

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 21, 2004**

REGULAR MEETING

9:00 A.M.

APRIL 21, 2004

PRESENT:

COMMISSIONERS:	Gerald Smith, Chairman	Richard P. Pearson
	Jim Bagley, Vice Chairman	A.R. "Tony" Sedano, Alternate
	Paul Biane	Diane Williams
	Bob Colven	Clifford Young
	Neal Hertzmann, Alternate	

STAFF: **Kathleen Rollings-McDonald, Executive Officer**
 Mike Riddell, Legal Counsel
 Debby Chamberlin, Clerk to the Commission

ABSENT:

STAFF: **Clark H. Alsop, Legal Counsel**

COMMISSIONERS: **James V. Curatalo, Alternate**
 Dennis Hansberger, Alternate

REGULAR SESSION - CALL TO ORDER - 9:04 A.M.

Chairman Smith calls the regular session of the Local Agency Formation Commission to order. Commissioner Biane leads the flag salute.

Chairman Smith 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 twelve 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 are none.

APPROVAL OF MINUTES FOR REGULAR MEETING OF MARCH 17, 2004

Chairman Smith calls for any corrections, additions, or deletions to the minutes. There are none. Commissioner Young moves approval of the minutes as presented, seconded by Commissioner Colven. Chairman Smith calls for a voice vote on the motion and it is as follows: Ayes: Bagley, Biane, Colven, Pearson, Smith, Williams, Young. Noes: None. Abstain: None. Absent: None.

CONSENT ITEMS

LAFCO considers the items listed under its consent calendar, which Chairman Smith states consists of: (1) approval of the Executive Officer's expense report; and (2) approval of payments as reconciled for the month of March 2004 and noting cash receipts. A Travel Claim and Visa Justification for the Executive Officer's expense report, and a staff report for the reconciled payments, have been prepared and a copy of each is on file in the LAFCO office and is made a part of the record by its reference herein. Staff recommendation is that the Commission approve the Executive Officer's expense report and payments as reconciled for the month of March and note the cash receipts.

Chairman Smith asks whether there is anyone present wishing to discuss the consent calendar items. There is no one.

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Commissioner Pearson moves approval of the consent calendar, seconded by Commissioner Young. Chairman Smith calls for a voice vote on the motion and it is as follows: Ayes: Bagley, Biane, Colven, Pearson, Smith, Williams, Young. Noes: None. Abstain: None. Absent: None.

DISCUSSION ITEMS

REVIEW AND ACCEPT AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2003 - APPROVE STAFF RECOMMENDATION

LAFCO conducts a public hearing to review and accept the Audit Report for the Fiscal Year ending June 30, 2003. Notice of this hearing has been advertised as required by law through publication in The Sun, a newspaper of general circulation. Individual notice of this hearing was provided to affected and interested agencies and County departments.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made part of the record by its reference herein. Ms. McDonald states that a copy of the Audit Report prepared by the Internal Audits Section of the County Auditor/Controller-Recorder's Office is attached to the staff report. She says Mark Cousineau, Supervising Accountant from that section, is present this morning if there are any questions. Ms. McDonald says the staff recommendation is that the Commission review and accept the Audit Report and direct the Clerk to the Commission to file a copy of the accepted Audit Report with the appropriate entities.

Chairman Smith opens the hearing and asks if there is anyone present wishing to speak on this item. There is no one and he closes the hearing.

Commissioner Biane moves approval of staff recommendation, seconded by Commissioner Colven. Chairman Smith calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Bagley, Biane, Colven, Pearson, Smith, Williams, Young. Noes: None. Abstain: None. Absent: None.

REVIEW AND APPROVAL OF CONTRACT WITH ALCOCK AND MCFADDEN FOR PERSONNEL POLICIES AND PROCEDURES - APPROVE STAFF RECOMMENDATION

LAFCO conducts a public hearing to review and approve a contract with Alcock and McFadden for Personnel Policies and Procedures. Notice of this hearing has been advertised as required by law through publication in The Sun, a newspaper of general circulation. Individual notice of this hearing was provided to affected and interested agencies and County departments.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Ms. McDonald states that last month the Commission reviewed and accepted Mary Alcock's recommendation to rewrite the "Terms of Employment" and make it into three documents: a Personnel Policies and Procedures Manual, an outline of the Benefit Plan, and an accounting-type document. She says Ms. Alcock has presented a contract for preparation of the Personnel Policies and Procedures Manual, as well as Performance Management Guidelines to be used by the Commission and staff in reviewing the performance of employees. Ms. McDonald says the staff recommendation is that the Commission: (1) accept the proposal presented by Alcock and McFadden; (2) authorize the Executive Officer to sign the contract; and (3) authorize an initial payment of \$2,500 to commence the work.

Commissioner Pearson comments that the proposal indicates that the completion time for the project should be no longer than eight weeks, and is dependent on scheduled milestones established at the kickoff meeting. He says a lot of the groundwork has already been done and says eight weeks seems like a long time. Ms. McDonald says eight weeks is the maximum time frame and she notes that part of the issue is that she will be taking a vacation in June. She says she anticipates presenting the documents to the Commission at the June or July hearing, but she adds that it is a matter of timing since the advertising schedule requires that everything be completed 21 days in advance of the hearing.

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Chairman Smith opens the hearing and asks if there is anyone present wishing to speak on this item. There is no one and he closes the hearing.

Commissioner Pearson moves approval of staff recommendation, seconded by Commissioner Colven. Chairman Smith calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Bagley, Biane, Colven, Pearson, Smith, Williams, Young. Noes: None. Abstain: None. Absent: None.

PRELIMINARY REVIEW OF BUDGET MATTERS FOR FISCAL YEAR 2004-2005 - REVIEW OF PROPOSED FEE SCHEDULE - APPROVE STAFF RECOMMENDATION

LAFCO conducts a public hearing for the preliminary review of the Proposed Fee Schedule for Fiscal Year 2004-05. Notice of this hearing has been advertised as required by law through publication in The Sun, a newspaper of general circulation. Individual notice of this hearing was provided to affected and interested agencies, County departments, all cities and independent special districts, the County, and those individuals requesting mailed notice.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Ms. McDonald discusses the proposed changes to the Schedule of Filing Fees, as outlined the staff report, pointing out that many of these fees have not been increased since 1995. She states that staff is proposing modest increases in the LAFCO filing fees for annexations, dissolutions, formations and incorporations, ranging from 6% to 6.6%. She says staff is recommending shifting the placement of the charges for review of out-of-agency service contracts under its own item and adding fees for the review of requests for exemption from the provisions of Government Code Section 56133. She says a \$500 fee has been added for the review of a health and safety issue exemption, which she explains would be, for example, if a mutual water company can no longer perform its services and is asking for connection to another provider. She says that a \$2,000 fee for the review of other exemption requests has been added. She says changes have been made to accommodate an update to the Clerk of the Board of Supervisors' charges for filings related to the Department of Fish and Game fees. She says a change is proposed for the purchase of copies, explaining that printed copies provided from archived data do not cost the same as the paper documents duplicated from hard copy files. Ms. McDonald says the staff recommendation is that the Commission: (1) review the Preliminary Schedule of Fees and Charges and provide staff with direction on changes or amendments to be included; (2) direct staff to forward the Schedule of Fees and Charges to the County, all cities and all independent special districts for their review and comment pursuant to Government Code Section 66016; and (3) schedule the final review and adoption of the Schedule of Fees and Charges for the May 19, 2004 hearing.

Commissioner Colven asks whether a request for an exemption for a health and safety situation would be on a temporary basis. Ms. McDonald responds that this exemption is looking at long-term contractual operations rather than an interconnect for an emergency situation that a water district may have.

Commissioner Pearson comments that Ms. McDonald indicated that the fees have not increased since 1995 and he asks whether the proposed increases reflect what the LAFCO costs are. Ms. McDonald responds that the Commission is now required to do a number of things that it did not do in 1995, such as providing color copies of maps and placing items on its website. Commissioner Biane asks whether staff feels these increases should be larger to be more reflective of the actual costs, but wants to increase the fees in steps over the next few years. Ms. McDonald says that although the cities, districts and the County are now required by law to fund the Commission, the Commission is obligated to recoup as much of the actual direct costs as possible. She says this is an incremental step; that she wants to be able to gather more definitive information and look at a larger increase, if appropriate. She notes that the Commission's costs for review are in line but says they are less than those charged by Riverside, San Diego, Orange and Los Angeles LAFCOs. Commissioner Biane comments that with the budget crises, it seems appropriate that they look at as much cost recovery as possible. Commissioner Hertzmann says he thinks Ms. McDonald is saying that these fees may be quite a bit lower than what they should be. He

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says he agrees with Commissioner Biane and he asks whether staff will do a nexus study of some sort to try to collect data on what it actually costs to process a proposal, without making it a big project. Ms. McDonald says that although she does not want to make it extremely detailed, she wants to be able to show what it costs to prepare the colored maps for the staff reports, to maintain the GIMS digitized maps, and to maintain the website operations.

Commissioner Young asks what the rationale is behind the increases ranging from 6% to 6.6%. Ms. McDonald responds that she was showing what percentage the increases represent. She says the cost for the colored maps that are now prepared for every application for staff reports and for display on the website map page, ranges between \$175 and \$275 and says the increase is to cover that cost. She says for next year's budget, staff will present a comparison of different proposals and what their actual direct costs are.

Chairman Smith opens the hearing and asks if there is anyone present wishing to speak on this item. There is no one and he closes the hearing.

Commissioner Biane moves approval of staff recommendation, seconded by Commissioner Colven. Chairman Smith calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Bagley, Biane, Colven, Pearson, Smith, Williams, Young. Noes: None. Abstain: None. Absent: None.

PRELIMINARY REVIEW OF BUDGET MATTERS FOR FISCAL YEAR 2004-2005 - REVIEW OF PROPOSED BUDGET - APPROVE STAFF RECOMMENDATION

LAFCO conducts a public hearing for the preliminary review of the Proposed Budget for Fiscal Year 2004-05. Notice of this hearing has been advertised as required by law through publication in The Sun, a newspaper of general circulation. Individual notice of this hearing was provided to affected and interested agencies, County departments, all cities and independent special districts, the County, and those individuals requesting mailed notice.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Ms. McDonald says that the staff's approach to the budget for the upcoming year is to: (1) provide funding for increased activity levels and maintain programs and services; (2) reduce costs where possible; and (3) enhance revenues where possible. She says that attached to the staff report is a chart which outlines the activity level of the Commission for the past ten years and she points out that the activity level is increasing and will for the foreseeable future. She discusses Salaries and Benefits under the Expense categories. She says that last month the Commission adopted the Job Descriptions, as modified by Mary Alcock, for the Clerk to the Commission and the Deputy Clerk to the Commission positions and says staff is again proposing an adjustment to the salary ranges for those two positions, as outlined in the staff report. She notes that the job descriptions were modified from those originally presented to the Commission in November (only to enhance the education and experience requirements) and says LAFCO positions will no longer be tied to County positions since that element will be removed with the rewriting of the Terms of Employment. She says a draft resolution amending the Terms of Employment to reflect the proposed salary adjustments is attached to the staff report. She says the Salaries and Benefit category also includes the payment of a 3% cost-of-living increase, effective for all employees July 10, 2004, which is included in the current Terms of Employment. She says also included in this category is the anticipated accrual of one full pay period for the upcoming fiscal year and payment of all current benefit amounts.

Ms. McDonald discusses the Services and Supplies category and says staff is proposing the maintenance of activity levels for the website activities and the maintenance of digitized maps and the map pages on the website. She says staff is also proposing authorization for the continuation for audit services by the County Auditor. She discusses two new additional items that are proposed in the expense category in response to Commissioner requests. First, she says there is a request to authorize payment of direct expenses for the Public and/or Alternate Public members to attend regional monthly meetings, such as meetings of the Special Districts Association or League of Cities. She notes that

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Government Code Section 56334 allows for reimbursement of direct expenses for duties associated with the Commissioners' respective positions. She says the question was also raised about business cards for the Commissioners and she says they can be provided for \$142 for a box of 500 and at half that cost for a box of 250. She reports that staff is also proposing the maintenance of a reserve account in the amount of \$44,000.

In the Revenue categories, Ms. McDonald reports that revenues exceed the budget targets by about \$70,000. She says the net costs of LAFCO to be apportioned to the funding entities has been reduced by about \$34,000 and she reports that the net cost of each of the categories is estimated to be about \$152,000. She discusses the calculation of the formula required by Government Code Section 56381 and says the most recent State Controller Report for cities is 2000-01, and that the most recent report for Special Districts is 1999-2000. She says that if new reports are issued between adoption of the budget and the distribution of charges, the Auditor will be required to reevaluate the distribution.

Ms. McDonald states that the staff recommendation is listed on pages one and two of the staff report and includes: (1) adoption of the changes to the salary ranges proposed for the Clerk to the Commission and Deputy Clerk; (2) adoption of Resolution No. 2814 amending the "Terms of Employment"; (3) taking the various actions listed related to the recommended policy items; (4) directing staff to forward the adopted Proposed Budget to all independent special districts, cities and the County for comment; and (5) scheduling a public hearing for May 19, 2004, for the formal adoption of the Final Budget for Fiscal Year 2004-05.

Commissioner Colven asks whether the cost-of-living increase is an arbitrary figure or is gauged against a government figure. Ms. McDonald explains that the 3% increase was the contracted amount in the Terms of Employment originally adopted in 2000. She notes that this is the final phase of that increase with the rewriting of the policies and procedures and benefit plan that will take place.

Commissioner Biane comments that he was happy to see that the consultant supported staff's recommendations on the reclassifications. He says he does not know what the staffing levels were five or ten years ago, but he says Ms. McDonald talked about the upcoming activity levels and he asks about the current staffing level. Ms. McDonald reports that in 1999 there were five employees--the Executive Officer, two Analysts, the Clerk to the Commission and the Secretary, noting that the staff expansion that took place in 1992 happened just before a reduction in activity level that occurred through the recession. She says one Analyst left in 2000, when the activity level was very low, so that position was removed, and the other Analyst position was elevated to the Deputy Executive Officer. She says there was a shifting of duties at that time due to that staffing change, as well as the additional duties staff took on with the changes that AB 2838 placed on commissions. She discusses the additional duties and responsibilities the Clerk and Deputy Clerk have since the passage AB 2838 and says that is the reason for the request for the change in salary ranges. She says she believes that if she needed to replace these two positions, given the requirements for experience and education and the duties required to be performed, she could not fill them for any less money than the proposed increases. Commissioner Biane says his fear is that there may be "intellectual flight" from this County to surrounding counties that pay more or are better staffed than this Commission. He says he does not know if this budget addresses that, but says that in future years the Commission needs to address that concern. Ms. McDonald points out that with the proposed change in the performance appraisal and management process, employees will be annually reviewed and a determination will be made as to whether salary adjustments are needed.

Commissioner Hertzmann asks what is meant under the Salaries and Benefits category by the anticipated accrual of one full pay period for the upcoming fiscal year and why the environmental consultant fees are down since the activity level is going up. He points out that COWCAP charges are up three times what is anticipated this year. Ms. McDonald explains that in processing payroll, the Auditor encumbers one full pay period to rollover to the following fiscal year. She says since there are 26 pay periods, for which staff is paid every other week, in arrears, that accrual will accommodate this situation where money earned in one fiscal year is paid in the following fiscal year. She explains that the environmental review fee is a \$750 deposit toward whatever the direct costs are. She says that if Mr. Dodson's review does not use all the money, it is refunded to the applicant; and, if Mr. Dodson's costs

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are more than \$750, the applicant is billed. She explains that the COWCAP charges have increased for LAFCO, along with other County departments, to capture internal service costs for providing "emerging technologies" and other computer-related activities. She says she has questioned this cost and hopes there will be some resolution in the Commission's favor.

Commissioner Hertzmann asks why the reports on which the apportionment for cities and special districts is based go so far back and whether all cities report total revenues on the same basis. Ms. McDonald says that the reports used are the most recent ones released by the State Controller. She says the cities' formula is based on the data submitted by cities to the State and says she assumes the cities replied in the same year with the same types of information.

Ms. McDonald points out a mistake in the line item for Legal Services (Special Counsel Charges). She explains that \$20,000 is received from CALAFCO for Clark Alsop's services to that organization so that fee revenue should be \$25,000 instead of \$18,000. She says with that correction, the reserve account will go up to over \$50,000.

Commissioner Biane asks how long the Commission stipend has been set at \$100 and asks whether the consultant could look at stipends in a comparative study. Ms. McDonald responds that it has been \$100 for about 19 years and says it was looked at three years ago. She notes that she should receive an updated Executive Officer survey at the annual Staff Workshop she and Mr. Martinez will be leaving for later today. She says that survey includes the stipend other LAFCOs pay their Commissioners and says she will provide that information to the Commission. She says the stipend is set by the Commission and that there are funds available if it wishes to increase the stipend.

Commissioner Williams asks whether there will be a cap on the amount that will be reimbursed for the attendance at various meetings discussed earlier, stating she would hate to see this line item "blow up". Ms. McDonald says the policy identifies reimbursement for attendance at regional monthly association-type meetings, not conferences, and she says reimbursement would be provided upon submission of a receipt. She points out that conference costs authorized for the Commissioners relate to attending the CALAFCO annual conference.

Chairman Smith says that at the CALAFCO conference last year, he learned that the reason some special districts do not join and have representation on a LAFCO is because their revenues in comparison to the county and cities is very small and they do not want to pay one third of the funding. He says that in some of the counties up north, where there the Commission does not meet often and there may be only one special district, the county and cities pay all or most of the LAFCO costs, while the special district pays very little or nothing to be represented. He says he asked some representatives of those LAFCOs to send some information regarding this to Ms. McDonald and he asks whether that type of arrangement is available in this County. Ms. McDonald says that she does not know how the northern counties do their apportionment, but she says Government Code Section 56381 is written so that the apportionment of costs is equally distributed. She says the special districts in this County agreed to an alternative funding formula. She discusses that there are certain subtleties in some counties which make their apportionments slightly different from the uniform third-third-third, but says she is not aware of someone adjusting the apportionment.

Commissioner Sedano asks how much money has been saved by going through the Special District Risk Management Authority for the Commission's insurance. Ms. McDonald responds that they will save about \$6,000 for the upcoming year.

Chairman Smith opens the hearing and asks if there is anyone present wishing to speak on this item. There is no one and he closes the hearing.

Commissioner Biane moves approval of staff recommendation, seconded by Commissioner Colven. Chairman Smith calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Bagley, Biane, Colven, Pearson, Smith, Williams, Young. Noes: None. Abstain: None. Absent: None.

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CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 2922; AND (2) LAFCO 2922 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR WEST VALLEY WATER DISTRICT (FORMERLY WEST SAN BERNARDINO COUNTY WATER DISTRICT) - CONTINUE TO JUNE 16, 2004

LAFCO conducts a public hearing to consider a service review and sphere of influence update for the West Valley Water District (formerly West San Bernardino County Water District), hereinafter referred to as "the District". Notice of this hearing has been advertised as required by law through publication in The Sun and the Rialto Record, newspapers of general circulation in the area. Individual notice of this hearing was provided to affected and interested agencies, County departments, and those individuals requesting mailed notice.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Ms. McDonald states that the need for some slight modifications to the sphere of influence boundaries has been reviewed with the staff of the West Valley Water District and that additional time is needed for the preparation of the necessary information addressing that modification. She says the staff recommendation is that this item be continued to the June 16, 2004, hearing and that the District has submitted a letter concurring with staff's recommendation.

Chairman Smith asks if there is anyone present wishing to speak on this item. There is no one.

Commissioner Bagley moves approval of staff recommendation, seconded by Commissioner Williams. Chairman Smith calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Bagley, Biane, Colven, Pearson, Smith, Williams, Young. Noes: None. Abstain: None. Absent: None.

CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 2924; AND (2) LAFCO 2924 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR CITY OF GRAND TERRACE - APPROVE STAFF RECOMMENDATION

LAFCO conducts a public hearing to consider a service review and sphere of influence update for the City of Grand Terrace (hereinafter referred to as "the City"). Notice of this hearing has been advertised as required by law through publication in The Sun and the Colton Courier, newspapers of general circulation in the area. Individual notice of this hearing was provided to affected and interested agencies, County departments, and those individuals requesting mailed notice.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Ms. McDonald says this proposal was initiated by the Commission on January 15, 2003, and is a routine, non-controversial service review and sphere update for the City. She notes that attached to the staff report is a summary profile of the services provided by the City, as well as the survey response submitted by the City to the factors required by Government Code Section 56430 for a service review. She summarizes the major points of consideration provided by the City in its survey response, which are outlined in the staff report. She notes that none of the adjacent or overlaying agencies have expressed any concerns with the City's sphere since it is coterminous with the City's current boundaries. Ms. McDonald says the staff recommendation is that the Commission: (1) determine that LAFCO 2924 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five working days; (2) make the finding related to a service review required by Government Code Section 56430 and determine that the existing sphere of influence for the City of Grand Terrace should be affirmed as it is presently configured; and (3) adopt LAFCO Resolution No. 2815 setting forth the Commission's findings and determinations on this proposal.

Chairman Smith opens the public hearing and asks if there is anyone present wishing to speak on this item. There is no one and he closes the hearing.

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Commissioner Young moves approval of staff recommendation, seconded by Commissioner Biane.

Commissioner Bagley asks about the history of the La Cadena area and how the strange "appendage" shown on the City's map came about. Ms. McDonald explains that Grand Terrace had been originally included within the City of Colton's sphere of influence and she says Grand Terrace incorporated in response to an annexation application by the City of Colton. She says Grand Terrace came across the La Loma Hills trying to get as close to La Cadena as possible. She says that the only annexation that has ever occurred to the City of Grand Terrace is in this area known as La Loma Hills, and that the annexation took place because of the receipt of service by the Riverside-Highland Mutual Water Company and because the people associated with the City of Grand Terrace.

Commissioner Sedano asks Ms. McDonald to pass on to Tom Schwab, the City Manager of Grand Terrace, that he is doing an outstanding job.

Chairman Smith calls for further discussion and there is none. He calls for any objections to the motion to approve staff recommendation. There being none, the voice vote is as follows: Ayes: Bagley, Biane, Colven, Pearson, Smith, Williams, Young. Noes: None. Abstain: None. Absent: None.

PENDING LEGISLATION

Executive Officer Kathleen Rollings-McDonald presents the legislative staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Ms. McDonald states that a copy of the CALAFCO Action Report with Summary Positions is attached to the staff report, but she says that since the preparation of this report, a number of actions have taken place. She reports that SB 1774 has been amended and is no longer related to LAFCO but is now a fiscal issue and property tax transfer bill. She reports that SB 1266 was amended on April 15; that one of the amendments increases the island annexation area from 75 to 100 acres; and that the CALAFCO Legislative Committee has requested that Senator Torlakson consider changing the acreage to 150 acres. She notes that the bill also provides a definition of "substantially surrounded" as 51% surrounded by the annexing city or any other policy declaration adopted by the local commission. Ms. McDonald says that the Commission requested some time ago that she present a policy declaration for the issue of "substantially surrounded" and what areas may qualify. She reports that Sam Martinez will be reviewing potential areas that are considered "substantially surrounded" according to the Commission's definition of 75%, and that an outline of those areas will be presented to the Commission. Commissioner Biane asks whether the bill addresses that an area is considered "substantially surrounded" if it is adjacent to a National Forest or State lands. Ms. McDonald responds "no", and says one criteria that is still in the island annexation law is that the area cannot be greater than 75 acres or part of a larger island of 100 or more acres.

EXECUTIVE OFFICER'S ORAL REPORT

Ms. McDonald reports that for the May 19 hearing the Commission will review the Final Budget and Fee Schedule, interview and select the Alternate Public Member, and swear in regular City and Special Districts members and the Alternate Public Member. She reports that the Special Districts Selection Committee met on April 8 but could not conduct the election of the Special Districts member since 25 voting members were present and 28 were needed for a quorum. She says the meeting was continued to May 17 and that the election will be held prior to the monthly meeting of the Association of Special Districts. She says also in May the Commission will consider a request for exemption from Government Code Section 56133 for the relinquishment by CALTRANS of Foothill Boulevard to the City of Fontana, an annexation to the City of Fontana that has been expanded by LAFCO staff, an annexation to the City of Big Bear Lake, and a request to designate Special Counsel for the City of Colton annexation of six islands. The Clerk to the Commission indicates that the June agenda includes annexations to the Cities of Upland and Montclair, the service review and sphere update for the West Valley Water District, which was continued from today's hearing, a request for exemption from Government Code Section 56133 for an agreement between County Fire and the Hesperia Fire Protection District for fire protection and

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emergency medical services by County Fire, and service reviews and sphere updates for the Bloomington Recreation and Park District and the City of Colton.

Ms. McDonald says the Commission has been provided with a copy of a Memorandum from Best Best & Krieger regarding AB 1678 and the extension of the Political Reform Act provision to local public officials.

Ms. McDonald states the Commission has been presented with a copy of Legal Counsel Clark Alsop's request for advice from the Fair Political Practices Commission (FPPC) as to whether the County Service Area 60 (CSA 60) dissolution is an entitlement for use. Commissioner Biane says he was not at the hearing last month and he asks what this letter is about. Ms. McDonald says the Commission has been presented with an application to dissolve CSA 60 and have the Town of Apple Valley (the Town) become the successor agency to the Apple Valley Airport's operations. She says the area of CSA 60 is huge and, if it is determined that this proposal is an entitlement for use, the Town will be required to provide a listing of all assessor parcels numbers within the District so that the Commissioners can be provided with a listing of landowners for FPPC purposes. She says Mr. Alsop indicated that he does not believe this dissolution is an entitlement for use but he said he would be more comfortable in requesting a written opinion. Commissioner Biane asks what will happen if all the Commissioners have a conflict. Ms. McDonald responds that she is not sure what happens in that case.

Commissioner Young asks for information related to the City of Fontana annexation that will be on the May agenda. Ms. McDonald says the annexation area is located along Foothill Blvd. and Tokay Avenue and, as submitted by the City, encompasses 3.57 acres. She says LAFCO staff has expanded the proposal to include the entire block. Commissioner Young asks whether she can provide him with a preview of upcoming annexations in his District. Ms. McDonald points out that there is a Status Report of Pending Proposals provided monthly in his Commission packet.

Ms. McDonald reports that the Commission has been presented with a letter from the City of Chino requesting a six-month extension to the one-year requirement for initiation of annexation of the island in the northwest portion of the City's sphere. She says that due to the massive influx of development applications the City has had within the Agricultural Preserve area, the City is unable to meet the deadline placed on it by the Commission. She says staff sees no problem with the City's request but asks that if someone does that they let her know. Unless she hears otherwise, she indicates that she will let the City know that the request for extension was approved.

Ms. McDonald reports that the Commission has been presented with a copy of SB 1462, which creates the Southern California Military Greenway Commission. She says LAFCO will be required to provide notification to this Commission if an application for a sphere of influence, annexation or service contract is received in an area designated by the Commission. However, she says she is not sure when or how these areas will be designated. Commissioner Bagley asks where this bill is in the process. He says he hopes CALAFCO will oppose it because it is "nutty" and a waste of everyone's time. Ms. McDonald reports that it was amended April 12 and will go to hearing at the end of this month. She notes that the Commission has also been presented with a copy of a letter from CALAFCO opposing AB 2306 because it will remove a commission's ability to condition approval on the submission of another application. She says this Commission has used that condition successfully for a number of island annexation proposals.

COMMISSIONER COMMENTS

Chairman Smith calls for comments from the Commissioners. He states that he is up for re-election as the Special Districts member and hopes the Commissioners will support him for re-election if they like the job he has been doing. He says he does not know how the election will go but says any letters of support will be appreciated.

COMMENTS FROM THE PUBLIC

Chairman Smith calls for comments from the public. There are none.

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 21, 2004**

Ms. McDonald announces that she forgot to introduce Mike Riddell from Best Best & Krieger who is sitting in for Clark Alsop today. In response to earlier inquiry of Commissioner Biane, Mr. Riddell states that if all Commissioners were "conflicted out" on a proposal, the Commission would be required to requalify the minimum number required to vote. He says that can be done either by lot or by requalifying the "least tainted" members of the group.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS
ADJOURNED AT 10:15 A.M.**

ATTEST:

DEBBY CHAMBERLIN
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

GERALD W. SMITH, Chairman