

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF SEPTEMBER 17, 2003**

REGULAR MEETING

9:00 A.M.

SEPTEMBER 17, 2003

PRESENT:

COMMISSIONERS:	Gerald W. Smith, Chairman	Richard P. Pearson
	Jim Bagley, Vice Chairman	Bill Postmus
	Paul Biane	A. R. "Tony" Sedano, Alternate
	Bob Colven	Diane Williams
	James V. Curatalo, Alternate	

STAFF: **Kathleen Rollings-McDonald, Executive Officer**
 Clark H. Alsop, Legal Counsel
 Jeff Goldfarb, Special Legal Counsel
 Debby Chamberlin, Clerk to the Commission

ABSENT:

COMMISSIONERS: **Dennis Hansberger, Alternate**
 Neal Hertzmann, Alternate

REGULAR SESSION - CALL TO ORDER - 9:05 A.M.

Chairman Smith calls the regular session of the Local Agency Formation Commission to order. He announces that the Commission is adjourning to a closed session in the LAFCO conference room to consider: (1) Employee Evaluation-Acting Executive Officer and (2) Appointment of Public Employee-Executive Officer.

At 9:13 a.m. Chairman Smith reconvenes the regular session of the Local Agency Formation Commission. Legal Counsel Clark Alsop announces that the Commission met in closed session and considered the items announced by the Chairman. He says the matter has now been brought back into open session.

Commissioner Biane moves to appoint Kathleen Rollings-McDonald as the Executive Officer, seconded by Commissioner Postmus. Chairman Smith calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Bagley, Biane, Colven, Pearson, Postmus, Smith, Williams. Noes: None. Abstain: None. Absent: None.

Ms. McDonald thanks the Commission for the appointment to the position of Executive Officer.

Chairman Smith 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 JULY 16, 2003

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

CONSENT ITEMS

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LAFCO considers the items listed under its consent calendar. Chairman Smith states that the consent calendar consists of: (1) Approval of the Executive Officer's Expense Report; (2) Approval of Payments as Reconciled for the Months of July and August, 2003; (3) Authorizing Contracting with Special District Risk Management Authority for Workers' Compensation Insurance; (4) Consideration of Waiver of Legal Counsel Conflict Letters for LAFCO 2943-City of Fontana Annexation No. 153 and LAFCO 2946 - City of Fontana Annexation No. 154; and (5) Consideration of: (1) CEQA Statutory Exemption for LAFCO SC#201; and (2) LAFCO SC#201-City of Upland Sewer Service Agreement (APN 1003-552-18).

A Travel Claim and Visa Justification have been prepared for the Executive Officer's Expense Report 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 reports for each of the other four items 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. The staff recommendations are outlined in each staff report. These items have been advertised in The Sun, a newspaper of general circulation; and, in addition, the City of Upland Service Agreement was advertised in the Daily Bulletin, a newspaper of general circulation in the Upland area.

Executive Officer Kathleen Rollings-McDonald states that Agenda Item 4 includes a recommendation that the Chairman be authorized to sign documents necessary to secure Workers' Compensation Insurance through the Special District Risk Management Authority and to cancel the current Workers' Compensation Insurance through State Compensation Insurance Fund. She notes that those documents include two resolutions to be adopted today.

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

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

CONTINUED ITEM

CONSIDERATION OF WAIVER OF REQUIREMENT FOR INDIVIDUAL LANDOWNER AND REGISTERED VOTER NOTIFICATION FOR LAFCO 2900 - SERVICE REVIEW AND SPHERE OF INFLUENCE AMENDMENT (EXPANSION) FOR WEST VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT AND LAFCO 2947 - WEST VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT ANNEXATION (CONTINUED FROM JULY 16, 2003) - APPROVE STAFF RECOMMENDATION

LAFCO conducts a continued public hearing to consider a request for a waiver of the individual notice requirement for LAFCO 2900 - Service Review and Sphere of Influence Amendment (Expansion) for the West Valley Mosquito and Vector Control District and LAFCO 2947 - West Valley Mosquito and Vector Control District Annexation. This hearing was continued from July 16, 2003. 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 this item was continued at its original hearing in March 2003 so that staff could obtain further information since opposition was expressed by the County's Vector Control Manager. She says the hearing was scheduled for review again at the July 16 meeting, at which time the West Valley Mosquito and Vector Control District (hereinafter referred to as "the District") requested a continuance to allow for further coordination with the City of Rancho Cucamonga. Ms. McDonald reports that the District submitted two applications on August 4, a sphere of influence expansion and an annexation, which are being processed; and she says the District is requesting a waiver of individual landowner and voter notice. She says the Government Code provides for a waiver if the number of notices exceeds 1,000; and she says it is estimated that more than 100,000 notices would be required since there are 73,000 parcels in the study areas. She notes that if the annexation is approved, a Proposition 218 assessment ballot election

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will be held, at which time all landowners will have a voice in the annexation. She says the staff recommendation is that the Commission approve the waiver of individual landowner and registered voter notification for LAFCO 2900 and LAFCO 2947. She reports that the County Vector Control Program Manager and the affected cities do not object to this waiver.

Commissioner Biane asks what the proposed election date is. Ms. McDonald responds that the sphere expansion will be considered in November or December and that the annexation will be considered after that. She says if the annexation is approved, an independently conducted, special benefit assessment mailed ballot election will be held sometime in the Spring. Commissioner Biane asks whether the Commission has the authority to ask that the District conduct that election after the March 2004 election. He says he is concerned about the District's tax measure election conflicting with the election for the extension of Measure I. Legal Counsel Clark Alsop states that there could be a condition of approval on the annexation that the election on the assessment not be held until after the March 4, 2004 election. Commissioner Pearson discusses his concern that the Commission not wait too long to take an action on this issue since the West Nile Virus has been discovered in Southern California. Ms. McDonald states that those types of issues will be addressed through the sphere and annexation proceedings and says the District wants to present a proactive stance on the prevention of the West Nile Virus. Commissioner Biane points out that the cities are currently paying for and receiving services from the District. He explains that all the cities that participate in SANBAG made a commitment not to put any tax initiatives on the ballot prior to the March 4 election to help increase the possibility that Measure I will be extended. Commissioner Bagley comments that he is hesitant about setting a precedent by the Commission placing a condition about when an election can occur. He says he thinks the affected jurisdictions in these proposals could make that point clearly to the District. He says the Measure I issue is a high priority for all elected officials and he hopes the District will have some sensitivity to that. Commissioner Williams discusses that the affected cities can make it clear to the District that they want the assessment election to be held after the March 4 election. Commissioner Biane says he is comfortable with the minutes reflecting the Commission's concern.

Ms. McDonald says the item before the Commission today is the waiver of individual notice and she notes that when the sphere issue comes before the Commission, this concern regarding the election can be conveyed clearly to the District. Commissioner Bagley asks that staff express to the District the Commission's concern about the timeframe of the election.

Chairman Smith opens the hearing and asks if there is anyone 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 Postmus. Chairman Smith calls for further discussion and there is none. He calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Bagley, Biane, Colven, Pearson, Postmus, Smith, Williams. Noes: None. Abstain: None. Absent: None.

DISCUSSION ITEMS

Commissioner Postmus announces that he will abstain on Items 8 and 9 due to a conflict. Commissioner Biane announces that he will abstain on Item 8 due to a conflict. They leave the hearing at 9:25 a.m.

**CONFIRMATION OF EXEMPTION FROM GOVERNMENT CODE SECTION 56133 FOR LAFCO
SC#207 - CITY OF REDLANDS OUT-OF-AGENCY SERVICE AGREEMENT FOR LAW
ENFORCEMENT SERVICES IN THE DONUT HOLE AREA - APPROVE STAFF RECOMMENDATION**

It is noted that Legal Counsel Clark Alsop leaves the hearing at 9:25 a.m., as his law firm, Best Best & Krieger, is Special Counsel to the City of Redlands on unrelated matters. The Commission is represented for this item by Special Counsel Jeffrey Goldfarb of the law firm of Rutan & Tucker.

LAFCO conducts a public hearing to consider a request submitted by the City of Redlands (hereinafter referred to as "the City") that the Commission concur in the City's determination that the provision of law enforcement services to the Donut Hole is exempt from the obligation to obtain LAFCO approval of the agreement for the provision of services pursuant to Government Code Section 56133. Notice of this

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hearing has been advertised as required by law through publication in The Sun and the Redlands Daily Facts, 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 notes that Mr. Goldfarb is here today as Special Counsel on this item. She 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 the staff report outlines the basis for staff's concurrence with the City's request. She says staff believes this contract is exempt from Commission review because it involves two or more public agencies and the public service to be provided is "an alternative to or substitute for" law enforcement services currently provided in the Donut Hole by the County Sheriff. She notes that the City Planner and a representative from the City Police Department are present today and can answer questions regarding the service. She explains that the City and County have entered into a sales and use tax apportionment agreement which provides that the City will receive 90% of the sales tax generated in the Donut Hole for providing water, wastewater, fire and law enforcement services in the Donut Hole. She says that absent approval of the contract for law enforcement services, the City will receive 80% of the sales tax generated. She points out that this agreement will end December 31, 2003, unless the citizens of Redlands approve an initiative ratifying this agreement at the November 2003 election. She says the term of the agreement is 28 years or until the area is annexed to the City. Ms. McDonald says the staff recommendation is that the Commission confirm that LAFCO SC#207 is exempt from the requirement to obtain LAFCO approval of the agreement to provide the Police services as outlined in Government Code Section 56133, Subsection (e).

Commissioner Bagley inquires about the status of the annexation. Ms. McDonald states there is no annexation proposal on file and says the City withdrew its application for annexation of Kohl's Department Store. She says the requirements of AB 1544 provide that the City cannot initiate a sphere expansion but that it must be initiated by petition of the landowners. Commissioner Bagley asks if the Commission can initiate annexation as part of the service review process. Ms. McDonald responds that they cannot get around the sphere expansion issue because of the special provisions of AB 1544. Commissioner Bagley says someone needs to initiate this annexation so the Commission can be done with it. Ms. McDonald says she agrees, but reiterates that the keys lie with the property owners.

Commissioner Colven asks what happens with the tax sharing arrangement if there is no annexation. Ms. McDonald explains that if the Commission confirms this exemption, the City and County can enter into an agreement for law enforcement services in the Donut Hole and that 90% of the sales tax generated will be transferred to the City. She notes that if the citizens do not support the initiative in November, the sales and use tax sharing agreement will terminate on December 31; and she says she is not sure how service will be delivered if that happens.

Commissioner Sedano comments that the letter received from Mr. Goldfarb clearly shows that the agreement for law enforcement is exempt from Commission review. He says that although the Commission wants to see this area annexed, the issue today is whether or not the agreement is exempt. Commissioner Colven notes that the issue is whether the service to be provided is an "alternative to or substitute for" what is currently being provided, and he says Mr. Goldfarb's letter pointed out it would work for the City to take over this service.

Mr. Goldfarb states that his and staff's position is that this definitely is an alternative to the service currently being provided by the County and that the level of service is commensurate with the level of service which was contemplated by the County when the Sheriff was providing services to this area.

Commissioner Bagley asks what other services have not been addressed in the Donut Hole area that could come back to the Commission for review. Ms. McDonald responds that she believes there are none for the time being.

Chairman Smith opens the hearing and asks if there is anyone wishing to speak.

John Jaquess, City Planner, says the City supports staff recommendation. He says the City also supports Commissioner Bagley's comments and is trying to work with the property owners as much as possible to accomplish the goal of annexation.

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Redlands' Deputy Police Chief Clete Hyman states that the Police Department supports staff recommendation since they feel that they are definitely a substitute for the law enforcement service being provided by the County Sheriff. He says they have shared law enforcement responsibilities in this area with the Sheriff for many years and have a strong working relationship with them.

Chairman Smith asks if there is anyone else wishing to speak. There is no one and he closes the hearing.

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

It is noted that Legal Counsel Clark Alsop returns to the hearing and Special Counsel Jeffrey Goldfarb leaves the hearing at approximately 9:40 a.m.

CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 2942; AND (2) LAFCO 2942 - COUNTY SERVICE AREA 77 DISSOLUTION (MARIANA RANCHOS) - APPROVE STAFF RECOMMENDATION

LAFCO conducts a public hearing to consider a proposal initiated by the San Bernardino County Board of Supervisors to dissolve County Service Area 77 (hereinafter referred to as "CSA 77" or "the District"), a District responsible for the maintenance of 5.5 miles of private roads within Section 21 in the southern Apple Valley community known as Mariana Ranchos. The area is generally bordered by Ocotillo Way on the north, Navajo Road on the east, a combination of Santa Rosa Road and Roundup Way on the south, and a combination of Juniper and Kiowa Roads on the west. Notice of this hearing has been advertised as required by law through publication in The Sun and through publication of a one-eighth page display ad, pursuant to Commission policy, in the Daily Press, 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 rationale for the application is that the District's share of ad valorem property tax is insufficient to perform the road maintenance function and the landowners are not willing to augment the revenue stream. She says CSA 77 has the liability for the roads, without any financial means to repair or maintain them. She explains that when CSA 77 was formed in 1970, the tax rate proposed for the upkeep of the roads was \$.34 per \$100, which was sufficient for the service at that time. However, she says that in 1979 the tax rate was converted to the District's tax share, which today represents 1.29% of the property tax revenue generated within the area, or \$2400, which is not enough to adequately maintain 5.5 miles of road.

Ms. McDonald reports that in November 2002, the Special Districts Department staff conducted a survey of landowners and provided them with the three options outlined in the staff report. She says that forty-three landowners responded, with thirty-three supporting dissolution. She says the County will be required to wind up the affairs of the District and reports that last Tuesday the Board of Supervisors adopted a resolution providing that CSA 77's share of the property tax revenue and other revenues be transferred to the Mariana Ranchos County Water District. Regarding the future use of revenues, she explains that Government Code Section 57463 outlines the manner in which the funds of a dissolved entity can be used; it indicates that the distribution "may be used for any lawful purpose"; and further indicates that "So far as may be practicable, the funds, money, or property shall be used for the benefit of the lands, inhabitants, and taxpayers within the territory of the dissolved district." She says this section is requesting that the Mariana Ranchos County Water District use the funds for the benefit of the 480 acres of the former CSA 77, but points out that there is no requirement mandating that to occur.

Ms. McDonald reports that the Town of Apple Valley expressed opposition to this dissolution on the basis that the area is adjacent to the Town boundaries and that a level of road maintenance should be undertaken. She says the Apple Valley Fire Protection District expressed concern that further

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deterioration of these roads will affect its ability to serve and that any level of service is better than none. She reports that the Special Districts Department responded to these expressions that without the means or funding to perform the necessary level of service, the liability is beyond what CSA 77 would want to assume. She notes that the Special Districts Department also responded that it has looked at other avenues of funding for the service, such as grants, but that none were available.

Ms. McDonald reports that the Commission's Environmental Consultant, Tom Dodson & Associates, has reviewed this proposal and indicated it is exempt from environmental review. She notes that the findings required by State law and Commission policy are outlined in the staff report and are made a part of the record by their reference herein. She says the staff recommendation is outlined on pages one and two of the staff report and includes that the Commission: (1) determine that LAFCO 2942 is statutorily exempt from environmental review and direct the Clerk of the Commission to file a Notice of Exemption within five days; (2) approve LAFCO 2942 subject to the terms and conditions listed in the staff report; and (3) adopt LAFCO Resolution No. 2780 setting forth the Commission's findings and determinations.

Commissioner Pearson notes they have been presented with a copy of a letter from Supervisor Postmus to the Mariana Ranchos County Water District requesting that the revenue of CSA 77 being transferred to the Water District be used for the benefit of the property owners within the area that comprised CSA 77. He also comments that he talked yesterday to Charles LaClaire (Assistant Director of Community Development for the Town of Apple Valley) because he had listed a number of questions as the basis for the Town's opposition to this dissolution. He reports that Mr. LaClaire apparently received answers to all those questions and he says the Town no longer sees any reason to oppose this. He notes that he believes the turning point for the Town was the fact that the bulk of the roads are private. He says the Fire District complained about driving on dirt roads, but he points out that there are also dirt roads within the Town boundaries.

Commissioner Sedano asks whether there has been any mention of annexation of this area to the Town of Apple Valley. Ms. McDonalds points out on the displayed map that one half of Ocotillo Way, which is the northern boundary of CSA 77, is within the Town, but she says she has heard nothing about annexation.

Commissioner Colven discusses that the issue of insufficient tax revenues probably exists in other service areas. Ms. McDonald says there are probably a number of districts and improvement zones in the same position and she says possibly they could be consolidated in some way and share their taxes. She says that given circumstances now and with the transfer of revenues to the State, the Commission may be faced with some of these same questions in other areas. In answer to inquiry of Commissioner Smith, Ms. McDonald explains that if this District were dissolved and the Board of Supervisors had not taken the action it did last week, then the District's 1.29% of the property tax share would be reabsorbed by all the other overlaying agencies and respread among them. She explains that the point in doing the transfer under the special Government Code provisions was to give the share of the revenue to a more localized entity.

Commissioner Pearson comments that as they move on with the service review process, they will be faced with situations where the Commission probably will recommend some consolidations. Ms. McDonald responds they may see some consolidations as part of the services reviews and may also see them in response to the Board of Supervisors or other entities. Commissioner Curatalo asks whether any response has been received from the Mariana Ranchos County Water District regarding the letter from Supervisor Postmus. Ms. McDonald says no response has been received from the District, but she adds that it is a small agency that serves that general area and that she is certain it will have a positive response.

Chairman Smith opens the hearing and asks if there is anyone 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, Colven, Pearson, Smith, Williams. Noes: None. Abstain: Postmus. Absent: Biane.

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CONSIDERATION OF: (1) REVIEW OF NEGATIVE DECLARATION PREPARED BY CITY OF FONTANA FOR ANNEXATION #02-02 (CITY OF FONTANA ANNEXATION NO. 153) AND TENTATIVE TRACT MAP #02-016 (TENTATIVE TRACT NO. 16399) AS CEQA RESPONSIBLE AGENCY FOR LAFCO 2943; AND (2) LAFCO 2943 - CITY OF FONTANA ANNEXATION NO. 153 (LAI) - APPROVE STAFF RECOMMENDATION

LAFCO conducts a public hearing to consider a proposal initiated by the City Council of the City of Fontana (hereinafter referred to as "the City") to annex approximately five acres at the request of the single landowner. The annexation area is generally located on the south side of Miller Avenue, approximately 330 feet west of Maple Avenue. Notice of this hearing has been advertised as required by law through publication in The Sun and the Fontana Herald News, newspapers of general circulation in the area. Individual notice of this hearing was provided to affected and interested agencies, County departments, those individuals requesting mailed notice, and landowners and registered voters pursuant to State law and Commission policy.

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 shows the annexation area on the display map and points out the area to the north of this proposal, which is currently being processed as LAFCO 2946. She says the parcel proposed for annexation is vacant; that the surrounding land uses include vacant and residential uses to the north, east and south in the unincorporated area; and that the land use to the west is single-family residential and vacant lands within the City. She reports that the City rezoned the study area in 1979 for single-family residential uses and says the R-1 designation is consistent with the City's General Plan for the area. She notes that the Tentative Tract Map approved for the area allows for 18 lots.

It is noted that Commissioners Biane and Postmus return to the hearing at 9:55 a.m.

Ms. McDonald says the City submitted a Plan for Service and that the staff report outlines the City's provision of service to the area. She says the only financial effect to future residents of the area will be a 5% utility tax on all utilities except for electricity, which was reduced to 4%. She notes that tax will expire in June 2004.

Ms. McDonald states that the findings required by State law and Commission policy are outlined in the staff report and are made a part of the record by their reference herein. She says the staff recommendation is that the Commission: (1) certify that it has reviewed and considered the City's environmental assessment for this proposal; take the actions identified in the staff report; and direct the Clerk to file a Notice of Determination within five days; (2) approve LAFCO 2943, subject to the terms and conditions listed in the staff report, including waiving the protest proceedings as permitted by Government Code Section 56663(c) with 100% landowner support and concurrence from the City; and (3) adopt LAFCO Resolution No. 2781, setting forth the Commission's findings and determinations.

Commissioner Colven comments that this annexation extends the "sawtooth" pattern the Commission has previously identified. Ms. McDonald responds that it does, but she adds that the total area to the north of Miller Avenue has been initiated and will be considered as a separate annexation.

Commissioner Sedano comments that he thinks the staff report is excellent and says he could not find any reason why the Commission should deny the annexation.

Commissioner Biane states that he would like to add another finding if the Commission approves this annexation today. He reports that there will be an item before the Board of Supervisors next Tuesday contemplating that for future city annexations, cities will receive a minimum of 7% of the property tax revenue generated in the area. Commissioner Biane moves approval of staff recommendation, with the additional finding that if the action contemplated to be taken by the Board of Supervisors to change the property tax rate is approved, the modified property tax rate will also apply to this annexation. The motion is seconded by Commissioner Postmus.

Ms. McDonald states that finding can be added to the resolution of approval, but she adds that it will require that the County and City adopt modified tax transfer resolutions pursuant to the provisions of Section 99 of the Revenue and Taxation Code.

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Chairman Smith opens the public hearing and asks if there is anyone wishing to speak on this item.

Cecilia Lopez-Henderson, Senior Administrative Analyst from the City, states that although this is not an ideal and efficient-type of boundary, the City is working with property owners on the north end of this area to annex an additional 20 acres, which will fill in the irregular boundary there. Ms. Henderson states they are also working on other annexations to the south and are slowly, but surely, filling in annexation areas that are problematic. She questions whether this item is being deferred today for a modified property tax negotiation process. She says the property owner is anxious to annex and wants no delays so that he can be part of the City before the end of the month. Commissioner Biane responds that he does not believe the action contemplated today will delay the annexation process. Legal Counsel Clark Alsop says that from the comments, the Commission is only adding a finding to the resolution, which would make no difference in terms of the timing of this annexation. Ms. Henderson asks Mr. Alsop whether the change in the property tax rate will be contingent upon the City Council adopting a modified property tax resolution very soon; and he responds that the City, as well as the County, will have to approve the change.

Commissioner Bagley asks whether the City is actively negotiating for annexations or waiting for applications to come in. Ms. Henderson says they are in a "reactive" type of position and are working with property owners as they come in for new development, and also are looking at taking in additional territory, if it makes sense to bring it in at the same time. She explains, however, that vacant land, which is uninhabited, can become inhabited if additional territory is brought in, and says a property owner may not want that because he is anxious to become part of the City. She says they are working with property owners and voters to show them the benefit of annexation. Commissioner Bagley discusses that it is a waste of resources to do these small annexations, when there are areas that are clearly logical annexations to the City. He notes that as part of the service reviews, the Commission will look at some of these areas and make recommendations to see if it can help expedite getting these boundaries cleaned up. Ms. Henderson states it is a long process even to annex five acres and she says it can take up to a year to get it through the City's internal review process and then to LAFCO. She points out that the City's General Plan is being updated now and says hopefully the City Council will approve it before the end of the year. She says some people want the General Plan completed before they see whether they want to become part of the City. Commissioner Bagley comments that in the area they are discussing today, there are probably many other parcels where the City could talk to the property owners about being included in a comprehensive annexation. Ms. Henderson says she will convey his comments to the City Manager.

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

Chairman Smith calls for any objections to Commissioner Biane's motion. There being none, the voice vote is as follows: Ayes: Bagley, Biane, Colven, Pearson, Postmus, Smith, Williams. Noes: None. Abstain: None. Absent: None.

PENDING LEGISLATION

Ms. McDonald states she has no report to present, but says she hopes in October to outline bills of interest to the Commission that have been signed by the Governor. Commissioner Biane inquires about the Longville legislation that addresses island annexations. Ms. McDonald responds that his legislation applies to annexation of islands 75 acres or less in size. She says the Fontana area they were discussing qualifies in every way, except for its acreage. Legal Counsel Clark Alsop reports that there was no size limitation under the first bill, but he says a size limitation was put in later limiting it to islands of 75 acres or less. Commissioner Biane asks whether it would be worth asking someone to carry a bill on behalf of LAFCO to increase the acreage on island annexations. Ms. McDonald responds that it would, adding that it would resolve a number of issues in San Bernardino and Fontana.

EXECUTIVE OFFICER'S ORAL REPORT

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Ms. McDonald states the Commission has been presented with a CALAFCO Executive Board Report of Nominations Committee. She notes that one Special District Member nominee, Herbert Crowle, has withdrawn. She states that the Commissioners have also been presented this morning with a copy of the CL&R Newsletter. She announces that the next meeting will be on October 15 and that on that agenda will be a Fontana service contract, an annexation to the City of Montclair, and the annexation of the College Heights area to the City of Upland. She says the November agenda has not been set yet but says she hopes to begin the East Valley service reviews on that agenda. She says she has had a difficult time getting some of the agencies to submit the service review information and will be meeting with those who have not yet submitted the information. She reports that three districts (Thunderbird County Water District, San Bernardino Mountains Hospital District and Twentynine Palms Cemetery District) and three cities (Colton, Twentynine Palms and Rialto) are the only agencies that have not paid their bills yet for LAFCO funding. She notes that September 1 is the cutoff date, after which time the Auditor will take the revenue from the agencies' first tax proceeds. She says all arrangements for the CALAFCO Annual Conference have been made and that if anyone has any questions they should contact the Clerk.

Chairman Smith asks whether it is too late for someone to be nominated for the CALAFCO Executive Board, since someone has withdrawn. Ms. McDonald says nominations can be made from the floor. Mr. Alsop announces there will be an additional City Member position opening for a one-year term.

COMMENTS FROM THE PUBLIC

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

Commissioner Sedano thanks Commissioner Postmus for the fast road repairs that took place in the Twentynine Palms area. He also thanks Ms. McDonald for saving the Commission a great deal of money by going with the new Workers' Compensation program through the Special District Risk Management Authority. He notes that he was a charter member that started the JPA in 1986 and says that Jim Towns and his staff have done an excellent job with the JPA.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS
ADJOURNED AT 10:20 A.M. TO THE CALAFCO ANNUAL CONFERENCE TO BE HELD
SEPTEMBER 24-26, 2003, IN SAN FRANCISCO.**

ATTEST:

DEBBY CHAMBERLIN
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

GERALD W. SMITH, Chairman