

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 21, 2010**

REGULAR MEETING

9:00 A.M.

APRIL 21, 2010

PRESENT:

COMMISSIONERS:	Jim Bagley, Alternate	Brad Mitzelfelt, Vice-Chairman
	Paul Biane	Mark Nuaimi, Chairman
	Kimberly Cox	Richard P. Pearson
	James V. Curatalo	Robert Smith, Alternate
	Neil Derry, Alternate	Diane Williams, Alternate
	Larry McCallon	

STAFF:

Kathleen Rollings-McDonald, Executive Officer
Clark Alsop, Legal Counsel
Samuel Martinez, Senior LAFCO Analyst
Michael Tuerpe, LAFCO Analyst
Anna Raef, Recording Secretary
Rebecca Lowery, Deputy Clerk to the Commission

ABSENT:

COMMISSIONERS: **None**

CONVENE CLOSED SESSION OF THE LOCAL AGENCY FORMATION COMMISSION – 9:00 A.M. –
Conference room adjacent to the San Bernardino City Council Chambers located at 300 North “D”
Street, First Floor, San Bernardino

Conference with Legal Counsel Significant Exposure to Litigation (Government Code Section
54956.9(b) – Circumstance Six Island Proposals identified as LAFCO 3067A through LAFCO 3067F

RECONVENE TO REGULAR SESSION – CALL TO ORDER – 10:14 A.M.

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

Chairman Nuaimi 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.

ANNOUNCEMENT OF ACTION FROM CLOSED SESSION

Chairman Nuaimi asks LAFCO Counsel Clark Alsop to report on action taken in closed session. Mr. Alsop states that no reportable action was taken in closed session.

PRESENTATION OF RESOLUTION OF APPRECIATION TO COMMISSIONER RICHARD “DICK” PEARSON

Chairman Nuaimi states several agencies have submitted commendations for Commissioner Pearson in honor of his service on the Commission. Chairman Nuaimi reads and presents the resolution from the Commission. Commissioner Mitzelfelt summarizes and presents a resolution from San Bernardino County.

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Katie Parker, president of the Board of Directors of Chino Basin Water Conservation District, reads and presents a resolution to Commissioner Pearson.

Commissioner Pearson thanks everyone present and especially the public whom the Commission serves. He states that the purpose of agencies like LAFCO and other public service agencies is to serve the public as best as possibly can be done. He says that this requires good and dedicated people who are willing to serve. He says leading the incorporation drive for the Town of Apple Valley challenged him and adds that everyone should consider what he or she can do to make their towns, cities, districts and agencies better. He says that his time at LAFCO has been a wonderful and interesting experience. He recalls that in his tenure with LAFCO the challenges have become more difficult and he charges everyone here today to try to make a difference by serving the citizens of the County of San Bernardino. He says that his experience here has been a wonderful opportunity to meet many good people and wishes everyone here the best in their work in serving the public.

Chairman Nuaimi calls for comments from the Commission. Commissioner Curatalo addresses Commissioner Pearson and says that he has served the community and his country very well and is an excellent public servant. He adds that he will miss him very much and wishes him the best in the future. Chairman Nuaimi echoes Commissioner Curatalo's comments and thanks Commissioner Pearson for the institutional knowledge that he brought to the Commission. He says that many of the items considered by the Commission are years in the making and having Commissioner Pearson on the Commission with his history has been extremely helpful to the Commission. Commissioner Biane states the resolutions presented today sum up Commissioner Pearson's service and offers his personal thank you for many years of service and advice to the newer members of the Commission. Commissioner Bagley states Commissioner Pearson has always been a shining example in his service to the high desert.

CONSENT ITEMS – APPROVE STAFF RECOMMENDATIONS

LAFCO considers the items listed under its consent calendar. The consent calendar consists of:

- ITEM 3 Approval of Minutes for Regular Meeting of February 7, 2010 and Special Meeting of March 11, 2010
- ITEM 4 Approval of Executive Officer's Expense Report
- ITEM 5 Ratify Payments as Reconciled for Months of February and March 2010 and Note Cash Receipts for both months
- ITEM 6 Initiation of Sphere of Influence Establishment for County Service Area 120 (North Etiwanda Preserve Area)
- ITEM 7 Presentation of Correction to Service Review for Barstow Fire Protection District

A Visa Justification for the Executive Officer's expense report, as well as a staff report outlining the staff recommendation for the reconciled payments and the staff reports outlining the recommendations on the initiation of sphere of influence establishment for CSA 120 and presentation of correction to service review for Barstow Fire Protection District have been provided, and copies of each are on file in the LAFCO office and are made a part of the record by their reference here.

Commissioner Biane abstains from the vote on Item 6.

Commissioner McCallon moves approval of the consent calendar, second by Commissioner Cox. Chairman Nuaimi calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Biane, Cox, Curatalo, McCallon, Mitzelfelt, Nuaimi, Pearson. Noes: None. Abstain: Biane (Item 6). Absent: None

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CONTINUED/DISCUSSION ITEMS:

CONSIDERATION OF: (1) FINAL ENVIRONMENTAL IMPACT REPORT ADOPTED BY CITY OF ADELANTO FOR SOUTH ADELANTO ANNEXATION (SCH NO. 2007051115), AS CEQA RESPONSIBLE AGENCY FOR LAFCO 3083; (2) ADOPTION OF FINDINGS OF FACT AND STATEMENT OF OVERRIDING CONSIDERATIONS; AND (3) LAFCO 3083 – REORGANIZATION TO INCLUDE CITY OF ADELANTO ANNEXATION AND DETACHMENT FROM SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND ITS NORTH DESERT SERVICE ZONE AND COUNTY SERVICE AREA 70 (REQUEST FOR WITHDRAWAL RECEIVED)– APPROVE STAFF RECOMMENDATION

LAFCO considers the request for withdrawal of final environmental impact report adopted by City of Adelanto for South Adelanto Annexation (SCH NO. 2007051115), as CEQA responsible agency for LAFCO 3083; adoption of findings of fact and statement of overriding considerations; and LAFCO 3083 – Reorganization to Include City of Adelanto Annexation and Detachment from San Bernardino County Fire Protection District and its North Desert Service Zone and County Service Area 70.

Executive Officer Kathleen Rollings-McDonald 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. She states that the City of Adelanto and the property owner applicant have requested withdrawal as the City is unable at this time to address the revenue shortfall. She says that LAFCO staff recommends that the Commission accept the withdrawal based upon the position of the City and landowner with the acknowledgement that the applicant owes \$1,800 in processing costs up to this point and the proposal will not be officially closed until payment of those funds has been received.

Commissioner McCallon moves approval of staff's recommendation, second by Commissioner Cox. Chairman Nuaimi calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Biane, Cox, Curatalo, McCallon, Mitzelfelt, Nuaimi, Pearson. Noes: None. Abstain: None. Absent: None

REVIEW OF EXTENSION OF URBAN-TYPE SERVICES INTO A PREVIOUSLY UNSERVED UNINCORPORATED AREA, PROJECT KNOWN AS HACIENDA AT FAIRVIEW VALLEY (APPLE VALLEY) PURSUANT TO GOVERNMENT CODE SECTION 56434

LAFCO considers review of extension of urban-type services into a previously unserved unincorporated area, project known as Hacienda at Fairview Valley (Apple Valley) pursuant to Government Code Section 56434.

Executive Officer Kathleen Rollings-McDonald 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. She explains that this is an informational item. LAFCO's interest is related to the actual service providers anticipated to deliver services to the project located in the eastern Apple Valley sphere of influence. She points out the project location on the overhead display. She says the project is anticipated to include development of 3,100 housing units, commercial and retail units, recreation, open space and other related land uses.

(Commissioner Mitzelfelt recuses himself from the discussion and leaves the dais at 10:37 a.m.)

Ms. McDonald states the territory is currently unserved and has been included in the Apple Valley Ranchos Water Company for service through an expansion processed by the Public Utilities Commission. Ms. McDonald continues that in reference to the Apple Valley Ranchos Water Company, a private utility, the

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Commission has no authority or review responsibility related to its certificated service area. Ms. McDonald notes that in the Commission's previous service review for the Apple Valley community the fractured water service delivery in the unincorporated areas was discussed. She says that this project is located northeast of the Thunderbird County Water District, however the District has no ability to serve the area. Ms. McDonald states that at the present time the project is being considered by the County Land Use Services Department and a draft EIR has been circulated for review and comment. The development project includes development of a specific plan, General Plan amendment, and other land use determinations.

Ms. McDonald states that the Plan anticipates that sewer service would include package treatment plants and septic systems due to the varying land use intensities. She says that the Plan requires the project applicant to provide a detailed wastewater treatment plant to the county service area, however there is no existing county service area to service. Ms. McDonald states that CSA 70 as a multi-function CSA, would have to create an improvement zone, however that improvement zone is not discussed in either the specific plan or the draft EIR. She notes that when the package treatment plant reaches 80 percent capacity a permanent wastewater system would be designed and approved by the County. Therefore, a transitional period is anticipated for this very needed service. Ms. McDonald states that changes in CSD law currently allow for creation of a Board-governed community services district without registered voters and staff has indicated that this option should be included in this review. This would allow the County to provide a CSD for transition over a period of time for large-scale developments such as this with the Board of Supervisors serving as the Board of Directors. That new law requires that after 500 registered voters are within the boundaries of the CSD or ten years, an election for self-governance is required to occur. Ms. McDonald states that in the staff view the creation of a Board-governed CSD would allow for the CSD to be obligated for bonds, loans, community facilities districts, or assessment districts, reducing future confusion should independence be desired. Ms. McDonald states that as the Commission will recall through its review of the formation of the Helendale CSD and Phelan Pinon Hills CSD, creation of an improvement zone would require the County to hold the bonds or administer a Community Facilities District, because banks and other financing agencies do not recognize county service areas or improvement zones as anything other than financing tools.

Ms. McDonald states that the Plan identifies that a homeowners' association would maintain street lighting on the private roads. However, the Apple Valley service review contemplated the dissolution of CSA 17 with all street lights within the unincorporated sphere of influence of the Town of Apple Valley to be managed and operated by the Town. She says that creation of a financing tool for maintenance of street lights and management by the Town of Apple Valley should be acknowledged in the County's review. She notes that a public park is planned in Village B, but there is no identification of an entity for the maintenance and operation of that facility. She states that a homeowners' association would probably not maintain a public park due to the liabilities associated with it. The Specific Plan also contemplates detention basins and open space uses with a public agency to maintain and operate them; however, the public agency is not identified. She states that the Plan identifies a CFD as a services provider; however, LAFCO staff has notified the County that a community facilities district is a funding mechanism only and cannot be a service provider. Ms. McDonald adds that the Apple Valley Fire Protection District currently serves and would continue to serve this area.

She says that LAFCO staff believes that a Board-governed community services district would provide the best long-term view because its financing structure could be recognized by financing institutions and it would not require the transition in the future to unwind such financing tools as were required with the creation of the Helendale and Phelan Pinon Hills CSDs. Ms. McDonald indicates the staff position that a board-governed CSD would allow decisions regarding future governance of the area without a LAFCO process. She says that LAFCO staff has met and reviewed the issues with the County Land Use Services Department and the project applicant. She points out that no action is required of the Commission as this is

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an information-only report. She states that if the Commission has a direction it wishes to convey to the County staff would do so.

Chairman Nuaimi calls for questions from the Commission.

Commissioner Cox comments that she finds the recommendation to form a CSD in this area significant and hopes the developers understand the value of this opportunity for future local self-governance. Commissioner McCallon states it would be appropriate for the Commission to submit its comments to the County.

Chairman Nuaimi asks what the Town of Apple Valley's position is regarding future potential incorporation of the area. Ms. McDonald states the Town of Apple Valley has included in its General Plan all of the territory and the General Plan mirrors all of the existing land uses. She says she has not seen in any of the documents to date which provides an official response from the Town of Apple Valley, but in providing service for park and recreation, the Town has assumed responsibility for park and recreation services to the former independent district. She adds that through the anticipated dissolution of CSA 17, the Town has indicated through contract that it will provide and administer street lighting in this unincorporated area. She believes that the Town looks to this as a growth area for the future and is working to assure that the service delivery can transition smoothly into the Town.

Chairman Nuaimi asks if an official recommendation could be made to ease the transition if and when the Town is ready to move toward incorporation. He says he is concerned that the territory is in the sphere of the Town and is processing through the County without plans for future incorporation. He questions if the sphere should be altered. Ms. McDonald responds that the development trajectory for the eastern Town of Apple Valley is heading directly toward Fairview Valley. Ms. McDonald states that there are a number of proposals along the periphery of the Town that are developing in the County through the Apple Valley Ranchos Water Company and others. She says a fair distance exists between this territory and the existing Town boundary and the entire territory would be have to be included. She points on the overhead display the trajectory of development and says the Town is working on park and other issues and is seeking to work with the County on transportation issues.

Chairman Nuaimi asks if there is a preannexation agreement in place so that future homeowners know that when the Town is able to reach out, there is potential for annexation. Ms. McDonald states a development agreement is being written with the County but creation of the community services district would give voice to those homeowners. Legal Counsel Clark Alsop states that these concerns could be included in comments to the County as the land use decision-maker in this case. Chairman Nuaimi states that since the territory is in the Town's sphere of influence it would be helpful so that the area has a connection to the Town. Chairman Nuaimi expresses concern that formation of a CSD might place an impediment toward a future annexation. Ms. McDonald states that that body can exist within the Town. She emphasizes that the Commission has a strong history of stating that CSA 70 will not be retained within the boundaries of a City as it mirrors all services a City can provide except land use. Creation of improvement zones for service delivery by necessity will require an unraveling in the future and creation of a CSD precludes that because it must address financing tools and maintenance and operation of the services. She emphasizes that unraveling those improvement zones for a project of this size would be very difficult.

Mr. Alsop states that if the Commission wishes to submit comments formal action must be taken.

Commissioner McCallon moves that the Commission submit its concerns to the County, second by Commissioner Cox. Chairman Nuaimi calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Biane, Cox, Curatalo, McCallon, Nuaimi, Pearson. Noes: None. Abstain: Mitzelfelt. Absent: None

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(Commissioner Mitzelfelt returns to the dais at 10:50 a.m.)

PRELIMINARY BUDGET REVIEW FOR FISCAL YEAR 2010-2011:

ITEM A -- PROPOSED SCHEDULE OF FEES, DEPOSITS AND CHARGES – APPROVE STAFF RECOMMENDATION

LAFCO conducts a public hearing for the preliminary review of the Schedule of Fees, Deposits and Charges for Fiscal Year 2010-11. 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 and the County.

Michael Tuerpe, LAFCO Analyst, presents the staff report for the Proposed Schedule of Fees, Deposits, and Charges, a copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Mr. Tuerpe states LAFCO staff is recommending two nominal increases in fees, which are to make them more reflective of the activities they represent. The fee for addition/deletion of powers of special districts would increase from \$4,125 to \$5,000 because, effective January 1, 2009, this action is now considered a change of organization, which requires additional processing, including protest proceedings and tax negotiation, making it commensurate with other types of district proposals. The second fee increase, from \$550 to \$750, would be for non-development service contracts requiring administrative approval pursuant to Commission policy related to implementation of Government Code Section 56133.

With regard to legal deposits, Mr. Tuerpe states that, in light of recent activity related to city island annexations, the recommendation is to include city island annexations in Subsection a of Section C1, requiring the payment of the full legal deposit of \$1,150. Subsection b of Section C1 is then modified to apply only to service contracts. A decrease in legal deposit from \$825 to \$575 is recommended for service contracts because \$450 or more have been typically refunded for those proposals. Minor changes of note include decreasing the DVD production cost from \$25 to \$20 and changing preparation of transcripts of hearings to actual cost rather than a dollar amount.

Mr. Tuerpe states that the current policy for individual notice to landowners and registered voters of Commission hearings does not identify the full range of proposals for which an automatic waiver is granted on the basis that such items routinely exceed 1,000 notices. Staff recommends that the policy language be amended to include all types of district-wide or city-wide actions, most notably activation or divestiture of powers for a special district. In lieu of individual notice a one-eighth page legal ad would be placed in a newspaper of general circulation within the area of consideration. He explains that the current policy now states that the Commission may grant a waiver of individual notice; however, a clearly-defined procedure for implementation does not exist. Staff recommends that, after consultation with the applicant, if the Executive Officer has identified controversy, no waiver would be granted and the result would be provision of individual notice to all registered voters and landowners. Where no controversy has been identified by the Executive Officer, the waiver would be tentatively authorized subject to the Executive Officer providing individual notice to each Commission member identifying the determination of no controversy and the preliminary determination to waive individual notice. If the Executive Officer receives objection from any Commissioner no waiver would be granted, and if the Executive Officer does not receive objection the waiver would be granted and publication of a one-eighth page legal ad would take place. Mr. Tuerpe states the Commission has required that individual notice not be waived for city island annexations even if it exceeds 1,000 notices. That policy would continue.

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Chairman Nuaimi calls for questions from the Commission. There are none.

Commissioner McCallon moves approval of staff's recommendation, second by Commissioner Curatalo. Chairman Nuaimi calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Biane, Cox, Curatalo, McCallon, Mitzelfelt, Nuaimi, Pearson. Noes: None. Abstain: None. Absent: None

ITEM B -- PROPOSED BUDGET

LAFCO conducts a public hearing for the preliminary review of the Budget for Fiscal Year 2010-11. 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 and the County.

Ms. McDonald presents the staff report for the Proposed Budget, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She states that the last three years' budgets have been very difficult and there is little optimism to report for the upcoming fiscal year. She refers to the proposal chart shown on the overhead display and points out that only six proposals and two service contracts have been submitted this year. She says that a similar level of activity is expected for the next fiscal year.

Ms. McDonald states she and the Commission's Transition Committee have met to discuss her impending retirement. That discussion included methods to manage costs for the upcoming year including her retirement to be effective September 30, 2010. To address fiscal constraints for the upcoming year, it is proposed that she would contract back for 960 hours, as permitted by the San Bernardino County Employees Retirement Association. She says the proposed budget provides for that contract and the draft contract is included in the staff report for the Commission's consideration.

She states that last year the Clerk to the Commission position was eliminated and recently Anna Raef has agreed to contract back to prepare the Commission minutes for the upcoming fiscal year. She states that last year the cost of living adjustment was pushed back one year. This year staff proposes to remove the cost of living adjustments entirely, eliminating it from the salary schedule. This would allow the Commission to address those issues at a later date when the economy and revenue picture is more favorable for such adjustments. She states that the Commission has taken action to reduce the number of meetings per year and the current recommendation is to reduce that schedule further to six hearings per year. Meetings would occur in July, September, November, January, March, and May of each year. A Commission retreat is proposed to be held in August to establish goals for the coming year.

She states that the proposed budget identifies increased costs for the next year which includes defense of the lawsuits filed against LAFCO related to the San Bernardino islands. She says the Commission is obligated to pay those costs, as the City of San Bernardino has not accepted the tender of defense. She requests consideration of a policy item related to the office computer systems. She says that an upgrade has been needed for some time, as the server is now more than 10 years old and many of the office computers need to be replaced.

Ms. McDonald states that for the current fiscal year the following accounts are recommended to be increased to address cost overruns in the 2000 series. She asks the Commission to adopt and approve increases in legal notices, environmental consultant, professional services which includes Commission costs, and \$32,000 for litigation costs. She recommends that the regular salaries account be decreased by \$10,000 and that those funds be transferred to the 2000 series, and that action be taken to transfer the \$25,000 contingency fund to the 2000 series.

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With regard to the LAFCO apportionment to the County, cities and independent special districts, Ms. McDonald states the amount identified is the same as originally adopted for Fiscal Year 2009-10. However, she notes that during the fall \$32,000 was approved for refund which was divided among the County, cities and independent special districts. She notes that an election was conducted this year revising the alternative apportionment formula for special districts. That change will take place this year. She refers to the last attachment in the budget packet detailing the apportionment as prepared by the County Auditor-Controller.

Ms. McDonald refers to the staff report and summarizes the recommendations contained therein.

Chairman Nuaimi calls for questions from the Commission. Commissioner McCallon expresses his objection to continuing San Bernardino LAFCO's membership in CALAFCO. Ms. McDonald explains that no matter what the outcome of the CALAFCO regional representation vote, the Coalition of California LAFCOs will continue as a separate organization and become the representative unit for the regional representation and placement of positions before CALAFCO. She says the CALAFCO vote for regional representation will take place in May and will be presented to the Commission for its review and consideration.

Chairman Nuaimi expresses his appreciation to staff for its willingness to manage this difficult budget and thanks Ms. McDonald for agreeing to contract back following her retirement in September. He thanks the staff for its willingness to forego cost of living adjustments this year.

Chairman Nuaimi opens the public hearing and asks if there are members of the public who wish to speak on this item. There are none.

Chairman Nuaimi closes the public hearing and calls for further questions from the Commission. There are none.

Commissioner Cox moves approval of staff's recommendation, second by Commissioner Biane. Chairman Nuaimi calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Biane, Cox, Curatalo, McCallon, Mitzelfelt, Nuaimi, Pearson. Noes: None. Abstain: None. Absent: None

PENDING LEGISLATION REPORT

Ms. McDonald reports that of particular interest is the Omnibus Bill, AB2759, which proposes a number of minor non-substantive changes and one important change of note relating to the Revenue and Taxation Code Section 99. This section relates to the property transfer process. Ms. McDonald states she has forwarded her concerns regarding the proposed change in Subsection 4 of this code section. She expresses concern regarding the 60-day period for review and adoption of resolutions by the County on behalf of itself and all special districts and cities. The language currently states that this negotiation period *shall* not exceed 60 days and this legislation proposes to add, "*If a local agency involved in these negotiations notifies the other local agencies, the county auditor, and the local agency formation commission in writing of its desire to extend the negotiating period, the negotiating period shall be 90 days.*" She does not believe that if the code reads "*shall not exceed,*" that a qualifier can be added extending it for 30 days.

Ms. McDonald reports on a new bill, AB1859 (Norby), which addresses issues regarding redevelopment areas. She says Assemblyman Norby does not like redevelopment, but does support LAFCOs. He has proposed that LAFCOs be placed in the position of reviewing any amendment to establish, extend or

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expand a project area for a redevelopment agency, including a city or county redevelopment agency. She says that city redevelopment agencies are solely within the boundaries of a city and do not extend into unincorporated territory. She expresses concern with the introduction of LAFCOs into such a process. She points out that questions regarding the financial soundness of redevelopment areas have nothing to do with boundaries. She says that CSAC and the League of California Cities are vehemently opposed to this. She explains that this would expand the LAFCO process without providing additional funding or direction.

Commissioner McCallon states that Assembly Norby introduced this legislation without consulting with any LAFCOs.

Commissioner McCallon moves to formally oppose AB1859, second by Commissioner Biane. Chairman Nuaimi states that CCL staff is in opposition. Ms. McDonald states that CCL has officially taken a watch position at this time. Chairman Nuaimi calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Biane, Cox, Curatalo, McCallon, Mitzelfelt, Nuaimi, Pearson. Noes: None. Abstain: None. Absent: None

EXECUTIVE OFFICER'S REPORT

Ms. McDonald states that the CCL Summit is scheduled for June 17-18 at the UCLA Conference Center in Lake Arrowhead. Representatives of the six counties, Los Angeles, Orange, Riverside, San Bernardino, Imperial and San Diego, will hold discussion on bylaws and plans for the future. Commissioners Cox, McCallon, Smith and Nuaimi confirmed that they will attend. Ms. McDonald encouraged all Commissioners to attend. Ms. McDonald will supply the Commissioners with a copy of the draft bylaws.

Ms. McDonald refers to the community indicators report which was provided to each Commissioner.

Ms. McDonald states that a draft strategic plan for the San Bernardino Valley Water Conservation District was provided to each Commissioner by mail. Ms. McDonald states she attended the April 7 special meeting of the Board of Directors of the Water Conservation District to hear the presentation on the District's vision for revamping the District and its direction for the future. She says there is some concern regarding the strategic plan, most importantly the District's plan to enter into an arena already occupied by other service providers, such as the area of recycled water for Highland, East Valley Water District, and the City of San Bernardino. She states it is her understanding that recycled water is treated through the City of San Bernardino Municipal Water Department. There is also concern regarding habitat preservation as the Inland Empire Resource Conservation District already occupies that field. She says that the staffing structure indicated at the April 7 meeting showed a change from six employees to 46 in the future. They are looking at the issue of sustainability in the future. The District has asked for comments before its April 28 meeting.

Ms. McDonald reports the City of Rialto is reviewing a major development within the Lytle Creek Wash known as the Lytle Creek Ranch project. The draft EIR was provided to the Commission on CD. She says that staff anticipates that this project is several months from submission. Ms. McDonald has participated in a meeting of the El Rancho Verde Municipal Advisory Council for that community which will be totally enclosed by the project and remain unincorporated. She notes that the General Plan amendment and specific plan are in four separate numbered neighborhoods. Ms. McDonald states Neighborhoods 1, 2 and 3 are not contiguous; therefore, Neighborhood 1, the first phase of the project, cannot be addressed because it is not legally contiguous to the City. Of concern also is the impact that this development will have on the existing County Community Facilities District and mitigation-monitoring plan for the Rosena Ranch project. She adds that there is some question on impact to the Glen Helen Specific Plan.

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Chairman Nuaimi comments on the Water Conservation District strategic plan and states that the first major assumption is that the District entity is no longer viable or sustainable in its current form and there is an urgent need to transform the organization. He states the District wishes to implement a wetlands plan, which would be wastewater treatment by spreading of wastewater. Ms. McDonald explains that the District intends to provide, as part of the strategic plan, the acquisition of treated recycled water to be used for some of the habitat conservation plan areas. Chairman Nuaimi comments that the Commission went through an exhaustive process with the District, and at no time were these grandiose plans mentioned. He reads that the District will solicit wastewater contracts in the second quarter of 2011 and seek LAFCO approval in the fourth quarter to provide a service the District is not allowed to provide. Ms. McDonald confirms that contracting cannot be done until the District is authorized the service. The District will have to come forward and request activation of the power before LAFCO. She adds that the process has become more complicated given last year's legislation. There is some speculation that the District would seek special legislation to give the District the ability to provide that service.

Ms. McDonald states her understanding that the District intends to request expansion of its zero sphere of influence. Commissioner Cox asks how the potential addition of services to the Water Conservation District would affect any future applications to consolidate with the San Bernardino Valley Municipal Water District (Muni). Ms. McDonald states that the powers that would be proposed are services that could be performed by Muni. She points out that LAFCO's responsibility is to eliminate the duplication of agencies providing the same service. Commissioner Mitzelfelt believes the Commission's concerns should be communicated to the District. Commissioner Curatalo comments that he finds this very confusing and shares many of the concerns already expressed. Ms. McDonald states she will draft a letter detailing the Commission's concerns. Chairman Nuaimi states he will draft an additional letter expressing his concerns as an individual citizen.

COMMISSIONER COMMENTS

Commissioner Cox reminds everyone that the June hearing will be held in the evening in Victorville on the day before the CCL Summit.

COMMENTS FROM THE PUBLIC

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

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS
ADJOURNED AT 11:45 A.M.**

ATTEST:

ANNA RAEF, Recording Secretary

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MARK NUAIMI, Chairman