

Clark Alsop, LAFCO Legal Counsel, states that the Commission met in closed session to discuss anticipated litigation, but no reportable action was taken.

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 4. Approval of Minutes for Regular Meeting of March 23, 2017

ITEM 5. Approval of Executive Officer's Expense Report

ITEM 6. Ratify Payments as Reconciled for Month of March 2017 and Note Cash Receipts

Commissioner Williams moves approval of the Consent Calendar Items, second by Commissioner McCallon. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, McCallon, Ramos, and Williams. Noes: None. Abstain: Curatalo and Cox (on item #4). Absent: Lovingood

PUBLIC HEARING ITEMS

ITEM 7. CONSENT ITEMS DEFERRED FOR DISCUSSION:

There are none.

ITEM 8. PRELIMINARY BUDGET REVIEW FOR FISCAL YEAR 2017-18: (a) PROPOSED SCHEDULE OF FEES, CHARGES AND DEPOSITS; (b) PROPOSED BUDGET FOR FISCAL YEAR 2017-18; (i) MID-YEAR/THIRD QUARTER REVIEW FOR FY 2016-17 and (ii) PROPOSED BUDGET FOR FY 2017-18 – APPROVED AS RECOMMENDED BY STAFF

Executive Officer Rollings-Mc Donald presents the staff reports for the Preliminary Budget Review. Complete copies of the reports are on file in the LAFCO office and are made part of the record by their reference here. The item has been advertised in *The Sun*, a newspaper of general circulation within the County of San Bernardino and individual notice has been provided as required by statute.

ITEM A – PROPOSED SCHEDULE OF FEES, CHARGES AND DEPOSITS:

Executive Officer Rollings-McDonald states that item “a” under the proposed budget for Fiscal Year 2017-18 relates to the potential revision of the Commission’s schedule of fees, charges and deposits. She states that staff is not proposing any changes to the fee schedule. Therefore, the staff recommendation is the review and file the report. However,

Ms. Rollings-McDonald states that if Commission members have any changes, they will be included and forwarded to the Cities, Independent Special Districts and the County for comment. There are none provided by Commissioners.

Commissioner McCallon moves staff recommendation to receive and file report, second by Commissioner Curatalo. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, McCallon, Ramos, and Williams. Noes: None. Abstain: None. Absent: Lovingood.

ITEM B – PROPOSED BUDGET FOR FISCAL YEAR 2017-18 – MID YEAR AND THIRD QUARTER REVIEW:

Executive Officer Rollings-McDonald presents the staff reports for the Preliminary Budget Review – Mid-Year and third quarter Review. Ms. McDonald notes that salaries and benefits are at 69% of expenditure authority which is 6% less than the 75% benchmark. The variance is directly related to the unfilled status and medical leave of the former Clerk to the Commission. She further states that this figure includes the Commission's authorized changes for compensation for the full year for the Executive Officer and the payment of the 2% for the longevity pay for two employees.

Ms. Rollings-McDonald states that there were some unique events that occurred during this period that includes the \$100,000 deposit to start the renovation process for the staff relocation to the Harvey House at the Santa Fe Depot. Ms. Rollings-McDonald states the processing of the West Valley Mosquito Vector Control District reorganization, processing of the formation of the Wrightwood CSD and processing of the City of Upland annexation into County Fire were also unique events.

Ms. Rollings-McDonald states that staff is also projecting expenditures to the end of the fiscal year will include an estimated \$122,350 associated with the move that will include new furniture, partitions and the Commission's responsibility to pay for the extension of fiber optics to the LAFCO staff offices. Additional staff activity to year-end includes the final costs for the protest hearing for the City of Upland annexation to County Fire and the final payments for Mr. Aldrich's consulting contract.

Ms. Rollings-McDonald states that the bids for the construction costs did come in higher than estimated and staff will be in discussion with SBCTA in regards to sharing costs.

Ms. Rollings-McDonald states that the revenues have been projected at 94% through third quarter and increasing to 95% by year-end. She further states that the basic point of this discussion is the revenues projected in the budget will not be received this year. There will be a shortfall of about \$67,000. Ms. Rollings-McDonald states that the issue will be addressed as a part of the final budget hearing in May.

Ms. Rollings-McDonald states that the staff recommendation is that the Commission makes note of the receipt of this report and file and provide direction to staff on any areas of concern or other items for the balance of the fiscal year.

Chair Cox asks the Commission for comments and direction for staff.

There are none.

Chair Cox opens the public hearing and calls for comments on both the fee schedule item and the mid-year/third quarter review. There are none.

Chair Cox closes the public hearing.

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

ITEM B – PROPOSED BUDGET FOR FISCAL YEAR 2017-18 – PRELIMINARY BUDGET

Chair Cox calls for the staff report on item “b. ii”.

Executive Officer Rollings-McDonald states that this is the time of the year where the Commission has to address the budget for the upcoming fiscal year and believes that this budget will set the stage for the Commission to accommodate all the items that fall under the Commission’s statutory responsibilities. Ms. Rollings-McDonald states that this budget does include a 9% increase in apportionment to maintain on-going services. The budget replenishes reserves that will be used to take care of the move to the new office space and it will provide for the transition to a new full-time Executive Officer. Ms. Rollings-McDonald notes that is important to convey to the Commission that the budget as presented maintains the core positions to perform the operations of LAFCO supplemented with contract employees to reduce costs.

Ms. Rollings-McDonald states that the agreement to lease the Harvey House was entered into in August 2016 and she became aware of the question of rentable space versus usable space during the renovation process while reviewing the plans with SBCTA staff. Ms. Rollings-McDonald states that negotiations were undertaken with SBCTA staff which has resulted in a reduction in space from 3531 sq. ft. to 2970 sq. ft., which has reduced the expense for the lease and Common Area Maintenance costs. Ms. Rollings-McDonald states that the final lease will be presented to the Commission in May.

Ms. Rollings-McDonald states that we are ready to move forward with all of the service reviews. Chair Cox asks Ms. Rollings-McDonald to remind the Commission how we transitioned in our service reviews from doing them on an entity by entity basis to doing it on a service by service basis. Ms. Rollings-McDonald states that the first round of service reviews were conducted on a community by community basis and when we started to discuss service reviews in 2012-13, we determined that the second round would be conducted on a service by service basis so we could look at the regions and the services in those regions.

Chair Cox asks Ms. Rollings-McDonald to explain the difference from last year to the current year in regards the apportionment for the smaller districts and why they did not have to pay. Ms. Rollings-McDonalds explains that these are based on the State

Controllers report of revenues. She states that the apportioned amounts are based on the revenues of each district and in some cases the revenues were less in the reporting year so one district went from \$30,000 maximum payment down to the \$20,000.

Ms. Rollings-McDonald states that she is requesting that the Commission consider and direct staff to negotiate a contract and hold all Commission hearings at the Norton Regional Events Center. Staff reviewed this option with Mr. Burrows, Director of Inland Valley Development Agency, and he is willing to provide to a cost break in exchange for a long-term agreement of at least two years or more to occupy that space and use the room behind the hearing chambers for closed session or other uses of the Commission. Ms. McDonald states that the cost savings from the lease reduction will be used to accommodate the costs of the Regional Center.

Ms. Rollings-McDonald states that staff's recommendation is that the Commission: (1) Adopt the proposed budget for Fiscal Year 2017-18 presented by staff including the direction to negotiate a long-term contract to hold Commission hearings at the Norton Regional Event Center; (2) direct staff to forward the adopted proposed budget, as may be modified to all independent special districts, cities/towns, and the County for their review and comment pursuant to Government Code Section 56381; and, (3) schedule the public hearing for May 18, 2017 for formal adoption of the Final Budget.

Chair Cox asks for questions from the Commission. There are none.

Chair Cox opens the public hearing for comment. There are none.

Chair Cox closes the public hearing.

Commissioner Ramos moves approval of staff's recommendation, seconded by Commissioner Curatalo. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Ramos, and Williams. Noes: None. Abstain: None. Absent: Lovingood.

INFORMATION ITEMS

ITEM 9. LEGISLATIVE UPDATE ORAL REPORT

Executive Officer McDonald states that the staff report was emailed to Commission members on Monday, provided in hard-copy at the dais and placed on the website. She states the most yearly CALAFCO sponsored Omnibus bill from the Assembly Local Government Committee would revise the existing statutes related to establishing a schedule of fees and service charges. The bill is anticipated to be amended within the next two to three weeks and will be presented to the commission once in print.

Ms. Rollings-McDonald states that AB 464 by Assembly Member Gallagher, co-sponsored by Assembly Member Mayes directly relates to plans for service and a court decision from 2014, identified as the City of Patterson v. Turlock Irrigation District. Ms. Rollings-McDonald states that staff is recommending support of this legislation.

Ms. Rollings-McDonald states that AB 979 from Assembly Member Lackey is jointly sponsored by CSDA and CALAFCO seeking to streamline the process for seating of special districts on LAFCOs. She states that of the 58 Counties in the state of California only 30 have special District representation. Ms. Rollings-McDonald states that staff is recommending support of this legislation.

Ms. Rollings-McDonald states that Senator Roth has initiated a bill to return the motor vehicle in lieu replacement payment for the four cities in Riverside County (SB 37).

Ms. Rollings-McDonald states that a priority 1 bill is SB 448 from Wiechowski, which is a direct outgrowth of the Little Hoover Commission review of special districts. The bill will address the questions of inactive and/or idle districts creating a listing of those districts that should be removed from those rolls. However, while this would be of benefit, the legislation would require the Commission to initiate the action and would not require a staff report or protest process. She is requesting the Commission to take an opposed unless amended position so that the process can be more clearly defined.

Ms. Rollings-McDonald states AB 548 is from Assembly Member Steinorth. The bill proposed the creation of the Omni Trans Transit District for San Bernardino County out of the existing Joint Powers Authority. A transit district is under LAFCO purview and they would have a sphere of influence. She is recommending a watch position because the legislation needs to be clearer about the process especially since it is only intended to address the Valley area while there are three other JPAs in the County. Commissioner McCallon states that at the last Omni Trans board meeting this issue was discussed and there was indication to suspend the process and at this time, things are not moving forward.

Ms. Rollings-McDonald states that CALAFCO has taken an interest in SB 634. This is a bill to combine the Castaic Lake Water Agency and Newhall County Water District legislatively, circumventing the LAFCO process. The CALAFCO legislative position is to oppose the creation of these districts when the ability to create them through the LAFCO process is available. There are on-going discussions and concerns about this.

Ms. Rollings-McDonald states that the staff's recommendation is that Commission accept this report and support AB 1725, support AB 464 as amended, support AB 979 and take an opposed unless amended position on SB 448 and a watch position on AB 548.

Chair Cox asks Ms. Rollings-McDonald if she wants to add SB 464 to the watch position, to which Ms. Rollings-McDonald responds in the affirmative.

Commissioner Farrell questions what the amendment to the legislation to create the new district, what would look like, to which Ms. Rollings-McDonald responds that it would be the inclusion of the Los Angeles LAFCO within the process for formation.

Chair Cox asks for questions from the Commission. There are none.

Commissioner Curatalo moves approval of staff's recommendation, seconded by Commissioner Williams. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Ramos, and Williams. Noes: None. Abstain: None. Absent: Lovingood, McCallon.

ITEM 10. EXECUTIVE OFFICER'S ORAL REPORT

Executive Officer Rollings-McDonald states that for continuing education, we will once again have fall, winter and spring educational pursuits. She states that in regards to new proposals, we have received the initiating documents from the Hesperia Fire Protection District to initiate its annexation into San Bernardino County Fire Protection District. We are anticipating an island annexation to the City of Chino.

Chair Cox asks if there are any questions for the Executive Officer. There are none.

ITEM 11. COMMISSIONER'S COMMENTS

Chair Cox welcomes Commissioner McEachron.

ITEM 12. 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 11:03 A.M.

ATTEST:

LA TRICI JONES
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

KIMBERLY COX, Chair