

**DRAFT – ACTION MINUTES OF THE – DRAFT  
LOCAL AGENCY FORMATION COMMISSION  
HEARING OF October 19, 2016**

**REGULAR MEETING**

**9:00 A.M.**

**October 19, 2016**

**PRESENT:**

**COMMISSIONERS:**

<b>Jim Bagley</b>	<b>Larry McCallon</b>
<b>Kimberly Cox, Chair</b>	<b>James Ramos, Vice-Chair</b>
<b>Jim Curatalo</b>	<b>Thurston Smith, Alternate</b>
<b>Steve Farrell, Alternate</b>	<b>Acquanetta Warren, Alternate</b>
<b>Robert Lovingood</b>	<b>Diane Williams</b>

**STAFF:**

**Kathleen Rollings-McDonald, Executive Officer**  
**Clark Alsop, LAFCO Legal Counsel**  
**Samuel Martinez, Assistant Executive Officer**  
**Jeffrey Lum, LAFCO Analyst**  
**Bob Aldrich, LAFCO Consultant**

**ABSENT:**

**Janice Rutherford, Alternate**

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION  
– CALL TO ORDER – 9:07 A.M. – SAN BERNARDINO CITY COUNCIL CHAMBERS**

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

**REQUEST FOR EMERGENCY ADDITION OF ITEM TO AGENDA:**

Executive Officer McDonald requests that an emergency item be added to the agenda that relates to LAFCO 3212, the proposed consolidation of the Chino Basin Water Conservation District and the Inland Empire Utilities Agency. She notes that addition of an item to the agenda requires Commission approval and, if approved, the item will be #4 under the public hearing portion of the agenda. She states that the item relates to the formation of a committee to develop alternatives to the proposal.

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

**CONSENT ITEMS:**

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.

- ITEM 1. Approval of Minutes for Regular Meeting of September 21. 2016
- ITEM 2. Approval of Executive Officer's Expense Report
- ITEM 3. Ratify Payments as Reconciled for Month of September 2016 and Note Cash Receipts

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

Commissioner Curatalo arrives at 9:10 A.M.

**ITEM 4. EMERGENCY ADDED ITEM - REQUEST FOR AUTHORIZATION TO FORM COMMITTEE TO REVIEW ALTERNATIVES FOR LAFCO 3212 – CONSOLIDATION OF INLAND EMPIRE UTILITIES AGENCY AND CHINO BASIN WATER CONSERVATION DISTRICT**

Commissioner Williams recuses herself and leaves the dais at 9:12 A.M.

Executive Officer McDonald states that a proposal has been filed to consolidate the Inland Empire Utilities Agency and the Chino Basin Water Conservation District and that the proposal has been circulated for review and comment. She notes that staff has received comments from affected and interested agencies and that staff has also identified questions regarding the ongoing provision of conservation education services in the West Valley under the proposed Plan for Service - all of which were discussed in a LAFCO Department Review Committee meeting held on October 13, 2016.

Executive Officer McDonald states that to identify options for service provision, a committee should be formed consisting of representatives from the Inland Empire Utilities Agency, the Chino Basin Water Conservation District, County Administrative Office/Flood Control, the Inland Empire Resource Conservation District and LAFCO staff. She notes that a property tax exchange is currently being processed through the County and must be completed by December 13, 2016 to meet the 60-day statutory deadline. Ms. McDonald states, however, that this timeframe could potentially be extended if viable options are developed as alternatives to the current proposal.

Chair Cox asks for any questions or comments from the Commission.

Commissioner Bagley expresses support for the committee as a means to get all the key issues on the table for discussion among affected agencies.

Commissioner Lovingood echoes Commissioner Bagley's comments.

Chair Cox asks if there are any restrictions on contact between the applicant and affected agencies and Commissioners, to which LAFCO Legal Counsel Aslop responds that there are no restrictions. Executive Officer McDonald adds that the Commission has no policy on ex-parte communications.

Commissioner Curatalo asks for the criteria for selecting committee members.

Executive Officer McDonald responds that she will be asking each agency to select two representatives to serve on the committee. She states that she is hopeful that at least one member of each agency will be a staff member since many of the issues to be discussed are technical in nature. She states that second member can be a staff member or from the agency's board of directors.

Commissioner Curatalo asks how many meetings are planned for the committee.

Executive Officer McDonald states that she anticipates approximately four to five meetings of the committee.

Commissioner Curatalo asks who will chair the committee.

Executive Officer McDonald states that LAFCO will conduct the committee meetings unless there is a formal request to form a reorganization committee under LAFCO law. She assures Commissioner Curatalo that all committee participants will have a full opportunity to provide input into the committee discussion.

Chair Cox inquires if it is staff's intent to bring the consolidation proposal back before the Commission in December.

Executive Officer McDonald states the proposal will not be ready for Commission consideration in December. She states that should viable alternatives to divide services among agencies be developed by the committee, staff could then provide guidance to the County in their property tax negotiations prior to the December deadline. She adds that the County could then request a 60 to 90 day extension.

Commission Curatalo asks if the Commission will receive regular updates on the committee's progress.

Executive Officer McDonald states that staff can do so at the direction of the Commission. She states that she can add that as a regular update on each month's Commission agenda and that can be added to the recommendation.

Chair Cox opens the public hearing.

Eunice Ulloa, General Manager, Chino Basin Water Conservation District, states that she opposes formation of the committee. She states that her District lacks information from the Inland Empire Utilities Agency to develop a complete response to the consolidation

proposal. Ms Ulloa states that the District's Public Records Requests have gone unanswered by IEUA. Chair Cox questions the District' Legal Counsel recommendation on compliance with the Public Records Request and the timing of the request, to which Ms. Vivian Castro, Assistant Executive Director for the District provides an outline of the dates.

Executive Officer McDonald states that formation of the committee will allow all parties to be in one room and share the same information.

Commissioner Farrell asks if the committee will be making a recommendation.

Executive Officer McDonald states that the committee will be developing alternatives only.

Commissioner Ramos moves approval of Item 4, as amended by the Commission to include monthly updates on committee activities, second by Commissioner Curatalo. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos and Warren. Noes: None. Abstain: Absent: Williams (Ms. Warren acting in her stead).

Commissioner Williams returns to the dais at 9:30 A.M.

#### **PUBLIC HEARING ITEMS:**

#### **ANNOUNCEMENT OF CONTRIBUTIONS**

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 12 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 was none.

#### **ITEM 5 CONSENT ITEMS DEFERRED FOR DISCUSSION:**

None

#### **ITEM 6 CONSIDERATION OF: (1) REVIEW OF NEGATIVE DECLARATION PREPARED BY THE COUNTY OF SAN BERNARDINO FOR THE DEVELOPMENT AND USE OF A CHURCH THAT CONSISTS OF A 19,100 SQ. FT. MAIN SANCTUARY BUILDING, A 12,250 SQ. FT. FELLOWSHIP HALL, AND A 13,600 SQ. FT. YOUTH SANCTUARY ON 8.1 ACRES, AS CEQA RESPONSIBLE AGENCY FOR LAFCO SC#408; AND (2) LAFCO SC#408 – CITY OF LOMA LINDA IRREVOCABLE AGREEMENT TO ANNEX FOR WATER AND SEWER SERVICE (SOUTHEASTERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS**

Assistant Executive Officer Samuel Martinez presents the staff report for Item 6, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The item has been advertised in *The Sun*, a newspaper of general circulation within the area and individual notice has been provided as required by statute.

Mr. Martinez states that the City of Loma Linda has submitted a request for approval of an Irrevocable Agreement to Annex to extend water and sewer service outside its boundaries. He indicates that the proposal applies to single parcel within the City of Loma Linda's eastern sphere of influence at the southeast corner of New Jersey and Bermudez Streets. He further states that the proposed project to be served by the service extension is a church facility located on 8.1 acres which was approved by the County in 2014.

Assistant Executive Officer Martinez states that the City's original application, executed in April 2014, only addressed the provision of water service to the proposed church facility. He indicates that the new agreement now reflects both water and sewer service and includes updated parcel numbers. Mr. Martinez informs the Commission that the updated agreement was signed by the property owner and approved by the Loma Linda City Council on October 11, 2016. He states that authorization of this agreement by LAFCO is required before the City can take the final actions to implement the terms of the agreement.

Mr. Martinez summarizes the Plan for Service and states that water service will be provided to the church facility by requiring the property owner/developer to install water facilities by looping the City's existing water system through an extension of an eight-inch water main in San Timoteo Canyon Road and in Bermudez Street. He states that sewer service will be provided by extension of an eight-inch sewer main along Bermudez Street and along New Jersey Street, extending northerly to an existing main at the intersection of Barton Road and New Jersey Street. Mr. Martinez further states that the fees charged by the City of Loma Linda for the extension of water and sewer service to the parcel total \$81,191.43.

Assistant Executive Officer Martinez indicates that LAFCO's environmental consultant, Tom Dodson and Associates, has reviewed the County's environmental assessment and recommends that, if the Commission approves LAFCO SC#408, the County's Initial Study and Mitigated Negative Declaration are adequate for the Commission's use as a CEQA responsible agency.

Mr. Martinez concludes his presentation by summarizing staff's determinations and recommended actions as outlined in the staff report. He recommends Commission approval of LAFCO SC#408.

Chair Cox asks for any Commission questions or comments.

Commissioner Bagley states that this appears to be an island annexation.

Executive Officer McDonald states that the proposal is a service contract, not an annexation, and because the property is within a County agricultural preserve it cannot be annexed under the expedited island annexation procedures. She further indicates that staff has been in contact with the City of Loma Linda regarding their islands, and staff is working together with the City on this issue. She notes that there is a Departmental Review Committee meeting scheduled for tomorrow to discuss the potential annexation of the City's California Street Island in its entirety.

Chair Cox opens the public hearing and asks if there are any members of the public wanting to speak on this item. There are none.

Chair Cox closes the public hearing and asks the Commission for a determination.

Commissioner McCallon moves approval of Item 6, second by Commissioner Lovingood. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos and Williams. Noes: None Abstain: None Absent: None

**DISCUSSION ITEMS:**

**ITEM 7 FIRST QUARTER FINANCIAL REVIEW FOR PERIOD JULY 1 THROUGH SEPTEMBER 30, 2016: (A) FINANCIAL REVIEW AND (B) RECOGNIZE INCREASE REVENUES OF \$17,927 IN CARRYOVER (ACCOUNT 9970)**

Executive Officer McDonald presents the staff report, a complete copy of which is on file in the LAFCO office, and provides an overview of the first quarter's expenses and revenues. She states that the Salaries and Benefits category is currently at 27 percent of the yearly budgeted total, however that period includes the month of August with three pay periods and an Executive Officer retroactive payment and merit increase. She indicates that the Services and Supplies category is 34 percent of the approved budget authority and that includes a \$100,000 payment for the Commission-approved down payment for the Santa Fe Train Depot office space, noticing costs related to the West Valley Mosquito and Vector Control District, and protest processing costs related to the Wrightwood CSD formation.

Ms. McDonald summarizes the anticipated second quarter expenditures which will include the CALAFCO Annual Conference expenses, annual audit costs, and the LAFCO's educational training program for special districts which begins in December with a presentation on special district laws co-sponsored by the California Special Districts Association. She states that the Contingency and Reserve accounts remain untouched during this quarter.

Ms. McDonald states that LAFCO has received 100 percent of the mandatory apportionment payments from member agencies, and that through the first quarter, the Fees and Deposits series of accounts have received 19 percent of its budgeted revenue. She states that the City of Hesperia is scheduled to submit an application to annex to County Fire in November, and there are additional agencies expected to file for reorganization of their fire responsibilities during this fiscal year.

Chair Cox asks for an update on service reviews.

Executive Officer McDonald states that staff has started on the second round of service reviews, beginning with water service on a countywide basis. She states that this is one of the most difficult services to review given recently adopted legislation affecting groundwater management responsibilities. She states that staff expects to present the water service review for Commission consideration this winter.

Executive Officer McDonald concludes that in terms of application activity, FY 15-16 returned to a pre-recession level and that FY 16-17 is expected to match that level of activity. Finally, she summarizes the requested Commission actions identified in the staff

report, including the recognition of an increase in Cash Carryover from Fiscal Year 2015-16 of \$17,927.

Chair Cox asks if there are additional questions. There are none.

Commissioner Curatalo moves approval of Item 7, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos and Williams. Noes: None Abstain: None Absent: None

## **INFORMATION ITEMS**

### **ITEM 8 LEGISLATIVE UPDATE REPORT**

Executive Officer McDonald states that there is no formal legislative update this month. She notes that she has expressed interest to CALAFCO in remaining on the Legislative Committee and will find out if that appointment is approved at the upcoming CALAFCO Conference. Executive Officer McDonald states that each Commissioner received a legal alert from BB&K outlining new requirements for JPAs providing municipal services to file their formation documents with LAFCO.

Legal Counsel Clark reiterates that this only applies to JPAs providing municipal services.

Commissioner Lovingood leaves the dais at 9:58 A.M.

### **ITEM 9 EXECUTIVE OFFICER'S ORAL REPORT**

Executive Officer McDonald states that she has provided the Commission with updates and analysis from BB&K on the California Voting Rights Act and the Political Reform Act. She states that information has also been provided to each Commissioner regarding the CALAFCO Conference and annual meeting as well as a report from the Southern Region Recruitment Committee regarding two openings.

Executive Officer McDonald informs the Commission that the City of Hesperia will be refiling their fire reorganization application in November, and there are indications that additional agencies may be filing fire reorganizations in the near future. She also states that the Commission has received an engagement letter from the auditors and that the annual audit of the agency's financial records is underway. Finally, Executive Officer McDonald states that this is the meeting in which the Commission's Audit and Budget Committee is formed which traditionally consists of the current Chair, Vice Chair and immediate Past Chair unless the Chair provides alternative direction.

Chair Cox states her preference is to continue with the traditional appointment process.

Executive Officer McDonald states that Audit and Budget Committee will consist of Chair Cox, Vice Chair Ramos and Commissioner Curatalo.

**ITEM 10 COMMISSIONER’S COMMENTS**

Chair Cox asks if there are any Commissioner comments.

Commissioner McCallon states that SANBAG is transitioning from a JPA to a separate statutory authority as of January 1, 2017. He states that agency’s new name will be the San Bernardino County Transportation Authority.

Executive Officer McDonald states that recruitment for a Commission Clerk will begin within the next two weeks.

Chair Cox, on behalf of the Commission, expresses her thanks for the services of former Commission Clerk Rebecca Lowery and wishes her well.

Chair Cox announces that Commissioner Smith has been appointed to the Mojave Water Agency and can no longer serve as Alternative Public Member following his seating in December. Therefore, November will be his last meeting and the recruitment will be started to fill that position on the Commission in the new year.

Chair Cox asks if there are any additional comments from the Commission. There are none.

**ITEM 13 COMMENTS FROM THE PUBLIC**

Chair Cox asks if there are any comments from the public. There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS ADJOURNED AT 10:06 A.M.**

**ATTEST:**

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**KATHLEEN ROLLINGS-McDONALD**  
Clerk to the Commission

**LOCAL AGENCY FORMATION COMMISSION**

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**KIMBERLY COX, Chair**