

**DRAFT-ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 18, 2018**

REGULAR MEETING

9:00 A.M.

APRIL 18, 2018

PRESENT:

COMMISSIONERS: **Jim Bagley** **Steven Farrell, Alternate**
 James Ramos **Robert Lovingood**
 Diane Williams **Kimberly Cox**
 Larry McCallon

STAFF: **Kathleen Rollings-McDonald, Executive Officer**
 Paula de Sousa Mills, LAFCO Legal Counsel
 Samuel Martinez, Assistant Executive Officer
 Michael Tuerpe, Project Manager
 Jeffrey Lum, LAFCO Analyst
 La Trici Jones, Commission Clerk
 Bob Aldrich, LAFCO Consultant

ABSENT:

COMMISSIONERS: **Jim Curatalo**
 Janice Rutherford, Alternate
 Acquanetta Warren, Alternate

STAFF: **Clark Alsop, LAFCO Legal Counsel**

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION
– CALL TO ORDER – 9:08 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.

CONSENT ITEMS – STAFF RECOMMENDATION APPROVED

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 March 21, 2018
- ITEM 2.** Approval of Executive Officer’s Expense Report
- ITEM 3.** Ratify Payments as Reconciled and Note Cash Receipts for Month of February 2018

ITEM 4. Consent Items Deferred for Discussion

Executive Officer Kathleen Rollings-McDonald states that there has been no request for deferral or discussion of a consent item.

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

PUBLIC HEARING ITEMS:

ITEM 5 THIRD QUARTER REVIEW FOR FY 2017-18: a. RECEIVE THIRD QUARTER FINANCIAL REPORT; b. APPROVE RELATED ACTIONS REQUIRED TO TRANSFER APPROPRIATION AUTHORITY TO BALANCE BUDGET – STAFF RECOMMENDATION APPROVED

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. Ms. Rollings-McDonald states that this is the Commission's third quarter update where staff brings this report to the Commission before the budget proposal so the Commission can understand the present situation of the Commissions expenses and revenues.

She states that since the February hearing where the Commission received the mid-year update, the deficit has increased by roughly \$35,000 to \$76,039. She states that the deficit is attributable to a number of things including the determination that the proposal related to the Town of Apple Valley would most likely be received in FY 2018-19, the withdrawal of two proposals (reorganization with sphere amendment) by San Bernardino Valley Municipal Water District and Inland Empire Utilities Agency, requiring a partial refund, the determination that the office front door requires additional safety measures resulting from two incidents within the office, costs related to the legal advertisements for the notice of vacancy for the public member and alternate public member seats on the Commission that was not originally included in the year-end projections, and additional expenditure activity. She indicates that the remainder of the year is anticipated to maintain the adopted budget with a projection to expend 99% of budget authority.

Ms. Rollings-McDonald states that for the services and supplies account, it is anticipated that these accounts will have expenditures of \$636,364 representing 89% of budget authority. She states that the budgeted and anticipated activities for the last quarter of the fiscal year will include subscription to the County Street Network, maintenance of digital mapping and Google Earth Subscription, payments for the processing of proposals and countywide wastewater service review, and the remaining payments of roughly \$12,000 for the consulting contract with Mr. Bob Aldrich.

Ms. Rollings-McDonald states that the Commission's sponsored educational training program have been completed for the year.

Executive Officer Rollings-McDonald states that for the ongoing commission-approved projects, the service review for water was completed in July 2017, the countywide service review for wastewater is tentatively scheduled for presentation at either the June or July hearing, and staff is anticipated to begin the countywide service review for fire protection/emergency medical response/ambulance services.

She states that the non-recoverable legal matters that were identified in the report at the February hearing required a transfer from General/Litigation Reserve to Legal Charges in order to accommodate existing and anticipated expenditures. She states that the Commission approved the transfer of \$25,229. This action reduced the General/Litigation Reserve fund to the minimum \$200,000 balance required by Commission policy. Ms. Rollings-McDonald states that the Commission has received 90% of approved budget revenues through the end of the third quarter. She states that interest gains are above the budgeted amount and 100% of the mandatory apportionment payments from the county, cities and independent special districts were received. She states that the real problem is that the proposals anticipated have fallen off sharply this year. She states that the budget projected the receipt of 11 proposals; five were received through the third quarter; however two proposals were withdrawn and as a result, proposal revenue is only at 30% of the budget projection. She states that only two more proposals are anticipated; one which is a boundary correction that only includes reimbursement of direct costs according to Commission policy.

Executive Officer Rollings-McDonald states that staff is projecting \$17,645 in revenue for the final quarter which will include receipt of limited interest payments for the remaining quarter (\$3,000), receipt of one proposal with the full complement of fees and deposits (\$13,310), and receipt of one proposal that is a boundary correction (\$3,050).

She states that as of March 31, the Commission's balance in the San Bernardino County Treasury is \$732,408, but as the Commission takes into account the liabilities, committed reserves, remaining activity and the projected revenue, the Commission is at a deficit of \$76,039 for FY 2017-18. Ms. Rollings-McDonald states that staff recommends in the third quarter review a transfer from the contingencies accounts to include decreasing contingencies reserve (Account 6000) by \$76,039 to \$63,077, increasing miscellaneous expense (Account 2090) by \$10,000 to \$121,683, and increasing legal counsel expenditures (Account 2400) by \$66,039 to \$196,153.

Executive Officer Rollings-McDonald states that staff recommends that the Commission note receipt of the report and file, approve the transfer from contingencies as described in the staff report, authorize the Executive Officer to select a vendor to modify the front door of the LAFCO office for safety purposes, for an amount not to exceed \$10,000, and direct the Executive Officer to return to the Commission at a later hearing for Commission approval, and provide direction to staff on items of concern for the balance of the fiscal year.

Commissioner Ramos questions what the security features entail? To which Executive Officer Rollings-McDonald states that the two front doors will be fitted with magnetic locks. She states that all employees will have a key fob to enter the door. She states there will be an intercom where people can announce who they are and the front desk will be able to allow entry into the office.

Chair Cox states that she knows that these expenses are extraordinary and unusual. She asks Executive Officer Rollings-McDonald to speak to this perfect storm.

Executive Officer Rollings-McDonald states that this is the year where the costs for the move to our office was accommodated. She states that staff did not anticipate the extraordinary legal costs that are non-recoverable, but have accommodated them. She states that that is what the general reserve is for.

Chair Cox asks if there are any questions from Commissioners.

There are none.

Chair Cox opens the public hearing and calls for speakers.

There are none.

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

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

ITEM 6 PRELIMINARY BUDGET REVIEW FOR FISCAL YEAR 2018-19:

a. PROPOSED CHANGES TO SCHEDULE OF FEES, DEPOSITS, AND CHARGES FOR FISCAL YEAR 2018-19 -- STAFF RECOMMENDATION APPROVED

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and 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 county, the *San Bernardino Sun*, as required by law.

She states that the first item is to look at the Commission's fee schedule. She states that Government Code Section 56383 allows the Commission to charge fees for the actions that are processed. She states that for the first time in eight years, staff is requesting the Commission to modify the charges on the fee schedule. She states that for the regular processing fees, the Commission has distinguished between the valley, mountain and desert regions and have fees according to these regions.

Ms. Rollings-McDonald states that staff is proposing an increase for the Reconsideration Fee changing its current rate of \$1,100 to \$2,500. She states that the current fee does not cover the typical legal advertising charge for a hearing. She states that staff is also proposing that deposits for legal counsel and environmental review be changed. Ms. Rollings-McDonald states that it has been more than eight years since the Commission has changed its Schedule of Fees, Deposits and Charges for annexations and reorganization and their associated legal and environmental deposits. She states that the cost for processing applications has increased and will continue to increase in the upcoming fiscal year, therefore, staff is proposing an across-the-board increase.

Executive Officer Rollings-McDonald states that staff recommends that the Commission provide staff with any changes, correction, or additions to be included in the revisions proposed for the Schedule of Fees, Deposits, and Charges; Direct staff to forward the proposed changes to cities, towns and independent special districts for their review and comment; and schedule the final review and adoption for the May 16, 2018 Commission hearing. She notes that any changes proposed will impact the Proposed Budget for Fiscal Year 2018-19 as its revenue projections use these proposed increases.

Commissioner Bagley states that he believes that it is incumbent upon agencies to be accountable in their fee increases and it is a larger discussion than just LAFCO. He states that if you are a special district or a water district and have not raised your fees in years, you are not keeping up with the consumer price index. He states that he sees the same issue here, if we have not looked at the fees in eight years and have not adjusted for inflation, then we are not being responsible in our fees. He states that one of the problems he has is that agencies seem to arbitrarily raise fees. Commissioner Bagley states that he would like to see the Consumer Price Index used in how we adjust our fees.

Executive Officer Rollings-McDonald states that staff has annually presented the schedule of fees and charges and there has always been the opportunity to change those fees and charges just as there is today where the Commission can direct staff to make changes or amendments. She states that it was clear direction to the staff around 2010 that because of the recession, the Commission would not make changes to the schedule of fees and charges. She states that if the Commission chooses to change its policy to be reflective of the Los Angeles-San Bernardino-Riverside Consumer Price Index; staff can easily make those changes.

Commissioner Bagley states that would be his personal preference to have some accountability to the public.

Discussion continues.

Chair Cox questions that as she understands it in regards to the fees, LAFCO uses what it needs or whether the fees are hard fees. Executive Officer Rollings-McDonald states that the LAFCO fees are hard fees, but the legal counsel, environmental review and individual notice categories are deposits for reimbursement of actual costs.

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

Chair Cox opens the public hearing and calls for speaker slips. There are none.

Chair Cox closes the public hearing and asks the Commission for approval of staff's recommendation.

Commissioner Bagley outlines his preference that in the future, a historic index for increases be identified for justification.

Commissioner Bagley moves the staff recommendation, Second by Commissioner McCallon. There being no opposition, the motion passes with the following roll call vote:

Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None.
Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

ITEM 6b PROPOSED BUDGET FOR FISCAL YEAR 2018-19:

I. REVIEW AND APPROVE CONTRACT WITH BEST BEST & KRIEGER – STAFF RECOMMENDATION APPROVED

Executive Officer Rollings-McDonald states that the proposed budget is broken up into three categories as the Commission will be hearing very significant changes so they can be clearly identified and the Commission can review them. She states that the first item will be to review and approve the contract with Best Best and Krieger. She states that Ms. de Sousa Mills is from BBK and will move away from the dais to the audience and will be available to answer any questions on the contract.

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. Ms. Rollings-McDonald states that Clark Alsop has been the Commissions legal counsel for 43 years. She states that at today's hearing the Commission will be considering a change in legal counsel and contract with Best Best & Krieger as Mr. Alsop has indicated he will be relinquishing his position effective July 1, 2018. She states that this matter was reviewed with the Administrative Committee for direction and staff was directed to negotiate with BBK for the services of Ms. Paula de Sousa Mills who is currently assistant LAFCO legal counsel, to assume the primary role. She states that staff recommends that the Commission approve the agreement for legal services as presented with Best Best & Krieger LLP for legal counsel services effective July 1, 2018 and authorize the Executive Officer to sign.

Chair Cox states that a few times this morning we have talked about the CPI and in her review she states that there is a new index for San Bernardino and Riverside Counties. She states that she would like for staff to take a look at that and use a more applicable method for us so we are not lumped in with the coastal communities of Orange and Los Angeles Counties. Executive Officer Rollings-McDonald states that if the Commission chooses to use this index and would like an amendment, Ms. de Sousa Mills can review this information with Best Best & Krieger and it can easily be handled.

Chair Cox opens the public hearing and calls for speaker slips. There are none.

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

Commissioner Lovingood 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, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

ii. REVIEW AND CONSIDERATION OF AMENDMENTS TO POLICY AND PROCEDURE MANUAL SECTION III – HUMAN RESOURCES TO REFLECT CHANGES IN COUNTY APPROVED EXEMPT COMPENSATION PLAN FOR SALARIES, BENEFITS, AND LEAVE PROVISIONS – STAFF RECOMMENDATION APPROVED

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. He states that by adopted policy, the Commission mirrors the County's exempt compensation plan. He states that in January 2018, the County amended its exempt compensation plan. Mr. Tuerpe states that what we have before the Commission today are proposed amendments to the LAFCO policy manual; specifically the Human Resources section to mirror the changes in the County's exempt compensation plan. He states the amendments to the exempt compensation plan include the sun setting of the employer Supplemental Retirement contribution and converting that amount to salaries effective July 21, 2018, provisions that employees are eligible for step advancements in 6-month increments subject to satisfactory work performance, effective July 21, 2018, rescission of the restriction on the cash out of administrative leave, effective July 21, 2018, provision of a 3% across-the-board wage increase effective July 20, 2019; a 3% across-the-board wage increase effective July 18, 2020, increasing the Medical Premium Subsidy for all coverage levels effective Benefit Plan Year 2019-20, and technical updates to language to reconcile the policies with previous statutory, regulatory, and policy changes.

Commissioner Bagley asks if the dollar amounts are built-in to our budget now. Executive Officer Rollings-McDonald states that it is built-in to the proposed budget.

Chair Cox asks that if the amendment to the retirement policy is going from being a stipend to base pay, and whether this would increase the retirement benefit. Mr. Tuerpe responds that the stipend currently is included in the retirement calculation, and that the proposed amendment would include that stipend as a part of the hourly base pay. He confirms that the proposed amendment would not impact the retirement calculation.

Chair Cox asks whether the increase as well as the costs are reflected in the budget. Mr. Tuerpe states in the affirmative that it is reflected in the proposed budget for the coming year.

Commissioner Ramos asks if the stipend is being shifted from one to the other. Executive Officer Rollings-McDonald states that it is being accommodated and has been accommodated in the past as a part of retirement.

Commissioner Ramos questions as far as accrual for sick leave, whether it is based on a fiscal or a traditional calendar. Mr. Tuerpe states that the accruals are based on pay period and the granting of administrative leave is based on calendar year.

Discussion continues.

Executive Officer Rollings-McDonald states that all of these changes have been accommodated in the budget for next year that is being presented to the Commission.

Chair Cox asks whether all the changes are consistent with what the County has; to which Mr. Tuerpe responds in the affirmative.

Chair Cox states that maybe we should step aside from what County is doing. She states that the Commission should be given what the County is proposing and the CPI and allow

the Commission to choose because the apportionment fees are distributed over a vast array of small special districts and hospital districts that have to pay our ever-increasing fees. She states that maybe we should step aside from what the County is doing.

Executive Officer Rollings-McDonald states that for simplicity, the Commission has maintained this relationship with the County exempt compensation plan since 1985. She states that the Commission utilizes the County Auditor-Controller and the County's EMACS system to pay staff. She states that LAFCO has reduced costs since it mirrors what the County does in processing payroll. She states that if the Commission chooses to do something else and override the policy, the Commission will pay to do the calculation in the EMACS system.

Chair Cox states that re-writing the policy will allow the Commission greater flexibility in the future.

Executive Officer Rollings-McDonald states that the Commission has an annual review of the policies in August and can direct staff to look at it to give the Commission greater latitude.

Commissioner Farrell states that he likes the idea of coordinating our policies with the County. He asks if staff is familiar with how the 3% COLA was arrived.

Ms. Rollings-McDonald states that the cost of living was suspended for five years and this may be the reasoning behind it. She states that the County representatives will be able to speak better to this issue.

Commissioner Ramos asks how many employees this would pertain to. To which Ms. Rollings-McDonald states that the proposed budget for next year would be for a full complement of six staff.

Commissioner Ramos states that the CPI issue could be placed on a future agenda to really discuss and see where it ties in to. He states at this point the amendments are consistent with what has been done at the County and the Commission utilizes its resources to minimize the costs. He states that if we did break off on our own it could increase that cost. He states that at this time he does not see a problem.

Discussion continues.

Commissioner Ramos states that the functioning of the organization, including the institutional knowledge and retention is important. He states that we have to look at the balance of making sure that the increases continue to grow and we retain the knowledge here at LAFCO. He states that if we move so far over one way; then the retention of keeping qualified people at LAFCO becomes a problem. Commissioner Ramos states that there seems to be a lot of discussion over the supplemental going into the base; but by doing this simple change, and the monies have already been allocated, but does it save any resources and time from Staff calculating it as a supplemental versus putting it into the base pay? He questions if it saves time for when the auditors come?

Mr. Tuerpe states that a black and white answer would be no. He states that it is the upfront mechanism that requires time and the implementation is through proper coding in the system.

Commissioner Ramos states that if it is not saving time and resources then why would it be proposed to take it from supplemental to the base pay?

Executive Officer Rollings-McDonald states that the County has 11,000 employees to address processing of payroll and we have a contract with the County to administer our payroll. She states that using the county payroll system and mirroring the County's exempt compensation plan, simply means that we are folded in and processed in the same way.

Commissioner Ramos states that being a part of the County and the different policies that are there with SBCERA, it ties into that larger membership and allows LAFCO staff to partake in other amenities that are there by partnering and staying consistent with the County.

Ms. Rollings-McDonald states that yes, we have retained our membership in SBCERA from the day we became independent of the County, and our payroll is processed and payments are directed to SBCERA through the County Auditor-Controller. She states that it happens seamlessly without LAFCO input.

Commissioner Farrell states that he is struggling with this. He states that his perception is that there is no immediate costs or direct hits to LAFCO. He states that he interprets this simply as being a raise in retirement.

Executive Officer Rollings-McDonald states no, this was considered in the base pay before. She states that it was simply paid as a separate benefit. She states that the end result is the same.

Commissioner Lovingood states then why would we change the policy if it has the same impact.

Chair Cox states that what she believes is being resonated from the Commission is that we are raising fees, rates and salaries, but when we move to the next item of the agenda is the apportionment calculation and we are increasing payments of many of our smaller special districts; this speaks to the trickle-down effect. She states that perhaps as we transition into next year, we unpack the budget a little more and start looking at some of these items.

Chair Cox asks for further comments from the Commission. There are none.

Chair Cox opens the public hearing and asks for speaker slips. There are none.

Chair Cox closes the public hearing and asks if Project Manager, Michael Tuerpe has any recommendations.

Mr. Tuerpe outlines the staff recommendations included in the staff report.

Chair Cox asks the Commission for a motion.

Commissioner Ramos 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, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

Chair Cox states that she would like to convey to staff to come back in six months to address the CPI issue, continuing use of the County payroll system, and mirroring the County's Exempt Compensation Plan in preparation for next year's budget.

iii. **PROPOSED BUDGET FOR FY 2018-19 AND APPORTIONMENT CALCULATION – STAFF RECOMMENDATION APPROVED**

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and 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 county, the *San Bernardino Sun*, as required by law.

Executive Officer Rollings-McDonald states that the April budget consideration will address a number of significant changes. The Commission will be hiring a new, full-time Executive Officer, anticipated to be on board July 1, 2018, the first in eight years, its longtime Legal Counsel will be stepping down, and the Commission will need to address the financial challenges from Fiscal Year 2017-18.

She states that all of these changed will set the stage for review of the proposed budget for Fiscal Year 2018-19. She states that the first challenge has been the drop in applications. She states that in the last five years we have had a fairly stable application processing and this year there has been a precipitous drop. She states that the major expenditure for the Commission is its personnel costs. In the past, to control these costs the Commission has used contracts for service with consultants and the ongoing contract Executive Officer to hold down its expenses during the recession and its aftermath. She states that this will change as of Fiscal Year 2018-19. She states that LAFCO will return to a full-time staff pattern with the completion of the recruitment for the Executive Officer anticipated to occur in June. She states that the budget is for a full-time six-person staff with all benefits provided but no consultants or contracts, except for the contract for the current executive officer that ends September 30, 2018 for transition.

Chair Cox asks if the executive officer position is currently vacant. Executive Officer Rollings-McDonald states that there are no vacant positions. She states that the Commission has filled the Executive Officer position with a part-time employee contract. She states that the actual cost for the completion of her contract is approximately \$52,000.

Ms. Rollings-McDonald outlines the projected salaries and benefits for the upcoming fiscal year showing a significant change from \$750,000 this year to over \$1 million dollars. Chair Cox asks Ms. Rollings-McDonald to explain line 1315 for 401k contribution that is going up from \$28,000 to \$45,000. Executive Officer Rollings-McDonald states that the Commission does not pay the 8% match for her salary. She states that she has included in this calculation the full payment for the incoming Executive Officer.

Chair Cox asks if the Commission currently offers a 401K and a 457 supplemental retirement fund; to which Ms. Rollings-McDonald responds in the affirmative. Chair Cox then asks if this is subject to contract negotiations with the new EO. Ms. Rollings-McDonald states that the benefit plan currently identifies the benefits for the Executive Officer as well as other staff members. She states that the Commission has not had contracts for their staff and the only contracted staff was when she came back after retirement as a returning employee.

Mr. Rollings-McDonald states that in regards to revenues, she wanted to go through and explain the deficiencies from this year. She states that the total anticipated revenue for this year was \$267,000 but received \$95,000. She states that this is one of the issues that we have in moving forward in the upcoming fiscal year. Ms. Rollings-McDonald states that in reference to forecasts for proposals, staff has reviewed the question with our constituent groups and have revised our projections to provide for nine proposals next year and have calculated this out to remain the same for the next two years.

She states that as part of the budget process to provide for a balanced budget, staff is recommending that the Commission provide for reserves and contingencies at a reduced level indicating that: 1) Commission policy requires that the General Reserve account be set at a minimum of \$200,000 and Contingency at 10% of total expenditures. She states that staff is proposing to override this policy and practice for the upcoming year setting the General Reserve at \$85,608 and Contingency at \$20,000; 2) the Unfunded Net Pension Liability has been recalculated based upon the new liability amount from SBCERA provided in February 2018. This is an increase of \$36,513 and a re-amortization of the 20-year funding schedule; and 3) the forecast years provide a method of return to compliance with Commission policy over a four-year period.

Ms. Rollings-McDonald states that the apportionment costs are the net operating costs for the Commission. She states that the apportionment schedule for the cities is broken down by using the standard formula in Government Code Section 56381. The Special Districts apportionment is set by using an alternative formula originally adopted in 2002 and amended in 2010 by vote of the special districts selection committee.

Executive Officer Rollings-McDonald outlines the staff recommendation from the staff report.

Chair Cox states that as this is circulated, if the Commission is interested in making changes, can they be changed at the May 16, 2018 hearing. Ms. Rollings-McDonald states the Commission can make changes to the final budget, but the apportionment cannot be changed without an impact to the Districts.

Chair Cox asks for comment from the Commission.

Commissioner Bagley states that the litigation budget has been reduced and he has been shocked about how litigious LAFCO has become. He states that he is concerned that if LAFCO gets into a situation where there is another round of lawsuits, what the resolve will be. Executive Officer Rollings-McDonald states that she does not anticipate that the Commission will experience this again. She states that is part of the reason for the General

Reserve litigation is to make sure there is some ability to address those unforeseen circumstances, and the Commission had that last year.

Commissioner Farrell asks what the Commission's recourse or response would be since it does not have sufficient funds in litigation. Executive Officer Rollings-McDonald states that the only recourse would be to use all of the reserves and try to recoup them over time.

Chair Cox opens the public hearing and calls for speaker slips. There are none.

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

Commissioner Ramos 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, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

ITEM 7 REVIEW AND CONSIDERATION OF UPDATE TO POLICY AND PROCEDURE MANUAL SECTION IV – APPLICATION PROCESSING, CHAPTER 5 OUT OF AGENCY FIRE PROTECTION CONTRACTS AND RELATED APPLICATION FORM – STAFF RECOMMENDATION APPROVED

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

ITEM 8 STATUS REPORT ON CONTINUED MONITORING OF CONDITIONS IMPOSED BY LAFCO RESOLUTION 3190 – LAFCO 3157 SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (TO BE CONTINUED TO THE JUNE 20, 2018 HEARING) – STAFF RECOMMENDATION FOR CONTINUANCE APPROVED

Executive Officer Rollings-McDonald states that this will be one of the few items where there will be special counsel. She states that at the June hearing, Holly Whatley from Colantuono, Highsmith, and Whatley will be representing the Commission for LAFCO 3157.

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

ITEM 9 DISCUSSION OF DEFERRAL OF MANDATORY SERVICE REVIEW FOR WRIGHTWOOD COMMUNITY SERVICES DISTRICT FOR ONE YEAR AND INITIATION OF COTERMINOUS SPHERE OF INFLUENCE ESTABLISHMENT FOR WRIGHTWOOD COMMUNITY SERVICES DISTRICT WITHIN SAN BERNARDINO COUNTY – STAFF RECOMMENDATION APPROVED

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.

He states that the Wrightwood Community Services District was officially formed on July 1, 2017 and in the past, it has been the practice of this Commission to establish a sphere of influence for a newly formed agency within one year of its formation pursuant to the statutory direction identified in Government Code Section 56426.5(b). He states that however, Section 56430 (e) requires the Commission in conjunction with the sphere establishment also conduct a service review.

Mr. Martinez states that since its formation, the Wrightwood CSD has been dealing with some questions regarding its finances. He states that in order to get a better understanding of the District's finances, it would be better to defer the service review until the District's first year's audit is available. He states that LAFCO staff is recommending the Commission defer the service review for one year and direct staff to return to the Commission for its consideration of the service review for the Wrightwood Community Services District in July 2019. Mr. Martinez also identified that with regard to establishing a sphere of influence for the Wrightwood CSD, it is also the practice of the Commission that the sphere of influence establishment be coterminous with the agency's boundaries. He states that, in keeping with this practice, staff is recommending that the Commission initiate the sphere of influence establishment for the Wrightwood CSD to be conterminous with its existing boundaries within San Bernardino County.

Commissioner McCallon 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, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

INFORMATION ITEMS:

ITEM 10 LEGISLATIVE ORAL REPORT

Executive Officer Rollings-McDonald states that on the CALAFCO legislative report, the most significant issue is AB 2050, which is the small systems water authority act – CALAFCO retains a watch position. She states that AB 2258 is the CALAFCO sponsored legislation to establish a grant program – the Commission took a position of support for this.

ITEM 11 EXECUTIVE OFFICERS ORAL REPORT

Executive Officer Rollings-McDonald states that the special districts selection committee election is underway and should be concluded by the end of April. She states that at the May hearing the Commission will be seating the two city members as Mr. McCallon and Ms. Warren are returning. She states that we have not received new proposals, but we are processing East Valley Water District's application for activation of waste water services. She states that the Commission will have two hearings in May. She states that May 15 will be a special hearing for the Commission to interview candidates for the Executive Officer position and is hoping for full participation from the Commission. She states that on May 16 we will have the hearing to seat the members, selecting the chair and vice-chair, hear the Hesperia Fire Protection District proposal and the final budget actions.

ITEM 12 COMMISSIONER COMMENTS

There are none.

ITEM 13 COMMENTS FROM THE PUBLIC

There are none.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS ADJOURNED AT 11:16 A.M

ATTEST:

LA TRICI JONES
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

KIMBERLY COX, Chair

DRAFT