet the definition of prime agricultural land pursuant to LAFCo law (Govt. Code § 56064). Most, if not all, of the territory is considered to be open space and is devoted to open spaces uses, as defined by LAFCo law (Govt. Code §§ 56059 and 56060).

Pursuant to this Handbook section, LAFCo will approve a sphere amendment or update that is likely to result in the conversion of prime agricultural or open space land use to other uses only if the Commission finds that the amendment or update will lead to planned, orderly, and efficient development. In order for an update to result in planned, orderly, and efficient development, the Commission must determine that five specific criteria have been met. Though this policy most often applies to updates that expand a sphere, it is equally applicable to updates that retract a sphere. Indeed, Section 4.1.2 defines a sphere update to be, in short, a “modification of a sphere”. Furthermore, Section 4.1.4(c) acknowledges that sphere updates can include the removal of territory from a sphere. Therefore, it is appropriate for the Commission to consider this policy in the context of this sphere update. Thus, in order for the area to remain within the sphere, the Commission should determine that it meets the five specified criteria, each of which is listed and discussed below.

- (a) The territory is likely to be developed within 5 years and has been designated for non-agricultural or open space use by applicable general and specific plans.

It is unclear whether the territory is likely to be developed within 5 years. No development proposals have been submitted to the City. In addition, the only conceptual development proposal of which staff is aware (the 1,900-unit conceptual plan for Fagan Canyon) will require a public vote and appears to be inconsistent with the City growth management ordinance.

- (b) Insufficient non-prime agricultural or vacant land exists within the sphere of influence of the agency that is planned and developable for the same general type of use.

The 1,500-unit, 550-acre East Area 1 Specific Plan, for which the Commission amended the City sphere, was annexed to the City in February 2013. Therefore, the City sphere contains vacant land that is planned and developable for the same general type of use as that contemplated within the Expansion Areas

- (c) The proposal will have no significant adverse effects on the physical and economic integrity of other prime agricultural or open space lands.

Due to the inadequacy of land use planning in the Expansion Areas, it is unknown at this time the extent to which development in the area would effect other prime agricultural or open space lands.

- (d) The territory is not within an area subject to a Greenbelt Agreement adopted by a city and the County of Ventura. If a City proposal involves territory within an adopted Greenbelt area, LAFCo will not approve the proposal unless all parties to the Greenbelt Agreement amend the Greenbelt Agreement to exclude the affected territory.

The area is not within a Greenbelt Agreement.

- (e) The use or proposed use of the territory involved is consistent with local plan and policies.

The City General Plan does not adequately plan for the Expansion Areas in terms of the land use map, circulation plan, public facilities plan, open space plan, and conservation plan.

COMMENTS RECEIVED

As of the writing of this report, LAFCo staff had received five comment letters. Three of these letters (combined as Attachment 7) appear to be from City residents and are summarized below:

- The first letter is from Richard Main, J.D, received January 10, 2013, in which he expresses support for making no changes to the current City sphere so long as development in Adams and Fagan Canyons remains consistent with the levels of development currently allowed for in the General Plan. He does not support increased levels of development, such as the 1,800-2,000 residential units that have been envisioned in Fagan Canyon.
- The second letter from Robert Borrego, dated January 11, 2013, discusses various aspects of the elections affecting development in the Adams Canyon Expansion Area.
- The third letter from Douglas Smith, dated March 11, 2013, expresses support for removing both the Adams Canyon and Fagan Canyon Expansion Areas from the sphere. Mr. Smith cites concerns with development in the Expansion Areas, including, but not limited to, impacts to the environment, water availability, cost of infrastructure and public safety, traffic, and loss of open space.

The fourth letter, dated March 1, 2013, is from Latham & Watkins, LLP, a law firm retained by R.E. Loans, the owner of most of the property within the Adams Canyon Expansion Area (Attachment 8). The final letter, dated March 4, 2013, is from the City of Santa Paula (Attachment 9). Each of these letters is discussed below.

Latham and Watkins letter, dated March 1, 2013

This letter is divided into three general sections. The pertinent points of each section are summarized below followed by staff's response.

- *Section 1:* Under section 1 of the letter, the commenter maintains that the Commission must repeal or amend LAFCo Resolution 10-12S before taking any further action on the City sphere. The commenter appears to be of the understanding that a condition adopted in the resolution obligates LAFCo to remove Adams Canyon from the sphere, thereby biasing the Commission regarding the City sphere update and removing the Commission's objectivity in its determination.

Response 1: LAFCo Resolution 10-12S, which amended the City sphere, was adopted by the Commission in 2011 to allow for the annexation and development of the East

Area 1 Specific Plan in the City. As part of the approval of the East Area 1 sphere of influence amendment, the Commission adopted a condition directing staff to include an amendment to the City sphere of influence removing the area known as Adams Canyon in conjunction with the next sphere of influence review and update scheduled for the City. The reason for this condition was to avoid a potential policy inconsistency, as discussed previously in this report (as well as the staff reports prepared for the East Area 1 project). Pursuant to this condition, staff has included the removal of Adams Canyon from the sphere among the options available to the Commission as part of the sphere update. However, the condition in no way obligates the Commission to remove Adams Canyon from the City sphere, as the commenter maintains. In fact, staff has included an option that does not involve the removal of Adams Canyon from the sphere. Furthermore, the East Area 1 sphere amendment associated with LAFCo Resolution 10-12S has already been effectuated and the annexation of the East Area 1 Specific Plan was finalized in February 2013.

- *Section 2:* Under section 2 of the letter, the commenter maintains that there is no factual basis in the record for changing LAFCo's decision in 2007 to make only non-substantive changes to the City sphere and it is unclear why LAFCo is considering changing the City sphere when it is not desired by the City. The commenter also notes that the voters amended the CURB line in 2007 to make it coterminous with the sphere.

Response 2: LAFCos are mandated to review and, as necessary, update the spheres of influence for each agency over which LAFCo exercises jurisdiction at least every five years. This mandate applies whether or not the local agency whose sphere is being reviewed and/or updated desires it. The current sphere review/update for the City was scheduled to occur in 2012 as part of the work plan adopted by the Commission in 2008. LAFCo law outlines the process for updating a sphere, which requires that a municipal service review (MSR) be prepared and that written determinations be adopted by the Commission. As noted in the staff report, a MSR for the City of Santa Paula was prepared and accepted by the Commission in November 2012. Written determinations were also approved by the Commission at that time. In addition, to amend or update a sphere, the Commission must make an additional five written determinations, which were discussed previously in this report. The 2008 work plan, the 2012 MSR, the 2012 MSR written determinations, and this staff report in which the sphere review/update is discussed provide a substantial factual basis in the record regarding the Commission's review and/or update of the City sphere.

In regards to the CURB line, when the CURB was amended to include Adams Canyon in 2007, only portions of it were established coterminous with the sphere. The majority of the CURB is not coterminous with the sphere. Most of the CURB line extends beyond the sphere and includes over 1,100 acres of territory located outside the sphere.

- *Section 3:* Section 3 of the letter begins on page 2 and ends on page 11. The commenter maintains that the possible changes to the City sphere being contemplated by the Commission warrant the preparation of an environmental impact report (EIR), as they will create conflicts with the City General Plan. To support this conclusion the

commenter cites section X.b. of Appendix G of the CEQA Guidelines which provides that a potentially significant impact to Land Use and Planning may exist if a project will “[c]onflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project...” (note this section of Appendix G is not accurately cited in the letter). On pages 4 through 11 the commenter discusses the various perceived conflicts with the City General Plan in the areas of land use, housing, agricultural lands, growth management, and transportation.

Response 3: Appendix G of the CEQA Guidelines, the legal citation offered by the commenter, expressly states that it is a “sample form” “intended to encourage thoughtful assessment of impacts” but which “do[es] not necessarily represent thresholds of significance” under CEQA. As such, Appendix G by itself does not carry any legal authority. In any event, Appendix G is inapplicable on its face for two separate reasons. First, as noted above, according to Appendix G, a potentially significant impact may occur if the project conflicts with “any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project . . .” The project under consideration by the Commission is the review and/or update of the City sphere. Spheres of influence are established and amended solely by LAFCo. No other agency has jurisdiction over any aspect of spheres of influence, including updates or amendments. Therefore, as LAFCo is the agency with jurisdiction over decisions concerning the sphere for the City, any associated conflicts with any plans, policies, or regulations adopted by the City would not be a potentially significant impact under Appendix G. Second, Appendix G applies only to “any applicable land use plan, policy, or regulation . . . adopted for the purpose of avoiding or mitigating an environmental effect.” There is no evidence that any part of the City General Plan cited by the commenter was adopted for the purpose of avoiding or mitigating an environmental effect. Because the various perceived conflicts with the City General Plan discussed on pages 4 through 11 of the letter are not relevant in a CEQA context, staff has determined that point-by-point responses are not necessary.

- *Comment 4:* In the conclusion on page 11 of the letter, the commenter maintains that the Commission’s action regarding the City sphere review/update is subject to CEQA review and that sphere updates are not exempt from CEQA. The commenter claims that it has been demonstrated that any LAFCo action to remove Adams Canyon from the sphere would result in serious conflicts with the City General Plan and therefore an EIR is required under CEQA. The commenter also maintains that LAFCo regulations preclude exempting sphere updates from CEQA. Finally, the commenter notes that changes to spheres of influence require that the Commission make five written determinations.

Response: As noted in the previous response above, any conflicts resulting between the Commission’s action to update the City sphere and the City General Plan would not be considered a potentially significant impact under CEQA.

The commenter is correct that a sphere update is considered to be a project subject to CEQA review. Pursuant to CEQA Guidelines 15061, once a determination has been

made that a project is subject to CEQA review, the lead agency shall determine whether the project is exempt from CEQA. As discussed in the staff report, staff believes that the sphere update is a project subject to CEQA review and that the project is exempt from CEQA under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

The commenter's statement that LAFCo regulations do not allow for a CEQA exemption for a sphere update is unclear. Staff is aware of no such regulations. The commenter may be referring to Commissioner's Handbook Division 1, Chapter 4, which is the Commission's Administrative Supplement to CEQA. Section 1.4.4.3 identifies specific projects/actions that the Commission has determined to meet certain CEQA exemptions. However, this list does not preclude the exemption of other Commission actions/projects not on the list but for which a CEQA exemption may apply. Indeed, Section 1.4.4.2 provides that the Executive Officer is to determine whether an environmental document will be required or whether the project is exempt.

Finally, the five written determinations that are required to be adopted by the Commission in order to update the sphere are discussed in this report.

Letter from the City of Santa Paula, dated March 4, 2013

The letter from The City of Santa Paula expresses concerns with and opposition to the removal of the Adams Canyon and Fagan Canyon Expansion Areas from the sphere. The City's letter is formatted into six sections listed alphabetically. Each section is summarized below followed by staff's response.

- *Section A:* The City notes that spheres of influence are similar to General Plans in that they both are essential tools for providing well-planned, efficient urban development patterns. The City notes that development of Adams and Fagan Canyons is identified throughout the General Plan.

Response A: As discussed in the staff report, in the over 13 square miles within the Adams and Fagan Canyon Expansion Areas, the City General Plan does not provide a land use map, circulation plan, public facilities plan, open space plan, or conservation plan, all of which are required components of a General Plan pursuant to state law. Though sections of the General Plan text include general references to future development in these areas, little in the way of land use and infrastructure planning has occurred. As a result, it is unknown whether the level of development currently identified in the General Plan will result in well-planned, efficient urban development patterns.

- *Comment B:* The City maintains that the intent of directing development into Adams and Fagan Canyon is to prevent the conversion of prime agricultural lands located to the east and west of the City. According to the City, the removal of these areas from the sphere may force the City to expand into the prime agricultural lands to the east and west.

Response B: The City General Plan encourages development in the Adams and Fagan Canyon areas, in part, to direct development away from agricultural lands to the east and west of the City. However, the East Area 1 Specific Plan (which required a SOAR vote, greenbelt amendment, general plan amendment, sphere of influence amendment, and annexation) includes the conversion of over 400 acres of prime agricultural land to the east of the City. We understand that the City is currently considering an industrial development and annexation that will convert prime agricultural land to the west of the City. Thus, it appears that the intent of the General Plan to preserve prime agricultural land to the east and west of the City by directing development to these canyon areas has not occurred. In addition, there are several hundred acres of prime agricultural lands located within the Adams and Fagan Canyon Expansion Areas. Without a land use plan, it is unknown the extent to which development would convert these agricultural lands.

- *Comment C:* The City maintains that the voter's overwhelming support to expand the CURB line to include the Adams and Fagan Canyon Expansion Areas demonstrates their support for development and annexation of these areas. The City notes that Ventura LAFCo Commissioner's Handbook Section 4.2.1 recognizes the importance of voter-approved growth boundaries in establishing spheres of influence.

Response C: Section 4.2.1 of the Commissioners Handbook provides that for cities with voter-approved growth boundaries, spheres of influence should coincide with, or cover lesser area than, voter-approved growth boundaries. This policy does not indicate a preference that the CURB line is to be the basis for a sphere boundary, only that the maximum extent of the sphere is to be the CURB line. A sphere may cover less area where appropriate. With regards to establishing the sphere of influence in the Adams and Fagan Canyon Expansion Areas, the CURB line was never a factor in the location of the sphere. When the sphere was amended by LAFCo in 2000 to include the Expansion Areas, the CURB did not exist. The sections where the CURB and sphere are coterminous resulted from the establishment of, and subsequent amendments to, the CURB, not the sphere.

Measure A7, a developer-backed initiative which amended the General Plan and the CURB line to include the over 6,500-acre Adams Canyon Expansion Area, was supported by 2,485 voters, or approximately 24 percent of the registered voters in the City in 2007. The initiative included no development project, no land use plan, and no environmental review.

- *Comment D:* According to the City, no applications for development projects within the Expansion Areas have been submitted. However, representatives of land owners within the Expansion Areas have indicated to the City that they will soon submit applications for development projects. The City maintains that should the expansion areas be removed from the sphere, the application process for development in the Expansion Areas would increase by up to two years and cost up to an additional \$10 million. The City believes that such delays would discourage housing development in the Expansion

Areas, in which case the City would not be able to meet its regional housing needs obligation for the 2014-2021 period.

Response D: LAFCo staff has met with property owners and/or their representatives of both Expansion Areas. The previous owner of Adams Canyon who intended to develop the 495 multimillion-dollar residences is no longer in business. The current owner is in the process of selling, not developing, the area. Though the property owners of Fagan Canyon presented a preliminary development plan to LAFCo staff, the development would be subject to a public vote and appears to be inconsistent with the City's growth management ordinance.

The basis for the claim that the removal of the sphere will result in a two-year increase to the time it takes to process a development application and a \$10 million increase to the cost is unclear. The LAFCo application form for a sphere amendment is a single page in length. The application fee to amend a sphere in conjunction with an annexation is \$2,650. A concurrent sphere amendment would take no more time for LAFCo to process than an annexation proposal without a concurrent sphere amendment. The City may be referring to the cost and time associated with updating the General Plan to include the Expansion Areas. However, such an update must occur prior to or in conjunction with a development project, regardless of whether the area is within the sphere. The need to update the General Plan is not a function of the location of the sphere.

- *Comment E:* The City maintains that LAFCo staff repeatedly noted in the 2012 MSR that there is a lack of infrastructure in the Expansion Areas and that the lack of infrastructure necessitates the removal of the Expansion Areas from the sphere. The City states that the General Plan deferred land use, infrastructure, open space, and fiscal planning within the Expansion Areas. Such planning is to occur later through development of specific plans. The City also notes that the new wastewater treatment facility was designed to accommodate new growth anticipated in the sphere.

Response E: The City was provided with a draft of the 2012 MSR for review and comment. The City found that no substantive corrections were necessary. The MSR does not discuss an absence of infrastructure within the Expansion Area; it discusses that there exists insufficient planning in terms of land use, circulation, public facilities, and infrastructure in the Expansion Areas. The General Plan's deferral of planning in the Expansion Areas is acknowledged in the City's letter. It is the absence of sufficient planning that resulted in several MSR determinations that it is unclear whether the City has the capacity and ability to efficiently provide services within the Expansion Areas. Nowhere in the MSR does it conclude that the removal of Adams and Fagan Canyons from the sphere is necessary.

- *Comment F:* The City maintains that there is no compelling or logical reason to exclude the Expansion Areas from the sphere and there has been no change to conditions within the City to necessitate changing the sphere. The City also maintains that overarching LAFCo policies to keep the sphere consistent with voter approved growth

boundaries and limiting development of prime farmland warrant keeping the sphere in its current location.

Response F: The reasons for potentially removing one or both Expansion Areas from the sphere are outlined in LAFCo Resolution 10-12S approving the East Area 1 sphere amendment, the 2012 MSR and its determinations, and this report. Based on information in the 2012 MSR and this report, conditions related to the City have materially changed since the previous MSR was prepared in 2007. It is again noted that LAFCo policies indicate no preference that spheres are to be consistent with voter-approved growth boundaries. It is speculative to conclude that the removal of the Expansion Areas from the sphere would encourage or otherwise result in additional development of prime farmland and associated conflicts with LAFCo policies to preserve prime farmland.

SUMMARY

Pursuant to Govt. Code § 56076:

“‘Sphere of influence’ means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.”

Govt. Code Section 56425 provides:

“In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city and each special district, as defined by Section 56036, within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.”

Due to the absence of adequate land use and infrastructure planning within the Adams Canyon and Fagan Canyon Expansion Areas, it is unclear whether the current sphere boundary represents the probable physical boundaries and service area of the City. Thus, there is no certainty that the existing sphere will achieve the intended purposes of a sphere, as outlined above. It remains unclear whether the sphere will result in logical and orderly development or allow the City to advantageously provide for the present and future needs of the City.

COMMISSION OPTIONS

Staff has identified three options available to the Commission regarding the review and/or update of the City sphere of influence, as follows:

- Option 1: No change (Attachment 4)

Under this option, no changes would be made to the current sphere. This would allow the City to potentially annex an additional 7,783 acres and expand to over three times its current size. With respect to Adams Canyon, it would not address the policy inconsistency related to the Commission's approval of the East Area 1 sphere of influence amendment and annexation, as discussed on page 5 of this report.

- Option 2: Remove Adams Canyon Expansion Area (Attachment 5)

Under this option, the majority of the 5,413-acre portion of the Adams Canyon Expansion Area would be removed from the sphere of influence. Should the Commission choose this option, it is recommended that the 32-acre Peck/Foothill property remain within the sphere, as the City is currently processing a development proposal on this property. Staff also recommends that approximately 100 acres denoted as "Other Area" be retained in the sphere, as this area has been planned for as part of the General Plan and is identified for residential development. In addition, staff recommends that this option include the expansion of the sphere of influence along the eastern boundary of the Fagan Canyon Expansion Area to better align the sphere with property lines along State Route 150.

This option would address the potential policy inconsistency related to the Commission's approval of the East Area 1 proposal. This option would allow the City to annex an additional approximately 2,500 acres.

- Option 3: Remove both Adams Canyon and Fagan Canyon Expansion Areas (Attachment 6)

Under this option, the Commission would remove most of the approximately 7,600 acres of the sphere that are within the Adams Canyon and Fagan Canyon Expansion Areas. Similar to option 2 above, should the Commission choose this option staff recommends that the 32-acre parcel at the Peck/Foothill intersection and the approximately 100 acres denoted as "Other Area" be retained in the sphere.

Under this option, the level of development that would remain within the City sphere of influence and within the recently annexed East Area 1 Specific Plan would allow for up to approximately 2,120 residential units, 835,000 square feet of commercial development, 1,900,000 square feet of light industrial/research development, and 340,000 square feet of industrial development. Also, this option would address the

potential policy inconsistency related to the Commission’s approval of the East Area 1 proposal.

Should the Commission choose Option 2 or 3, the City would not be precluded from submitting an application for a concurrent sphere amendment and annexation at any time in the future subsequent to the adoption of a General Plan update and, if desired by the City, adoption of a specific plan. The preparation of a specific plan and a concurrent sphere of influence amendment and annexation was the process undertaken for the East Area 1 project.

Although not recommended, another possible option would be to increase the current sphere of influence so that the sphere and the CURB are coterminous in the area to the west and northeast of the Adams Canyon Expansion Area. This action would also align the sphere boundary with the boundary of the Adams Canyon Expansion Area, thus adding an additional 1,165 acres to the territory within the sphere. However, as noted previously in this staff report, mapping of the CURB is not precise. In addition, the expansion of the sphere would require the preparation of a CEQA document, which would be problematic given that the location and type of development within the area is unknown.

Summary of Options

	Unincorporated Area in Sphere	Development potential* (per General Plan)
Option 1	7,783 acres	Residential.....2,895 units Commercial.....910,000 sq. ft. Light Industrial/Research.....1,900,000 sq. ft. Industrial340,000 sq. ft. Hotel/Golf Course.....1
Option 2	2,500 acres	Residential.....2,570 units Commercial.....910,000 sq. ft. Light Industrial/Research.....1,900,000 sq. ft. Industrial340,000 sq. ft.
Option 3	322 acres	Residential.....2,120 units Commercial.....835,000 sq. ft. Light Industrial/Research.....1,900,000 sq. ft. Industrial340,000 sq. ft.

*Includes the recently annexed East Area 1 project

CEQA

For CEQA purposes, the options presented in this report for the City of Santa Paula sphere of influence review and/or update are exempt from CEQA under Section 15061(b)(3) of the CEQA Guidelines, the “general rule” exemption. The options are exempt because it can be seen with certainty that there is no possibility that any of the three options may have a significant effect on the environment because the options either make no modifications to

the sphere of influence or reduce the extent of territory that LAFCo has determined to represent the City's probable physical boundaries and service area.

PUBLIC NOTICE

Regarding public notice, Govt. Code Section 56427 provides:

The commission shall adopt, amend, or revise spheres of influence after a public hearing called and held for that purpose. At least 21 days prior to the date of that hearing, the executive officer shall give mailed notice of the hearing to each affected local agency or affected county, and to any interested party who has filed a written request for notice with the executive officer. In addition, at least 21 days prior to the date of that hearing, the executive officer shall cause notice of the hearing to be published in accordance with Section 56153 in a newspaper of general circulation which is circulated within the territory affected by the sphere of influence proposed to be adopted. The commission may continue from time to time any hearing called pursuant to this section.

As indicated previously in this report, this matter was originally scheduled to be considered by the Commission at a public hearing on January 16, but was continued by the Commission to the March 20 meeting at the request of the City. Notice of the January 16 hearing was emailed to the City Manager and Planning Director on December 7, 2012. Notice was mailed to the City Clerk and posted at the County Hall of Administration on December 17, 2012. Notice was also published in the Ventura County Star on December 23, 2012. In addition, at the December 17 Santa Paula City Council meeting, LAFCo staff informed the City Council and all others in attendance that the matter was scheduled to be considered by the Commission at a public hearing on January 16.

- Attachments:
- (1) Map of current City sphere of influence
 - (2) Map of Adams Canyon and Fagan Canyon Expansion Areas
 - (3) City General Plan land use map
 - (4) Map Option 1 – No change
 - (5) Map Option 2 – Removal of Adams Canyon Expansion Area from sphere of influence
 - (6) Map Option 3 – Removal of Adams Canyon and Fagan Canyon Expansion Areas from sphere of influence
 - (7) Letters from Richard Main, Robert Borrego, and Douglas Smith
 - (8) Letter from Latham & Watkins, LLP, dated March 1, 2013
 - (9) Letter from City of Santa Paula, dated March 4, 2013
 - (10) Resolution to remove the Adams Canyon Expansion Area from sphere
 - (11) Resolution to remove both the Adams and Fagan Canyon Expansion Areas from sphere

Attachment 1



Adams Canyon
Expansion Area

Fagan Canyon
Expansion Area

East Area 1
Annexed February 2013

Peck/Foothill Property

Other Area

West Area

East Area 2

LAFCo 13-02S City of Santa Paula Sphere of Influence Review/Update

Legend

-  City of Santa Paula
-  City Sphere - Existing
-  CURB Line





Adams Canyon Expansion Area
6,578 Acres Total
(5,413 Acres within Sphere,
1,165 Acres outside Sphere)

Fagan Canyon
Expansion Area
2,173 Acres Total

East Area 1
Specific Plan
Annexed 2/13

City of Santa Paula
3,550 Acres Total



Legend

-  City of Santa Paula
-  CURB Line
-  City Sphere - Existing
-  Adams Canyon Expansion Area
-  Fagan Canyon Expansion Area

LAFCo 13-02S
City of Santa Paula
Sphere of Influence Review/Update





General Plan Map Land Use Plan and Expansion Areas

Attachment 3

Legend

General Plan

- Open Space - Passive and Golf Course
- Agriculture
- Open Space - Parks and Recreation
- Residential Canyon
- Hillside Residential
- Single Family Residential
- Residential Medium Density
- Medium-High Density Residential
- High Density - Residential
- Mobile Home Park
- Neighborhood Commercial
- Commercial Office
- Commercial
- Mixed Use Office / Residential
- Mixed Use Commercial / Light Industrial
- Industrial Park
- Light Industrial
- Industrial
- Airport Operational
- Airport Related
- Institutional and Civic

--- Public Levee and Bank Protection*

▨ Specific Plan

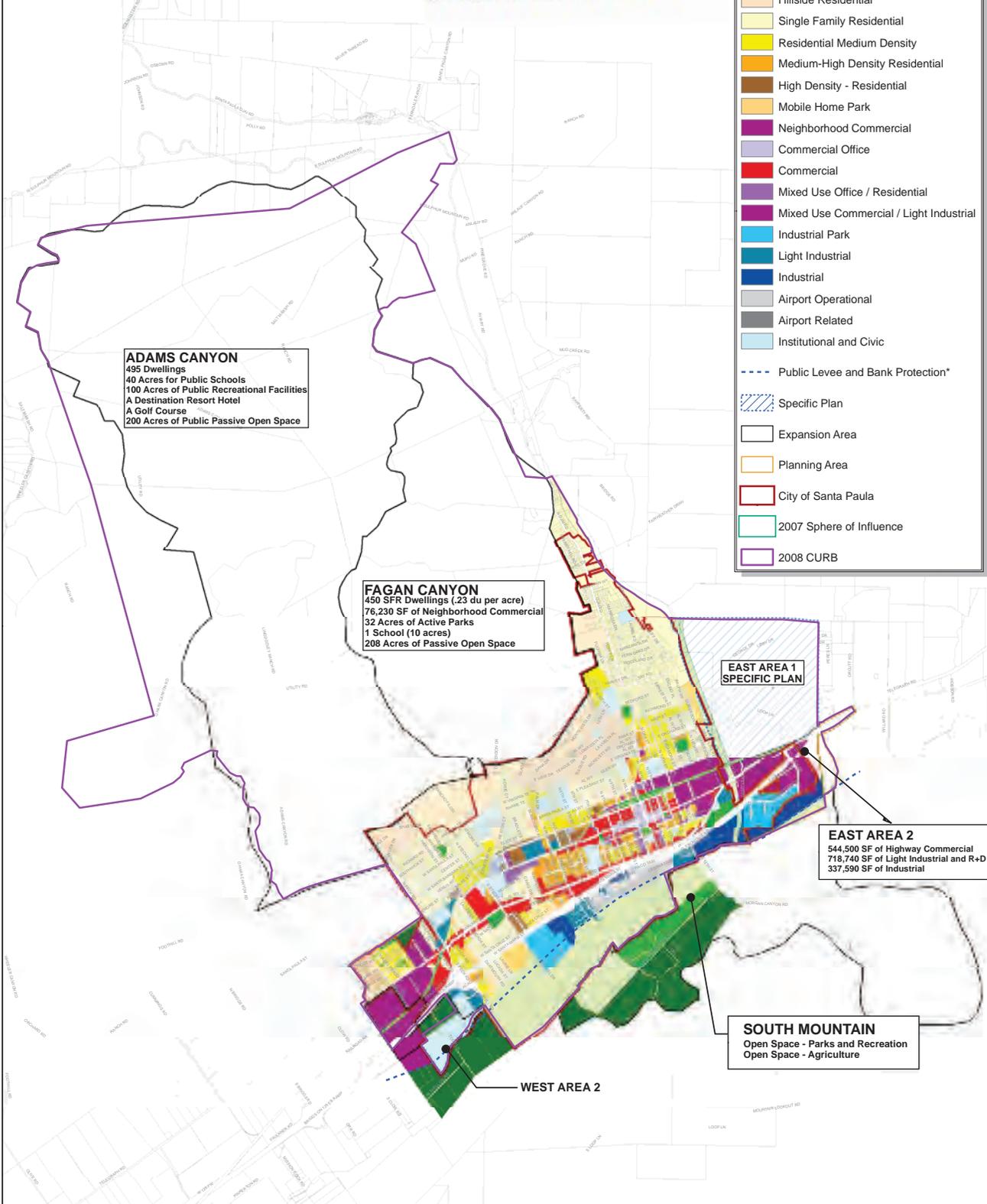
□ Expansion Area

□ Planning Area

□ City of Santa Paula

□ 2007 Sphere of Influence

□ 2008 CURB



ADAMS CANYON
 495 Dwellings
 40 Acres for Public Schools
 100 Acres of Public Recreational Facilities
 A Destination Resort Hotel
 A Golf Course
 200 Acres of Public Passive Open Space

FAGAN CANYON
 450 SFR Dwellings (23 du per acre)
 76,230 SF of Neighborhood Commercial
 32 Acres of Active Parks
 1 School (10 acres)
 208 Acres of Passive Open Space

**EAST AREA 1
 SPECIFIC PLAN**

EAST AREA 2
 544,500 SF of Highway Commercial
 718,740 SF of Light Industrial and R+D
 337,590 SF of Industrial

SOUTH MOUNTAIN
 Open Space - Parks and Recreation
 Open Space - Agriculture

WEST AREA 2

*1998 Data, Pending revision by FEMA

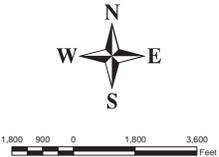
Where the Sphere of Influence line is the same as the actual City Limit, it is drawn slightly offset of the City Limit line for graphic clarity.

The information displayed on this map is intended for general reference purposes only, and is not warranted for completeness or accuracy. Please contact City Planning Department for official map.

1. Approved by City Council on April 13, 1998.
2. Amended through Ordinance No. 6351, 10/16/06.
3. Revised 12/10/07, converted to GIS by the County of Ventura, IT Services.
4. Revised 12/18/08, through City Council Resolution No. 6459.
5. Revised 9/20/10 through City Council Resolution No. 6700 (Sphere of Influence related to East Area 1 pending LAFCO approval).

39
ADOPTED 9/20/2010

Figure LU 5



Attachment 4



Adams Canyon Expansion Area

Fagan Canyon Expansion Area

East Area 1
Annexed February 2013

Peck/Foothill Property

Other Area

East Area 2

West Area

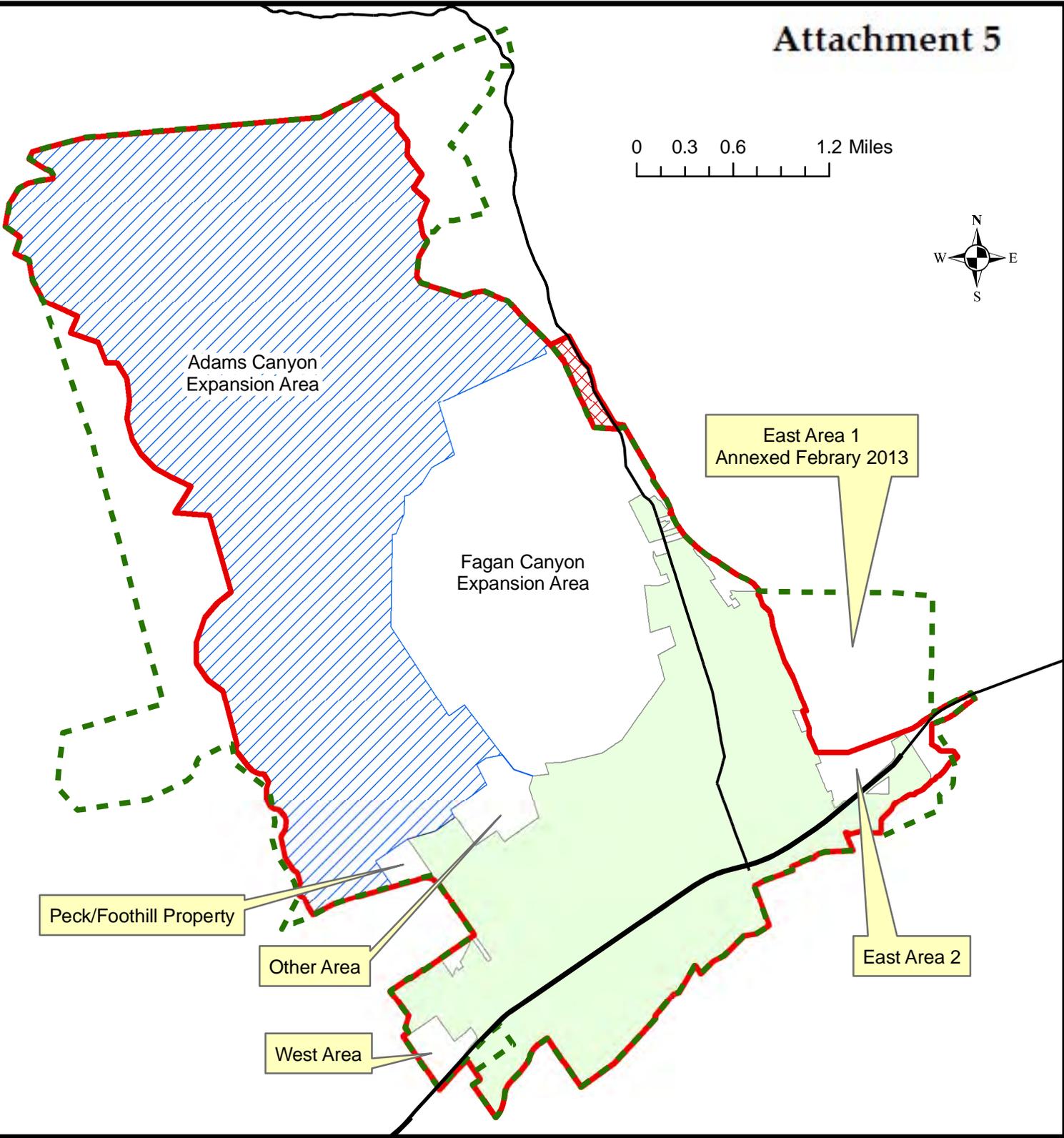
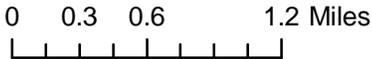
LAFCo 13-02S City of Santa Paula Sphere of Influence Review/Update OPTION 1

Legend

-  City of Santa Paula
-  City Sphere - Existing
-  CURB Line



Attachment 5



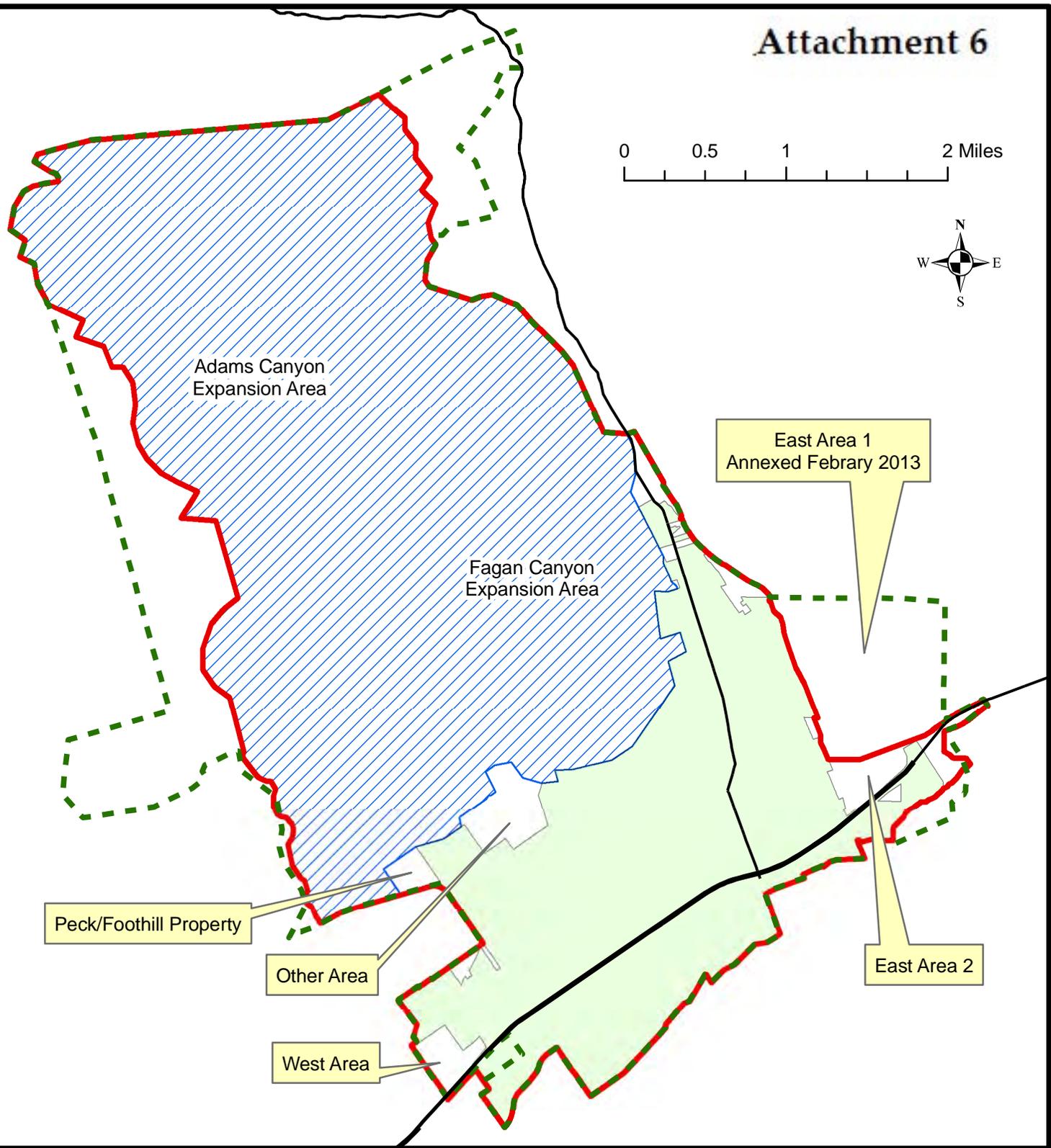
Legend

-  City of Santa Paula
-  City Sphere - Existing
-  CURB Line
-  Area to be Removed from Sphere
-  Area to be Added to Sphere

LAFCo 13-02S
 City of Santa Paula
 Sphere of Influence Review/Update
 OPTION 2



Attachment 6



LAFCo 13-02S
City of Santa Paula
Sphere of Influence Review/Update
OPTION 3

Legend

-  City of Santa Paula
-  City Sphere - Existing
-  CURB Line
-  Area to be Removed from Sphere





RICHARD MAIN 15888 FOOTHILL ROAD SANTA PAULA, CA, 93060
Tel: 805-525-2326 email: rzmain@verizon.net

Attachment 7

LAFCO,
Attn: Kim Uhlich

Re: Pending Review
Santa Paula City Sphere of Influence
(Fagan Canyon – Adams Canyon)

The undersigned has been involved in land development and land use issues for many years. My family was involved in development of home sites in the U.S. Virgin Islands and in Coral Gables and Naples (Port Royal) Florida in the 1950's through the 1990's. The Virgin Islands property near Christiansted, St. Croix, was mountainous (Seven Hills) about to the same degree as is Fagan Canyon. In the 1970's, the undersigned owned/controlled approximately 800 acres of mountainous terrain in North San Diego County (the Merriam Mountains) which adjoins I-15, north of Escondido and opposite the Lawrence Welk Resort. It stands undeveloped today. This is where LAFCO first popped up on my radar screen.

Several years ago I authored the "81 Acre" development limitation for lands in Santa Paula and then wrote the Referendum which reversed the City Council's approval of a 2000 plus unit planned development for Fagan Canyon, which was then ratified by the voters, and which was upheld by the Appellate Court when challenged in court. Had Fagan been development at that time, at the peak of the overblown housing market 5 years ago, we would now have a huge mess on our hands in Fagan Canyon, as Centex, the developer, went out of business and was absorbed by another developer, many projects abandoned and left in a state of complete disaster. That could be Fagan Canyon today.

We (our citizens group in Santa Paula) did support the plans for Adams Canyon to be developed into 495 "higher end" homes surrounding a golf course (Pinnacle Developers of Phoenix, Az.), and we still do support that plan. We also would support development in Fagan Canyon, but only at a level far below the 1800-2000 units that has been consistently proposed by developers. The developers always say that fewer units "will not pencil out".

P.1/2

That may be true, depending upon the price paid for the raw land, the infrastructure costs associated with development, the state, county and local fees, the then housing market and economy, the amount of profit targeted, and a critical component, frequently overlooked, *luck*.

The voters of Santa Paula are not stupid. They know what they want by way of development. They do not want the groves, especially west of the city limits, developed into housing tracts. They have spoken multiple times in favor of rational, limited development in the foothills and canyons, and that is why LAFCO and the County should honor the vote of the people and make no significant changes to the City's sphere of influence – at least that is my opinion and the opinion of all the people I have spoken with in Santa Paula.

Economically we are in an "intermission" in California. We do not know when the economy will grow in a significant manner. Sometime the best thing to do is – nothing. We (our group in Santa Paula) believe this is such an issue and such a time.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Richard Main', with a long horizontal flourish extending to the right.

Richard Main, J.D.

Kim Uhlich,
Hall of Administration 4th Floor
800 S. Victoria Avenue
Ventura, California.

January 11, 2003



Dear Ms. Uhlich;

Ventura LAFCo

I am writing in response to LAFCO's review of Adams and Fagan Canyons sphere of influence designation in Santa Paula. Enclosed is a document that may disqualify Bob Gonzales and Jim Tovias from testifying at LAFCO's meeting next week.

In 1997 When Robin Sullivan was Mayor of the city, she asked that a citizens committee be formed to review the city's proposed General Plan that included Limoneira's East Area One, Fagan and Adams Canyon. The committee focused its attention to Adams Canyon. I served on the committee that included a school board member, a city council member, a building contractor, a real estate broker, architect, a bank president, a housing, specialist a house wife, a Head Start Teacher and others. After ten or so meetings where we rotated the chair plus the meticulous review of all the negative environmental impacts if the Adams were developed the committee reported to the city council that with the exception of one committee member all the others voted against the development of Adams Canyon.

The negative impacts identified included the provision of water and sewer services widening of Foothill Road and, the cost of city services, The committee also felt that the development of the canyon constituted leap frog development and that it would not be a part of the rest of the city. Residents there would shop in Ventura only fifteen minutes away and not in Santa Paula. In 2007 the Santa Paula Chamber of Commerce also voted against the development of Adams Canyon.

The first time the Pinnacle Group proposed to develop Adams Canyon it failed to receive voter approval. A couple of years later Pinnacle came back into town an election was already scheduled for Centex's Fagan Canyon development. When Pinnacle came back one of the first things it did was fly, wine and dine about two dozen prominent city residents to Estancia, an impressive Pinnacle project in Arizona. Pinnacle hinted that it is what a developed Adams Canyon would look like.

In order to get ahead of the Centex election, Pinnacle collected signatures for a special election to have a vote on its plan to develop Adams Canyon. They asked individuals coming out Von's Market to sign a petition against child molesters. Once they got their attention they asked them to sign the petition asking for a special election. Enough signatures were gathered to have the election.

When Pinnacle begin it's election campaign it said the development would include a Ojai Valley Inn type hotel, a world class golf course and prepare 495 parcels for mansions to be built. Pinnacle said all this would generate \$20 million annually for the city starting

from day one. Twice in letters to the SP Times paper I asked Pinnacle to reveal the source of the \$20 million and it ignored my request. I kept asking questions, so to protect its back Pinnacle said that the calculations on the project had been done by a former City Manager from Fillmore. Pinnacle had a former mayor from Fillmore on its payroll. Towards the end of the campaign Pinnacle said its project would generate \$22 million instead of \$20 million. After spending \$1 million to spread its lies in its effort to gain approval for approval of its plans it failed. About seven months later Pinnacle admitted it had erred on its calculations and the its project would only raise under \$6 million. Although Pinnacle lost the election it did not give up. It got together with its most loyal supporters and told them what needed to be done so it could have another opportunity to get into the canyon. These supporters were Bob Gonzales, Jim Tovas and Steve Smead. Bob Gonzales was hired by Pinnacle to help on Measure Y. When the campaign on A7 started the three named above said it was a local citizen driven effort with no participation from Pinnacle. However, before and during the campaign Steve Smead was in and out of Pinnacle's Main Street Office. It appeared as if it were the campaign headquarters for A7. In the end the will of the voters was tainted because they were lied to. First the monumental \$22 million lie the false pure citizen driven committee on A7.

When the so-called Citizen's Committee claimed it had no ties to Pinnacle, daily I would daily visit a shoe repair shop that was located next to Pinnacle's campaign headquarters. The shop belonged to a lifetime friend of mine. He told me time and again that the leader of the committee was in and out of Pinnacle's headquarters throughout the A-7 campaign. I myself saw him once carrying an armload of what appeared to be voter registration forms.

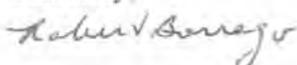
When a member of the city council said LAFCO was ignoring the wishes of Santa Paula voters if Adams is taken of the city's sphere of influence he should be reminded that the committee got approval of the measure by lying to the voters.

Pinnacle got as far as it did by lies from beginning to end, and the committee aided the organization.

I have a question of LAFCO, based on the work Gonzales and Tovas at Pinnacle's request should they not be deemed as having a conflict of interest that would prohibit them from testifying at LAFCO's hearing on Adams Canyon.

I have enclosed documents including an SP times report by Peggy Kelly that raises questions of conflict of interest of the above named individuals. I ask that you have County Counsel review it. Prior to A-7 Gonzales, Tovas and Smead met with a Pinnacle rep to get their marching orders. Smead and Gonzales were the leading proponents of Measure Y that was voted down.

Sincerely,



verizon
Verizon Message Center

NOTE: Document received
by LAFCo in partially
illegible condition.

Saturday, Jan 5 at 1:34 PM

From: pkellywriter@aol.com
To: bobbietb@verizon.net
Subject: Re: Tovas

Hi Bobbie

I don't have Works just Word but this is the article...

Jim Tovas tells of financial benefits of Adams Canyon Measure A7

By Peggy Kelly

Santa Paula News

Published: **March 28, 2007**

Jim Tovas of Santa Paulans for Quality Growth, whose initiative to bring Adams Canyon into the city's urban development boundary for future growth will be decided by voters with a special May election, talked about the issue at the March Good Morning Santa Paula.

By Peggy Kelly

Santa Paula Times

Jim Tovas of Santa Paulans for Quality Growth, whose initiative to bring Adams Canyon into the city's urban development boundary for future growth will be decided by voters with a special May election, talked about the issue at the March Good Morning Santa Paula. Hosted by Phil Caruso of Bankers Investment Counseling, the Chamber-sponsored event was held at The Grove restaurant. Tovas said Measure A7 really got its start when "I had the opportunity in February to go to Arizona," where the Pinnacle Group - which was then sponsoring a similar measure - has a resort. "At dinner I was talking to Greg Boyd, and told him it was a really beautiful facility... but what's in it for Santa Paula, that's the whole purpose," Boyd supplied "some information, some projections" of revenue, and "I thought that would be wonderful to change the financial direction of Santa Paula. But we stood back, weren't involved in that election," one of several that had unsuccessfully targeted potential development in the canyon.

"I thought to myself why Santa Paula would not want this kind of assistance, and when Measure Y failed," narrowly defeated in an April special election. "I felt bad for Santa Paula.... A couple of days later, Steve (Smead), Bob (Gonzales) and I got together and started hashing things around," but Pinnacle "wanted nothing to do with us. We thought let's let them cool off a bit," although Pinnacle representatives said they would develop through the county.

"We figured maybe we could do something on our own, and we met with them

(Pinnacle) in May last year... they said if you move this line we'll consider coming back to Santa Paula, but you're on your own. If this doesn't pass, it goes to the county and it's over."

Tovias said that there are many "highlights and financial benefits" to bringing the canyon into the CURB.

Although initially "there was a lot of confusion" preparing the initiative, "Steve had to meet with the developers to make sure they would agree with what we did," and the initiative process was launched.

The measure is "not a development agreement, it's just to move the line" to include Adams Canyon for future growth. "Adams was part of the expansion area up until 1998, and we're just trying to move the line back to where the city intended to grow."

At 2005 planning workshops, "people said they want high up homes and are worried about generating traffic... the measure limits development to 495" custom home sites. The 100-acre active park would be paid "100 percent by the developer, we walk in it's done... the measure also requires a connector road to Fagan Canyon," deflecting traffic concerns of an earlier development bid. "Without Adams, traffic goes right into the downtown" if Fagan Canyon is ever developed. Since the incentive for bringing Adams into the boundary is financial benefit, "We wanted to make sure that the figures we throw out are accurate," Tovias listed various one-time fees that would result in millions of dollars to the city and school districts, close to \$100,000 per home.

"A projection came out last year" for Measure Y that stated that the city would receive about \$22 million annually at build-out. "We brought in Roy Payne," who prepared the financial report, "and he, Bob, Steve and I met in July, Roy came back and said he made a mistake" in the original projection.

At build-out - projected at 2030 - the city would receive "\$5 million annually and forever," and net revenue to the community would be about \$1 million, a "long term financial base" said Tovias. "Since Roy was wrong the first time we didn't trust him the second time," and the financial projection - a link is available on the city's web page - was certified.

The city has many serious needs: "The bottom line is that if we can move this line and the Council approve a development agreement," the passage of Measure A7 will benefit the city said Tovias. "The people working on this campaign have no personal agenda... they gain nothing from this."

—Original Message—

From: Bob Borrego <borrego@cityofsantapaula.com>

To: pkellywriter <pkellywriter@cityofsantapaula.com>

Sent: Sat, Jan 5, 2013 1:29 pm

Subject: Tovas

Peggy, I inadvertently deleted the e-mail with the attachment regarding Tovas' report to GMSP. If you can send it to me again in Works form I will be indebted to you for life. I don't mean to take advantage of our freindship but I do need the attachment.

RECEIVED
MAR 11 2013

Dear Ventura LAFCo,

Ventura LAFCo

March 11, 2013

I write to urge you to remove Adams and Fagan Canyons from the sphere of influence of Santa Paula. I have lived in the Santa Paula area since age 5 for 58 years; 13 in the rural area west of town most affected by Adams development, and the last 33 in central SP.

There are local and global reasons why developing these canyons is a bad idea. Globally, consider the significant percentages of the natural environment disturbed by draining wetlands, cutting down swaths of forest – in general, ecosystems overwhelmed by overdevelopment. We've raised atmospheric CO2 levels by about 100 ppm. Average temperatures have risen as much in the last two centuries as they did in a 5000 year period after the last ice age. This carbon excess has acidified our oceans, and on land, hundreds of species have gone extinct due to loss of habitat.

These proposed local developments are typical examples of human behavior ignoring the damage to the Earth. These canyons have little or no connection to our city, making transportation difficult and polluting. They have no extra water to support the influx. The water would have to be imported from already overtaxed groundwater supplies we depend on. These huge areas, almost four times the area of the present city, would have wildlife corridors interrupted by mini-ranch development, further contributing to species extinctions.

The history of this development quest is that it was repeatedly denied by LAFCo, until a narrow 3-2 approval for the city. Since then 3 of 4 city elections about proposed developments have lost. The proposal which won, in 2006, was in the height of the housing bubble, when a majority of city voters, looking through rose colored glasses, foresaw easy money from the 1% who could afford rural canyon estates, to augment city coffers.

Luckily, the housing bubble burst, and now we have a better view of financial realities. I fear it could cost the city more for infrastructure and public safety costs than would be realized from development fees. After two years of drought, water supply realities should be clearer

Since the city vote on Adams Canyon in 2006, a much more practical area for development, Limoneira's East Area, has been approved. This makes the need to disturb open space in the canyons and clog poor traffic access routes even less wise. Even to develop the East Area, commissioner Wisda has raised serious water supply issues.

Please consider returning control of Adams and Fagan Canyons to county control. The county is more likely to value the preservation of open space, wildlife corridors, and the plight of affected rural residents.

Douglas Smith

Douglas Smith
424 N. 9th Street
Santa Paula, CA 93060
525-4734

March 1, 2013

VIA FEDERAL EXPRESS AND EMAIL

Kim Uhlich
Executive Officer
Ventura LAFCO
County Government Center
Hall of Administration, 4th Floor
800 S. Victoria Avenue
Ventura, CA 93009-1850

FIRM / AFFILIATE OFFICES	
Abu Dhabi	Moscow
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Brussels	Orange County
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Doha	Riyadh
Dubai	Rome
Frankfurt	San Diego
Hamburg	San Francisco
Hong Kong	Shanghai
Houston	Silicon Valley
London	Singapore
Los Angeles	Tokyo
Madrid	Washington, D.C.
Milan	

File No. 049217-0002

Re: Santa Paula Sphere of Influence Decision Scheduled For March 20, 2013

Dear Ms. Uhlich:

We represent R.E. Loans, the owner of over 4,000 acres in the City of Santa Paula’s (“City”) sphere of influence known as Adams Canyon. We previously provided comments for the Local Agency Formation Commission’s (“LAFCO”) January 16, 2013 meeting, item 10, “City of Santa Paula Sphere of Influence Review and Update.” We are concerned that LAFCO is contemplating an action to amend the Santa Paula Sphere of Influence (“SOI”) and remove R.E. Loans’ property from the City’s sphere of influence without proper diligence and analysis.

1. LAFCO must start with a “clean slate” in making any decision, and must first take action to repeal or amend Resolution 10-12S (2011)

In 2011, for whatever reason, LAFCO voted to direct staff to undertake the procedures necessary to remove Adams Canyon from the City of Santa Paula Sphere. The language of Resolution 10-12S is clear and unequivocal as to the decision that was made--- this was not a decision to direct staff to merely “re-study” the issue. Resolution 10-12S was explicitly contains a specific decision by LAFCO on the removal of property from the Sphere that now prevents LAFCO and its staff at this from objectively analyzing whether or not the removal is an appropriate decision. the proper course of action is for LAFCO to rescind resolution 10-12S and to analyze the impacts of the proposed sphere-of-influence update before committing to it. If LAFCO proceeds to hear the matter in its March meeting without first revisiting Resolution 10-12S and reviewing and setting aside its explicit prior decision on this same issue in 2011, we do not believe that the current LAFCO Commissioners will be able to consider the issue in an unbiased and objective manner, free of the prior commitment made by LAFCO in 2011.

2. No Factual Basis In The Record For Change From Recent Past Decisions.

Second, it is difficult to understand why LAFCO is contemplating a change in the SOI, when it is not desired by the City, the SOI has been confirmed as an area for growth by the voters, and when LAFCO re-affirmed the SOI only 5 years ago. The Ventura County LAFCO re-affirmed the SOI for Santa Paula on June 13, 2007. The LAFCO staff report notes that the SOI for Santa Paula was a controversial action at LAFCO which was originally denied in 1998 and then approved in 2000.

“The sphere of influence for the City of Santa Paula was substantially amended in 2000 to include large areas to the north of the City known as Fagan Canyon and Adams Canyon. This action, based on the City’s 1998 General Plan update, was extremely controversial at LAFCO. After multiple meetings with hundreds of speakers and thousands of pages of correspondence, it was originally denied. Then, at the City’s request, it was reconsidered and subsequently approved in February 2000. In the fall of 2000 the voters in Santa Paula adopted a SOAR ordinance that established a CURB line that included Fagan Canyon, but not Adams Canyon, the larger of the two canyons and the one located farthest to the west.”

The voter’s adoption of measure A7 put Adams Canyon within the CURB line and made the CURB line co-terminus with the SOI. The initiative also amended the City’s General Plan to incorporate the specific land use densities and infrastructure requirements of the Adams Canyon Development, thereby predicating growth planning in the Santa Paula General Plan on the eventual annexation of the territory within the SOI.

3. Any Change In The Sphere For Adams Canyon Will Cause Major Conflicts With The City of Santa Paula’s General Plan

Because the eventual annexation and development of Adams Canyon is included with many detailed provisions of the the City of Santa Paula’s General Plan, any change to the SOI by LAFCO would create significant land use impacts to the City General Plan that must be studied in an environmental impact report (“EIR”) before action can be taken. Under the CEQA Guidelines, Appendix G, LAFCO must determine whether its proposed sphere change to delete Adams Canyon from the City of Santa Paula Sphere will “conflict with any applicable land use policy or regulation of an agency with jurisdiction over the project.” In addition, a change in the SOI by LAFCO would thwart the clear direction from the voters of Santa Paula, that Adams Canyon is the preferred area for growth.

As noted in our January 14, 2013 letter, We believe this SOI update may cause several significant environmental impacts that LAFCO must analyze under CEQA. The update would remove approximately 12 square miles from the City’s SOI in the Adams and Fagan Canyon areas. As the City noted in its January 13, 2013 letter to LAFCO, this would make developing this property much more difficult. We have done further research on the significant impacts that may occur and provide detailed comments below. You and your staff have been very helpful in providing documents that we have requested. These and other documents in the record clearly show that significant impacts may occur in the areas of land use, housing, agricultural lands, and growth management among others.

The City's General Plan is predicated on the annexation of the SOI, and therefore LAFCO must analyze and mitigate the impacts of displacing development from the Adams and Fagan Canyon areas to other portions of the City or to the County.¹ These impacts are readily foreseeable. The homes and other amenities planned for the Adams and Fagan Canyon areas will need to be built elsewhere to meet the City's and the County's housing needs.² Development at these alternate locations may cause additional impacts related to traffic, noise, air quality, affordable housing, prime agricultural lands and other resources that LAFCO must analyze.

The June 13, 2007 LAFCO staff report on the Sphere of Influence Update acknowledges that CEQA review is required for any change in a Sphere of Influence.³ Indeed, the 2007 staff report suggests that the City and not LAFCO should perform the analysis when significant impacts will potentially occur. However, whichever jurisdiction takes the role of lead agency, full CEQA review must be completed through an EIR.⁴

The following are areas where significant impacts are likely to occur with a change in the SOI, and must be analyzed in an EIR. This research is still preliminary and we believe that there are many other impact areas that will present themselves in the environmental analysis.

¹ The reasonably foreseeable impacts of displacing development from one area to another through increased development restrictions must be analyzed under CEQA. *Muzzy Ranch Co. v. Solano County Airport Land Use Commission* (2007) 41 Cal.4th 372, 383.

² *Id.* at 382 (“The population of California is ever increasing. Our Legislature has declared that [t]he availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order.”).

³ “Sphere of influence updates are considered as “projects” under CEQA and LAFCO is the lead agency for these projects.” – LAFCO Staff Report for the Sphere of Influence Update for City of Santa Paula June 13, 2007, page 3.

⁴ *Id.* at 3 - “For the sphere update process, if sphere of influence changes could be determined to be generally or categorically exempt, or if a simple negative declaration could be prepared without any detailed environmental analysis, the change is being recommended. However, in instances where sphere of influence changes would require detailed or substantial analysis to comply with CEQA, possibly including mitigated negative declarations or EIRs, then such changes are not being recommended. In such instances it is more proper, including both the cost and usefulness of the analysis, to allow a city to be the CEQA lead agency for major sphere changes in conjunction with future sphere amendment and annexation applications that also include land use entitlements.”

I. REMOVAL OF THE SOI FROM THE CITY OF SANTA PAULA WILL CAUSE THE PROPERTY TO DEVELOP AT A MUCH LOWER DENSITY, WHICH WOULD UNDERMINE THE STATED GROWTH NEEDS OF THE AREA.

The City of Santa Paula's White Paper on the SOI which was approved by the Santa Paula City Council on October 18, 1999 and submitted to LAFCO as part of the SOI application ("City White Paper"), states that "Adams Canyon and Fagan Canyon have been selected to be the principal residential growth areas for the City." The General Plan calls for the development of 495 residential units in Adams Canyon and 450 units in Fagan Canyon. Previous attempts to develop Adams Canyon as part of the County of Ventura, contemplated far fewer dwelling units. The Adams Canyon Ranch Project processed through the County of Ventura in 2007 proposed only 34 dwelling units on 4,800 acres. This is less than 10% of the growth contemplated by the City of Santa Paula General Plan and approved by voters for Adams Canyon.

Without the SOI area available for annexation and development, the City is not likely to achieve its growth and economic development goals. The SOI area includes planned parks, and schools that the City is counting on to serve the existing population as well as the new residents.

Page LU-28 of the City General Plan states, "The Land Use Plan allows for build-out of existing City lands as well as phased annexations. Table LU-6 illustrates the theoretical new development potential of both existing City lands and the expansion and planning areas, and summarizes the potential development upon full build out of the General Plan. The type and amount of development that actually occurs will depend on market forces and an aggressive marketing plan by the City. The City realizes that total industrial, commercial, and residential build-out may not occur within the 2020 horizon of the General Plan. However, making the land available will eliminate one obstacle and provide an incentive for growth to occur."

Thus, having the SOI available for annexation and development will eliminate an obstacle to growth and provide an incentive for expansion in line with the City's planning paradigm. A direct impact to Land Use and growth potential will occur if the SOI is modified by LAFCO. This must be studied as part of an EIR prior to taking any action.

In addition, the measure making the CURB line co-terminus with the SOI was put in place, specifically to provide the economic growth and public infrastructure necessary to serve the new as well as the existing community. The Statement of Reasons in the initiative states:

The purpose of this initiative is to amend the City of Santa Paula General Plan, including the City Urban Restriction Boundary (CURB) to include Adams Canyon within the CURB...

This initiative will result in a more vibrant and economically attractive downtown, resulting in more viable retail establishments to serve the Community; enhancing property and sales tax revenues necessary to finance critical police, fire, schools and other public services, including road maintenance, that have too long been underfinanced, leaving the citizens under served. The need for land for educational purposes, as well as public recreational facilities and open space within the City can be accommodated by amending the General Plan to provide for those uses in Adams Canyon.

A change in the SOI would lead to the City's inability to provide the infrastructure, services and amenities contemplated by the initiative and subsequent General Plan amendment, thereby creating a direct impact to land use under CEQA.

II. THE CITY'S GENERAL PLAN IS PREDICATED ON ANNEXATION OF THE SOI.

A. The SOI area is the principal residential growth area of the City. Impacts will occur from restricting this growth.

The City of Santa Paula's White Paper on the SOI, states that "Adams Canyon and Fagan Canyon have been selected to be the principal residential growth areas for the City."

The General Plan at Page LU-18 goes on to note, "The City of Santa Paula embarked on an update of the General Plan to address growth and economic issues. Beginning in 1993, city staff and citizens began studying conditions, opportunities, and constraints. Several expansion areas were developed to test and determine the direction Santa Paula should plan to grow for the year 2020. In 1997, these expansion areas were modified and grouped into three land use scenarios. A preferred growth scenario was selected by the City Council, and that scenario forms the basis of this General Plan. That scenario has been modified as a result of a citizens' initiative known as the Save Open-Space and Agricultural Resources (SOAR) Santa Paula City Urban Restriction Boundary Initiative, as subsequently amended by the voters. The CURB, which modifies the preferred build out scenario to require public involvement is set forth in Figure LU-4a. The Land Use Element of the General Plan in particular, carries out the preferred scenario by calling for expansion outside the existing City limits and recommending several land use and policy changes for the existing City lands." (Emphasis added) The preferred scenario includes expansion of the City into the SOI.

The Santa Paula General Plan Land Use Element is predicated on maintenance of the SOI and future annexation of that area. A major change in the SOI would undermine the assumptions in the General Plan, and significant impacts under CEQA to land use, transportation and circulation, and infrastructure would occur.

B. The Economic Development strategy of the City counts on the eventual annexation of the SOI to achieve the General Plan goals.

Page LU-11 of the General Plan states, "In 1997, the City commissioned a study by Hausrath and Associates to determine the City's potential to capture future development. The Hausrath Land Absorption Study states that:

'Should the City seek higher levels of growth, the strength of projected job growth within the Ventura Market Area indicates the potential for the City to seek redistribution of some of those jobs to its jurisdiction with an aggressive and effective economic development strategy. The City may become more successful than projected in attracting new businesses to the Ventura Market Area that would not have otherwise located in the area.'

Based on this theory, the Land Use Element presents aggressive commercial and industrial development plans based on amending the Sphere of Influence and annexing new lands.” (Emphasis added)

If the SOI becomes unavailable for growth, reduced economic activity is likely to occur which could impact the City’s ability to provide services to the existing population. In addition, as discussed below, removing the SOI could increase the likelihood of development in other areas in and around the City that have agricultural and other resources that the City has sought to preserve.

III. IMPACTS TO HOUSING

A. The SOI is necessary for the City to meet its housing allocation under the Regional Housing Needs Assessment.

As noted in the City White Paper at page 2, “Adams Canyon and Fagan Canyon have been selected to be the principal residential growth areas for the City.” The City’s General Plan Housing Element makes it clear that the annexation areas are being counted on to address the impact of too much low income housing on the City and to balance the City’s housing stock under the Regional Housing Needs Assessment. LAFCO’s own findings in the resolution approving the expansion of the SOI to include Adams Canyon states at finding 7 that, “There is insufficient alternative land available for similar types of uses within the existing sphere.”

The Housing Element of the City’s General Plan counts on growth in the SOI. Section V of the Housing Element at Goal 3 and Policy 3.3 states:

GOAL 3 - To provide adequate housing sites through appropriate land use and zoning designations to accommodate the City’s share of regional housing needs.

Policy 3.3 Pursue phased annexation of land located within the City’s Sphere of Influence to provide additional growth opportunities consistent with infrastructure capacities.

The Housing Element of the City of Santa Paula General Plan provides the Regional Housing Needs Assessment (RHNA). Page 38 of the Housing Element notes that “The Housing Action Plan (Chapter V) contains Program 16 to facilitate the annexation of properties in the Sphere of Influence to provide a portion of the sites needed for the planning period. It is important to note that the RHNA methodology, which was adopted by VCOG and SCAG and approved by HCD, assumed annexation and development of the Sphere of Influence during the current planning period.” (Emphasis added)

Removal of Adams Canyon from the Sphere of Influence would preclude the development of the housing assumed as part of the City’s build out to fulfill the RHNA. In addition, removal of Adams Canyon from the Sphere would impact the methodology used to develop the RHNA for Ventura County by the Ventura County Organization of Governments (VCOG) and Southern California Association of Governments (SCAG), causing broader impacts that could impact RHNA’s throughout the County.

B. Additional Upper Income Housing is needed to create a balanced community. The SOI is counted on to produce this housing.

The City White Paper details a unique housing imbalance in the City of Santa Paula. The City White Paper at page 19 notes that “it has long been recognized that Santa Paula has more than its fair share of low and very low income households. According to the 1999 regional Housing Needs Assessment, now underway, Santa Paula has 53% of its households in the low and very low income range. SCAG has determined that the regional fair share for these lower income households is 39%...The Santa Paula General Plan recognizes this problem and seeks to address it by setting goals that ‘the housing supply should be balanced to meet the needs of all economic social and ethnic groups...and the City should promote upper income housing as a means to improve community resources.’”

The Adams Canyon area is planned for larger estate housing and upper-income housing that would achieve the desired balance discussed in the City White Paper.

The General Plan has specific goals and policies to encourage development that will effect this balance. Land Use Element Goal 3.1 states, “A healthy balance of land uses and adequate land for all community needs should be provided.” Land Use Element policy 3.f.f - “Encourage the development of high quality estate subdivisions,” can only be achieved if the SOI is maintained. As noted at Page LU-11, the Adams Canyon annexation area is being counted on to fulfill this goal. The General Plan states, “Therefore, the Land Use Element recommends large land additions through Sphere of Influence amendments. This is to provide a mix of new housing types, with an emphasis on higher-cost housing that would be an alternative to the existing housing stock and would provide a net positive fiscal contributor to the City.”

IV. GROWTH NEEDS OF THE CITY WOULD IMPACT PRIME FARMLAND

A. Significant Impacts to Prime Agricultural Land are likely to occur

The CEQA initial study checklist requires that an analysis be conducted to determine if a project will “convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance...to non-agricultural use.” Independently, the Ventura County LAFCO sphere of influence policy 4.1.5.3 requires that LAFCO review how the change to a sphere of influence will “impact on adjoining prime agricultural or open space lands.”

The City White Paper specifically addresses this issue and states that the Adams Canyon area was chosen as an area of growth for new housing because of the lack of Prime Agricultural Land in the canyon, and to avoid the need to expand housing onto Prime Agricultural Lands or Greenbelt Agreement areas.

Page 1 of the City White Paper states that, “Santa Paula adopted a new General Plan last year after several years of study and community involvement. The Plan recognizes a need for room to grow and it directs that growth toward the least productive agricultural land. The planning process examined all contiguous growth possibilities around the City.”

Page 2 notes that, “After excluding Santa Paula Canyon and West Area 1, the General Plan was adopted. It included Adams Canyon, Fagan Canyon... These areas admittedly include agriculture, but to a far lesser extent than the rejected areas.” Page LU-23 of the City’s General Plan states that as to development of Adams Canyon, “The impact on agriculture would be relatively low due to the predominantly low-value grazing use of the canyon.”

Measure A7 which added Adams Canyon within the CURB line specifically states that the “purpose of this initiative is to... preserve prime agriculture by including Adams Canyon in the CURB and directing residential development into the foothills of Adams Canyon.”

If the City of Santa Paula is prevented from annexing these areas planned for growth, it will need to extend growth into those areas that have been analyzed and rejected as having greater impacts to agricultural resources. Indeed LAFCO’s own findings in the resolution approving the expansion of the SOI to include Adams Canyon states at finding 7 that, “There is insufficient alternative land available for similar types of uses within the existing sphere.” Therefore, the pressure for growth into agricultural areas around the City is certain and a direct impact will occur under CEQA.

B. Greenbelt Agreements may be undermined and Prime Agricultural Lands impacted by the need for growth into these areas if the SOI is changed.

The City General Plan at page LU-26 notes that the City of Santa Paula and surrounding jurisdictions are participants in Greenbelt Agreements. The General Plan describes these agreements:

In Ventura County, greenbelts are agreements between public agencies with land use control. They represent a form of mutual regulatory control between two or more jurisdictions concerning urban form, the protection of farmland and open space land, the future extension of urban services/facilities, and annexations. These greenbelts are intended to operate as “community separators” or “buffers” and participating cities agree not to extend municipal services into the greenbelts or annex greenbelt lands.

The General Plan notes that the City specifically rejected Greenbelt Agreement areas for growth due to the Prime Agricultural Lands in those areas and placed them outside the SOI for the City in recognition of these agreements. Indeed the General Plan notes at LU-26 that, “because the lands within a city’s sphere of influence are intended for eventual annexation to a city, greenbelt agreements usually involve lands outside a city’s sphere of influence.” However, although these agreements exist, participant jurisdictions may seek to amend them and annex these territories. Page LU-26 of the General Plan notes the following:

- *Generally, the lands within a greenbelt area are designated “Agricultural” or “Open Space.”*
- *Greenbelts have no binding legal authority to regulate land uses. That authority is found in the jurisdiction’s general plans and zoning regulations. Greenbelts, together with other planning and regulatory tools have functioned as a deterrent*

to the premature development of farmland and open space lands. Greenbelts, however, do not provide for permanent conservation or preservation.

- *Any party to a greenbelt agreement may elect to terminate their participation in the policy agreement at any time.*

Therefore, the agricultural, Greenbelt Agreement areas are susceptible to development. An amendment to the SOI by LAFCO to exclude from growth the areas that the City General Plan has designated for development, will inevitably push growth into these Greenbelt Agreement areas, where no protections exist, and greater impacts to agricultural resources are assured. CEQA requires that these issues be thoroughly analyzed and disclosed prior to any action to amend the SOI.

C. City Urban Restriction Boundary (CURB) Preserves Agricultural Land and Includes the Sphere of Influence.

Page LU-29 defines the purpose of the CURB. It states that “The City of Santa Paula and surrounding area, often referred to as part of the Heritage Valley, with its unique combination of soils, micro-climate, and hydrology, has become one of the finest growing regions in the world. Agricultural production from the County of Ventura and in particular production from the solids and silt from the Santa Clara River provides beneficial food and fiber to local inhabitants and to the world at large and has achieved international acclaim, enhancing the City’s economy and reputation. The purpose of this CURB, as amended is to provide for the reasonable urban growth of the City of Santa Paula and ensure that the development policies, and underlying goals, objectives, principles and policies set forth in the Santa Paula General Plan relating to Land Use are inviolable against transitory short-term political decisions and that agricultural, watershed, and open space lands are not prematurely or unnecessarily converted to other non-agricultural or non-open space uses without public debate and vote of the people.”

By eliminating the annexation area that the voters (and the subsequently amended General Plan) specifically placed within CURB, the City may be forced to utilize land for growth within the City that is currently being utilized for agriculture. The purpose of the CURB is to constrain urban sprawl by defining the areas for potential growth away from prime agricultural areas. As noted above, unlike the bulk of land surrounding the City, Adams Canyon has very little agricultural potential and therefore has been designated for growth to avoid encroachment into agriculturally productive areas.

V. HYDROLOGICAL IMPACTS FROM FLOODING

The City of Santa Paula White Paper on the SOI states at page 4 that, “Adams Canyon and Fagan Canyon both drain by way of barrancas flowing into or alongside the City...All will require flood protection improvements as an integral part of their development plans...An important side benefit of the flood protection improvements on Adams Barranca will be the reduction of flooding problems in the existing and proposed industrial-zoned area on the west side of the City...The proposed development in Adams Canyon cannot proceed unless this flooding problem is corrected...The General Plan requires each of the major expansion areas to

have a specific plan prepared and adopted before the annexation and development can occur. Each plan will include a drainage mater plan with a detailed description of the improvements needed and the schedule of construction.”

Page LU-12 states, “The Land Use Element addresses flooding as follows:

- Requiring reasonable flood protection measures in all new land development projects.
- Outlining programs to reduce the flood threat from Santa Paula Creek, Fagan Barranca, and Adams Barranca.
- Restricting development adjacent to the Santa Clara River and Santa Paula Creek.”

Page LU-23 of the General Plan goes on to state that “Drainage would follow Adams Barranca to the Santa Clara River. Major flood retention facilities would be required within the canyon. With the retention facility, flood threats in the areas west of town adjacent to SR 126 would be reduced, and the water would be used for irrigation and fire protection.”

The General Plan Land Use Element relies on improvements in the Adams Canyon area that will be required of future development to solve chronic flooding in the Adams Barranca. The water from flood control infrastructure would also be used for fire protection and agricultural irrigation. Therefore, the elimination of this planned infrastructure, through the development changes that would be required if the SOI were altered, would certainly impact the ability of the area to protect against flooding and could impact agriculture operations that would use the irrigation water from these facilities. The CEQA guidelines are clear that this area must be analyzed as part of an EIR. The CEQA initial study checklist provides that projects that could expose people or structures to a significant risk of loss, injury or death involving flooding, could create a significant impact under CEQA and therefore must be analyzed.

VI. TRANSPORTATION IMPACTS

Amendments to the SOI that displace or discourage development of the area could cause transportation impacts by eliminating the ability for critical road infrastructure to be developed. Measure A7 specifically states that one of the purposes of the initiative to include Adams Canyon in the CURB line is to allow for “the dedication of sufficient right-of-way for the construction of a connection road to Fagan Canyon [which] will reduce the impact of the traffic from Fagan Canyon on existing residential neighborhoods to the south.”

Improvements to future and existing roadways have been assumed as part of the Transportation Element of the City General Plan. The General Plan at page CI-29 provides the following list of improvements in Adams Canyon, and within the City:

“Adams Canyon. Primary access for Adams Canyon would be provided via an arterial roadway extending northerly into the canyon from Foothill Road. A secondary access connection to SR 150 is also anticipated. Anticipated improvements on existing streets include widening

Foothill Road from Peck Road to the Adams Canyon access road to four lanes and widening Peck Road from SR 126 to Foothill Road to four lanes. The Foothill Road/Peck Road intersection would be modified to include a sweeping curve and the Foothill Road/Adams Canyon intersection may also be designed with a sweeping curve to encourage the use of Peck Road. The Foothill Road/Adams Canyon intersection will require signalization to accommodate the traffic volume expected for that area.”

Precluding development of this area would decrease the funding available to make circulation connections to existing and future roadways, and thus a significant impact would occur.

Conclusion:

As we noted in our letter of January 14, 2013, LAFCO’s regulations expressly require CEQA review. The regulations recognize that LAFCO must serve as a lead agency under CEQA when “a sphere of influence update pursuant to Government Code Section 56425” is initiated by LAFCO, such as the one here. Under LAFCO’s regulations, only certain specified projects are exempt from CEQA review—these projects do not include sphere-of-influence updates. As such, LAFCO’s regulations require it, at a minimum, to prepare an initial study for the proposed sphere-of-influence change. However, we believe that we have shown that there is potential for significant impacts to occur and therefore an EIR is required. Even a cursory look at the attached City of Santa Paula General Plan Land Use Plan and Expansion Areas document shows that any LAFCO action to remove Adams Canyon from the City’s Sphere would create serious conflicts with an adopted General Plan.

LAFCO must also comply with the Cortese-Knox-Hertzberg Act before considering the proposed update. Before updating a sphere of influence, the act specifically requires LAFCO to consider, and to “prepare a written statement of its determinations” with respect to the following specific factors:

- (1) The present and planned land uses in the area, including agricultural and open-space lands.
- (2) The present and probable need for public facilities and services in the area.
- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- (5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

LATHAM & WATKINS^{LLP}

This analysis has not been completed, and LAFCO must prepare an EIR analyzing the CEQA impacts of its action before considering the sphere-of-influence update.

We appreciate the opportunity to submit these comments. We look forward to playing a constructive role as the proceedings unfold and as LAFCO conducts CEQA review.

Sincerely,

Christopher Garrett

Christopher W. Garrett
at LATHAM & WATKINS LLP

Attachment

cc Ron Rakunas



General Plan Map Land Use Plan and Expansion Areas

Legend

General Plan

- Open Space - Passive and Golf Course
- Agriculture
- Open Space - Parks and Recreation
- Residential Canyon
- Hillside Residential
- Single Family Residential
- Residential Medium Density
- Medium-High Density Residential
- High Density - Residential
- Mobile Home Park
- Neighborhood Commercial
- Commercial Office
- Commercial
- Mixed Use Office / Residential
- Mixed Use Commercial / Light Industrial
- Industrial Park
- Light Industrial
- Industrial
- Airport Operational
- Airport Related
- Institutional and Civic

--- Public Levee and Bank Protection*

▨ Specific Plan

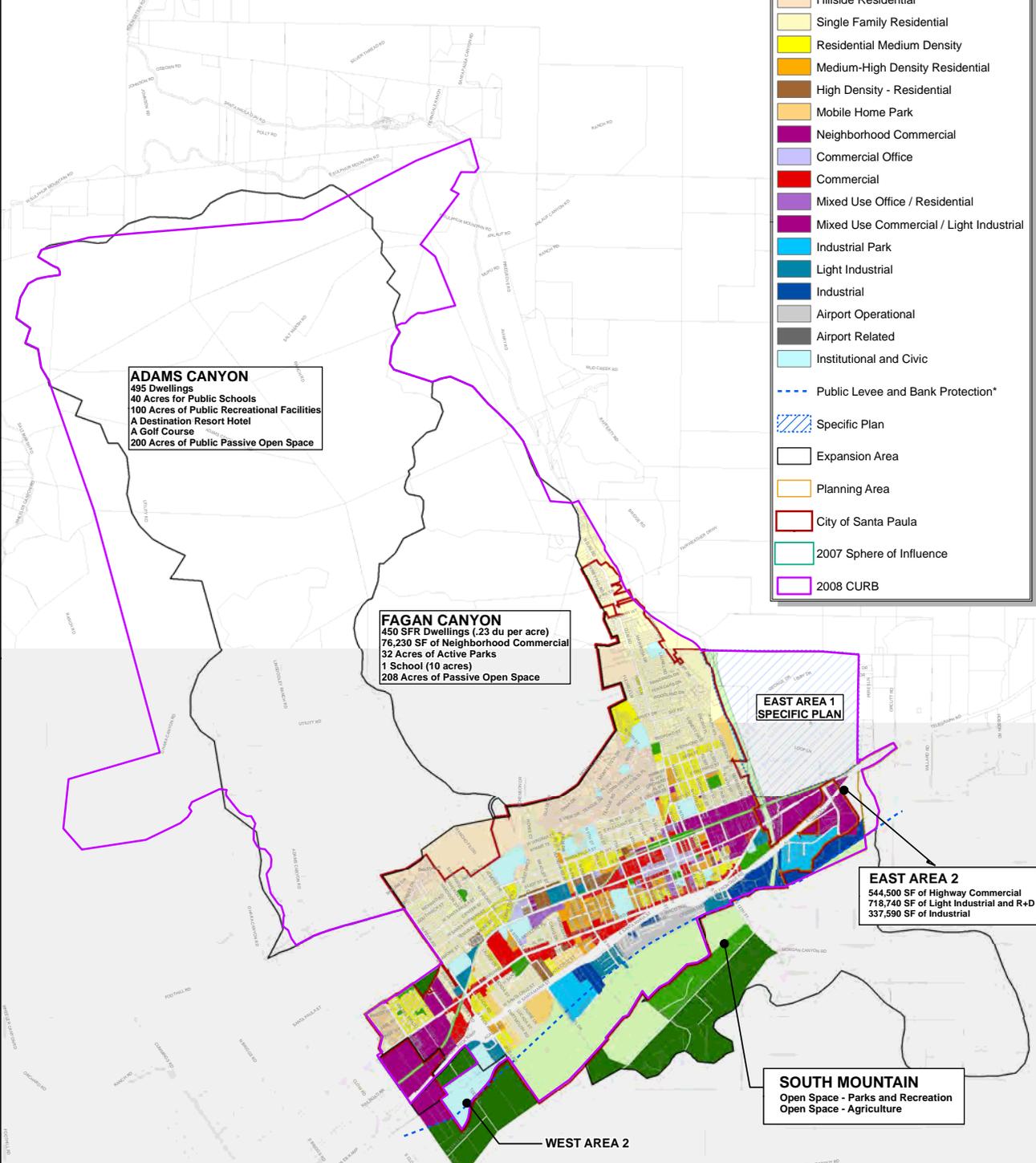
□ Expansion Area

□ Planning Area

□ City of Santa Paula

□ 2007 Sphere of Influence

□ 2008 CURB



ADAMS CANYON
 495 Dwellings
 40 Acres for Public Schools
 100 Acres of Public Recreational Facilities
 A Destination Resort Hotel
 A Golf Course
 200 Acres of Public Passive Open Space

FAGAN CANYON
 450 SFR Dwellings (.23 du per acre)
 76,230 SF of Neighborhood Commercial
 32 Acres of Active Parks
 1 School (10 acres)
 208 Acres of Passive Open Space

**EAST AREA 1
 SPECIFIC PLAN**

EAST AREA 2
 544,500 SF of Highway Commercial
 718,740 SF of Light Industrial and R+D
 337,590 SF of Industrial

SOUTH MOUNTAIN
 Open Space - Parks and Recreation
 Open Space - Agriculture

WEST AREA 2

*1998 Data, Pending revision by FEMA

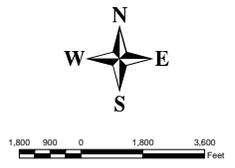
Where the Sphere of Influence line is the same as the actual City Limit, it is drawn slightly offset of the City Limit line for graphic clarity.

The information displayed on this map is intended for general reference purposes only, and is not warranted for completeness or accuracy. Please contact City Planning Department for official map.

1. Approved by City Council on April 13, 1998.
2. Amended through Ordinance No. 6351, 10/16/06.
3. Revised 12/10/07, converted to GIS by the County of Ventura, IT Services.
4. Revised 12/18/08, through City Council Resolution No. 6459.
5. Revised 9/20/10 through City Council Resolution No. 6700 (Sphere of Influence related to East Area 1 pending LAFCO approval).

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ADOPTED 9/20/2010

Figure LU 5





"Citrus Capital of the World"

City of Santa Paula

970 Ventura Street • Santa Paula, California • Mailing Address: P.O. Box 569 • 93061 • Phone: (805) 525-4478 • Fax: (805) 525-6278

March 4, 2013

Ventura County Local Agency Formation Commission
Attn: Kim Uhlich, Executive Officer
800 South Victoria Avenue
Ventura, CA 93009

RE: LAFCo's Review/Update of the City of Santa Paula's Sphere of Influence

Honorable Members of the Commission:

The City appreciates the opportunity to comment on the Ventura County Local Agency Formation Commission's quinquennial review of the City of Santa Paula's sphere of influence pursuant to Public Resources Code §56425(g). The Commission's review is scheduled to occur on March 20, 2013. Through discussions with Executive Officer Kim Uhlich, the City learned that as part of its review the Commission may remove the Adams and Fagan Canyon expansion areas from the City's sphere of influence. We write to convey to the Commission specific and serious concerns in opposition to this potential action and, we appreciate the Commission's consideration of those concerns.

A. Geographic Constraints and LAFCo Policies Direct Growth to the Current Sphere of Influence Area

At the outset, we note the importance of adopted spheres of influence as long-range planning tools. As the Commission knows, spheres of influence are designed to guide the future growth of a city. Like general plans, spheres of influence serve as an essential tool for providing well-planned, efficient urban development patterns. As far back as 1998, the City planned for the urbanization and development of Adams and Fagan Canyons, which form the lion's share of the City's current sphere area. City of Santa Paula General Plan (the "General Plan"), at p. LU-20 (1998). Throughout each of the General Plan's elements, both Adams and Fagan Canyons are repeatedly identified as the logical area for the future growth of the City. Expansion into the Adams and Fagan Canyon Areas is now, and has always been, the preferred growth scenario. General Plan at p. LU-18.

B. The Current Sphere Boundary was Drawn with an Eye Toward Preserving Agricultural Lands

The City recognizes and supports the Commission's laudable goal of preserving prime agricultural land. See Commissioner's Handbook, Specific Policies of the Ventura

Kim Uhlich, Executive Officer
Local Agency Formation Commission
March 4, 2013

County LAFCo, Policy 4.3.2 (2012). Indeed, Santa Paula is world-renown for its orange, lemon and avocado groves and is often referred to as the “Citrus Capital of the World.” Consistent with LAFCo policies, the current sphere was drawn with an eye toward preserving the prime agricultural land to the east and west of the City, where much of this citrus is grown. But, unlike the agricultural areas to the east and west, the overwhelming majority of Adams and Fagan Canyons do not contain prime farmland and are generally used for animal grazing. The topography in these canyons greatly limits their use for productive agricultural. Nor are the Adams and Fagan Canyon areas subject to any greenbelt agreement. General Plan at pgs. CO-37 to CO-40. The General Plan states specifically that the impact to agriculture from development in the sphere area “would be relatively low.” General Plan at p. LU 23.

To the north -- toward Adams and Fagan Canyons -- is the only area where future growth can occur. As noted above, areas to the east and west are considered prime farmland the conversion of which is considered inconsistent with LAFCo policies. The South Mountain area, which as the name implies is located to the south of the City, contains several heavy industrial uses, including the City’s new sewer plant and the Santa Paula Airport, and is located adjacent to the Santa Clara River, which is prone to flooding. It seems only logical to direct future growth to the north, away from South Mountain and fertile farmland to the east and west of the City. Why then, given these geographic constraints, would the Commission consider removing Adams and Fagan Canyons from the City’s sphere?

By removing the Adams and Fagan Canyon areas from the sphere of influence, the City may be forced to expand in an easterly or westerly direction, which would result in the invasion of prime farmland that both the City and LAFCo hold inviolable.

C. Santa Paulans Favor Expansion into the Current Sphere Area

LAFCo Policy 4.2.1 recognizes the importance of voter-approved growth boundaries in setting a local jurisdiction’s sphere of influence. In 2007, Santa Paula voters overwhelmingly approved an amendment to the City Urban Restriction Boundary to make the CURB line substantially coterminous with the City’s current sphere of influence boundary. In addition to adjusting the CURB line to specifically include Adams and Fagan Canyons, Measure A7 also amended the general plan to include specific land use densities and imposed specific infrastructure requirements for those areas. These actions evidence the voter’s intent to eventually annex the sphere areas in order to direct the future growth of Santa Paula in that direction. Why would LAFCo interfere with the clear intent of Santa Paula voters?

D. Development in Adams and Fagan Canyons in on the Horizon

Both Adams and Fagan Canyons continue to be the subject of substantial development interest. In 2005, the Council approved development for Fagan Canyon and certified an EIR. Unfortunately, in 2006, the voters voted to reject the development. However, City

Kim Uhlich, Executive Officer
Local Agency Formation Commission
March 4, 2013

staff continues to meet with interested parties regarding both Adams and Fagan Canyons. And at the December 17, 2012, City Council meeting, several owners and their representatives discussed the status of proposed development of the Adams and Fagan Canyon areas and noted that the submittal of development applications will soon occur. Certainly, removing Adams or Fagan Canyons from the current sphere would greatly increase the cost of the development process in these areas. Through our due diligence we have been informed that should Adams and Fagan Canyons be removed from the City's sphere of influence, the application process for those areas would increase in time by as much as two years and in cost by as much as ten million dollars.

While formal applications have not been filed with the City, this reflects the poor economic climate and should not be perceived as a lack of development interest in these sphere areas. Indeed, all of California (and much of the United States) suffered from this unprecedented economic slowdown. This fact then should not be used as justification to remove land from the City's sphere of influence.

With knowledge that potential future uses will require a sphere amendment through LAFCo, with all of the attendant costs and delays, future developers might be unwilling to construct much needed housing in these areas. This is problematic because the City's Regional Housing Needs Assessment for the 2014 to 2021 projection period calls for the development of 1,285 units. Of those, 945 of the units are planned to be built in the Adams and Fagan Canyon areas. Why put another roadblock in the way of future housing construction in the sphere of influence?

E. Infrastructure Needs in the Sphere of Influence Area will Be Addressed at Time of Development Application

Relying on the City's Municipal Services Review, LAFCo staff has repeatedly noted that the removal of Adams and Fagan Canyons from the sphere area is necessary to resolve an apparent lack of infrastructure in that area. The City concedes that the sphere area currently lacks the infrastructure necessary to support a large-scale development. It could be argued that most spheres of influence lack adequate infrastructure capacity. Typically though, such infrastructure deficiencies are handled in the development process through the approval of development agreement or specific plan. The City's General Plan indicates as much. See General Plan at p. LU-20 ("Details of siting, design, infrastructure, provision of open space, and financing will be established through the specific plan... Annexation would occur on a case-by-case basis after completion of a Specific Plan and the market and fiscal evaluation.")

It should also be noted that the City's state-of-the-art wastewater treatment facility was designed to accommodate new development in the sphere areas. The sewer rates of our current residents already reflect this increased capacity. As new connections come online in the expansion areas, sewer rates for our current customers will decrease. Other deficiencies noted by LAFCo, including the sizing of pipelines on Harvard

Kim Uhlich, Executive Officer
Local Agency Formation Commission
March 4, 2013

Boulevard, are scheduled for improvement in the near future as part of the City's Capital Improvement Program.

F. Conclusion

No compelling (or even logical) reason exists to justify removing Adams or Fagan Canyon from the City's adopted sphere of influence. Nor have conditions changed in the City or the expansion areas such that a revision of the sphere boundary is necessary. Indeed, overarching LAFCo policies – keeping spheres consistent with voter approved growth boundaries and limiting development in prime farmland – warrant keeping the sphere of influence in its current location.

Leaving the sphere of influence boundary in its current location upholds the prior vote of Santa Paula citizens and provides them and the development community with certainty as to where future growth is likely to occur. Put simply, there is no harm in leaving the sphere of influence in its current location.

Thank you for your consideration of the City's concerns. And, please do not hesitate to contact City Manager Jaime M. Fontes or Planning Director Janna Minsk with any questions.

Very truly yours,



Ralph J. Fernandez
Mayor

c: Vice-Mayor
Councilmembers
City Manager
City Attorney

LAFCo 13-02S

**RESOLUTION OF THE VENTURA LOCAL AGENCY
FORMATION COMMISSION MAKING DETERMINATIONS
AND APPROVING THE UPDATE OF THE SPHERE OF
INFLUENCE FOR THE CITY OF SANTA PAULA**

WHEREAS, Government Code Section 56425 et seq. requires the Local Agency Formation Commission (LAFCo or Commission) to develop and determine the sphere of influence of each local governmental agency within the County; and

WHEREAS, Government Code Section 56425(g) requires that LAFCo, as necessary, review and update the adopted sphere of influence boundaries on or before January 1, 2008 and every five years thereafter; and

WHEREAS, Government Code Section 56430 requires that a municipal service review be conducted prior to or in conjunction with a sphere of influence update; and

WHEREAS, LAFCo accepted a municipal service review of the services provided by the City of Santa Paula (City) and adopted written determinations as required by Government Code Section 56430 on November 14, 2012 for the services provided by the City; and

WHEREAS, no change in regulation, land use, or development will occur as a result of updating the City's sphere of influence; and

WHEREAS, at the times and in the manner required by law, the Executive Officer gave notice of the consideration of this action by the Commission; and

WHEREAS, on January 16, 2013, at the request of the City of Santa Paula, the Commission continued action on the sphere of influence update to March 20, 2013; and

WHEREAS, the sphere of influence update action was duly considered at a public hearing on March 20, 2013; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony for and against the sphere of influence update including, but not limited to, testimony at the public hearing on March 20, 2013 and the LAFCo staff report and recommendations;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED as follows:

- (1) The Staff Report and Option 2 of the recommendations for approval of the sphere of influence update for the City of Santa Paula, dated March 20, 2013 are adopted.

- (2) The Commission has considered the criteria set forth in Government Code §56425(e) and determines as follows:
- a) *The present and planned land uses in the area, including agricultural and open-space lands.*
- Most of the subject area is comprised of undeveloped land designated as open space by the County General Plan. Several hundred acres are planted with orchards and designated Agriculture by the County General Plan.
 - The City is currently processing a development application for 79 residential units on the 32-acre “Peck/Foothill Property”, as depicted on Exhibit A. The approximately 100-acre area depicted as “Other Area” on Exhibit A has been designated by the City General Plan for “Hillside Residential”. As such, the probable uses for these areas have been identified and adequate information exists to determine their probable service needs.
 - The City General Plan contains limited information as to the location of land uses, infrastructure, roads, public facilities, natural resources, and hazards within the approximately 10.3-square mile “Adams Canyon Expansion Area” as depicted on Exhibit A.
 - It appears that the number of units available for development under the City’s growth management ordinance is not adequate to allow for the level of development identified by the General Plan for the Expansion Areas. Any changes to the General Plan resulting in an increase in the number of residential units allowed within the Expansion Areas would increase this disparity.
 - There will be no change in land use, no change in land use authority, and no impact to agricultural and open space lands as a result of the sphere of influence update.

b) *The present and probable need for public facilities and services in the area.*

- Because the area is comprised of undeveloped open space and agricultural uses, there is no present need for public facilities and services in the area.
- No City-adopted comprehensive land use/infrastructure plan currently exists for the area and no applications for entitlements to develop the area are currently in process with the City. Therefore, the probable level of urban services needed in the Adams Canyon Expansion Area is unknown at this time.
- Based on the apparent residential densities as currently reflected in the City General Plan of 1 unit per 12.1 acres, the probable need for urban services in the area may not require annexation to the City.

c) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

- In accordance with the 2012 Municipal Service Review prepared for the City of Santa Paula, the Commission determined that the City provides adequate fire protection services, recreation and park services, solid waste services, potable and recycled water services, and wastewater treatment services to areas within and adjacent to City boundaries. The Commission also determined that reductions in police personnel have resulted in increased response times within the City, that the City has substantially underfunded street maintenance services needed to prevent further deterioration of City streets, that the City's sewer collection system suffers from existing capacity deficiencies and that substantial sections of the system were in need of repair/replacement. Further, the Commission determined that there was inadequate information available to determine whether adequate fire protection service, police service, street maintenance service, water infrastructure and service, and wastewater collection service

Resolution of Approval
LAFCo 13-02S City of Santa Paula Sphere of Influence Update
March 20, 2013
Page 3 of 5

could be feasibly extended to the Adams Canyon Expansion Area and whether funding for the ongoing operation and maintenance of these services and related infrastructure would be available.

- d) *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*
- Should the type of development envisioned for the Adams Canyon Expansion Area occur, a social and/or economic community of interest may be created. It appears that this community would be geographically, topographically, and economically distinct from the remainder of the City.
- e) *The present and probable need for City sewer, municipal and industrial water, or structural fire protection services for any disadvantaged unincorporated communities within the existing sphere of influence.*
- As defined by Section 56033.5 of the Government Code, a “Disadvantaged Unincorporated Community” (DUC) is an unincorporated community with an annual median household income that is less than 80 percent of the statewide annual median household income. There are no DUCs within or contiguous to the City sphere of influence.
- (3) The sphere of influence for the City of Santa Paula is hereby updated to exclude the area known as the “Adams Canyon Expansion Area”, consistent with Option 2 discussed in the Staff Report, as generally depicted on Exhibit A attached hereto.
- (4) The Commission directs staff to have the official sphere of influence geographic information system data maintained for the Ventura LAFCo by the Ventura County Information Technology Services Department as the official sphere of influence record for the City of Santa Paula updated consistent with this action.

- (5) In accordance with the Executive Officer’s determination, the Commission, as lead agency for the purposes of the California Environmental Quality Act (CEQA), hereby determines that the sphere of influence update for the City of Santa Paula is exempt pursuant to Section 15061(b)(3) of the CEQA Guidelines.
- (6) The Commission directs staff to file a Notice of Exemption as lead agency under Section 15062 of the CEQA Guidelines.

This resolution was adopted on March 20, 2013.

	AYE	NO	ABSTAIN	ABSENT
Commissioner Dandy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Long	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Ford-McCaffrey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Morehouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Parvin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Pringle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Cunningham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Freeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

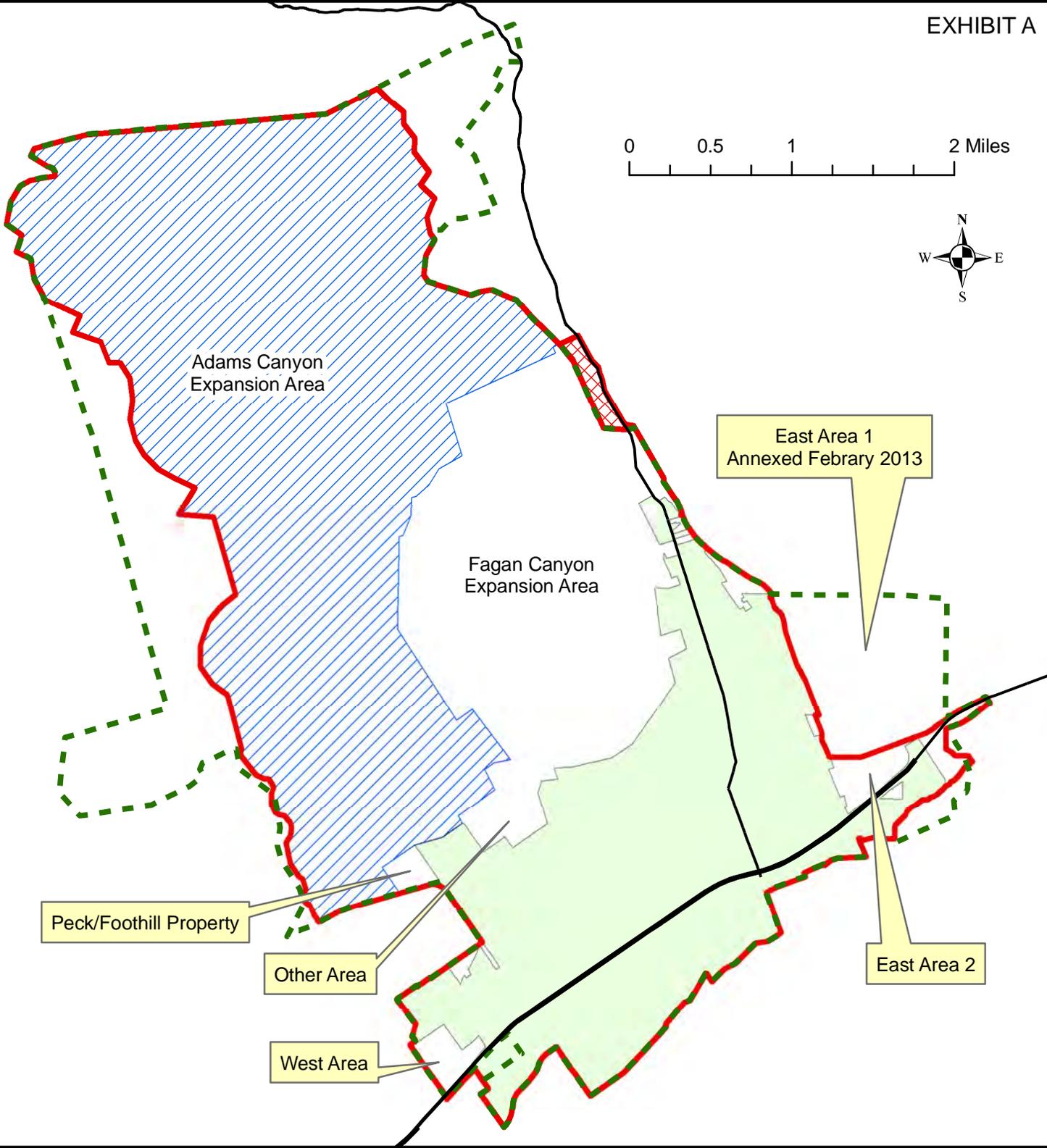
Dated: _____

 Chair, Ventura Local Agency Formation Commission

Attachments: Exhibit A

Copies: City of Santa Paula
 Ventura County Surveyor
 Ventura County Geographic Information Systems Officer
 Ventura County Planning Department

Resolution of Approval
 LAFCo 13-02S City of Santa Paula Sphere of Influence Update
 March 20, 2013
 Page 5 of 5



Legend

-  City of Santa Paula
-  City Sphere - Existing
-  CURB Line
-  Area to be Removed from Sphere
-  Area to be Added to Sphere

LAFCo 13-02S
 City of Santa Paula
 Sphere of Influence Review/Update
 OPTION 2



LAFCo 13-02S

**RESOLUTION OF THE VENTURA LOCAL AGENCY
FORMATION COMMISSION MAKING DETERMINATIONS
AND APPROVING THE UPDATE OF THE SPHERE OF
INFLUENCE FOR THE CITY OF SANTA PAULA**

WHEREAS, Government Code Section 56425 et seq. requires the Local Agency Formation Commission (LAFCo or Commission) to develop and determine the sphere of influence of each local governmental agency within the County; and

WHEREAS, Government Code Section 56425(g) requires that LAFCo, as necessary, review and update the adopted sphere of influence boundaries on or before January 1, 2008 and every five years thereafter; and

WHEREAS, Government Code Section 56430 requires that a municipal service review be conducted prior to or in conjunction with a sphere of influence update; and

WHEREAS, LAFCo accepted a municipal service review of the services provided by the City of Santa Paula (City) and adopted written determinations as required by Government Code Section 56430 on November 14, 2012 for the services provided by the City; and

WHEREAS, no change in regulation, land use, or development will occur as a result of updating the City's sphere of influence; and

WHEREAS, at the times and in the manner required by law, the Executive Officer gave notice of the consideration of this action by the Commission; and

WHEREAS, on January 16, 2013, at the request of the City of Santa Paula, the Commission continued action on the sphere of influence update to March 20, 2013; and

WHEREAS, the sphere of influence update action was duly considered at a public hearing on March 20, 2013; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony for and against the sphere of influence update including, but not limited to, testimony at the public hearing on March 20, 2013 and the LAFCo staff report and recommendations;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED as follows:

- (1) The Staff Report and Option 3 of the recommendations for approval of the sphere of influence update for the City of Santa Paula, dated March 20, 2013 are adopted.

- (2) The Commission has considered the criteria set forth in Government Code §56425(e) and determines as follows:
- a) *The present and planned land uses in the area, including agricultural and open-space lands.*
- Most of the subject area is comprised of undeveloped land designated as open space by the County General Plan. Several hundred acres are planted with orchards and designated Agriculture by the County General Plan.
 - The City is currently processing a development application for 79 residential units on the 32-acre “Peck/Foothill Property”, as depicted on Exhibit A. The approximately 100-acre area depicted as “Other Area” on Exhibit A has been designated by the City General Plan for “Hillside Residential”. As such, the probable uses for these areas have been identified and adequate information exists to determine their probable service needs.
 - The City General Plan contains limited information as to the location of land uses, infrastructure, roads, public facilities, natural resources, and hazards within the approximately 13.7-square miles contained within the “Adams Canyon Expansion Area” and the “Fagan Canyon Expansion Area”, as depicted on Exhibit A.
 - It appears that the number of units available for development under the City’s growth management ordinance is not adequate to allow for the level of development identified by the General Plan for the Expansion Areas. Any changes to the General Plan resulting in an increase in the number of residential units allowed within the Expansion Areas would increase this disparity.
 - There will be no change in land use, no change in land use authority, and no impact to agricultural and open space lands as a result of the sphere of influence update.

b) *The present and probable need for public facilities and services in the area.*

- Because the area is comprised of undeveloped open space and agricultural uses, there is no present need for public facilities and services in the area.
- No City-adopted comprehensive land use/infrastructure plan currently exists for the area and no applications for entitlements to develop the area are currently in process with the City. Therefore, the probable level of urban services needed in the Adams Canyon and Fagan Canyon Expansion Areas is unknown at this time.
- Based on the apparent residential densities as currently reflected in the City General Plan of 1 unit per 12.1 acres within the Adams Canyon Expansion Area and 4.3 acres within the Fagan Canyon Expansion Area, the probable need for urban services may not require annexation to the City.

c) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

- In accordance with the 2012 Municipal Service Review prepared for the City of Santa Paula, the Commission determined that the City provides adequate fire protection services, recreation and park services, solid waste services, potable and recycled water services, and wastewater treatment services to areas within and adjacent to City boundaries. The Commission also determined that reductions in police personnel have resulted in increased response times within the City, that the City has substantially underfunded street maintenance services needed to prevent further deterioration of City streets, that the City's sewer collection system suffers from existing capacity deficiencies and that substantial sections of the system were in need of repair/replacement. Further, the Commission determined that there was inadequate information available to determine whether adequate

fire protection service, police service, street maintenance service, water infrastructure and service, and wastewater collection service could be feasibly extended to the Adams Canyon and Fagan Canyon Expansion Areas and whether funding for the ongoing operation and maintenance of these services and related infrastructure would be available.

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

- Should the type of development envisioned for the Adams and Fagan Canyon Expansion Areas occur, a social and/or economic community of interest may be created. It appears that this community would be geographically, topographically, and economically distinct from the remainder of the City.

e) *The present and probable need for City sewer, municipal and industrial water, or structural fire protection services for any disadvantaged unincorporated communities within the existing sphere of influence.*

- As defined by Section 56033.5 of the Government Code, a “Disadvantaged Unincorporated Community” (DUC) is an unincorporated community with an annual median household income that is less than 80 percent of the statewide annual median household income. There are no DUCs within or contiguous to the City sphere of influence.

- (3) The sphere of influence for the City of Santa Paula is hereby updated to exclude the areas known as the “Adams Canyon Expansion Area” and the “Fagan Canyon Expansion Area”, consistent with Option 3 discussed in the Staff Report, as generally depicted on Exhibit A attached hereto.
- (4) The Commission directs staff to have the official sphere of influence geographic information system data maintained for the Ventura LAFCo by the Ventura County Information Technology Services Department as the

official sphere of influence record for the City of Santa Paula updated consistent with this action.

- (5) In accordance with the Executive Officer’s determination, the Commission, as lead agency for the purposes of the California Environmental Quality Act (CEQA), hereby determines that the sphere of influence update for the City of Santa Paula is exempt pursuant to Section 15061(b)(3) of the CEQA Guidelines.
- (6) The Commission directs staff to file a Notice of Exemption as lead agency under Section 15062 of the CEQA Guidelines.

This resolution was adopted on March 20, 2013.

	AYE	NO	ABSTAIN	ABSENT
Commissioner Dandy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Long	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Ford-McCaffrey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Morehouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Parvin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Pringle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Cunningham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Freeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

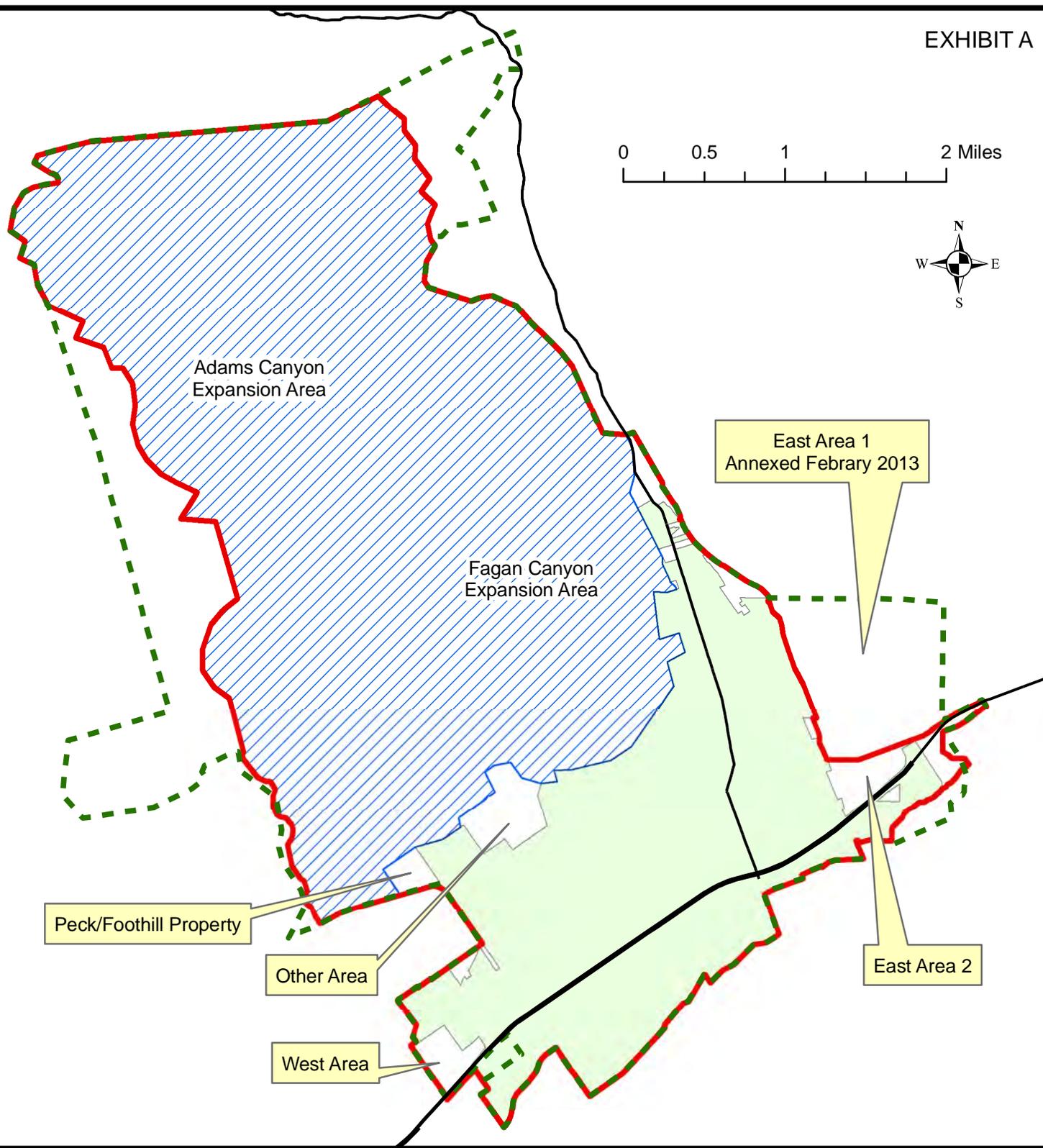
Dated: _____

 Chair, Ventura Local Agency Formation Commission

Attachments: Exhibit A

Copies: City of Santa Paula
 Ventura County Surveyor
 Ventura County Geographic Information Systems Officer
 Ventura County Planning Department

Resolution of Approval
 LAFCo 13-02S City of Santa Paula Sphere of Influence Update
 March 20, 2013
 Page 5 of 5



LAFCo 13-02S
City of Santa Paula
Sphere of Influence Review/Update
OPTION 3

Legend

-  City of Santa Paula
-  City Sphere - Existing
-  CURB Line
-  Area to be Removed from Sphere





VENTURA LOCAL AGENCY FORMATION COMMISSION
STAFF REPORT

Meeting Date: January 16, 2013

Agenda Item 9

TO: LAFCo Commissioners
FROM: Kim Uhlich, Executive Officer *KU*
SUBJECT: LAFCo 13-03S City of Simi Valley Sphere of Influence Review and Update
(Continued from January 16, 2013)

RECOMMENDATIONS:

1. Review the sphere of influence for the City of Simi Valley and determine that no update is necessary.
2. Direct staff to prepare a letter to the City of Simi Valley from the Commission Chair recommending that the City consider initiating a community planning effort with the Santa Susana Knolls landowners/residents to develop a collective vision to guide eventual annexation, location/array of potential City improvements and build-out of the remaining lots in the area, and direct staff to include a map to corroborate the boundaries of the area in which the City is currently authorized to provide sewer collection and treatment services pursuant to the LAFCo approved merger with the Simi Valley County Sanitation District in 1995.

BACKGROUND:

For each city and special district LAFCo must determine and adopt a sphere of influence. A sphere of influence is defined as a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code §56076). Effective January 1, 2001 each LAFCo is required to review and, as necessary, update the sphere of influence (“sphere” or “SOI”) of each city and special district on or before January 1, 2008, and every five years thereafter (Government Code §56425(g)). Prior to updating a SOI, LAFCo is required to conduct a municipal service review (“service review” or “MSR”) (Government Code §56430).

COMMISSIONERS AND STAFF

COUNTY: Kathy Long Linda Parks, Vice Chair <i>Alternate:</i> Steve Bennett	CITY: Carl Morehouse Janice Parvin <i>Alternate:</i> Carol Smith	DISTRICT: Bruce Dandy Gail Pringle Chair <i>Alternate:</i> Elaine Freeman	PUBLIC: Linda Ford-McCaffrey <i>Alternate:</i> Lou Cunningham
Executive Officer: Kim Uhlich	Dep. Exec. Officer Kai Luoma	Office Mgr/Clerk Debbie Schubert	Legal Counsel Michael Walker

On March 21, 2007 the Commission accepted a MSR report and, on June 13, 2007, updated the City of Simi Valley sphere of influence to include the Reagan Library property and seven adjoining properties. In addition a number of minor changes were made to align the sphere with the City boundary and/or parcel lines wherever it was apparent they were intended to match. Based on a workplan for the second round of sphere reviews adopted by the Commission in May 2008, sphere of influence reviews for the nine cities were scheduled for completion in 2012. On November 14, 2012 LAFCo accepted the MSR report for nine cities in Ventura County, including the City of Simi Valley.

DISCUSSION:

Based on the recently accepted MSR report for the nine cities, no significant service-related deficiencies were noted for the City of Simi Valley. However, it should be noted that a small portion of the City's service area is currently outside of both the City boundary and sphere. This area is adjacent to the southeasterly portion of the City and includes an unincorporated community known as the Santa Susana Knolls (Knolls) (Attachment 1). Currently, several of the developed lots in the Knolls receive wastewater collection and treatment from the City. Other City improvements and amenities on which the Knolls residents presumably rely include street services, parks/recreation services, fire suppression/emergency response (in cases when the City is the first responder) and transit services. Domestic water is provided to the area by County Waterworks District No. 8, which is a subsidiary district governed by the Simi Valley City Council.

The Commissioner's Handbook includes two policies which should be considered with respect to the review of the Simi Valley sphere. Handbook Section 4.3.1.1(c) provides that the Commission favors sphere of influence boundaries that include adjacent urbanized areas which are receiving or which may require urban services such as public water and/or sewer services. Including the Knolls within the City sphere would be consistent with this policy and would also be advantageous as an indicator of LAFCo's preference for the City to annex the area prior to annexing other territory located outside of the sphere. Commissioner's Handbook Section 4.2.1 provides that for cities that have enacted ordinances that require voter approval for the extension of services or for changing general plan land use designations, sphere of influence boundaries should coincide with, or cover lesser area than, voter approved growth boundaries. The Knolls community is currently located outside the City Urban Restriction Boundary (CURB) established by the Simi Valley SOAR ordinance. Amending the sphere of influence to include the Santa Susana Knolls community would result in a sphere that covers more area than the City CURB and would therefore be inconsistent with Section 4.2.1.

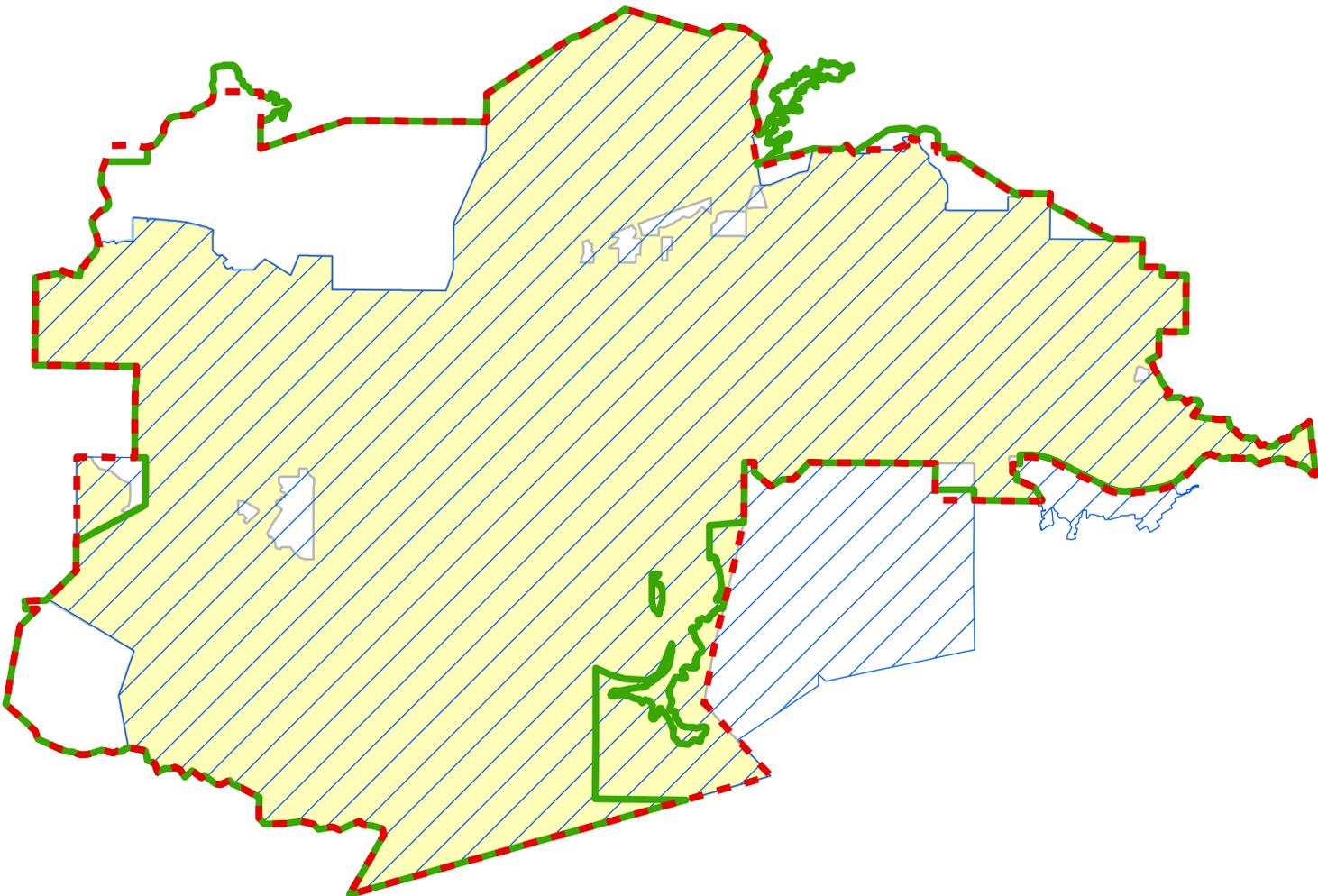
State law generally limits the provision of services by a city or special district to territory outside of its boundary. California Government Code Section 56133 provides, in part, that a city or special district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the LAFCo in the affected county. LAFCo may authorize a city to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization. For territory located outside of a city's sphere

of influence boundary, Section 56133 only provides for LAFCo authorization of new or extended services in response to an existing or impending threat to the public health or safety of the residents of the affected territory. Ordinarily, this would limit the extension of new sewer connections by the City to landowners in the Knolls who wish to develop their properties and would therefore lend support to the concept of amending the sphere to include the Knolls community. However, after discussing this idea with LAFCo Legal Counsel, it was determined that Section 56133 either is not applicable or has been satisfied as to the City's provision of sewer services to landowners in the Knolls due to LAFCo's approval of a merger between the Simi Valley County Sanitation District and the City of Simi Valley. As the Knolls was within the service area of the Sanitation District at the time of the merger, the City, which assumed all of the responsibilities of the District, was authorized to continue service to the Knolls as well as the Ronald Reagan Presidential Library, the Brandeis-Bardin Institute and the unincorporated islands in the City (Attachment 1).

Although there does not appear to be an imperative need to amend the sphere at this time based on the above considerations, staff nevertheless believes that the Knolls community should be annexed to the City at a point in the future when the City and the community are willing to do so. One of the practical benefits of a future sphere amendment would be to simplify and reduce the expense of the annexation process at such time that the residents/property owners may wish to do so. For this reason, it is recommended that the Commission direct staff to prepare a letter to the City from the LAFCo Chair recommending that the City consider initiating a community planning effort with the Knolls landowners and residents to develop a collective vision to guide eventual annexation, location/array of potential City improvements and build-out of the remaining lots in the area. In addition, and as a result of an apparent discrepancy between the City and LAFCo with regard to the map of the City's sewer service area, it is recommended that the Commission direct staff to include a map with the letter to corroborate the boundaries of the area in which the City is authorized to continue providing sewer collection and treatment services pursuant to the LAFCo approved merger map.

Because there would be no changes, the review action by the Commission is not considered a project subject to CEQA.

Attachment: (1) City of Simi Valley Sphere of Influence and Sewer Service Area Map



LAFCo 13-03S
City of Simi Valley
Sphere of Influence Review

Legend

-  City of Simi Valley
-  Current Sphere of Influence
-  City CURB
-  City Sewer Service Area





VENTURA LOCAL AGENCY FORMATION COMMISSION
STAFF REPORT

Meeting Date: March 20, 2013

Agenda Item 10

TO: LAFCo Commissioners
FROM: Kim Uhlich, Executive Officer *KU*
SUBJECT: Audited Financial Statements for Fiscal Year Ended June 30, 2012

RECOMMENDATION:

- A. Receive and file the attached audited Annual Financial Report for fiscal year ended June 30, 2012.
- B. Receive and file the attached auditor's communication with those charged with governance (February 8, 2013 letter from Vavrinek, Trine, Day & Company, LLP to the Commission).

DISCUSSION:

The Commissioner's Handbook policies provide for annual independent audits of the LAFCo financial statements (Attachment 1). On September 15, 2010 the Commission directed the Chair to approve a three-year contract with Vavrinek, Trine, Day & Company, LLP and the audit of the FY 2011-12 LAFCo financial statements was completed in February.

A representative from Vavrinek, Trine, Day & Company will attend the meeting to present an overview of the audit process and to answer questions.

- Attachments: (1) Commissioner's Handbook Section 2.3.6.1 providing for regular independent audits of the LAFCo financial statements
(2) LAFCo audited Annual Financial Report for the year ended June 30, 2012
(3) February 8, 2013 letter from Vavrinek, Trine, Day & Company, LLP to the Commission

COMMISSIONERS AND STAFF

COUNTY:
Kathy Long
Linda Parks, Vice Chair
Alternate:
Steve Bennett

CITY:
Carl Morehouse
Janice Parvin
Alternate:
Carol Smith

DISTRICT:
Bruce Dandy
Gail Pringle, Chair
Alternate:
Elaine Freeman

PUBLIC:
Linda Ford-McCaffrey
Alternate:
Lou Cunningham

Executive Officer:
Kim Uhlich

Dep. Exec. Officer
Kai Luoma, AICP

Office Mgr/Clerk
Debbie Schubert

Legal Counsel
Michael Walker



Attachment 1

SECTION 2.3.6 AUDITS

2.3.6.1 Independent Auditor Role: For the two-year period between July 1, 2007 and June 30, 2009, LAFCo shall arrange for a single audit of its financial statements to be conducted by an independent accounting firm. All subsequent year financial statements shall be audited annually thereafter. LAFCo staff, the Commission, and any Commission committee appointed for the purpose of audit oversight are authorized to communicate directly with the independent accounting firm.

**VENTURA LOCAL AGENCY FORMATION
COMMISSION**

Annual Financial Report

June 30, 2012

INTRODUCTORY SECTION

VENTURA LOCAL AGENCY FORMATION COMMISSION

ANNUAL FINANCIAL REPORT JUNE 30, 2012

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Commissioners of the Local Agency
Formation Commission for Ventura County

We have audited the accompanying financial statements of the governmental activities and the general fund of the Local Agency Formation Commission for Ventura County (Commission), California, as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Local Agency Formation Commission for Ventura County, as of June 30, 2012, and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2013, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and pages 23 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Vavrinch, Train, Day & Co, LLP

Rancho Cucamonga, California
February 8, 2013

**MANAGEMENT'S
DISCUSSION
AND ANALYSIS
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Ventura Local Agency Formation Commission (Commission) provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the basic financial statements and the notes to those financial statements identified in the accompanying table of contents.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements include three components: the governmental fund financial statements, the government-wide financial statements, and the notes to the basic financial statements. The basic financial statements consolidate the two kinds of statements that present different views of the Commission. The statements and notes are followed by a section of required supplementary information that provide additional financial and budgetary information.

The two statements presented are the Governmental Fund Balance Sheet/Statement of Net Assets, and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. The General Fund columns reflect the governmental fund financial statements that focus on the short-term. The Statement of Net Assets and the Statement of Activities columns reflect the government-wide financial statements that provide both long-term and short-term information about the Commission's overall financial status. These statements can be found on pages 11 - 12.

Government-wide Financial Statements

The financial statements created by Governmental Accounting Standards Board Statement No. 34 (GASB 34) and its related Statements, GASB 37 and 38, and Interpretation No. 6, are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private-sector business. The *statement of net assets* and *statement of activities* use the flow of economic resources measurement focus and accrual basis of accounting. The focus and basis emphasize the *long-term* view of the Commission's finances.

The *statement of net assets* presents information on all Commission assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the Commission rather than the Commission as a whole. They are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Commission is a single purpose, single fund entity and utilizes a governmental fund to account for its activities.

The fund financial statements consist of the balance sheet and statement of revenues, expenditures, and changes in fund balance. These are prepared on the modified-accrual basis of accounting. The government-wide statements are prepared on the full-accrual basis.

In general, these financial statements under the modified-accrual basis have a short-term emphasis and for the most part, measure and account for assets that are current financial resources, and liabilities that are expected to be liquidated with current financial resources. Specifically, cash and receivables collectible within a very short period of time are reported on the balance sheet.

Fund liabilities include amounts that are to be paid within a very short time after the end of the fiscal year. The long-term liabilities are not included. The difference between a fund's total assets and total liabilities represents the fund balance. The assigned and unassigned portions of the fund balance represents the amount available to finance future activities.

The operating statement for the governmental fund reports only those revenues and expenditures that were collected in cash or paid with cash during the current period or very shortly after the end of the year.

The focus of the fund financial statements is narrower than that of the government-wide financial statements. Since the different accounting basis is used to prepare the above statements, reconciliation is required to facilitate the comparison between the fund statements and the government-wide statements. The reconciliation between the total fund balances and net assets of governmental activities can be found on page 11.

The reconciliation of the total change in the fund balance for the governmental fund to the change in net assets of governmental activities can be found on page 12.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 13 - 22 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the government-wide statement of net assets follows:

Table 1
Net Assets - Governmental Activities

	2012	2011
Assets:		
Current and other assets	\$ 397,889	\$ 400,969
Total assets	\$ 397,889	\$ 400,969
Liabilities:		
Current and other liabilities	\$ 45,276	\$ 56,872
Long-term liabilities	4,611	5,574
Total liabilities	49,887	62,446
Net assets:		
Unrestricted	348,002	338,523
Total net assets	348,002	338,523
Total liabilities and net assets	\$ 397,889	\$ 400,969

As shown in Table 1, the Commission's total assets in the fiscal year ended June 30, 2012, decreased \$3,080 or 0.8 percent from 2011. This was primarily due to a decrease in the amount of revenue received from charges for the Commission's services (application fees). As shown in Table 2, the amount of revenue from the Commission's application fees in the fiscal year ended June 30, 2012, was significantly lower than last year. This is reflective of a significant decrease in the number of applications received, which appears to be correlated to overall trends in the United States economy. Net assets as of June 30, 2012, increased \$9,479, indicating a 2.8 percent improvement in the Commission's overall financial condition, primarily attributed to a decrease in total expenditures for services and supplies.

Table 2
Revenue from Filing Fees, FY 2007-12

Fiscal Year	Amount of Revenue from Filing Fees
2006-07	\$71,250
2007-08	\$68,755
2008-09	\$61,471
2009-10	\$44,302
2010-11	\$110,941
2011-12	\$40,684

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

A summary of the government-wide statement of activities follows:

Table 3
Changes in Net Assets - Governmental Activities

	2012	2011
Revenues:		
Program revenues:		
Charges for services:		
Apportionments from other governmental units	\$ 570,285	\$ 590,055
Filing fees	40,684	110,941
General revenues:		
Interest	3,337	6,284
Total revenues	614,306	707,280
Expenses:		
General government	604,827	645,557
Total expenses	604,827	645,557
Change in net assets	9,479	61,723
Net assets - beginning of year	338,523	276,800
Net assets - end of year	\$ 348,002	\$ 338,523

As in all other years, the Commission's major source of revenue in fiscal year ended June 30, 2012, was apportionments from other governmental agencies. Since apportionments comprise a significant proportion of the Commission's total revenue and since the annual apportionment amount is based directly on the Commission's projected operating expenditures, total revenue generally varies from any given year for the same reasons as do total expenditures. Filing fees decreased \$70,257 or 63.3 percent in fiscal year ended June 30, 2012, primarily due to the receipt of a smaller number of applications (9) in fiscal year 2012 than in 2011 (16). One fiscal year 2011 application in particular was highly complex and resulted in significantly higher fee revenue due to the amount of staff and legal counsel time required.

As shown in Table 3, total expenses in fiscal year ended June 30, 2012, decreased by \$40,730 or 6.3 percent. This was comprised of an increase of \$12,788 for contract services (salaries and benefits) and a decrease of \$53,518 for services and supplies. The increase in contract services was primarily due to increases for regular salaries and associated retirement contributions. The decrease in services and supplies was primarily a result of decreased charges by the County of Ventura for indirect cost recovery and decreased expenditures for mailing, printing, GIS mapping services and legal fees. Except for the indirect cost recovery charges, the decreased expenditures are a direct result of the decreased number of applications received as compared to the fiscal year ended June 30, 2011.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

GOVERNMENTAL FUND FINANCIAL ANALYSIS

As noted earlier, the Commission uses fund accounting to provide proper financial management of the Commission's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Fund. The General Fund is the chief operating fund of the Commission. At the end of the fiscal year ended June 30, 2012, total fund balance of the General Fund was \$385,861, compared to \$381,235 for fiscal year ended June 30, 2011.

GENERAL FUND BUDGET

There were no significant General Fund budget adjustments for the year. Major deviations between the budget of the General Fund and its actual operating results were as follows:

- *Filing fees revenue* (Miscellaneous Revenue) was less than budgeted. This was a result of receiving a fewer number of applications than anticipated.
- *Contract services (salaries and benefits):*
 - Terminations/Buydown expenditures were less than budgeted due to fewer than anticipated expenditures for buydowns of accrued annual leave by LAFCo staff members.
- *Services and supplies:*
 - Graphics expenditures were less than budgeted primarily due to a shift away from using outside print vendors to in-house printing.
 - Information technology expenditures were less than budgeted primarily due to the website redesign and web hosting services contract being performed by a more reasonable bidder.
 - Accounting and auditing expenditures were less than budgeted due to no contract was negotiated with the County of Ventura Auditor-Controller for accounting services.
 - County GIS (mapping) and County Counsel expenditures were less than budgeted from receiving fewer applications than anticipated.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Officer at the Ventura County Government Center, Hall of Administration, 800 S. Victoria Avenue, Ventura, California 93009-1850.

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BASIC FINANCIAL STATEMENTS

VENTURA LOCAL AGENCY FORMATION COMMISSION
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<u>ASSETS</u>			
Cash and cash equivalents (Note 2)	\$ 396,826	\$ -	\$ 396,826
Interest receivable	<u>1,063</u>	<u>-</u>	<u>1,063</u>
Total assets	<u>397,889</u>	<u>-</u>	<u>397,889</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 570	\$ -	\$ 570
Accrued payroll liabilities	9,110	-	9,110
Due to County of Ventura	1,997	-	1,997
Unearned revenue	351	-	351
Long-term liabilities (Note 5):			
Due within one year	-	33,248	33,248
Due after one year	<u>-</u>	<u>4,611</u>	<u>4,611</u>
Total liabilities	<u>12,028</u>	<u>37,859</u>	<u>49,887</u>
 <u>FUND BALANCE/NET ASSETS</u>			
Fund balances:			
Committed	100,000	(100,000)	-
Assigned	85,191	(85,191)	-
Unassigned	<u>200,670</u>	<u>(200,670)</u>	<u>-</u>
Total fund balance	<u>385,861</u>	<u>(385,861)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 397,889</u>		
Net assets:			
Unrestricted		<u>348,002</u>	<u>348,002</u>
Total net assets		<u>\$ 348,002</u>	<u>\$ 348,002</u>

Fund balances - total governmental fund \$ 385,861

Amounts reported for governmental activities in the statement of net assets are different because:

Long-term liabilities used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental fund

(37,859)

Net assets of governmental activities \$ 348,002

See the accompanying notes to the basic financial statements

VENTURA LOCAL AGENCY FORMATION COMMISSION
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses:			
General government	\$ <u>609,680</u>	\$ <u>(4,853)</u>	\$ <u>604,827</u>
Total expenditures/expense	<u>609,680</u>	<u>(4,853)</u>	<u>604,827</u>
Program revenues:			
Charges for services:			
Apportionments	570,285	-	570,285
Filing fees	<u>40,684</u>	<u>-</u>	<u>40,684</u>
Total charges for services	<u>610,969</u>	<u>-</u>	<u>610,969</u>
Net program revenue/(expense)		<u>-</u>	<u>6,142</u>
General revenues:			
Interest	<u>3,337</u>	<u>-</u>	<u>3,337</u>
Total general revenues	<u>3,337</u>	<u>-</u>	<u>3,337</u>
Excess of revenues over expenditures	4,626	(4,626)	-
Change in net assets		9,479	9,479
Fund balance/net assets:			
Beginning of the year	<u>381,235</u>	<u>-</u>	<u>338,523</u>
End of the year	<u>\$ 385,861</u>	<u>\$ -</u>	<u>\$ 348,002</u>

Net change in fund balances - total governmental fund \$ 4,626

Amounts reported for governmental activities in
the statement of activities are different because:

Some expenses reported in the statement of activities
do not require the use of current financial resources and, therefore,
are not reported as expenditures in the governmental fund
Change in compensated absences 4,853

Change in net assets of governmental activities \$ 9,479

See the accompanying notes to the basic financial statements

VENTURA LOCAL AGENCY FORMATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ventura Local Agency Formation Commission (Commission) conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the significant policies.

A. Description of the Reporting Entity

Following the end of World War II, California entered a new era of demographic growth and diversity and economic development. With this growth came the need for housing, jobs, and public services. To provide for these services, California experienced a wave of newly formed cities and special districts, but with little forethought as to how the new agencies should plan for services. The lack of coordination and adequate planning for future governance led to a multitude of overlapping, inefficient jurisdictional and service boundaries.

In 1963, the State Legislature created Local Agency Formation Commissions to help direct and coordinate California's growth in a logical, efficient, and orderly manner. Each county within California is required to have a Commission. The Commissions are charged with the responsibility of making difficult decisions on proposals for new cities and special districts, spheres of influence, consolidations, and annexations.

The Commission's governing board consists of eleven appointed Commissioners: seven voting members with four alternate members, who vote only in the absence of a voting member. Two members and one alternate member are selected by the Board of Supervisors of the County of Ventura (County) from their own membership; two members and one alternate member are selected by the cities in the County; two members and one alternate member are selected from special districts by the independent special district selection committee; and one member and one alternate member are selected to represent the general public, who are appointed by the other Commissioners.

B. New Accounting Pronouncements

GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, effective immediately for the provisions related to the use and reporting of the alternative measurement method, and effective for periods beginning after June 15, 2011, for the provisions related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in other postemployment benefit (OPEB) plan financial statements. This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of the measurements by employers that participate in agent multiple-employer OPEB plans. The new requirements are not applicable to the Commission.

GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, effective for periods beginning after December 15, 2011, improves financial reporting by addressing issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. The new requirements are not applicable to the Commission.

VENTURA LOCAL AGENCY FORMATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, effective for periods beginning after June 15, 2012, improves financial reporting by enhancing guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The Commission intends to implement the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA pronouncements, effective for periods beginning after December 15, 2011, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements. The Commission intends to implement the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The Commission intends to implement the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 64, Derivative instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53, effective for periods beginning after June 15, 2011, clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The new requirements are not applicable to the Commission.

GASB Statement No. 65, Items Previously Reported As Assets and Liabilities, effective for periods beginning after December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Commission intends to implement the new requirements for the fiscal year 2013-14 financial statements.

GASB Statement No. 66, Technical Corrections - 2012 – an amendment of GASB Statements No. 10 and No. 62, effective for periods beginning after December 15, 2012, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Commission intends to implement the new requirements for the fiscal year 2013-14 financial statements.

VENTURA LOCAL AGENCY FORMATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

GASB Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25, effective for periods beginning after June 15, 2013, improves financial reporting by state and local governmental pension plans. The new requirements are not applicable to the Commission.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, effective for periods beginning after June 15, 2014, improves accounting and financial reporting by state and local governments for pensions. The Commission intends to implement the new requirements for the fiscal year 2014-15 financial statements.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Commission.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest and other items not properly included among program revenues are reported instead as general revenues.

Because the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is presented which explains the adjustments necessary to reconcile fund financial statements to the government-wide financial statements.

D. Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted, and unrestricted.

Invested In Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Assets (RNA) – This category reflects net assets that are subject to constraints either by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

VENTURA LOCAL AGENCY FORMATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

Unrestricted Net Assets – This category represents net assets of the Commission not restricted for any project or other purpose. Outstanding liabilities attributable to these assets reduce the balance of this category.

Fund Statement - Fund Balances

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories or prepaid amounts and may also include the long-term receivables.

Restricted fund balance - includes amounts with constraints on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – includes amounts that can only be used for the specific purposes determined by formal action of the highest level of decision-making authority, the Commission. Commitments may be changed only by the Commission taking the same formal action that originally imposed the constraint. The Commission has committed \$100,000, for a Litigation Account with the intent of limiting the use of the Litigation Account funds for unanticipated expenditures resulting from litigation against the Commission that does not occur routinely and would not be reimbursed by another party.

Assigned fund balance – includes amounts that are constrained by the Commission’s intent to be used for specific purposes. The intent is expressed by the highest level of decision-making, the Commission. Assigned fund balance does not require the same formal action required for committed fund balance. Fund balance of \$85,191 is assigned for the subsequent year's budget.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications.

It is the Commission's policy when restricted and unrestricted (committed, assigned, or unassigned) resources are available, restricted resources are generally considered to be used first, followed by committed, assigned, and unassigned resources as they are needed.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and, expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

VENTURA LOCAL AGENCY FORMATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Charges for services and interest associated with the current fiscal periods are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal periods. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include apportionments and filing fees. Internally dedicated resources are reported as general revenues rather than as program revenues.

F. Cash and Cash Equivalents

The Commission considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Commission's cash from operations is deposited in the County of Ventura Treasury. The County pools its funds with other government agencies in the County and invests them as prescribed by the California Government Code. The only authorized investment for the Commission is the County of Ventura Investment Pool. The Commission's deposits in the County pool may be accessed any time. The Commission is allocated interest income on monies deposited with the County based on its proportional share of the total pool. All pooled investments are carried at fair value. The fair value of a participant's position in the pool is not the same as the value of the pooled shares. The County of Ventura investment policy and related disclosures may be found in the notes to the County's basic financial statements.

G. Due to County of Ventura

Due to County of Ventura is the payment due to the County for services and support provided by the County to the Commission.

H. Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)

Commission policy permits employees to accumulate earned but unused vacation, sick pay, and compensatory time. A liability for all vacation pay and compensated absences and 25 percent of unused accumulated sick leave for those employees with at least ten years of service is accrued when earned in the government-wide financial statements. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental fund financial statements only if they have matured as a result of employee resignations and retirements prior to year-end and are paid by the Commission from current available resources.

VENTURA LOCAL AGENCY FORMATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

I. Fund Balance Policy

The Commission has adopted a policy to achieve a minimum level of unassigned fund balance in the General Fund of approximately 60 days of working capital. Excess fund balance remaining over and above the committed and assigned fund balances is classified as "unassigned" in the General Fund. Should Unassigned Fund Balance fall below 45 days working capital it should be addressed in the next fiscal year budget. As of June 30, 2012, working capital in excess of 60 days was available.

J. Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At June 30, 2012, the Commission's total cash and cash equivalents was \$396,826; the change in fair value from carrying value amounted to an increase of \$643.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of the fair value to changes in market interest rates.

At June 30, 2012, the weighted average maturity of the County of Ventura Investment Pool was 338 days.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Ventura Investment Pool has received ratings of AA+ and S1+ by Standard and Poor's Ratings Services, the highest possible ratings given by the agency.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount

VENTURA LOCAL AGENCY FORMATION COMMISSION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (Continued)

deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2012, the Commission had all of its cash pooled with the County of Ventura Treasury. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the money invested by the Commission in the County of Ventura Investment Pool).

3. INSURANCE

The Commission is a member of the County of Ventura's Risk Management affiliated agencies. The schedule of insurance coverage is as follows:

<u>Coverage</u>	<u>Limit of Insurance</u>	
Public Employees Blank Bond Fraudulent Mortgage Rider Funds Transfer Fraud	\$ 10,000,000	Per occurrence/aggregate where applicable. \$25,000 deductible per occurrence.
Public Entity Liability	\$ 32,000,000	In aggregate. \$500,000 self insured retention per occurrence plus \$500,000 net loss corridor retention in excess of \$500,000.
Business Travel Accident	\$ 5,700,000	Aggregate, no deductible.
Risk Property, Boiler & Machinery, Heavy Equipment, DIC, Library Book Floater	\$ 600,000,000	Varies.

Settlements or judgments have not exceeded commercial coverage for any risk of loss in each of the past three fiscal years.

4. RELATED PARTY TRANSACTIONS

The Commission and the County entered into a Memorandum of Agreement to provide office space, contract employees, accounting, information technology support, legal service, workers' compensation and liability insurance, administrative support, and maintenance support. Benefits provided to the contract employees including compensated absences, health and pension benefits are charged to the Commission on a pay-as-you-go basis. The total expense incurred by the Commission to the County for the year ended June 30, 2012, was \$563,543. The total due to the County as of June 30, 2012, was \$1,997.

VENTURA LOCAL AGENCY FORMATION COMMISSION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (Continued)

5. LONG-TERM LIABILITIES

Long-term obligations of the Commission consist of compensated absences. Compensated absences are liabilities for vacation, vested sick leave benefits, and compensatory time reported as required by GASB Statement Nos. 16 and 34 in the governmental activities of the government-wide financial statements.

A summary of long-term liabilities incurred, outstanding as of June 30, 2012, is as follows:

<u>Type of Liability</u>	Outstanding July 1, 2011	Additions	Maturities	Outstanding June 30, 2012	Amount Due Within One Year
Compensated Absences	\$ <u>42,712</u>	\$ <u>32,285</u>	\$ <u>37,138</u>	\$ <u>37,859</u>	\$ <u>33,248</u>

A liability for compensated absences is reported in the governmental fund financial statements only if they have matured due to employee resignations and retirements.

6. PENSION PLANS

VCERA Plan

A. Plan Description

The Commission participates in a contributory defined benefit plan (Plan) which is administered by the Ventura County Employees' Retirement Association (VCERA). The plan was established pursuant to Government Code Sections 31450 through 31899 and administered by the VCERA. VCERA operates a cost-sharing, multiple-employer system with substantially all member employers included in the County's primary government reporting entity. Covered employees include those from the County, Courts, Air Pollution Control District, the Commission, and other smaller special districts. Due to the relative insignificance of the non-County employers participating in the plan, the County has elected to include financial statement disclosures required for a single-employer plan. Membership in the VCERA is mandatory for substantially all employees.

VCERA is governed by the Board of Retirement. The Plan's benefit provisions and contribution requirements are established and may be amended by state law and resolutions and ordinances adopted by the Board of Retirement and Board of Supervisors. VCERA issues an independently audited Comprehensive Annual Financial Report. A copy of this report can be obtained by contacting the Retirement Association at 1190 South Victoria Avenue, Suite 200, Ventura, California 93003.

Plan members are classified as either General or Safety. General members employed prior to or on June 29, 1979, and certain other employees before June 30, 2002, are designated as Tier I members. General members employed after June 29, 1979, are designated as Tier II members. All Safety members are classified as Tier I regardless of date of hire. The Commission does not have any Safety or Tier I members.

VENTURA LOCAL AGENCY FORMATION COMMISSION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (Continued)

B. Retirement Benefits

A General or Safety member with 10 or more years of County service is entitled to an annual retirement allowance beginning at age 50. General members with 30 or more years of service and Safety members with 20 or more years of service may begin receiving a retirement allowance regardless of age. The basic retirement allowance is based upon the member's age, years of retirement service credit, and final average compensation.

Employees terminating before accruing 5 years of retirement service credit (5-year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning 5 years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement.

C. Actuarially Determined Contribution Requirements

The funding policy provides for periodic employer and employee contributions at actuarially determined rates, expressed as level percentages of annual covered payroll, that are sufficient to accumulate the required assets to pay benefits when due. The smoothing of market value method is used to determine the actuarial value of assets. In accordance with various employee collective bargaining agreements, the Commission subsidizes the employees' regular contributions in various amounts, depending on the classification of the employee. Contribution rates for employees range from 5.57 percent to 12.10 percent of covered payroll. Contribution rates are determined using the "entry age normal cost" method. Under this method, normal cost is the level amount that would fund the projected benefit if it was paid annually from the date of employment until retirement.

Employer and employee contribution rates in effect during fiscal year 2011-12 were based on the actuarial valuation performed as of June 30, 2010. The significant actuarial assumptions in the June 30, 2010, actuarial valuation are summarized as follows:

	Assumptions
• Rate of return on investment	8.00%
• Projected salary increases	5.00% - 13.25%
Amount attributable to inflation	3.50%
Amount attributable to seniority and merit	0.75% - 9.00%
Amount attributable to real "across the board"	0.75%
• Annual cost of living increases after retirement (Tier 1 and Safety members - contingent upon CPI increases, 3% maximum. Tier 2 SEIU members - fixed 2% not subject to CPI increases, for service after March 2003.)	0.00% - 3.00%

The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll on a closed basis.

VENTURA LOCAL AGENCY FORMATION COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

D. Contributions and Transfers Made

The Commission's actuarially determined employer contributions of \$54,342 were made in 2009-10, \$50,583 in 2010-11, and \$62,660 in 2011-12. These contributions represent 100 percent of the annual pension cost required for fiscal years 2010, 2011, and 2012.

Management Retiree Health Benefits Program

A. Plan Description

The Commission participates in the Management Retiree Health Benefits Program (MRHBP), a cost-sharing, multiple-employer defined benefit plan administered by the County. The MRHBP was established by the County Board of Supervisors on June 8, 1999. On June 21, 2005, the Board of Supervisors approved the elimination of this benefit for employees covered after July 2, 2005.

Employees who retired after July 1, 1999, became eligible to receive one year of payments for five years of service, up to a maximum of five years of coverage. Payments of approximately \$649 per month were equivalent to premiums for the Ventura County Health Care Plan. Total payments in fiscal year 2011-12 were \$-0-. The payments do not constitute any guarantee of medical care benefits.

Additional details, actuarial assumptions, funded status, and required supplementary information for the MRHBP is included in the Comprehensive Annual Financial Report (CAFR) of the County for the fiscal year ended June 30, 2012. The report is available from the County of Ventura's web page, <http://portal.countyofventura.org/portal/page/portal/auditor/Financial%20%20Budget%20Reports>.

B. Funding Policy

The MRHBP is currently funded on a pay-as-you-go basis. Annual required contributions are determined by the County.

C. Contributions and Transfers Made

The Commission's actual and required contributions, as determined by the County, were \$-0- in 2009-10, \$-0- in 2010-11, and \$-0- in 2011-12.

**REQUIRED
SUPPLEMENTARY
INFORMATION
(OTHER THAN MD & A)
(UNAUDITED)**

VENTURA LOCAL AGENCY FORMATION COMMISSION
 BUDGETARY COMPARISON SCHEDULE - ON BUDGETARY BASIS
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Apportionments	\$ 570,285	\$ 570,285	\$ 570,285	\$ -
Filing fees	65,500	65,500	40,684	(24,816)
Interest	<u>8,000</u>	<u>8,000</u>	<u>4,091</u>	<u>(3,909)</u>
Amount available for appropriation	<u>643,785</u>	<u>643,785</u>	<u>615,060</u>	<u>(28,725)</u>
Charges to appropriations (outflows):				
General government:				
Contract services (salaries and benefits)	506,150	506,150	483,000	23,150
Services and supplies	190,757	190,757	126,680	64,077
Contingencies	<u>69,691</u>	<u>69,691</u>	<u>-</u>	<u>69,691</u>
Total charges to appropriation	<u>766,598</u>	<u>766,598</u>	<u>609,680</u>	<u>156,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(122,813)</u>	<u>(122,813)</u>	<u>5,380</u>	<u>128,193</u>
Fund balance - beginning	<u>381,235</u>	<u>381,235</u>	<u>381,235</u>	<u>-</u>
Fund balance - ending	<u>\$ 258,422</u>	<u>\$ 258,422</u>	<u>\$ 386,615</u>	<u>\$ 128,193</u>

VENTURA LOCAL AGENCY FORMATION COMMISSION
 NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

1. BUDGET AND BUDGETARY ACCOUNTING

As set forth in California Government Code Section 56381 of the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000, the Commission is legally required to adopt a proposed annual budget for the General Fund by May 1, and a final annual budget by June 15. The Commission adheres to the provisions of California Government Code Sections 29000 through 29144 concerning budgetary matters, commonly known as The County Budget Act.

The adopted budget can be amended by the Commission to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations require approval by the Commissioners. Expenditures may not exceed total appropriations at the individual object level. Any transfer of appropriations between object levels is delegated by the Commission to the Executive Officer. It is the practice of the Commission's management to review the budget quarterly and, if necessary, recommend changes to the Commission.

The Budgetary Comparison Schedule for the General Fund, as required by GASB 34, presents the original budget, final budget and actual amount. The "original budget" includes the adopted budget plus appropriations for prior year approved rollover encumbrances. The "final budget" is the budget as Board approved at the end of the fiscal year. The "actual amount" includes the actual revenues and expenditures incurred on a budgetary basis and as adjusted for the basic financial statements. Variances are provided between the Final Budget Amounts and the Actual Amounts on a budgetary basis.

This information is presented as Required Supplementary Information. Analysis of the final budget to actual variances is discussed in the Management's Discussion and Analysis.

The budget is adopted on a basis of accounting which is different from GAAP. The primary difference is:

- For budgetary purposes, changes in the fair value of investments are not recognized as increases or decreases to revenue. Under GAAP, such changes are recognized as increases or decreases to revenue.

The following schedule is a reconciliation of the difference between the fund balances on the actual on a budgetary basis and the GAAP basis on the fund financial statements at June 30, 2012:

	FY 2011-12
	General
Fund balance - Actual on budgetary basis	\$ 386,615
Adjustment:	
Change in fair value of investments	(754)
Fund balance - GAAP basis	\$ 385,861

VENTURA LOCAL AGENCY FORMATION COMMISSION
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

Level of Budgetary Control

The legal level for budgetary control (the level at which expenditures may not legally exceed appropriations) is at the object level: contract services (salaries and benefits) and services and supplies. Expenditures are classified as general government. Any transfer of appropriations between object levels within the same budget unit is delegated by the Commission to the LAFCo Executive Officer.

Encumbrances

The Commission utilizes an encumbrance system as an extension of normal budgetary accounting to assist in controlling expenditures. Under this system, purchase orders, contracts, and other commitments for expenditures are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as assignment or commitment of fund balance in the governmental fund. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

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COMPLIANCE SECTION



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Commissioners of the Local Agency
Formation Commission for Ventura County

We have audited the financial statements of the of the governmental activities and the general fund of the Local Agency Formation Commission for Ventura County (Commission), California, as of and for the year ended June 30, 2012, and have issued our report thereon dated February 8, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Commissioners of the Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinch, Train, Day & Co., LLP

Rancho Cucamonga, California
February 8, 2013

**LOCAL AGENCY FORMATION COMMISSION FOR VENTURA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDING JUNE 30, 2012**

None reported.

**LOCAL AGENCY FORMATION COMMISSION FOR VENTURA COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR YEAR ENDING JUNE 30, 2012**

None reported.



Attachment 3

The Commissioners of the Local Agency
Formation Commission for Ventura County

We have audited the financial statements of the governmental activities and the general fund of the Local Agency Formation Commission for Ventura County (Commission) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 21, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Commission's financial statements was:

Management's estimates pertaining to the contributions to its pension and retiree health benefits program. We evaluated the key factors and assumptions used to develop this estimate in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 8, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Commissioners and management of Local Agency Formation Commission for Ventura County and is not intended to be and should not be used by anyone other than these specified parties.



Rancho Cucamonga, California
February 8, 2013



VENTURA LOCAL AGENCY FORMATION COMMISSION

STAFF REPORT

Meeting Date: March 20, 2013

Agenda Item 11

TO: LAFCo Commissioners

FROM: Kim Uhlich, Executive Officer *KU*

SUBJECT: Update on Oxnard Union High School District's Proposed High Schools in Camarillo and Oxnard

RECOMMENDATION:

Receive staff's oral report and provide direction as appropriate.

COMMISSIONERS AND STAFF

COUNTY:
Kathy Long
Linda Parks, Vice Chair
Alternate:
Steve Bennett

CITY:
Carl Morehouse
Janice Parvin
Alternate:
Carol Smith

DISTRICT:
Bruce Dandy
Gail Pringle, Chair
Alternate:
Elaine Freeman

PUBLIC:
Linda Ford-McCaffrey
Alternate:
Lou Cunningham

Executive Officer:
Kim Uhlich

Dep. Exec. Officer
Kai Luoma, AICP

Office Mgr/Clerk
Debbie Schubert

Legal Counsel
Michael Walker



VENTURA LOCAL AGENCY FORMATION COMMISSION
STAFF REPORT

Meeting Date: March 20, 2013

Agenda Item 12

TO: LAFCo Commissioners
FROM: Kim Uhlich, Executive Officer *KU*
SUBJECT: "LAFCo 101": Informational Presentation for Local Agencies

RECOMMENDATION:

Provide direction to staff as appropriate.

BACKGROUND:

As part of a performance review conducted in 2012, the Commission directed the Executive Officer to host a forum to educate officials and staff from the cities and special districts about the Ventura LAFCo. To ensure that the event fully meets the Commission's expectations staff would appreciate feedback of any kind, particularly with regard to the following:

- 1) Primary Audience and Format:
 Elected officials from cities/independent districts
 Executive level staff
 Line staff
 Any County officials/staff who should be included
 Small group to allow direct dialogue or larger, more formal format with Q/A at conclusion?
- 2) Specific Topics
- 3) Number and Location:
 One centrally located venue or one each in east/west county?
- 4) Timing and Duration:
 May, early June or September
 Time of day
 Length of presentation

COMMISSIONERS AND STAFF

COUNTY: Kathy Long Linda Parks, Vice Chair <i>Alternate:</i> Steve Bennett	CITY: Carl Morehouse Janice Parvin <i>Alternate:</i> Carol Smith	DISTRICT: Bruce Dandy Gail Pringle, Chair <i>Alternate:</i> Elaine Freeman	PUBLIC: Linda Ford-McCaffrey <i>Alternate:</i> Lou Cunningham
Executive Officer: Kim Uhlich	Dep. Exec. Officer Kai Luoma, AICP	Office Mgr/Clerk Debbie Schubert	Legal Counsel Michael Walker