

**ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF JANUARY 17, 2018**

REGULAR MEETING

9:00 A.M.

JANUARY 17, 2018

PRESENT:

COMMISSIONERS:

Jim Bagley	Larry McCallon
Kimberly Cox, Chair	Janice Rutherford, Alternate
Jim Curatalo	Diane Williams
Steve Farrell, Alternate	Acquanetta Warren, Alternate
Robert Lovingood	

STAFF:

Kathleen Rollings-McDonald, Executive Officer
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Jeffrey Lum, LAFCO Analyst
La Trici Jones, Commission Clerk
Bob Aldrich, LAFCO Consultant

ABSENT:

James Ramos, Vice-Chair
Clark Alsop, LAFCO Legal Counsel

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION
– CALL TO ORDER – 9:03 A.M. – NORTON REGIONAL EVENT CENTER**

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

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 was made, and the matter of consideration with which they are involved. There were none.

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 November 15, 2017

- ITEM 2.** Approval of Executive Officer's Expense Report
- ITEM 3.** Ratify Payments as Reconciled for Month of November and December 2017 and Note Cash Receipts
- ITEM 4.** Consideration of Fee Reduction Request by the Proponents for the creation of a Citrus Pest Control District
- ITEM 5.** Adoption of LAFCO Resolution No. 3257 Continuing Workers' Compensation Coverage for Commission Members with Special District Risk Management Authority (SDRMA)

Executive Officer Rollings-McDonald states that the Ratification of Payments for the month of December will be continued to the February hearing. She states that Item #4 has been withdrawn, and the Commission should omit this item from consideration.

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

ITEM 6. CONSENT ITEMS DEFERRED FOR DISCUSSION:

None

Commissioners Bagley and Curatalo arrive at the dais at 9:15am.

PUBLIC HEARING ITEMS:

ITEM 7. CONSIDERATION OF: (1) REVIEW OF MITIGATED NEGATIVE DECLARATION PREPARED BY THE COUNTY OF SAN BERNARDINO FOR TENTATIVE TRACT MAP NO. 19991 TO CREATE SIXTY-TWO SINGLE-FAMILY RESIDENTIAL LOTS AND TWO LETTERED LOTS FOR AN INFILTRATION BASIN AND WATER WELL ON 16.88 ACRES, AS CEQA RESPONSIBLE AGENCY FOR LAFCO SC#421; AND (2) LAFCO SC#421 – CITY OF REDLANDS PRE-ANNEXATION AGREEMENT (PAA) 17-01 FOR WATER AND SEWER SERVICE PARCEL NUMBER (0298-261-46)

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 *San Bernardino County Sun*. Individual notice was provided to landowners and registered voters within 750 feet surrounding the area as required by Commission policy and State law.

Mr. Martinez states that the City of Redlands has submitted an application for Commission review requesting authorization to extend both water and sewer service outside its boundaries as required by Government Code Section 56133.

He states that the agreement relates to a proposed development on Assessor Parcel Number 0298-261-46 which is located at the northeast corner of Nice Avenue and Sapphire Street, which is within the sphere of influence assigned the City of Redlands and also located in the unincorporated Mentone Community.

Mr. Martinez states that the County processed and approved the Tentative Tract Map 19991 to create 62 single-family residential lots and two lettered lots on a 16.88 acre parcel.

He states that the conditions of approval placed on the project require that it receive both water and sewer service from the City of Redlands.

Mr. Martinez states that with regard to the services that are to be extended; the water service will be extended from the existing eight-inch water main in Nice Avenue into the interior of the proposed project. The sewer service will be extended from the existing eight-inch sewer main in Nice Avenue approximately 670 feet from Daffodil Lane to the intersection of Sapphire Street. He states that the sewer main in Strawberry Lane will also be extended 80 feet to the intersection of Sapphire Street. Sewer mains will then be extended along the parcel frontage and into the interior of the proposed project.

Mr. Martinez states that the City of Redlands has identified an estimated cost of \$1,061,798.24 in sums equivalent in development impact fees as well as water and sewer fees for the extension of water and sewer service to the tentative tract. In addition, Mr. Martinez states that the City of Redlands has stated the property owner/developer will bear all costs for the improvements on-site and off-site to extend water and sewer into the project.

He states that the Commission's Environmental Consultant, Tom Dodson of Dodson and Associates has indicated that the County's initial study and mitigated negative declaration are adequate for the Commission's use as a CEQA responsible agency.

Mr. Martinez reviews the criteria established by Commission Policy and State Law for the out-of-agency service agreement, and summarizes the determinations included in the staff report. He recommends Commission approval of LAFCO SC#421 by taking the actions detailed in the staff report.

Chair Cox asks if there are any comments or questions from the Commissioners. There are none.

Chair Cox opens the public hearing and asks for those wishing to speak. There are none.

Chair Cox closes the public hearing.

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

ITEM 8. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3222; AND (2) LAFCO 3222 – SPHERE OF INFLUENCE ESTABLISHMENT FOR THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (TERRITORY WITHIN SAN BERNARDINO COUNTY – COTERMINOUS WITH IEUS SPHERE OF INFLUENCE)

Project Manager, Michael Tuerpe 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*. Individual notice was provided to landowners and registered voters within 750 feet surrounding the area as required by Commission policy and State law.

Executive Officer McDonald states that this is an out-growth of the service review that was conducted for water service in San Bernardino County. She states that one of the Commission's recommendations was to establish a sphere of influence for the Metropolitan Water District within San Bernardino County .

Mr. Tuerpe states that during the service review, Metropolitan voiced no objection to a sphere establishment.

Mr. Tuerpe states that the Commission will:

1. Consider a sphere of influence establishment for Metropolitan within San Bernardino County; and,
2. Evaluate and make determinations on the factors required by Government Code Section 56425 for LAFCO 3222.

Mr. Tuerpe states that this is a non-controversial item, and the Commission will be required to make determinations as required by law on the sphere of influence. He presents the sphere of influence factor determinations required by Government Code Section 56425(e). Mr. Tuerpe states that in October 2017, San Bernardino LAFCO expressed its intention to Los Angeles LAFCO to utilize the provisions of the November 2011 MOU to address the proposed establishment of the Metropolitan sphere in San Bernardino County. Therefore, Mr. Tuerpe states that this is the proper forum to establish the sphere of influence.

Mr. Tuerpe identifies the additional requirements for the establishment of a sphere of influence including the determination that the sphere of influence adoption is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061(b), He also notes that legal notice was provided through publication of 1/8th page legal advertisement and that individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.

He states that approval of LAFCO 3222 will rectify the lack of a sphere of influence for the Metropolitan Water District for its territory within San Bernardino County.

Chair Cox states that this seems like a clean-up item and thanks Mr. Tuerpe for the presentation.

Chair Cox asks for comments from the Commission.

Commissioner Farrell asks if this sphere establishment changes LAFCO's relationship with the Metropolitan Water District; to which Executive Officer McDonald states that Metropolitan has always been included in the distribution of Information and has sometimes responded to our call for comment. She states that this makes no change in the underlying process, but clarifies that we have fulfilled our obligation to establish spheres for all independent special districts.

Chair Cox opens the public hearing and requests those wishing to speak to come to the podium. There are none.

Chair Cox closes the public hearing

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

DISCUSSION ITEMS:

ITEM 9 REVIEW AND ACCEPT AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2017

LAFCO Project Manager, Michael Tuerpe presents the Audit Report for Fiscal Year 2016-17 to the Commission. Mr. Tuerpe states that the audit was recently completed and the independent auditor, Davis Farr LLP, has reviewed and verified the financial statements prepared by LAFCO staff. He states that the auditor did not identify any significant deficiencies in internal controls or material weaknesses in the financial statements.

Mr. Tuerpe states that on January 8 and 10 the independent auditor held a conference call meeting with the Ad Hoc Commission Administrative Committee and LAFCO staff. He states that the independent auditor expressed that there were no issues with the engagement process.

He identifies that the auditing standards state that those charged with governance be responsible for the financial statements. In regards to LAFCO, the responsible parties are the Commission and LAFCO management. Mr. Tuerpe proceeds to provide an overview of the audit.

Commissioner McCallon states that because of the Commission's fiduciary responsibilities, the Auditor should present the audit overview and be available for questions by the whole Commission. Chair Cox questions, in response to Commissioner McCallon's concern, why the Auditor is unavailable to present the audit results today. Mr. Tuerpe responds that the Auditor had scheduling conflicts. He states that there were two phone meetings with the independent Auditor and the Administrative Committee.

Chair Cox states that she feels confident with the audit. She states that she was on both of the conference calls, and Mr. Tuerpe's presentation addresses questions that were brought up by the Commissioners.

Chair Cox states that due to the sensitivity of this matter, next year staff should make sure that the Auditor is in attendance. Executive Officer McDonald states that next year staff will make sure that the presentation of the Audit will be made to the Commission only when the Auditors are present.

Commissioner McCallon asks if the Auditors contract includes a requirement that they be in attendance during the audit presentation; to which Executive Officer McDonald responds she is unsure but will review to be sure it is included. Commissioner McCallon states that if it is not in the contract, then it needs to be amended to include the requirement.

Commissioner Bagley states that he concurs with Commissioner McCallon.

Commissioner McCallon moves approval of the staff recommendation to accept the audit report, Second by Commissioner Curatalo. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Rutherford and Williams. Noes: None. Abstain: None. Absent: Ramos (Rutherford voting in his stead)

ITEM 10 MID-YEAR BUDGET REVIEW FOR FISCAL YEAR 2017-18:

- **FINANCIAL REPORT FOR PERIOD JULY 1 THROUGH DECEMBER 31, 2017**
- **AUTHORIZATION TO FUND TRANSFER TO ADDRESS INCREASED REVENUES AND EXPENDITURES DUE TO INCREASED ACTIVITY RELATED TO LITIGATION AND PROPOSAL PROCESSING**

Project Manager Michael Tuerpe states that the Staff's recommendation is that this item be deferred to the February Commission Hearing. Chair Cox calls for consensus on that request, which is granted.

ITEM 11 REVIEW AND CONSIDERATION OF POLICY RELATED TO RETENTION OF ELECTRONIC COMMUNICATIONS

Executive Officer Kathleen Rollings-McDonald states that Legal Counsel Clark Alsop is absent from the hearing due to illness; therefore, staff is recommending that this matter be continued to the February Commission Hearing. Chair Cox calls for consensus on that request, which is granted.

INFORMATION ITEMS:

ITEM 12 LEGISLATIVE ORAL REPORT

Executive Officer McDonald states that the CALAFCO Legislative Committee will be meeting in San Diego on January 19, 2018. She states that there will be an omnibus bill

that has seven items that will be non-controversial. She states that the Eastern Municipal Water District is proposing new legislation that will require the formation of new water systems. Ms. McDonald states that she will come back to the Commission with a report in February.

ITEM 13 EXECUTIVE OFFICER'S ORAL REPORT

Executive Officer McDonald states that the agenda for the January 29 meeting of the CALAFCO Southern Region has been provided to the Commission. She states that this meeting is open to all Commissioners if they would like to attend.

Ms. McDonald states that on December 7, 2017, we had a successful governance training for technology and public records. She states that additional training will occur on January 29, 2018 with a session on Transparency Strategies and on March 28, 2018 a session on Fraud Detection, both at Mojave Water Agency.

ITEM 14 COMMISSIONER COMMENTS

Commissioner Lovingood states that he would like to congratulate Executive Officer McDonald for receiving the Lifetime Achievement Award from CALAFCO.

Commissioner McCallon states that he was able to go to the website and download the agenda and attachments for the staff report and will no longer need the CD.

ITEM 12 COMMENTS FROM THE PUBLIC

There are none.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS ADJOURNED AT 9:51 A.M

ATTEST:

LA TRICI JONES
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

KIMBERLY COX, Chair