

DRAFT

**DRAFT - ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 15, 2015**

REGULAR MEETING

9:00 A.M.

APRIL 15, 2015

PRESENT:

COMMISSIONERS:	Jim Bagley	James Ramos
	Kimberly Cox, Vice-Chair	Janice Rutherford, Alternate
	James Curatalo, Chair	Sunil Sethi, Alternate
	Steve Farrell, Alternate	Diane Williams
	Larry McCallon	

STAFF: Kathleen Rollings-McDonald, Executive Officer
Paula de Sousa, LAFCO Legal Counsel
Samuel Martinez, Assistant Executive Officer
Angela Schell, Administrative Assistant
Rebecca Lowery, Clerk to the Commission

ABSENT:

COMMISSIONERS: Robert Lovingood Acquanetta Warren, Alternate

STAFF: Clark Alsop, LAFCO Legal Counsel

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

Chairman Curatalo calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

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 March 18, 2015 and Special Meeting of March 2, 2015 (Tour of Water Conservation Facilities)
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Month of March 2015 and Note Cash Receipts

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. Copies of each report are on file in the LAFCO office and are made part of the record by their reference here.

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, Curatalo, McCallon, Rutherford Williams. Noes: None. Abstain: None. Absent: Lovingood (Ms. Rutherford voting in his stead), Ramos.

PUBLIC HEARING ITEMS:

ITEM 4. CONSENT ITEMS DEFERRED FOR DISCUSSION

No items deferred for discussion.

ITEM 5. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3174 AND (2) LAFCO 3174 – SERVICE REVIEW FOR WATER CONSERVATION WITHIN THE VALLEY REGION (TO BE CONTINUED TO MAY 20, 2015 HEARING)

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3174, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald states that staff learned that the required posting of the Notice of Hearing for this proposal was not done correctly; therefore, staff is requesting that LAFCO 3174 be continued to the May 20, 2015 hearing to allow for correction to required posting and advertisement.

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

ITEM 6. PRELIMINARY BUDGET REVIEW FOR FISCAL YEAR 2015-16 TO INCLUDE: A) PROPOSED BUDGET FOR FISCAL YEAR 2015-16; B) PROPOSED AMENDMENTS TO POLICY 202 COMPENSATION, SECTION B SALARY RANGES AND SECTION E ONE-TIME INCENTIVES TO REFLECT COUNTY EXEMPT COMPENSATION PLAN CHANGES

Chairman Curatalo opens the public hearing.

LAFCO conducts a public hearing for the review and adoption of the Preliminary Budget for Fiscal Year 2015-16. Notice of this hearing has been advertised as required by law through publication in *The Sun*, a newspaper of general circulation. Individual notice of this hearing was provided to affected and interested agencies, County departments, all Cities/Towns, Independent Special Districts and the County.

Executive Officer Kathleen Rollings-McDonald presents the report for the Preliminary Budget Review for Fiscal Year 2015-16, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald provides a review of the proposed budget for Fiscal Year 2015-16. She says that staff began the required budget review by considering potential changes to the Schedule of Fees, Deposits and Charges and determined that no additional changes for Fiscal Year 2015-16 would be proposed; therefore, no action will be required from the Commission. She says that the most significant change in salaries and benefits is the employer retirement rate which is forecast for FY 15-16 to be 33.58% which is a signal that a leveling off of the rates to address fund losses from the

recession is occurring.

Ms. McDonald states that staff has chosen to expand the forecasting for an additional year to identify significant changes which are on the horizon for the Commission; which are (1) the end of the lease at the current staff office requiring relocation (FY 2016-17) and (2) the recruitment of a permanent LAFCO Executive Officer (FY 2017-18).

Ms. McDonald says that the activity levels are starting to rise, that as of today eight proposals are in process, and that more are anticipated to be received. She reviews the salaries and expenditures chart and notes the changes for FY 2014-15 are required. Ms. McDonald states that up until March of 2015, there were no significant changes to discuss in the Salaries and Benefits categories for the Commission; however, the Board of Supervisors has adopted changes to the Exempt Compensation Plan which has an effect on the Commission as it mirrors this Benefit Plan for its employees. She says that two directly affect compensation during the current fiscal year: (1) a one-time incentive payment of \$1,750 for each full-time employee and (2) the addition of a new top step (Step 14) in the salary schedule and the addition of new substeps preceding the current Step 1. She notes that a copy of the amended spreadsheet reflecting updated information in forecasts is at each Commissioners place.

Ms. McDonald reviews the retirement rates chart and notes that staff has outlined for the Commission the division the employer share retirement rates into normal cost (those which provide for current employee obligations) and the Unfunded Actuarial Accrued liability (repayment of losses from the recession).

Ms. McDonald reviews the services and supplies and says that these are the daily and general operational costs for the Commission. Ms. McDonald notes that these expenditures reflect that the costs are being held in a steady pattern and the Commission will see an increase in FY 2016-15 when the office relocates at the end of the current lease.

(It is noted that Commissioner Ramos arrives at the dias at 9:19 a.m.)

Ms. McDonald says that the funding of \$20,000 related to the infrastructure improvements required due to the County's move from the building where the LAFCO office is located will carry forward into FY 2015-16. Ms. McDonald also notes that the budget includes funding required to provide a host for the housing of the video recording of hearings accessible on the Commission's website. This service is currently provided by the City of San Bernardino. She says that the budget includes appropriation authority to look at other options for this service; in addition, software updates and new software to allow for manipulation of large pieces of data for service reviews are included in the appropriation authority request.

Ms. McDonald says that as part of the special study for the Daggett, Newberry, and Yermo Community Services District, the Commission directed staff to arrange for a training on board governance. She says that the training was well received and the Commission expressed its intent to continue to provide training for the government agencies within the County. She asks that the Commission establish as a policy item an educational program and says that staff is developing three programs to be offered to the agencies: (1) a webinar that will be provided by the California Special Districts Association (CSDA) regarding the Brown Act; (2) local training, that will also be provided by CSDA regarding Community Leadership; and (3) training through the Institute of Local Government on Partnering with Communities. She notes that the Fiscal Indicators Program is up and will now transition to the annual update process so that it can remain current.

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Ms. McDonald reviews revenues projections and says that staff is proposing an increase to the apportionment in the amount of 2%. She details the apportionment amounts for the County, the Cities and the Special Districts, noting that the special districts have established their own methodology for the distribution of the special district's share of the apportionment. She says that staff will inform the cities and the special districts of the increase in the LAFCO apportionment rate and the proposed distribution in the required notification of the proposed budget. Ms. McDonald reviews the projected proposal numbers and the projected activity forecast.

Ms. McDonald reviews the Reserve Funds and says that the reserve funds have been maintained. She reviews staff's recommendations which include the adoption of language changes to the Human Resources Policies for Section 202 Compensation, Sections B and E; the determination that there are no amendments for the Schedule of Fees, Charges and Deposits for Fiscal Year 2015-16; the adoption of the Proposed Budget for FY 2015-16; the direction to forward the adopted proposed budget to all the independent special districts, cities, and the County for comment; and schedule a public hearing for May 20, 2015 for the formal adoption of the Final Budget for FY 2015-16.

Chairman Curatalo asks for comments from the public. There are none; and he closes the public hearing.

Commissioner Ramos moves approval of the preliminary budget and updates to the policy and procedure manual, second by Commissioner McCallon. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, McCallon, Ramos, Rutherford, Williams. Noes: None. Abstain: None. Absent: Lovingood (Ms. Rutherford voting in his stead).

DISCUSSION ITEMS:

ITEM 7. STATUS REPORT ON CONDITIONS IMPOSED ON LAFCO 3157 – SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (TO BE CONTINUED TO MAY 20, 2015 HEARING)

Executive Officer Kathleen Rollings-McDonald presents the 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.

Ms. McDonald states that the Commission continued discussion of the status report regarding the conditions imposed upon LAFCO 3157. She says that LAFCO made this request in order to provide staff and Special Legal Counsel the ability to fully evaluate the County's response to conditions imposed through the approval of LAFCO 3157. She says that the Commission's Legal Counsel for LAFCO 3157, Ms. Holly Whatley from Colantuono, Highsmith & Whatley, PC, could not be present at today's hearing due to a prior commitment. Therefore, staff is recommending that the status report for LAFCO 3157 be continued to the May 20, 2015 hearing.

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

INFORMATION ITEMS:

ITEM 8. LEGISLATIVE UPDATE REPORT

Executive Officer Kathleen Rollings-McDonald presents the Legislative staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald says that the report includes information regarding significant items.

Ms. McDonald says that for AB 851, the stakeholder review process continues and the first set of agreed upon amendments has been received from Legislative Counsel. She says that the first committee hearing on this bill will be on the 22nd of April before the Assembly Local Government Committee and that she will be attending at the request of CALAFCO. She says a letter of support from San Bernardino LAFCO was forwarded to Assembly Member Mayes and that for the most part the bill has been received a positive response.

Ms. McDonald says that for SB 239, the bill proposes to define an out-of-agency service agreement for fire protection services outside an agency's boundary as a change of organization and proposes the addition of a new section of LAFCO law which removes the discretion that the governing bodies of public agencies providing fire protection services have to evaluate their position on contracting to provide extra-territorial service through the inclusion of mandatory pre-approval of the contract by affected labor associations.. She says that staff is concerned about the effect of this new precedent on establishing procedures for out-of-agency service agreements and the injection of labor representatives into the LAFCO process and says that staff is recommending that the Commission oppose SB 239.

Ms. McDonald says that for AB 402, the Commission's position of support if amended has been forwarded to Assembly member Dodd and to the Assembly Local Government committee. She says that the proposed changes supported in this bill excludes some of the language which was included to provide safeguards in the processes that reflect the Commission's directives. She says that staff will continue to monitor the progress of this bill.

Ms. Mc Donald says that for AB 1532 that this is the annual CALAFCO sponsored cleanup bill that addresses non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act.

Ms. McDonald ask for approval of staff's recommendation to note receipt of the staff report and file, to indicate the Commission's opposition to SB 239, indicate support of AB 1532, and authorize the LAFCO Chairman to sign the letters identifying the Commission's positions and mail the letters as appropriate.

Commissioner Cox says that a letter of appreciation should be send to Chad Mayes for his support in the work of AB 851. Commissioner Ramos asks that a fact sheet on AB 851 be provided for distribution.

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

ITEM 9. EXECUTIVE OFFICER'S ORAL REPORT

Executive Officer Kathleen Rollings-McDonald says that the agenda for May will be a large one and that the election of Chair and Vice-Chair will be on the May agenda, along with the swearing in of

Commissioner Lovingood for his second term. She says that the hearing for June might be cancelled and the July agenda will be a large one.

ITEM 10. COMMISSIONER COMMENTS

Commissioner McCallon asks for an update regarding the East Valley Water District and asks what can be done about their moving forward with the wastewater treatment plant, since wastewater is not one of their designated services.

Executive Officer Kathleen Rollings-McDonald says that a report on the status of the issue can requested by the Commission and the steps necessary for the Water District to expand its authorized services to allow for the operation of a regional wastewater treatment plant. She says that staff can provide an outline to be placed on the May agenda for the Commission's review and comment.

ITEM 11 COMMENTS FROM THE PUBLIC

No Comments

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION THE HEARING IS ADJOURNED AT 10:01 A.M.

ATTEST:

REBECCA LOWERY
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

JAMES CURATALO, Chairman