

URBAN SERVICE AREA POLICIES

A. General Guidelines

1. Review and amendment of Urban Service Area (USA) boundaries is the Commission's primary vehicle for encouraging orderly city growth.
2. LAFCO will review/amend a city's Urban Service Area once a year, if such review is desired by the city and initiated by city resolution and application. Until a city's application has been heard and acted upon by the Commission, no further Urban Service Area amendments will be accepted for filing from that city. LAFCO may make an exception to the once a year limitation upon Urban Service Area amendment requests where amendment is needed to carry out some special institutional development or activity that is in the public interest. Such exceptions shall not normally be extended in connection with proposed residential, commercial, or industrial development.
3. Within the Urban Service Areas, LAFCO does not review city annexations and reorganizations if the proposals are initiated by city resolution and meet certain conditions. State law gives cities in Santa Clara County the authority to approve such reorganizations.

B. Urban Service Area Amendment Policies

1. LAFCO will require application of an appropriate general plan designation to territory proposed for inclusion in an Urban Service Area.
2. LAFCO encourages contractual agreements and/or plans between the cities and the County which define:
 - a. Growth at the urban fringe; and
 - b. Potential new growth areas.
3. LAFCO will consider factors included in Government Code section 56668 as well as factors such as the following to determine the local and regional impacts of a proposed Urban Service Area amendment:
 - a. The ratio of lands planned for residential use to lands planned for employment-producing use
 - b. The existence of adequate regional and local transportation capabilities to support the planned city growth;

- c. Ability of the city to provide urban services to the growth areas without detracting from current service levels;
 - d. The ability of school districts to provide school facilities;
 - e. Whether the conversion of agricultural and other open space lands is premature, or if there are other areas into which to channel growth;
 - f. The role of special districts in providing services;
 - g. Environmental considerations which may apply;
 - h. The impacts of proposed city expansion upon the County as a provider of services;
 - i. Fiscal impacts on other agencies;
 - j. Regional housing needs;
 - k. Availability of adequate water supply; and
 - l. Consistency with city or county general and specific plans.
4. LAFCO will consider the applicable service reviews and discourage urban service area amendments that undermine adopted service review determinations or recommendations.
 5. When a city with a substantial supply of vacant land within its Urban Service Area applies for an Urban Service Area expansion, LAFCO will require an explanation of why the expansion is necessary, why infill development is not undertaken first, and how an orderly, efficient growth pattern, consistent with LAFCO mandates, will be maintained.
 6. The Commission will discourage Urban Service Area expansions which include agricultural or other open space land unless the city has accomplished one of the following:
 - a. Demonstrated to LAFCO that effective measures have been adopted for protecting the open space or agricultural status of the land. Such measures may include, but not limited to, the establishment of agricultural preserves pursuant to the California Land Conservation Act, the adoption of city/County use agreements or applicable specific plans, the implementation of clustering or transfer-of-development-rights policies; evidence of public acquisition; or
 - b. Demonstrated to LAFCO that conversion of such lands to other than open space uses is necessary to promote the planned, orderly, efficient development of the city.

7. The Commission will consider whether an Urban Service Area amendment leading to the conversion of agricultural or other open space land, will adversely affect the agricultural or open space resources of the County. Factors to be studied include, but are not limited to:
 - a. The agricultural significance of the amendment area relative to other agricultural lands in the region (soil, climate, water-related problems, parcel size, current land use, crop value, Williamson Act contracts, etc.)
 - b. The economic viability of use of the land for agriculture;
 - c. Whether public facilities, such as roads, would be extended through or adjacent to other agricultural lands in order to provide services to anticipated development in the amendment area or whether the public facilities would be sized or situated to impact other agricultural lands in the area
 - d. Whether the amendment area is adjacent to or surrounded by existing urban or residential development.
8. If an Urban Service Area proposal includes the conversion of open space lands or agricultural lands, LAFCO strongly encourages the city to develop effective mitigation measures to address the loss of the agricultural and open space lands. LAFCO will require an explanation of why the inclusion of agricultural and open space lands is necessary and how the loss of such lands will be mitigated.

Mitigation measures include, but are not limited to: the acquisition and dedication of farmland, development rights, open space and conservation easements to permanently protect adjacent and other agricultural lands within the county, participation in other development programs such as transfer or purchase of development rights, payments to recognized government and non-profit organizations for such purposes, and establishment of buffers to shield agricultural operations from the effects of development.

9. Where appropriate, LAFCO will consider adopted policies advocating maintenance of greenbelts or other open space around cities in reviewing Urban Service Area amendments.
10. LAFCO will require evidence that an adequate water supply is available to the amendment areas and that water proposed to be provided to new areas does not include supplies needed for unserved properties already within the city, the city's Urban Service Area or other properties already charged for city water services. In

determining water availability, LAFCO will evaluate, review and consider:

- a. The city's plan for water service to the area and statement of existing water supply in terms of number of service units available; service units currently allocated; number of service units within city (and current USA) boundaries that are anticipating future service and service units needed for amendment area.
 - b. Whether the city is able to provide adequate water supply to the amendment area in the next 5 years, including drought years, while reserving capacity for areas within the city and Urban Service Area that have not yet developed.
 - c. Whether the city is capable of providing adequate services when needed to areas already in the city, in the city's Urban Service Area or to other properties entitled to service.
 - d. If capacity is not reserved for unserved property within the city and its Urban Service Area boundary, the current estimate of potential unserved properties and related water supply needs
 - e. Whether additional infrastructure and or new water supplies are necessary to accommodate future development or increases in service demand. If so, whether plans, permits and financing plans are in place to ensure that infrastructure and supply are available when necessary including compliance with required administrative and legislated processes, such as CEQA review, CEQA mitigation monitoring plans, or State Water Resources Board allocation permits. If permits are not current or in process, or allocations approved, whether approval is expected.
 - f. Whether facilities or services comply with environmental and safety standards so as to permit acquisition, treatment, and distribution of necessary water.
11. LAFCO will discourage proposals that undermine regional housing needs plans, reduce affordable housing stock, or propose additional urbanization without attention to affordable housing needs. LAFCO will consider:
- a. Whether the proposal creates conditions that promote local and regional policies and programs intended to remove or minimize impediments to fair housing including city/ county general plan housing elements, Analysis of Impediments to Fair Housing or Consolidated Plans for Housing and Community Development and ABAG's regional housing needs assessment and related policies.

- b. Whether the proposal introduces urban uses into rural areas thus increasing the value of currently affordable rural area housing and reducing regional affordable housing supply.
- c. Whether the proposal directs growth away from agricultural / open space lands towards infill areas and encourages development of vacant land adjacent to existing urban areas thus decreasing infrastructure costs and potentially housing construction costs.
- d. Whether funding of infrastructure to support development in the amendment area imposes an unfair burden on residents or customers within the existing boundaries thus impacting housing construction costs in the area.

Amended December 11, 2002

POLICIES FOR GILROY AGRICULTURAL LANDS AREA

Statement of Intent:

It is the intent of LAFCO to establish policies for the area east and south of the City of Gilroy, to reflect the inter-jurisdictional agreement entitled "[Strategies to Balance Planned Growth and Agricultural Viability](#)," which was endorsed by the City of Gilroy on September 23, 1996, LAFCO on October 9, 1996 and the County Board of Supervisors on October 29, 1996. The agreement is intended to ensure the economic viability of agricultural businesses and to preserve productive agricultural lands south and east of Gilroy for continued agricultural use.

The agreement is primarily comprised of lands east of U.S. 101, south of Buena Vista Avenue to the County boundary, shown as the "agricultural preserve area" on the 1996 map prepared for this agreement, entitled "Gilroy Development Boundaries," included as Exhibit A to these policies. These policies will refer to this area as the Gilroy Agricultural Lands Area.

It is the intent of LAFCO to establish these policies in recognition of the commitment of the City of Gilroy to strengthen the "20 year planning boundary" in the area east of U.S. 101, as part of the inter-jurisdictional agreement. The City's 20 year planning boundary has been in effect since 1979, as part of the City's General Plan.

Some of the policies for the Gilroy Agricultural Lands Area are the same as those listed in previously established LAFCO Policies and Guidelines. They have been included in this section to form a complete set of policies for the Gilroy Agricultural Lands Area.

Policies:

1. LAFCO supports the City's "20 year boundary" east of U.S. 101, as it existed in 1996, and will not approve any Urban Service Area (USA) expansion request and/or reorganization proposal to the north, east or south of this portion of the 20 year boundary, except as provided in Policy No. 6 below. An additional exception to this policy would be lands needed for the specific purpose of expanding the South County Regional Waste Water Authority (SCRWA) plant.
2. LAFCO acknowledges the City's adoption of a stable 20 year boundary east of U.S. 101 to be an effective measure of protection for a significant amount of important agricultural lands east and south of Gilroy, and also acknowledges those lands within the existing 20 year boundary are less likely to remain in long term agricultural use.
3. When reviewing proposals within the 20 year boundary east of U.S. 101 on lands that have agricultural or open space value (regardless of the City zoning

designation), LAFCO may consider this boundary, together with actions taken to implement the other agricultural protection strategies of the inter-jurisdictional agreement, to be a mitigation for the loss of prime soils, agricultural land and/or open space.

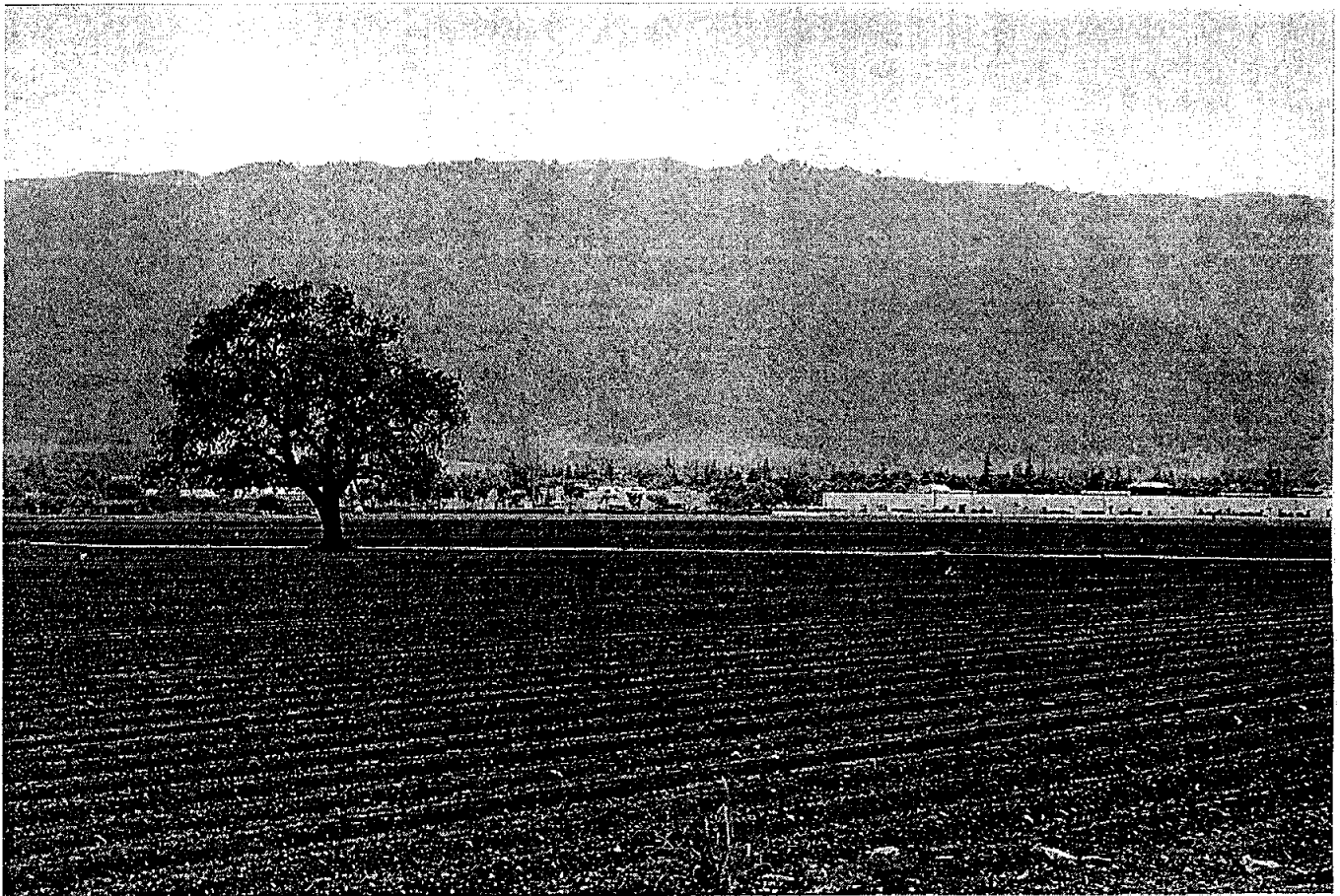
4. Urban service area expansion proposals within the 20 year boundary east of U.S. 101 must be contiguous to the current urban service area boundary, and may not include lands under current Williamson Act contract, unless the landowner has applied for non-renewal of the Williamson Act contract within the time limits prescribed in the contract.
5. In addition to the conditions listed above in Policy No. 4 above, LAFCO will consider City urban service area requests specifically within the 20 year boundary east of U.S. 101, as it existed in 1996, based upon, but not limited to, the following factors. The City shall provide this information at the time of application.
 - a. The City's ability to provide adequate urban services without detracting from current service levels.
 - b. Analysis of why the conversion of land to urban uses is necessary to promote planned, orderly, efficient development of the city, given the existing amount of similarly designated vacant land within the existing USA .
 - c. The ability of school districts to provide school facilities.
 - d. The role of special districts in providing services.
 - e. Fiscal impacts of the proposal upon affected agencies.
6. If the City amends the 20-year boundary east of U.S. 101 as it existed in 1996, LAFCO will carefully consider the amendment before endorsement of the new boundary. LAFCO will not approve any City proposals outside of the 1996 boundary east of U.S. 101 unless the commission has endorsed the amended 20-year boundary. Factors to be considered, both for endorsement of an amended boundary and for any specific proposal, will include, but not be limited to, the following. The City shall provide this information at the time of application.
 - a. City's demonstration of how mitigation for previous USA expansion projects will continue to be provided, in cases where the mitigation for loss of prime agricultural land within the 20 year boundary line east of U.S. 101 depended upon the stabilization of that boundary as it existed in 1996.
 - b. The City's participation in efforts to support the viability of agriculture business and the preservation of agricultural lands, including strategies listed in the adopted "*Strategies to Balance Planned Growth and Agricultural Viability.*"

- c. Whether the conversion of agricultural and other open space lands is premature, based upon the availability of other areas of vacant land having the same land use designation already within the USA.
 - d. The ability of the City to provide adequate urban services without detracting from current service levels or incurring excessive infrastructure or services costs.
 - e. The ability of school districts to provide school facilities.
 - f. The role of special districts in providing services.
 - g. Consideration of public safety hazards within the expansion area, including flood hazards.
 - h. The impact of public facilities, such as roads, upon adjacent agricultural lands.
 - i. Fiscal impacts upon affected agencies.
7. LAFCO will only consider amending the Urban Service Area every twelve months, in keeping with previously established LAFCO Policies And Guidelines. The City may submit several requests in one application, and may combine requests in the Gilroy Agricultural Lands Area with proposals from other portions of the city for consideration. As with any urban service area expansion proposal, each geographic area will be considered separately.

Adopted February 12, 1997

Strategies to Balance Planned Growth and Agricultural Viability

in the areas south and east of Gilroy



Recommendations from the South County Agricultural Task Force

A joint project of the City of Gilroy, Santa Clara County and the Local Agency Formation Commission

April 1996

INTRODUCTION

Purpose of the South County Agricultural Study

The purpose of the South County agricultural study was to identify ways to insure the long term maintenance of agriculture as a viable land use in the area south and east of Gilroy. This area is designated in the County General Plan for "Large Scale Agriculture" and has long been identified as an "agricultural preserve."

The study, which was initiated in 1994, was undertaken in response to concerns about the impacts of incremental urbanization in this area. The study was jointly sponsored by the Local Agency Formation Commission (LAFCO), Gilroy and the County. (LAFCO is the state-mandated local agency responsible for preventing urban sprawl and preserving agricultural lands. Its authority includes control over modifications to city urban service areas, among other things.)

Preparation of Report by Consultant

The first step in the joint project was to hire a consultant to prepare a report identifying an array of options to help insure the long term preservation of agriculture. The consultant's report, *Study of the South County Agricultural Preserve*, was completed in early 1995.

(Note: The consultant's report included information concerning not only the Large Scale Agricultural area, but also additional lands that are designated "Agriculture - Medium Scale" in the County's General Plan. This proposal, however, is concerned only with those lands within the Large Scale Agriculture area.)

Establishment of Task Force

In July 1995, a 7-member Task Force was created for the purpose of reviewing the consultant's report and recommending to LAFCO, Gilroy, and the County which of the report's various agricultural preservation alternatives should be implemented.

Task Force Progress

After meeting monthly for approximately six months, the Task Force had difficulty reaching a consensus concerning which alternatives to recommend.

The Task Force Chair, Supervisor Michael Honda, then asked staff to develop a proposal that could receive broad support from Task Force members and participating agencies, taking into account the various opinions and concerns expressed during the Task Force's previous meetings.

Re-Evaluation of Joint Project's Focus and Assumptions

LAFCO, Gilroy, and County staff met to re-evaluate the joint project, in light of the Chair's direction. It reached several conclusions that provide the basis for this proposal:

1. Although the primary focus of the South County agriculture study is on agricultural preservation, this joint project must acknowledge and take into account the City of Gilroy's concerns about its potential future growth needs.
2. If the recommendations of the Task Force are to be adopted and effectively implemented by the participating agencies, the recommendations must be balanced. The Task Force's proposal must take into account the interests of each of these agencies, as well as the interests of the agricultural and open space communities.
3. The Task Force's proposal must recognize that agriculture is a business, which - like all other businesses - faces strong competition from other parts of California and other parts of the world. To maintain local agriculture's economic viability, local governments must be sensitive to the needs of agriculture and recognize the role that local governments can play in supporting agriculture.
4. Successful, long term maintenance of agriculture as a viable land use will not be accomplished simply by adopting this proposal. The success of this proposal depends on the presence of a long term, ongoing, cooperative working relationship that actively involves the agricultural community, Gilroy, the County, LAFCO, and others.

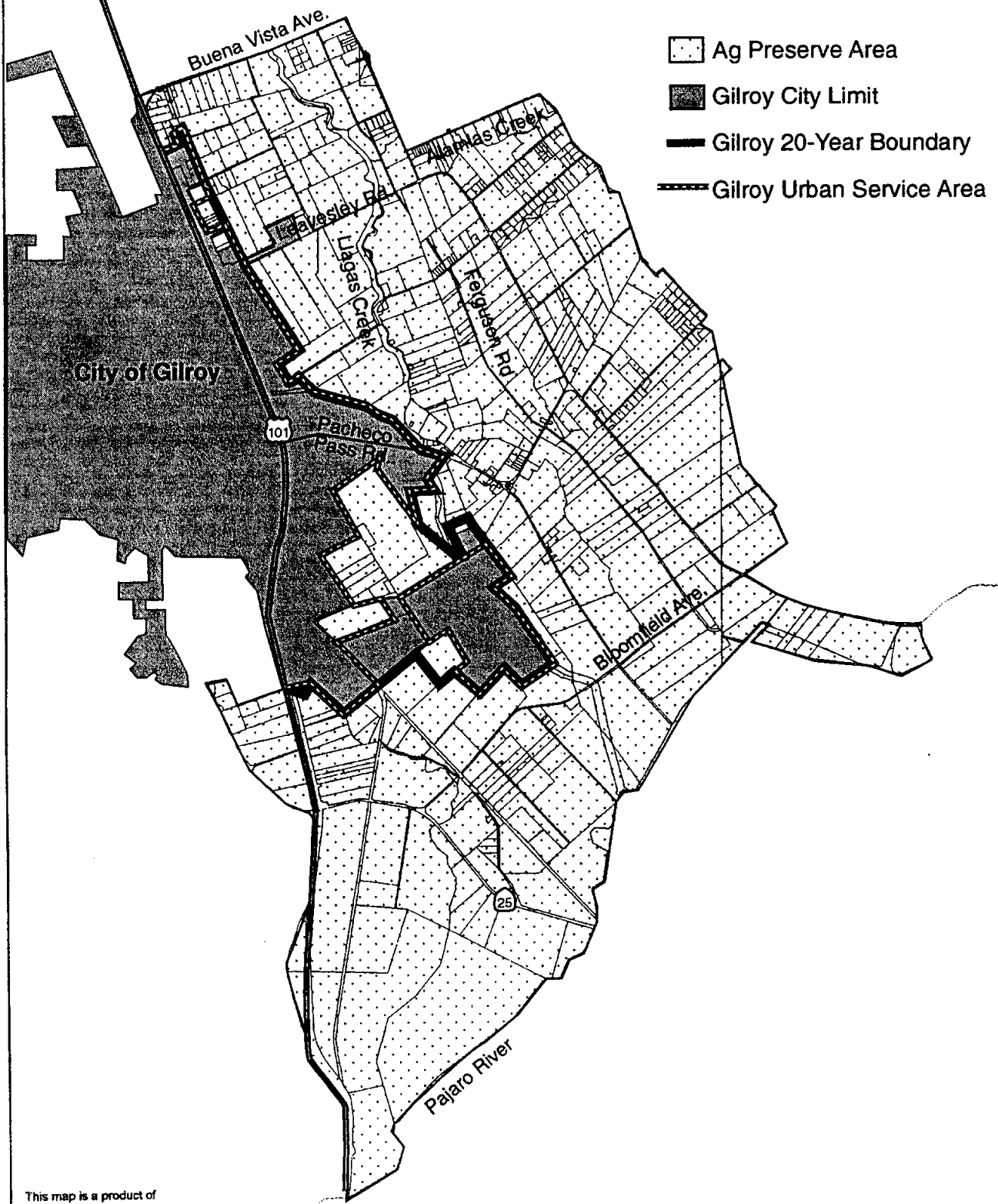
Overview of Proposed Strategies

This proposal: "Strategies to Balance Planned Growth and Agricultural Viability" contains four basic elements:

- Strategy 1: Plan for Responsible, Sustainable Development
- Strategy 2: Support Agricultural Viability
- Strategy 3: Promote City/County Cooperation
- Strategy 4: Monitor Implementation

All four must be adopted and implemented together if the goals of this joint project are to be achieved.

Gilroy Development Boundaries



This map is a product of
Santa Clara County, Office of Planning

This map is a digital representation of data collected from various sources.
The County assumes no responsibility for data accuracy.

Strategy 1: PLAN FOR RESPONSIBLE, SUSTAINABLE DEVELOPMENT

As mentioned previously, the purpose of the joint project was to identify ways to insure the long term viability of agriculture in the study area. The Task Force has also recognized the need for Gilroy to plan for its own growth. This strategy, described in more detail below, attempts to respond to that need (taking into consideration the region wide interests of all stakeholders in the area).

Planning for Future Growth

It is important for Gilroy to determine its own destiny with respect to its future growth and economic development, taking into account region wide interests. Gilroy, like most California cities, faces the challenge of balancing limited revenues with increasing costs related to servicing new neighborhoods while replacing aging urban infrastructure in older neighborhoods. Gilroy must have the opportunity to evaluate its own growth needs and plan for sustainable, responsible growth while continuing to provide for the needs of existing residents and business owners. The recommended actions, listed below, provide that opportunity by building upon and strengthening Gilroy's current growth management tools and preserving future options for development.

Gilroy's History of Gradual, Concentric Growth

Gilroy historically has grown in a practical and sustainable fashion with most new development occurring close to existing services and developments. This has kept Gilroy's infrastructure costs low relative to other communities in the area.

Development Constraints within the Large-Scale Agricultural Area

The fact that most of Gilroy's growth has occurred west of Highway 101 has not been by chance. As a practical matter, the lands east and south of Gilroy (within the Large Scale Agricultural area) are subject to development constraints that generally make them unsuitable for urban development.

Most of the lands immediately east of Gilroy lie within the flood plains of Llagas Creek and various other creeks and rivers in the area. These areas would be inundated by a 100-year flood event. (See map titled "Areas Subject to Flooding" pg 5.) The Llagas flood control project currently being constructed is not expected to be completed for another ten years and even when it is completed, it will not protect most of the Large Scale Agricultural area from a 100-year flood event.

Upgrading the level of flood protection provided to this area above and beyond what is currently planned will be extremely costly. Even if funding could be found, enhanced flood control facilities could not realistically be expected to be in place within the next 20-30 years. (The current Llagas project will have taken approximately 40 years to complete, from the time it was originally proposed)

The potential for providing flood protection within the area on a site-by-site basis is also complicated since "flood proofing" individual sites often requires the use of large areas for the temporary detention of flood waters and any flood control improvements must take into consideration the impacts of diverting flood waters to other properties downstream.

Any future plans for possible urban expansion into this area will have to take into account these development constraints and the potential long term costs to the City and its taxpayers of attempting to overcome them.

Action Proposals for Strategy 1:

PLAN FOR RESPONSIBLE, SUSTAINABLE DEVELOPMENT

1A: Reaffirm Gilroy's Existing 20-Year Growth Boundary to Serve as a Long Term Urban Growth Boundary East of Highway 101

The City of Gilroy's General Plan has included a 20 year growth boundary since the early 1980's. (See map titled "Gilroy Development Boundaries" pg2.) This boundary is one tool that the City of Gilroy uses to plan the timing and location of new development in a responsible and sustainable way. This strategy is not suggesting that the City adopt a new growth boundary but that it build on the existing one already in place.

Action 1A.1: Re-affirm the existing 20 year boundary in Gilroy's General Plan as the City's long term urban growth boundary east of Highway 101.

Implementor: City of Gilroy.

1B: Review and/or Revise the Long Term Growth Boundary in Conjunction with Comprehensive Reviews of the City's General Plan

The 20 year area boundary has served as a general guide for development, but because it can be amended every year, it is largely considered a flexible line. In order for the 20 year boundary to function as an effective long term planning tool, the City should clarify that it is not an easily amended line, but a long term growth boundary that is not subject to piecemeal amendments.

The 20 year boundary should not be considered "permanent", but rather, it should be considered a long term boundary that can be amended in the context of a comprehensive look at the City's growth needs. This strategy will allow Gilroy to define its own growth boundaries, clearly identifying areas suitable for development, while preserving future growth options. Furthermore this strategy will give the City more control over the timing of such growth.

Action 1B.1: Adopt a General Plan policy clarifying the function of the 20 year boundary.

Action 1B.2: Adopt a General Plan policy indicating that the 20 year boundary is to be amended only in conjunction with a comprehensive citywide revision of the City's General Plan . (In other words, it is not to be subject to piecemeal, incremental amendment.)

Implementor: City of Gilroy.

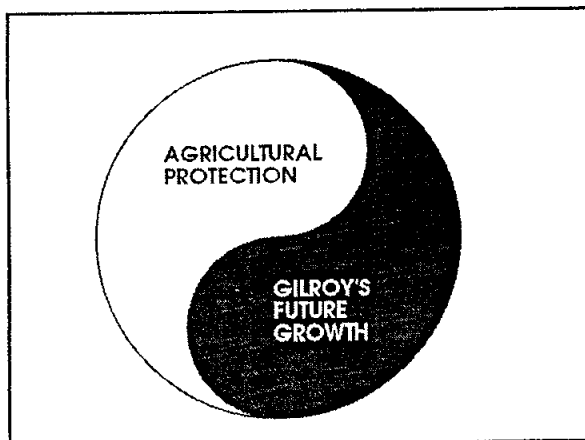
1C: Re-Examine LAFCO Policies Concerning Gilroy Urban Service Area Expansions East of Highway 101

In recent years, the City of Gilroy and LAFCO have struggled over the implications of Gilroy's Urban Service Area (USA) expansion proposals on agricultural lands east of U.S. 101. LAFCO policy strives to protect prime agricultural land from premature conversion to urban uses. This policy has sometimes been at odds with the City's desire to expand.

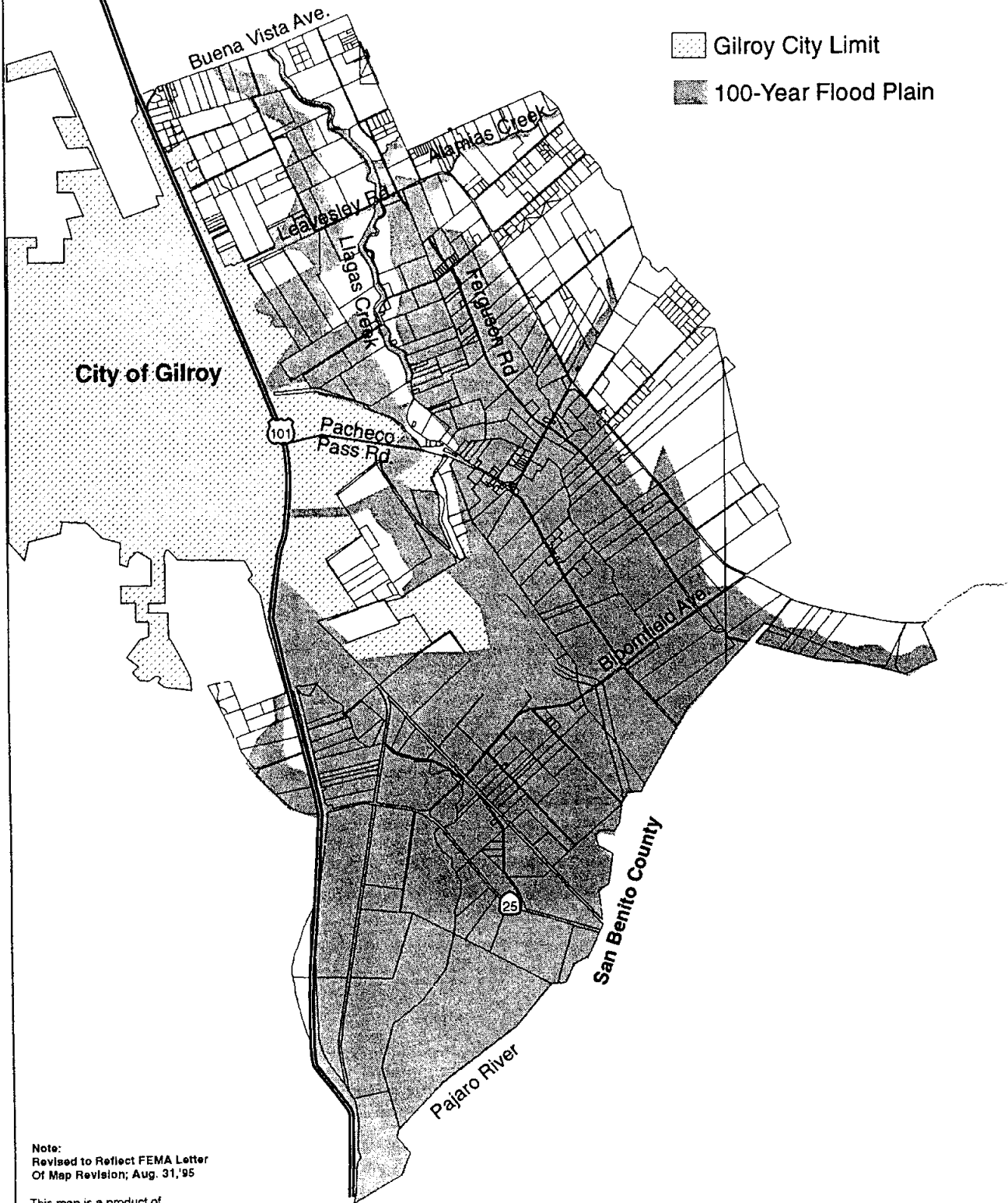
If the City of Gilroy strengthens its 20 year boundary as discussed under sections 1A and 1B above, LAFCO should re-examine its policies regarding requests for expansions to Gilroy's USA. With the assurance of a stable boundary, LAFCO should consider amending its policies to allow modest growth of Gilroy's USA within the 20 year boundary east of U.S. 101.

Action 1.C.1: Amend LAFCO policies, in recognition of new City policies regarding its 20 year boundary.

Implementor: LAFCO.



Areas Subject to Flooding



Note:
Revised to Reflect FEMA Letter
Of Map Revision; Aug. 31, '95

This map is a product of
Santa Clara County, Office of Planning

This map is a digital representation of data collected from various sources.
The County assumes no responsibility for data accuracy.

2B: Provide Property Tax Relief to Agricultural Lands

The California Land Conservation Act of 1965 (known as the Williamson Act) was enacted by the State of California to protect farmers from escalating property taxes. The underlying purpose of this act was to protect farmland from development pressures. The Williamson Act allows local governments to assess agricultural landowners based on the income-producing value of the land rather than on its potential for residential, commercial or industrial use.

This strategy simply involves the continuation of the Williamson Act program for properties within the large-scale agricultural area.

Action 2.B.1: Continue to enable property owners within the large scale agricultural area to enter into and continue Williamson Act contracts.

Implementor: Santa Clara County.

2C: Allow Supplemental Farm Income Through Home Occupation Activities

Many small farm operators must supplement their income through a second business. Often these businesses are conducted out of the home. These types of businesses are referred to as home occupations. This action suggests that, making it easier for farmers to initiate or expand home occupation activities, will give farmers additional income and help keep farmers in business longer.

Action 2.C.1: Review existing Ordinances to determine if they sufficiently enable farmers to engage in "home occupations" in the Agriculture Zoning Districts.

Implementor: Santa Clara County.

2D: Acquire Open Space Easements from Willing Sellers

All members of the Task Force agreed that a good way to insure that agricultural lands remain in production was through the purchase of open space easements. A permanent open space easement guarantees that a parcel will remain in an open space or agriculture use.

Action 2.D.1: Explore ways of creating or joining a non-profit or government organization to purchase open space easements in the South County.

Action 2.D.2: Explore ways of funding the purchase of agricultural open space easements.

Implementors: Non-profit organizations, City of Gilroy, Santa Clara County, other public agencies.

2E: Identify Regulatory and Tax Burdens on Agriculture

The agriculture industry is regulated by a variety of federal, state and local agencies. It is asserted by the farming industry that the cumulative effect of the various layers of regulation places a financial burden on the industry and unintentionally has negative impacts on agricultural viability. This strategy recommends that the farming community prepare a list of federal, state and local regulations that affect agriculture and identify those that are overly burdensome or onerous. This strategy then recommends that the federal government, the state and the County be made aware of the impact that their regulations have on the future of agriculture in the County.

Action 2.E.1: Identify the extent of regulatory and tax burdens on agriculture at federal, state and local levels.

Action 2.E.2: Forward list of findings to federal, state and local legislators.

Implementors: Farm Bureau, Santa Clara County.

2F: Promote Marketing of Local Agriculture

Local marketing programs have been successful in other communities examined in the *Study of the South County Agricultural Preserve*. The purpose of these programs is to increase local awareness of local agricultural products in order to increase local sales.

Ideas discussed by the Task Force include a media advertising campaign, a "sticker" program that identifies the produce or product as Santa Clara County Grown, an expanded "County Crossroads" Map Program identifying farms that conduct direct sales to the public, and the development of a large permanent regional farmers market to allow direct sales. These programs are generally funded through local government advertising budgets, tourism boards or local farming cooperatives.

Action 2.F.1: Examine and work towards implementation of marketing strategies.

Implementors: Gilroy Bureau of Tourism, Farm Bureau, Santa Clara County, City of Gilroy, private businesses.

2G: Support Affordable Farm Worker Housing

Many farmers have identified the lack of affordable housing for farm workers as a disincentive to agriculture in South County. The Santa Clara County Housing and Community Development Program and other groups have been working on this issue for many years. Despite the success of their efforts, the demand for both permanent affordable family units, and for affordable seasonal housing, far exceeds the current supply.

This strategy suggests that the County and City of Gilroy support farm worker housing by developing permanent and seasonal housing.

Action 2.G.1: Continue to explore and implement ways of providing affordable farm worker housing.

Implementors: Santa Clara County, the farming community, the City of Gilroy, non-profit organizations.

2H: Support Agriculture Water Conservation and Reasonable Water Rates

The accelerating growth rate of California's population, in light of the limited supply of fresh water is putting pressure on the State and local water agencies to re-examine the way water is distributed among various users. Urban, agricultural, sport and environmental interests are competing for their share of the state's water supply.

Farmers in Santa Clara County as a rule are very sophisticated in their use of water conservation methods. The local farming community is extremely concerned the water district will increase rates for agriculture users without taking into consideration existing conservation efforts. They are concerned that if rates for agricultural users are raised, their water costs will be so high, they will not be able to survive in this market.

Action 2.H.1: Meet with the Santa Clara Valley Water District to discuss additional agricultural related water conservation efforts and to influence the county-wide discussion on water rates.

Implementors: Farming community, Santa Clara County, Santa Clara Valley Water District.



Strategy 3: PROMOTE CITY/COUNTY COOPERATION

A very positive outcome of this joint project has been the opportunity to strengthen the cooperative working relationships between the City and the County. This spirit of cooperation can continue if both the County and the City continue to focus on common goals.

Action Proposals for Strategy 3: PROMOTE CITY/COUNTY COOPERATION

3A: Adopt Joint Policies to Protect Lands Planned for Future Urban Development

The City of Gilroy has expressed some concern regarding the County's past approval of projects in unincorporated areas which conflict with Gilroy's future General Plan designations for that area.

Under this strategy the County and the City would re-evaluate existing land use policies and land use designations as they relate to parcels within Gilroy's 20 year growth boundary. The County would agree to avoid land uses and development which would potentially conflict with future annexations and the optimal utilization of lands within the City's 20 year growth boundary.

Action 3.A.1: Review existing County ordinances and policies within the 20 year boundary to determine compatibility with City of Gilroy General Plan.

Action 3.A.2: Establish a referral process for projects on unincorporated parcels and General Plan or zoning interpretation issues which might be incompatible with the policies of the City of Gilroy's General Plan and future development within the 20 year boundary.

Implementors: Santa Clara County, City of Gilroy.

3B: Reaffirm Policies to Protect Agricultural Lands

Many policies in the Santa Clara County 1995 General Plan directly support the continuation of agriculture in the County. The South County Joint Area Plan, which has been adopted by both the City of Gilroy and Santa Clara County, includes policies relating to the preservation of agriculture in the South County. Both the City of Gilroy and LAFCO have policies concerning the premature annexation of land and maintaining land in agricultural use, until it is

needed for the orderly expansion of the City. These policies were instrumental in giving birth to the South County agricultural study and will continue to be important in protecting the future of agricultural lands in South County.

Action 3.B.1: In order to insure the long term viability of agriculture in South County, both the City and the County must reaffirm their commitment to agriculture as stated in County and City General Plans and the Joint South County Plan.

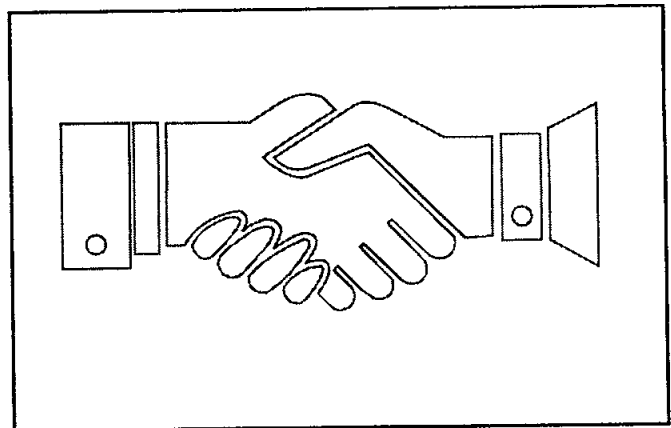
Implementors: Santa Clara County, City of Gilroy.

3C: Clarify Procedures for Referral to Gilroy of Development Proposals in the Large-Scale Agricultural Area.

The County recognizes that projects in the large-scale agricultural area can and do have an impact on Gilroy's land use plans and policies. This strategy encourages the County to examine (and expand if necessary) existing referral policies to insure ongoing open communication between the City and the County.

Action 3.C.1: Review current procedures for referral of projects to the City of Gilroy and revise procedures if necessary.

Implementors: Santa Clara County, City of Gilroy.



Strategy 4: MONITOR IMPLEMENTATION

In order to insure success, the “Strategies to Balance Planned Growth and Agricultural Viability” must include an active, ongoing implementation and monitoring plan. The effectiveness of the implementation actions must be reviewed and approaches modified when necessary to insure their success.

Furthermore the success of this proposal depends upon the ability to include key public and private stakeholders in the implementation phase of the project. If these stakeholders are included in the implementation phase of the strategy, they will have a stake in the program’s success.

Action Proposals for Strategy 4: MONITOR IMPLEMENTATION

4A: Assign Responsibilities for Implementation

Implementation responsibilities of these strategies are listed in preceding sections. Priorities should be established by Santa Clara County, the City, and LAFCO regarding which strategies should be acted upon first. All of these actions require the participation of and input from the farming community as well as others interested in preserving our agriculture heritage. These groups must accept responsibility for implementation to insure the program’s success.

Action 4.A.1: Use implementation responsibilities assigned in previous strategies as a basis for moving forward with implementation.

Implementors: Santa Clara County, City of Gilroy, LAFCO.

4B: Involve Stakeholders in Implementation Activities

The success of this proposal will depend upon the active involvement of affected agencies, community organizations, and the public at large throughout the implementation process.

Action 4.B.1: Provide appropriate opportunities for active participation by public and private stakeholders in the efforts to implement the strategies recommend in this study

Implementors: Santa Clara County, City of Gilroy, LAFCO.

4C: Monitor Progress Toward Implementation

It is suggested that the South County Joint Planning Advisory Committee be assigned responsibility for monitoring the progress of implementation of the strategy.

Action 4.C.1: Assign responsibility to the South County Joint Planning Advisory Committee for monitoring progress toward implementation of the above strategies.

Implementors: Santa Clara County, City of Gilroy.

TO DO

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ACKNOWLEDGEMENTS

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AGRICULTURAL MITIGATION POLICIES

Background

LAFCO's mission is to encourage orderly growth and development, discourage urban sprawl, preserve open space and prime agricultural lands, promote the efficient provision of government services and encourage the orderly formation of local agencies. LAFCO will consider impacts to agricultural lands along with other factors in its evaluation of proposals. LAFCO's Urban Service Area (USA) Amendment Policies discourage premature conversion of agricultural lands, guide development away from existing agricultural lands and require the development of existing vacant lands within city boundaries prior to conversion of additional agricultural lands. In those cases where LAFCO proposals involve conversion of agricultural lands, LAFCO's USA Amendment Policies require an explanation of why the inclusion of agricultural lands is necessary and how such loss will be mitigated.

Purpose of Policies

The purpose of these policies is to provide guidance to property owners, potential applicants and cities on how to address agricultural mitigation for LAFCO proposals and to provide a framework for LAFCO to evaluate and process in a consistent manner, LAFCO proposals that involve or impact agricultural lands.

General Policies

1. LAFCO recommends provision of agricultural mitigation as specified herein for all LAFCO applications that impact or result in a loss of prime agricultural lands as defined in Policy #6. Variation from these policies should be accompanied by information explaining the adequacy of the proposed mitigation.
2. LAFCO encourages cities with potential LAFCO applications involving or impacting agricultural lands to adopt citywide agricultural mitigation policies and programs that are consistent with these policies.
3. When a LAFCO proposal impacts or involves a loss of prime agricultural lands, LAFCO encourages property owners, cities and agricultural conservation agencies to work together as early in the process as possible to initiate and execute agricultural mitigation plans, in a manner that is consistent with these policies.
4. LAFCO will work with agricultural entities, the County, cities and other stakeholders to develop a program and public education materials to improve the community's understanding of the importance of agriculture in creating sustainable communities within Santa Clara County.

5. LAFCO will review and revise these policies as necessary.

Definition of Prime Agricultural Lands

6. "Prime agricultural land" as defined in the Cortese Knox Hertzberg Act means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:
 - a. Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
 - b. Land that qualifies for rating 80 through 100 Storie Index Rating.
 - c. Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July, 1967, developed pursuant to Public Law 46, December 1935.
 - d. Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.
 - e. Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

Mitigation Recommendations

7. Proposals involving the conversion of prime agricultural lands should provide one of the following mitigations at a not less than 1:1 ratio (1 acre preserved for every acre converted) along with the payment of funds as determined by the city / agricultural conservation entity (whichever applies) to cover the costs of program administration, land management, monitoring, enforcement and maintenance of agriculture on the mitigation lands:
 - a. The acquisition and transfer of ownership of agricultural land to an agricultural conservation entity for permanent protection of the agricultural land.
 - b. The acquisition and transfer of agricultural conservation easements to an agricultural conservation entity for permanent protection of the agricultural land.

- c. The payment of in-lieu fees to an agricultural conservation entity that are sufficient to fully fund*:
 - 1. The cost of acquisition of agricultural lands or agricultural conservation easements for permanent protection, and
 - 2. The cost of administering, managing, monitoring and enforcing the agricultural lands or agricultural conservation easements, as well as the costs of maintaining agriculture on the mitigation lands.

* with provisions for adjustment of in-lieu fees to reflect potential changes in land values at the time of actual payment

- 8. Agricultural lands or conservation easements acquired and transferred to an agricultural conservation entity should be located in Santa Clara County and be lands deemed acceptable to the city and entity.
- 9. The agricultural mitigation should result in preservation of land that would be:
 - a. Prime agricultural land of substantially similar quality and character as measured by the Average Storie Index rating and the Land Capability Classification rating, and
 - b. Located within cities' spheres of influence in an area planned/envisioned for agriculture, and
 - c. That would preferably promote the definition and creation of a permanent urban/agricultural edge.
- 10. Because urban/non-agricultural uses affect adjacent agricultural practices and introduce development pressures on adjacent agricultural lands, LAFCO encourages cities with LAFCO proposals impacting agricultural lands to adopt measures to protect adjoining agricultural lands, to prevent their premature conversion to other uses, and to minimize potential conflicts between the proposed urban development and adjacent agricultural uses. Examples of such measures include, but are not limited to:
 - a. Establishment of an agricultural buffer on the land proposed for development. The buffer's size, location and allowed uses must be sufficient to minimize conflicts between the adjacent urban and agricultural uses.
 - b. Adoption of protections such as a Right to Farm Ordinance, to ensure that the new urban residents shall recognize the rights of adjacent property owners conducting agricultural operations and practices in compliance with established standards.
 - c. Development of programs to promote the continued viability of surrounding agricultural land.

Agricultural Conservation Entity Qualifications

11. The agricultural conservation entity should be a city or a public or non-profit agency. LAFCO encourages consideration of agricultural conservation entities that:
 - a. Are committed to preserving local agriculture and have a clear mission along with strategic goals or programs for promoting agriculture in the areas that would be preserved through mitigation,
 - b. Have the legal and technical ability to hold and administer agricultural lands and agricultural conservation easements and in-lieu fees for the purposes of conserving and maintaining lands in agricultural production and preferably have an established record for doing so, and
 - c. Have adopted written standards, policies and practices (such as the Land Trust Alliance's "Standards and Practices") for holding and administering agricultural lands, agricultural conservation easements and in-lieu fees and are operating in compliance with those standards.

Timing and Fulfillment of Mitigation

12. LAFCO prefers that agricultural mitigation be in place at the time of LAFCO approval or as soon as possible after LAFCO approval. The mitigation (as detailed in the Plan for Mitigation) should be fulfilled no later than at the time of city's approval of the final map, or issuance of a grading permit or building permit, whichever occurs first.
13. Cities should provide LAFCO with information on how the city will ensure that the agricultural mitigation is provided at the appropriate time.
14. Cities should provide LAFCO with a report on the status of agricultural mitigation fulfillment every year following LAFCO approval of the proposal until the agricultural mitigation commitments are fulfilled.
15. The agricultural conservation entity should report annually to LAFCO on the use of the in-lieu fees until the fees have been fully expended.

Plan for Mitigation

16. A plan for agricultural mitigation that is consistent with these policies should be submitted at the time that a proposal impacting agricultural lands is filed with LAFCO. The plan for mitigation should include all of the following:
 - a. An agreement between the property owner, city and agricultural conservation entity (if such an entity is involved) that commits the property owner(s) to provide the mitigation for the loss of prime agricultural lands and establishes the specifics of the mitigation. Upon LAFCO approval of the proposal, the agreement should be recorded with

the County Recorder's office against the property to be developed. The agreement should specify:

1. The type of mitigation that will be provided in order to mitigate for conversion of agricultural lands. (purchase of fee title or easement or payment of in-lieu fees)
 2. The agricultural conservation entity that will be involved in holding the lands, easements, or in-lieu fees.
 3. The acreage that would be preserved through mitigation and /or the amount of in-lieu fees that would be paid (with provisions to adjust fees to reflect land values at time of payment) along with the methodology adopted by the entity for calculating the in-lieu fees.
 4. The location of the mitigation lands, when possible.
 5. Information on the specific measures adopted by the city as encouraged in Policy #10 (mitigation for impacts to adjacent agricultural lands)
 6. The time-frame within which the mitigation will be fulfilled, which should be no later than at the time of city's approval of the final map, or issuance of the grading permit or building permit, whichever occurs first.
 7. The mitigation agreement is to be contingent on LAFCO approval of the proposal.
- b. Applicant should provide all other supporting documents and information to demonstrate compliance with these policies.