

**ACTION MINUTES OF THE  
LOCAL AGENCY FORMATION COMMISSION  
HEARING OF OCTOBER 22, 2014**

**REGULAR MEETING**

**9:00 A.M.**

**OCTOBER 22, 2014**

**PRESENT:**

**COMMISSIONERS:** Jim Bagley  
Kimberly Cox, Vice-Chair  
Steve Farrell, Alternate  
Robert Lovingood  
Larry McCallon  
James Ramos  
Sunil Sethi, Alternate  
Acquanetta Warren, Alternate  
Diane Williams

**STAFF:** Kathleen Rollings-McDonald, Executive Officer  
Clark Alsop, LAFCO Legal Counsel  
Samuel Martinez, Assistant Executive Officer  
Michael Tuerpe, Project Manager  
Rebecca Lowery, Clerk To The Commission  
Angela Schell, Administrative Assistant

**ABSENT:**

**COMMISSIONERS:** James Curatalo, Chair  
Janice Rutherford, Alternate

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION  
COMMISSION – CALL TO ORDER – 9:04 A.M. – SAN BERNARDINO CITY COUNCIL  
CHAMBERS**

Vice-Chair Cox calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

Vice-Chair Cox requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There are none.

**CONSENT ITEMS – APPROVE STAFF RECOMMENDATION:**

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of September 17, 2014
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Month of September 2014 and Note Cash Receipts
4. **CONTINUED FROM SEPTEMBER 17, 2014 HEARING:** Review and Consideration of Amendment to LAFCO Conflict of Interest Code
5. **TO BE DEFERRED FOR DISCUSSION:** Adoption of LAFCO Resolution No. 3190 for LAFCO 3157 – Sphere of Influence Establishment for County Service Area 120 (Habitat Preservation and Historical Resources – North Etiwanda)

LAFCO considered the items listed under its consent calendar, which includes a Visa Justification, the Executive Officer expense report and staff report outlining the staff recommendations for the reconciled payments. Also included is Amendment to the LAFCO Conflict of Interest Code and the adoption of the resolution for LAFCO 3157. Copies of each report are on file in the LAFCO office and are made part of the record by their reference herein.

Executive Officer Kathleen Rollings-McDonald states that an update to her expense report has been placed at each Commissioner's place; she also notes that item 5 has been requested to be deferred for discussion.

Commissioner McCallon moves approval of the consent calendar, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead), Ramos.

**PUBLIC HEARING ITEMS:**

Clark Alsop, Legal Counsel for the Commission, leaves the dais; Holly Whatley, from Colantuono, Highsmith & Whatley, PC, Special Counsel for the Commission, takes his place.

**ITEM 6. CONSENT ITEMS DEFERRED FOR DISCUSSION ADOPTION OF LAFCO RESOLUTION NO. 3190 FOR LAFCO 3157 – SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (HABITAT PRESERVATION AND HISTORICAL RESOURCES – NORTH ETIWANDA)**

Vice-Chair Cox opens the public hearing.

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3157, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She says that at the September 17, 2014 hearing, the Commission reviewed and considered the Sphere of Influence Establishment for CSA 120. She says that at that time the Commission made mandatory determinations

required by Government Code Section 56425 and also approved the modification requested by the County of San Bernardino. She says that during the September Commission hearing, the manager of CSA120 expressed questions regarding the amount of interest earned to be returned to the endowment fund. Staff had identified that amount to be \$112,884.

(It is noted that Commissioner Warren arrives at the dais.)

Ms. McDonald states that County Special Districts staff identified their concerns that the statute specifying that the interest earned could not be consolidated for use did not take effect until January 2012 and its provisions should not be applied retroactively. LAFCO staff has been in consultation with Special Districts staff on this concern.

Ms. McDonald says that staff believes its position is legally defensible given the contractual nature of the endowment funds for use for maintenance and preservation of specific properties going back to the acquisition and agreement for conservation. She says that the adoption of the updated Cooperative Management Plan in October 2010 by the County Board of Supervisors clearly identifies the division of the areas into two units. She says that therefore, staff is modifying their determination to reflect the need to redeposit the interest earnings for Fiscal Years 2010-11, 2011-12, 2012-13 and the amount for 2013-14 now due.

(It is noted that Commissioner Ramos arrives at the dais.)

Ms. McDonald says that Special Districts staff also questioned the \$17,517 shown for Fiscal Year 2012-13 as interest earned and requested the amount be modified. She says that LAFCO staff received a revised version of the 2012-13 audit for CSA 120, a copy of which is included as attachment #3 to the staff report, and shows the interest earned during Fiscal Year 2012-13 as reduced to \$6,844. She says that staff is still concerned that even with the reduction on interest to be returned, it does not alleviate concern for the future operation of CSA 120 and that significant work still remains to address the conditions identified and approved by the Commission.

Ms. McDonald requests that the Commission take the actions outlined in page 1 of the staff report to amend the determination on interest to be returned to the endowment fund and adopt LAFCO Resolution No. 3190.

Commissioner Farrell questions where the net increase in fair value change came from and also notes an error in the chart versus the text in the staff report.

Executive Officer McDonald says that the fair value change was due to the auditor's acknowledgement of the large amount to be held on deposit, that it is a net fair value that needs to be assigned. She says that the text in the staff report will be corrected to reflect the correct amounts.

Tim Millington, County Special Districts, says that Net Fair Value relates to property value as well as the endowment fund and that as the property value increases, the net fair value is added to the audit report. He says that County Special Districts is also

having County Counsel review Government Code Section 65968 with regard to the retroactive activity and if it is applicable to CSA 120.

Vice-Chair Cox closes the public hearing.

Commissioner Farrell moves approval of staff recommendations for LAFCO 3157, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

LAFCO Legal Counsel Clark Alsop returns to the dais.

**ITEM 7. CONTINUED FROM SEPTEMBER 17, 2014 HEARING: CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3180; AND (2) LAFCO 3180 – REORGANIZATION TO INCLUDE ANNEXATIONS TO COUNTY SERVICE AREA 54, DETACHMENT FROM COUNTY SERVICE AREA SL-1 AND DISSOLUTION OF COUNTY SERVICE AREA 73 AND ZONE A OF COUNTY SERVICE AREA 53 (STREETLIGHT REORGANIZATION FOR THE MOUNTAIN REGION)**

Assistant Executive Officer Samuel Martinez presents the staff report for LAFCO 3180, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

He reviews the maps for the project area and says that the purpose of this proposal is to consolidate streetlighting services within the entire mountain region into a single county service area to reduce indirect costs while maintaining the current level of service. He says that the County Special Districts Department submitted two proposals – one for the sphere of influence expansion for County Service Area (CSA) 54 (LAFCO 3179), which the Commission approved at its July 2014 hearing, and the reorganization proposal (LAFCO 3180) currently before the Commission for consideration.

Mr. Martinez says that the overall reorganization includes annexations to CSA 54, a detachment of an area from CSA SL-1, and the dissolutions of CSA 53 Zone A (53-A) and CSA 73. The reorganization includes eight specific areas encompassing a total of approximately 8,462 acres. Area 1 is an area being detached from CSA SL-1 and annexed into CSA 54. Area 2 contains the boundaries for CSA 73, which is being dissolved and annexed into CSA 54. Areas 3, 4, and 5 comprises the total area for CSA 53-A, which is also being dissolved and annexed into CSA 54. And finally, Areas 6, 7, and 8 are areas that are simply being annexed into CSA 54.

Mr. Martinez noted that a streetlight in Running Springs was found outside the boundaries of CSA 73 and, due to its remoteness, staff is recommending that the Special Districts Department consider either transferring the light to another appropriate entity or turn the light off if no other entity is willing to accept responsibility for the light.

Mr. Martinez states that the plan for services submitted by the County included a 5-year projection that indicates that the reorganization proposal will allow CSA 54 to continue to provide streetlighting services in the mountain region at current service levels. However, with

the funding constraints associated with the districts, LAFCO staff is also recommending that the Special Districts Department do an accounting of all the streetlights that are being paid for by these districts.

Mr. Martinez says that Tom Dodson from Tom Dodson and Associates has indicated that the proposal is statutorily exempt from the California Environmental Quality Act (CEQA).

Mr. Martinez says that staff supports approval of LAFCO 3180 and that the reorganization accomplishes the County's goal to consolidate all of the County's mountain region streetlighting service providers into a single county area and through the reorganization, there is the potential to reduce indirect costs and continue to maintain the current level of service.

Assistant Executive Officer Samuel Martinez states that the staff's recommendation is that the Commission take the actions outlined on the overhead display and on pages 1 and 2 of the staff report.

Commissioner Farrell asks who will be responsible for the street light in the Running Springs area.

Executive Officer McDonald says that CSA 73 funds the light, but is not responsible for the light.

Commissioner Bagley says that CALTRANS should be made responsible for the streetlight and that the Commission should make that a recommendation.

Vice-Chair Cox opens the public hearing.

Tim Millington, County Special Districts, says that Southern California Edison will from time to time transfer lights to other poles without informing County Special Districts, so it can be problematic when keeping maps updated, so he is in support of staff identifying the existing lights.

Vice-Chair Cox calls for further testimony; there being none closes the public hearing.

Commissioner Ramos moves approval of staff recommendations for LAFCO 3180, second by Commissioner Lovingood. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

**ITEM 8. CONTINUED FROM SEPTEMBER 17, 2014 HEARING: CONSIDERATION OF : (1) CEQA STATUTORY EXEMPTION FOR AMENDMENTS TO POLICY AND PROCEDURE MANUAL; AND (2) AMENDMENTS AND UPDATES TO LAFCO POLICY AND PROCEDURE MANUAL DEFINED AS: A. UPDATE OF SECTION 2, ACCOUNTING AND FINANCIAL POLICIES AND PROCEDURES – INTRODUCTION; B. UPDATE SECTION 3, HUMAN RESOURCES PERSONNEL POLICIES AND PROCEDURES AND LAFCO BENEFIT PLAN – ADD POLICY 302 VACATION, SECTION E PRIOR SERVICE CREDIT; AMEND POLICY 202 FOR COMPENSATION; AND AMEND BENEFIT PLAN SECTION 1 ITEM C; C. UPDATE SECTION 4, APPLICATION/PROJECT PROCESSING – ADD POLICY 14 -- CAMPAIGN**

**DISCLOSURE POLICY, AMEND POLICY 9 – INDIVIDUAL NOTICE OF COMMISSION HEARINGS TO LANDOWNERS AND REGISTERED VOTERS, AND AMEND POLICY 13(A) -- DISADVANTAGED UNINCORPORATED COMMUNITY ANNEXATION POLICY; D. UPDATE SECTION 6, SPECIAL DISTRICT REPRESENTATION POLICIES AND PROCEDURES – AMEND EXHIBIT A LISTING TO REFLECT STATUTORY CHANGES; E. UPDATE SECTION 7, FORMS – AMEND APPLICATION SUBMISSION CHECKLIST, AMEND LANDOWNER AND REGISTERED VOTER PROTEST FORMS, AND ADD CAMPAIGN DISCLOSURE FORM**

Executive Officer Kathleen Rollings-McDonald presents the staff report for the proposed amendments to the LAFCO Policy and Procedure Manual, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She says that at the June 2012 Commission hearing, the LAFCO Policy and Procedure Manual was reorganized and updated and established an annual review of the Manual be conducted in August or September. She says staff has prepared a report with the Manual items for update and amendment.

Ms. McDonald says that in the Accounting and Financial Policies Section 2, an update to the Introduction portion of this section includes the language with identifies the new contractual relationship with the County's Information Services Department.

Ms. McDonald says that in the Human Resources Policies and Procedures and Benefit Plan Section 3, includes the policy for prior service credit and the policy regarding vacation leave accrual for prior service that was inadvertently excluded from the previous manual restructuring and the amendments related to the staffing reorganization.

Ms. McDonald says that in the Project/Application Processing Section 4, includes the addition of Policy 14 – Campaign Disclosure Policy; the amendment of the Individual Notice of Commission Hearings to Landowners and Registered Voters; and the amendment of the Disadvantaged Unincorporated Community Annexation policy.

Ms. McDonald says that the Special District Representation Policies and Procedures Section 6 includes the amendment to the Exhibit A to reflect statutory changes. She says that in the Forms Section 7, amendments to the Application Submission Checklist, Landowner and Registered Voter Protest forms are included along with the addition of the Campaign Disclosure form.

Ms. McDonald says that the Commission's Environmental Consultant has reviewed the requested changes to the Commission's Policy and Procedure Manual and has indicated that the updates and amendments are statutorily exempt from the California Environmental Quality Act (CEQA) and asks that the Commission approve staff recommendations and adopt LAFCO Resolution No. 3188.

Commissioner McCallon asks what the definition of a disadvantaged community is.

Executive Officer Kathleen Rollings-McDonald says that in LAFCO law it is defined as an unincorporated area whose residents earn less than 80% of the California median income. She says that the Commission's Policies determine that every April, after the Department of Finance issues their changes, staff is to define those areas on a map for the County. She says that staff

also identifies the disadvantaged incorporated areas for the County as well.

Vice-Chair Cox opens the public hearing.

Jane Hunt, member of the public, asks for clarification of the unincorporated annexation policy.

Executive Officer Kathleen Rollings-McDonald clarifies the policy.

Vice-Chair Cox closes the public hearing.

Commissioner McCallon moves approval of staff recommendations for LAFCO Policy and Procedure Manual, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

**ITEM 9. CONSIDERATION OF CEQA STATUTORY EXEMPTION FOR VALLEY REGION SERVICE REVIEWS TO INCLUDE, BUT NOT BE LIMITED TO, THE FOLLOWING SERVICES: WATER ( RETAIL, WHOLESALE AND RECLAMATION), SEWER (TREATMENT, COLLECTION), LAW ENFORCEMENT, FIRE PROTECTION/ EMERGENCY MEDICAL RESPONSE/AMBULANCE, PARK AND RECREATION, STREETLIGHTS, SOLID WASTE AND OTHER MISCELLANEOUS URBAN SERVICES**

Project Manager Michael Tuerpe presents the staff report for the consideration of CEQA Statutory Exemption for the Valley Region Service Reviews, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. He says that the first round of service reviews were conducted on a community-by-community basis and the second round of service review are being conducted on a by-service basis. Staff is commencing the Valley Region and the services reviewed will include Water (Retail, Wholesale and Recycle), Wastewater (Treatment, Collection, and Reclamation), Law Enforcement, Fire Protection/Emergency Medical Response/Ambulance; Park and Recreation; Streetlights; Solid Waste; and other Miscellaneous Urban Services. He says that sphere updates will be conducted on an as needed basis and will require a separate environmental assessment as an individual project.

Mr. Tuerpe says that the Commission's environmental consultant has determined separate environmental analysis for each service review is not required and do not constitute a project under CEQA, whereby making the service reviews statutorily exempt from CEQA. He asks that the Commission approve staff's recommendation as noted in the staff report.

Vice-Chair Cox opens the public hearing.

No Comments from the public received.

Vice-Chair Cox closes the public hearing.

Commissioner Farrell moves approval of staff recommendations for CEQA Statutory Exemption for the Valley Region Service Reviews, second by Commissioner Ramos.

There being no opposition, the motion passes unanimously with the following vote:  
Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None.  
Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

**ITEM 10. FIRST QUARTER FINANCIAL REVIEW FOR PERIOD JULY 1 THROUGH SEPTEMBER 30, 2014: A. FINANCIAL REVIEW; B. TRANSFER OF \$11,000 FROM CONTINGENCY FUNDS (ACCOUNT 6000) TO INFORMATION SERVICES DEPARTMENT DIRECT (ACCOUNT 2421); C. ESTABLISHMENT OF TRUST ACCOUNTS FOR RESERVE FUNDS CURRENTLY ALLOCATED IN ACCOUNTS 6010, 6025, 6030**

Executive Officer Kathleen Rollings-McDonald presents the staff report for the First Quarter Financial Review, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She says that the report includes a review of the financial activities and the presentation of a spreadsheet showing the line item expenditures and receipts during the first quarter. She says that Salaries and Benefits are at 22% of the Adopted Budget, Service and Supplies are at 23% of the Adopted Budget. She says that the fiscal indicators project is nearing completion and that will be live by the end of the year; the Special Study for Daggett, Newberry and Yermo Community Services Districts will be completed by the beginning of next year and that the Feasibility Study for the Incorporation of the Rim of the World Communities is ready to begin, but no funds have been expended to date.

Ms. McDonald says that no activity has been authorized by the Commission for the Contingency and Reserve accounts and reviews the first quarter revenues. She reviews the first quarter proposal activity.

Ms. McDonald says that the County has changed the billing method for its ISD desktop support service from an hourly charge based on activity to a flat monthly fee. The new charges will be roughly \$10,000 per year. She says that to cover this change in cost for FY 14-15, staff is recommending that the Commission transfer \$11,000 from its Contingency Funds Account to its Information Service Department Direct Account.

Ms. McDonald says that staff is recommending a change in the holding of the Commission's reserve funds; the reserve funds would be placed in a separate account in the County Treasury that would segregate the reserve fund from the operating funds and reinforce the fact that reserve funds are for restricted activities. She says that the gained interest in this account would be allocated proportionally amongst the reserve funds.

Ms. McDonald says that an amendment to the Accounting and Reserve Policy #7 will also be needed to identify the Net Pension Liability Reserve as noted in the staff report.

Ms. McDonald says that LAFCO is in the process of reviewing the contract with the County for payroll and payroll reporting and general accounting services as required by the Affordable Care Act.

She outlines the staff recommendations for Commission action.

Commissioner Ramos says that staff should call upon his office if help is needed in with the review and finalization of the contract with the County for payroll and accounting services.

Commissioner Bagley says he is pleased that staff is addressing the issue of unfunded liabilities.

Executive Officer Kathleen Rollings-McDonald says that staff is aware of the financial responsibilities of unfunded liabilities and will continue to monitor and address this both internally and also for agencies and municipalities that the commission reviews.

Vice-Chair Cox opens the public hearing.

No Comments from the public received.

Vice-Chair Cox closes the public hearing.

Commissioner McCallon moves approval of staff recommendations for the Financial Review, second by Commissioner Ramos. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

(It is noted that Commissioner Ramos leaves the dais.)

**ITEM 11 WORKSHOP ON LAFCO 3176 -- SPECIAL STUDY FOR DAGGETT, NEWBERRY AND YERMO COMMUNITY SERVICES DISTRICT INCLUDING PLAN FOR SERVICE AND SERVICE REVIEW**

Executive Officer Kathleen Rollings-McDonald presents the staff report for the workshop on LAFCO 3176 – Special Study for Daggett, Newberry and Yermo Community Services District, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She says that the San Bernardino County Grand Jury investigated the Newberry Community Service District in 2012-13 and identified numerous issues and challenges related to governance, accounting and financial management. She says that the Grand Jury also recommended that LAFCO conduct a more robust analysis of the District and as a result the Commission directed staff to initiate a special study for Daggett, Newberry and Yermo Community Service District (CSD).

(It is noted that Commissioner Lovingood leaves the dais.)

Ms. McDonald says that staff has been working the three districts to gather information and that staff has conducted site visits with the three districts. She says that the draft staff report was reviewed in August with the affected agencies for comment and editorial purposes and that Newberry CSD was the only district to provided comments. She says that the draft report is being presented to the Commission for review in a workshop session for additional input prior to the community meeting that will be scheduled in late

November/early December with the community at the Silver Valley High School in Yermo. She says that no action is required from the Commission at this time and that the final staff report will be presented to the Commission at the January 21, 2015 hearing for consideration.

Ms. McDonald asks the Commission to review the draft Plan for Service and Service Review and provide comment and direction to staff.

Project Manager Michael Tuerpe presents the draft Plan for Service and Service Review to the Commission. He says that staff has reviewed the six determinations for the Service Review and that for Determination I – Growth and population projections, the area is not anticipated to experience significant growth and that transient traffic on I-15 and I-40 has significantly increased. He says that for Determination II – Disadvantaged Unincorporated Communities, the entire study area is considered a disadvantaged unincorporated community. Mr. Tuerpe says that for Determination III – Present and planned capacity of public facilities, that streetlighting and park and recreation services are adequately provided; upgrades and improvements to community center building are necessary; that the Daggett CSD Water Service has had three occurrences that disrupted water flow and staff is concerned on how Daggett CSD handled the situations; and that for Fire protection and emergency response the area has scant property tax revenue and runs an all-volunteer force with satisfactory equipment and is responsible for the provision of service to not only residential and commercial areas, but to vast public lands and two of the four interstate highways the exit Southern California to the east.

Mr. Tuerpe says that for Determination IV – Financial abilities, that there is not enough revenue to fund capital and needed improvements; that fire protections and EMS comprise the largest expense; the districts do not adhere to the constitutional requirement for the establishment of an appropriation limit and other statues related to finances. He says that Daggett CSD has failed to operate with a budget since 1995 and that Newberry CSDs' independent auditor issued a disclaimer of opinion for the 2010 and 2011 audits.

Mr. Tuerpe says that for Determination V – Shared Facilities, that the opportunity for shared facilities amongst all three CSDs through a consolidation or joint powers authority would maximize the limited resources available; and that for Determination VI – Accountability for community service needs including governmental structure and operational efficiencies that since 1995 the County Register of Voters has indicated that the districts have had a high turnover and have not yielded enough candidates to continually run for office. He says that Yermo CSD has been without a General Manager since late July 2014.

(It is noted that Commissioners Lovingood and Ramos return to the dais.)

Mr. Tuerpe says that the service review has identified numerous areas where the districts fail to comply with the State Constitution, State Law, and generally accepted good-governance practices. He says that staff is recommending that the Commission determine that the districts are not in compliance as noted in the staff report and to

instruct LAFCO staff to return to the Commission with progress updates on a bi-annual basis until satisfactory compliance is reached by the districts.

Mr. Tuerpe says that the objectives Plan for Service for the districts is to improve the financial mechanism to the districts to provide service; provide services effectively and efficiently within the funding level acceptable to these that pay taxes; provide standardized fire apparatus and levels of service, and training that meets regulatory standards; and improve the management efficiency of the district. He reviews staff's recommended consolidated organizational charts with the different options for the districts and the option of a Joint Powers Authority for Fire and Emergency services.

Mr. Tuerpe says that the community prefers to keep the status quo and is not supportive of the consolidation of the districts. He says that staff will be scheduling a community meeting in late November/early December to review the draft staff report with the community and that the final staff report will be presented to the Commission at its January Hearing for action.

Vice-Chair Cox says that these districts were formed by isolated communities and that there are some concerns with the operation of the districts and that she is interested in hearing what the community has to say about staff's report. She says that there is a need for improvement in the districts with reporting and with compliance to the law.

Executive Officer Kathleen Rollings-McDonald says that during the last service review the Commission and the community were made aware of the district's deficiencies and that at that time the community's response was that no information was provided as to what the projected costs would be. She says that in this new report, staff has provided the projected costs and that they will be presented and discussed with the community at the community meeting. She says that notice of the meeting and the location of the draft staff report on the Commission's web site will be provided to the registered voters and landowners in the study area and that comment regarding the draft staff report will be encouraged during the community meeting.

Vice-Chair Cox says that the need for the special study was in response to a direct request from the Grand Jury; therefore questions what the Commission's authority is on this issue.

Executive Officer Kathleen Rollings-McDonald says the Commission has the authority to initiate a consolidation, be it of two districts or all three districts, based on the findings of the report and that the protest proceeding would require a smaller percentage. However, that if the districts were to initiate the consolidation the standard protest proceeding percentages would apply.

Commissioner Lovingood says that the residents in study area are great people and that they are concerned with the provision of services and that it is critical to provide the opportunity for better services and safety to the area.

Vice-Chair Cox asks if there is the potential for legal liability for the Commission or for staff as this study goes forward.

Executive Officer Kathleen Rollings-McDonald says that she will return with the answer to the potential for legal liability at the January 2015 hearing.

Vice-Chair Cox asks if there is help available for the districts in developing budgets and such, should they require it.

Executive Officer Kathleen Rollings-McDonald says that staff has provided the information regarding appropriation limits, budgets and other materials in an effort to help these districts become more compliant and that staff will continue to offer its services as needed.

Commissioner Sethi asks if the consolidation will compromise the services or staff.

Executive Officer Kathleen Rollings-McDonald says that the consolidation will not compromise services or staff.

Ellen Johnson, resident of Newberry Springs, says that staff has done a good job with the preparation of the draft service review. She asks what LAFCO's protest proceedings are.

Executive Officer Kathleen Rollings-McDonald says that the protest proceedings for a consolidation would be related to registered voters and land owners; the areas are legally inhabited and that the success or failure of this consolidation will be based on whether or not the voters support it and she details the percentages as based on the study area.

Ms. Johnson asks how fire protection services would be provided if County Fire were to provide the service in Newberry.

Ms. McDonald says that County Fire would have to submit a plan for service if they were to provide the fire protection service in Newberry and that plan would detail how fire protection services would be provided; in addition, a LAFCO process would ensue and an analysis would be conducted by LAFCO staff.

**DISCUSSION ITEMS:**

**ITEM 12. TO BE CONTINUED TO THE JANUARY 21, 2015 HEARING: STATUS REPORT ON RIM OF THE WORLD RECREATION AND PARK DISTRICT**

Executive Officer Kathleen Rollings-McDonald presents the staff report for the requesting the continuance of the item, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She says that staff continues to monitor the activities of this district and that staff met with the General Manager and newly appointed Finance Officer and a member of the Board of Directors in October. She says that at that meeting it was determined that more time was required to adequately answer staff questions. Staff is recommending that the item be continued to the February 18, 2015 hearing.

Commissioner McCallon moves approval of staff recommendations to continue the item to the January 21, 2015 hearing, second by Commissioner Ramos. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

**INFORMATION ITEMS:**

**ITEM 13. LEGISLATIVE UPDATE REPORT**

Executive Officer Kathleen Rollings-McDonald provides the Commission with the Legislative Update from the 2014 CALAFCO Annual Conference. She says the update identifies legislature of importance to LAFCO Commissions and notes that AB 1521 and SB 69 were vetoed and that it is probable that the City of Jurupa Valley will be submitting disincorporation documents to Riverside County. She says that she has been appointed to chair a subcommittee of the CALAFCO legislative committee to review and rewrite the statutes on disincorporation.

Ms. McDonald reviews the Infrastructure Financing Districts bills and says that AB 229 has been signed and that it is meant to create infrastructure and revitalization districts to clean up and develop former military bases; SB 628 that allow the creation of infrastructure financing district to finance specified infrastructure projects and facilities using tax increment financing and AB 471 that allows infrastructure financing districts to include portions of former redevelopment project areas and amends several statues governing the dissolution of redevelopment agencies. She says that staff will continue to monitor these going forward.

Ms. McDonald asks that the report be received and filed.

**ITEM 14. EXECUTIVE OFFICER'S REPORT -- RECAP OF CALAFCO ANNUAL CONFERENCE**

Executive Officer Kathleen Rollings-McDonald presents an oral report. She circulates a plaque that was presented to the Commission from CALAFCO, and says that Chairman Curatalo and Assistant Executive Officer Samuel Martinez are to be commended for the excellent work they did in the securing the success of this year's CALAFCO Annual Conference. She says that many accolades were received from peers, presenters and guests in attendance.

Ms. McDonald says that she has provided a copy of the Countywide Vision Water Element Groups meeting information that will be held on October 29, 2014 in Rancho Cucamonga and says that the Commission is welcome to participate. She also says that she has provided a copy of the CALAFCO Sphere Publication that includes an article related to San Bernardino LAFCO's establishment of fire protection service in Baldwin Lake.

Ms. McDonald says that the Commission will be dark for both November and December and that the Commission will reconvene in January 2015. She says that the staff office will be closed from December 19, 2014 to January 2, 2015 and will be open for regular business on January 5, 2015 and that staff will be using their vacation time for the time off.

**ITEM 15. COMMISSIONER COMMENTS**

Commissioner Ramos wishes the Commission and staff happy holidays.

Commissioner Williams says that the Annual Conference was spectacular and that the Commission should be very proud. She says that those in attendance had many great reviews of the event and that the energy of the attendees was wonderful and that the sessions were well attended and that the extending of the LAFCO 101 class to Special Districts and Stakeholders was an affordable and wonderful idea and should be continued at all Annual Conferences.

Commissioner Farrell says that the Annual Conference was very enjoyable and educational.

Commissioner McCallon says that he is sorry he missed the Annual Conference and also welcomes Commissioner Bagley back.

Commissioner Bagley says that he is sorry he missed the Annual Conference and thanks the Commission for the Get Well Plant he received.

Commissioner Lovingood says that he and his staff are happy to provide any assistance in developing mining resource information.

**ITEM 16. COMMENTS FROM THE PUBLIC**

No Comments

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION  
THE HEARING IS ADJOURNED AT 11:21 A.M.**

ATTEST:

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**REBECCA LOWERY**  
Clerk to the Commission

**LOCAL AGENCY FORMATION COMMISSION**

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**KIMBERLY COX, Vice- Chair**