

ITEM 3. Ratify Payments as Reconciled for Month of September 2017 and Note Cash Receipts

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

Commissioner Warren arrives at 9:08 A.M.

ITEM 4. CONSENT ITEMS DEFERRED FOR DISCUSSION:

None

PUBLIC HEARING ITEMS:

ITEM 5. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3220; AND (2) LAFCO 3220 – REORGANIZATION TO INCLUDE ANNEXATION TO THE CITY OF CHINO AND DETACHMENT FROM COUNTY SERVICE AREAS 70 AND SL-1 (PIPELINE ISLAND)

Assistant Executive Officer Samuel Martinez presents the 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. The item has been advertised through publication in a newspaper of general circulation within the service area, the Inland Valley Daily Bulletin. As outlined in Commission policy, in lieu of individual notice, the notice of hearing publication was provided through an eighth page legal ad as well as individual notice required by Commission policy for island annexations.

Commissioner Curatalo arrives at 9:12 A.M.

Mr. Martinez states that the item before the Commission is for a reorganization that was initiated by the City of Chino to annex one of its unincorporated islands, which is referred to as the Pipeline Island.

Mr. Martinez states that the reorganization proposes to annex the island into the City through the Island Annexation provisions and will detach the area from County Service Area 70 and County Service Area SL-1.

Mr. Martinez states that the island is a total of 40 acres and is generally located east of Pipeline Avenue, south of Hacienda Avenue, west of Norton Avenue and North of Chino Avenue. Mr. Martinez states that the City initiated the reorganization in order to allow for the development of Tentative Tract Map 18903 which requires the annexation to the City in order to receive water and sewer services from the City. In order to implement the policy requirements of the City, instead of just annexing the development, the City opted to annex the entire island in order to create a logical boundary for the City along Pipeline Avenue.

Mr. Martinez states that it is the view of staff that LAFCO 3220 is a ministerial action for the Commission per Government Code Section 56975 (a) (4) which requires the Commission to approve the annexation of unincorporated "substantially surrounded" island territory, initiated by resolution of the affected City. Per Government Code Section 56375.3, the Commission is required to approve the annexation island territory without the ability of protest if several findings are made concerning the size of the island, the configuration of city boundaries, the lack of prime agricultural land with the island area, the presence of development in the area, and the ability of the area to benefit from or use municipal services from the city.

Mr. Martinez states that staff believes that these mandatory determinations can be made: the reorganization was initiated on or after January 1, 2000 and is proposed by resolution adopted by the affected city; the territory does not exceed 150 acres and constitutes the entire island of unincorporated territory; the annexation territory is 75% surrounded by the existing City of Chino boundaries; and the territory is substantially developed or developing. He states that this determination is based upon the fact that public utilities are available within the area, there are public improvements present within the area, and there are physical improvements on many of the properties. Mr. Martinez also states that the study area does not contain prime agricultural land as such is defined by LAFCO statutes. In addition, Mr. Martinez notes that the territory will benefit from the reorganization and the developed parcels have benefitted from the receipt of water service from the City and a parcel within the reorganization area currently receives the benefit of sewer service from the City through an out-of-agency service agreement.

Commissioner Ramos arrives at 9:20 A.M.

Mr. Martinez states that it is the staff's position that the mandatory determinations have been met; therefore, the Commission is required by Government Code Section 56375 (a) (4) to approve the proposal as submitted by the City of Chino without the ability for protest from landowners and registered voters within the area as required by Government Code Section 56375.3. Based on the review of the project by LAFCO's environmental consultant, Tom Dodson, Mr. Martinez states that the recommendation is that the Commission adopt a Statutory Exemption for this proposal. This determination is based upon the fact that the Commission has no discretion in approval of the island.

Mr. Martinez states that a letter has been submitted from Mark Weber, attorney representing the Timmons Family Trust, noting that it points out that the Planning Commission denied the Tentative Tract Map associated with this proposal. Mr. Martinez notes, however, that the denial of the Tentative Tract Map was appealed to the City Council. The City Council, which has ultimate discretion on this type of project, ultimately approved the Tentative Tract Map and initiated a general plan amendment and the island annexation. Mr. Martinez states that in conclusion, it is the staff's position that LAFCO 3220 is a ministerial action over which the Commission has no discretion over and must approve. This position is based on the requirements and set forth in Government Code Section 56375 (a) (4) that state, "a Commission shall not disapprove an annexation to a city, initiated by resolution, of contiguous territory that is surrounded or substantially surrounded by the city to which the annexation is proposed or an annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3." In

addition, the Commission is also required to approve the proposal and waive the protest proceeding since the mandatory findings in Section 56375.3 are easily made.

Mr. Martinez states that staff recommends that the Commission approve LAFCO 3220 by taking the following actions: 1) Adopt the Statutory Exemption that has been recommended for this proposal, and direct the Executive Officer to file a Notice of Exemption within five days of this action; 2) Approve LAFCO 3220, as an island annexation as required by Government Code Section 56375 (a) (4), making the findings and determinations required with the standard terms and conditions that include the "hold harmless" clause for potential litigation; 3) Waive protest proceedings, as required by Government Code Section 56375.3 and 4). Adopt LAFCO Resolution #3251 setting forth the Commission's findings and determinations concerning this proposal.

Chair Cox asks for questions from the Commission regarding staff's presentation. Commissioner Ramos asks Mr. Martinez to elaborate on the "No Protest" proceeding.

Mr. Martinez states that under normal annexation procedures, if there was not 100% consent, staff would go through the standard property landowner and registered voter protest procedures. In this case, however, the statute specifically outlines that if certain determinations are made, then the protest proceedings are waived.

Executive Officer Rollings-McDonald states that part of this is related to the legislature's efforts to provide for an efficient delivery of governmental services that are necessary for these areas and, in those cases where these specific determinations can be made, it is in the best interest of all parties for these annexations to take place. Accordingly, the Legislature has removed the ability of property owners and registered voters ability to terminate these types of proposals.

Commissioner Ramos asks if all the required criteria have been met; to which Mr. Martinez states that the staff believes all the criteria have been met.

Commissioner Bagley states that it is strange that the City is the applicant, but the Planning Commission denied the Tentative Tract Map associated with this proposal. He states that he is assuming the application was filed with the project as the impetus for it. Executive Officer McDonald responds in the affirmative noting that due to the need for water and sewer service; and since this is contiguous to the boundaries to the City of Chino, it is; according to the Municipal Code, a requirement that they annex.

Commissioner Bagley states that the land use questions are beyond the scope of LAFCO due to the Commission's limited role in the land use approval process. He states that in this case, the lack of protest capability is not something he is pleased about, but it's a policy that has been handed to LAFCOs to ease the process of the annexation of substantially surrounded island areas.

Chair Cox calls for further questions from the Commission; there are none.

Chair Cox opens the public hearing and calls the first speaker; Gail Timmons.

Ms. Timmons states that she has owned her property since 1971 and is part of this annexation. She states that this a case where one property owner owns seven parcels comprising approximately 11 acres. The request includes a major change to the master plan, increases the density and results in a major change to the rural quality of this area. She states that this annexation only benefits one property owner and is requesting that the Commission consider that the City's request was limited to the smaller 40 acres instead of utilizing the threshold allowed by law of 150 acres to benefit the proposed development.

Chair Cox calls the next speaker; Mr. Larry Walker, attorney.

Mr. Walker states that he does not represent any particular organization but states to the Commission that staff has slightly mis-led them. He states that the Commission does not have to do this today and has the authority to listen to staff, the speakers, look at the map and come to their own conclusion. Mr. Walker states that he would like the Commission to deny this island annexation.

Commissioner Lovingood leaves the dais at 9:45 a.m.

Chair Cox calls the next speaker; Nicholas Liguori from the City of Chino.

Mr. Liguori states that he is the Community Development Director for the City of Chino and is available if the Commission has questions. He states that the City supports the staff recommendation.

Chair Cox asks Mr. Liguori to state the position of the City of Chino, what were the votes that the Planning Commission and the City Council on this project. Mr. Liguori states that the City's policy and the Subdivision Map Act allows the City to review and approve Tentative Tract Maps that are in its sphere of influence outside the City boundary if the City places specific conditions on the annexation of those tract maps. He states that the entitlement package was bundled together and went to the Planning Commission. He states that the Planning Commission didn't directly opine on the annexation, they thought the logical service boundary was a good idea, however they were opposed to the change in the general plan for the proposed development from a 2 unit per acre designation to 4.5 unit per acre designation. Therefore, they voted in the majority to deny the tentative tract map and recommend that the Council not approve the general plan amendment and pre-zone. Mr. Liguori states that when the tract map was appealed, and the general plan amendment and pre-zone went to City Council, the entitlements were coupled together. The Council overturned the Commission's denial of the tentative tract map and approved the general plan amendment and pre zone and initiated the island annexation.

Chair Cox asks Mr. Liguori to speak to the provisions of services; to which Mr. Liguori states that the area is within the Chino Valley Unified School District and in the Chino Valley Independent Fire District and there will be no change. He states that according to his understanding, the property owners on both sides of Pipeline are served by City of Chino water system.

Chair Cox calls for comment from the public; there being none closes the public hearing and refers the matter for further questions and comments from the Commission.

Discussion by the Commission continues.

Commissioner McCallon moves approval of the staff recommendation, Second by Commissioner Bagley. 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

DISCUSSION ITEMS:

ITEM 6. FIRST QUARTER FINANCIAL REVIEW FOR PERIOD JULY 1 THROUGH SEPTEMBER 30, 2017 – (a) FINANCIAL REVIEW, (b) RECOGNIZE INCREASED REVENUES OF \$32,808 IN CARRYOVER (ACCOUNT 9970)

Project Manager Michael Tuerpe presents the staff report, a complete copy of which is on file in the LAFCO office.

Mr. Tuerpe states that this is the first quarter report for the Fiscal Year 2017-18. He states that today staff will be asking the Commission to recognize increased revenues of roughly \$33,000 carried forward from the prior year.

Mr. Tuerpe states that in regards to salaries and benefits, expenditures are at 26% of the budget authority due to three pay dates in August. He states that the rest of the quarter is tracking as planned.

Mr. Tuerpe states that services and supplies expenditures are currently 33% of approved budget authority due to full-year and one-time payments that occur in the first quarter.

Mr. Tuerpe states that for Contingency and Reserves, no activity has been requested by staff or authorized by the Commission to take place in these accounts during the first quarter.

Mr. Tuerpe states that for revenues, interest rates have increased compared to first quarter last year. He states that 100% of the apportionment payments have been made and fees and deposit accounts have received four percent of its budgeted revenue. He states that in the first quarter the Commission completed the Countywide Service Review for Water, encompassing over 100 water systems across four regions. The remainder of the year anticipates the completion of the Countywide Service Review for Wastewater and the commencement of the Fire Protection/Emergency Medical Response Service Review.

Mr. Tuerpe states that there is a cash in the County Treasury of \$1,317,104 – which is composed of committed funds (net pension liability and compensated absence reserves), and assigned funds which are the contingency and general/litigation reserve funds. He states there is a remaining budget of \$983,249 for expenditures; not including incoming revenues.

Mr. Tuerpe states that staff is recommending that the Commission note receipt of this report, file it, and recognize the increase in cash carryover from last year of \$32,808 by

increasing expenditure account 2090 by \$32,808 to \$111,683 and increasing revenue account 9970 by \$32,808 for a total of \$101,683.

Commissioner Ramos asked where the increase in expenditure account come from to make the adjustment from \$32,808 to \$111,683 to which Mr. Tuerpe responds that this is due to the office furniture purchase not being paid in the prior year. He states that it is also due to the new financial accounting system the County has transitioned to which caused delays in accounting processing during implementation.

Mr. Tuerpe states that as a part of the mid-year review, staff anticipates recommending transfers from the General/Litigation Reserve to account for legal charges.

Chair Cox calls for questions from the Commission; there are none.

Commissioner Ramos moves approval of the staff's recommendation to receive and file this report and recognize the increased carry-over, second 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 7 LEGISLATIVE REPORT

Executive Officer McDonald states that there is no activity we have to report. She states that we reported last month on the signing of bills concerning LAFCOs.

ITEM 8 EXECUTIVE OFFICER'S ORAL REPORT

Executive Officer McDonald states that the Commission has received two special acknowledgment awards from our insurance and workers comp entity, SDRMA. She states that for the five consecutive years, the Commission has had no paid claims on neither the property insurance nor the worker's compensation programs.

Ms. McDonald states that staff is currently processing the Hesperia Fire District Reorganization which has run into a number of unforeseen issues that will need to be resolved, and its timing for presentation to the Commission may be altered.

ITEM 9 COMMISSIONER'S COMMENTS

Chair Cox states that she would like to congratulate and thank Commissioner Curatalo for his service on the CALAFCO Board.

Commissioner Curatalo states that he would like to thank Executive Officer Rollings-McDonald and Assistant Executive Officer Martinez for everything they have done for CALAFCO.

Executive Officer Rollings-McDonald states that she would like for the Commission to adjourn the hearing in the memory of June Savala who worked for the Los Angeles LAFCO as Deputy Executive Officer and was a long time resident of the Victor Valley.

ITEM 10 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 10:28 A.M. IN THE MEMORY OF JUNE SAVALA AND TO THE CALAFCO ANNUAL CONFERENCE AT THE BAHIA RESORT IN SAN DIEGO FROM OCTOBER 24, 2017 THROUGH OCTOBER 27, 2017.

ATTEST:

LA TRICI JONES
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

KIMBERLY COX, Chair