

**SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
MARCH 3, 2003**

There being a quorum present, the meeting was convened at 9:00 a.m. by Chairwoman Dianne Jacob. Also present were: Regular Commissioners – Councilmember Patty Davis, Councilmember Donna Frye, Councilmember Jill Greer (who entered at 9:05 a.m.), Supervisor Bill Horn (who entered at 9:02 a.m.), Bud Pocklington, Andrew Vanderlaan and Ron Wootton; Alternate Commissioners – Harry Mathis, and Andrew Menshek; LAFCO and County Staff – Executive Officer Michael Ott, Local Governmental Analysts Shirley Anderson and Ingrid Hansen, and LAFCO Counsel William Smith. Absent was: Alternate Commissioner – Supervisor Greg Cox.

Item 1

**Approval of Minutes
of Meeting Held February 3, 2003**

On motion of Commissioner Vanderlaan, seconded by Commissioner Wootton, the commissioners dispensed with reading the minutes of February 3, 2003, and approved said minutes.

Item 2

Executive Officer's Recommended Agenda Revisions

Michael Ott indicated there were no revisions to the agenda.

Item 3

Public Comment

No members of the public requested to speak.

Item 4

**Proposed "Mar Vista Estates Annexation" to the
Rancho Santa Fe Community Services District (DA02-30)**

On motion of Commissioner Pocklington, seconded by Commissioner Davis, and carried unanimously by the commissioners present, the Commission took the following actions:

- (1) Certified that the determination by the Rancho Santa Fe CSD that this annexation is exempt by Section 15319 of the State CEQA Guidelines has been reviewed and considered; and
- (2) Adopted the form of resolution approving this annexation for the reasons set forth in the Executive Officer's Report, waiving the Conducting Authority proceedings according to Government Code Section 56663(c), and ordering the annexation, subject to the following condition:

Property owner agrees to execute a consent and waiver certificate authorizing the collection of an annual sewer service standby fee.

Item 5
Proposed “Stanley J. Anderson No. 2 Annexation”
to the Lakeside Water District (DA02-33)

On motion of Commissioner Pocklington, seconded by Commissioner Davis, and carried unanimously by the Commissioners present, the Commission took the following action:

- (1) Certified that the information contained in the Negative Declaration prepared by the Lakeside Water District has been reviewed and considered; and
- (2) Adopted the form of resolution approving this annexation for the reasons set forth in the Executive Officer’s Report, waiving the Conducting Authority proceedings according to Government Code Section 56663(c), and ordering the annexation subject to the following condition:

Payment of \$6,880.60 by the property owner to the Lakeside Water District;
the total amount is to be paid prior to annexation.

Item 6A
Adoption of an Amendment to the Sphere of Influence
for the Leucadia County Water District (SA01-04A)

Item 6B
Adoption of an Amendment to the Sphere of Influence
for the Vallecitos Water District (SA01-04B)

Item 6C
Proposed “Villages of La Costa Reorganization”
(Leucadia County Water District, Vallecitos Water
District, Olivenhain Municipal Water District (RO01-04)

Chairwoman Jacob opened the public hearing.

Shirley Anderson presented the staff report, which included a PowerPoint presentation discussing a proposed reorganization involving adjustment of sewer service areas between Leucadia County Water District and the City of Carlsbad, and adjustment of water and sewer service areas between Vallecitos Water District and the Olivenhain Municipal Water District. Ms. Anderson indicated that the reorganization is necessary to provide efficient sewer and water services for three developments to take place (La Costa Greens, La Costa Ridge, and La Costa Oaks), which will provide 1,998 single and 238 multi-family residences. Ms. Anderson said that all districts and agencies have agreed to the reorganization.

In response to a question from Commissioner Wootton, Mr. Ott indicated that LAFCO could proceed and amend the sphere of the Villages of La Costa Reorganization without triggering an automatic municipal service review because it would be a minor amendment. Mr. Ott said the reorganization constitutes a minor amendment because LAFCO will resolve – in terms of efficiency – the service delivery questions by placing the appropriate territory in the appropriate agency’s sphere and jurisdictional boundaries. In addition, Mr. Ott said that all agencies and the community

are in agreement with the reorganization. Mr. Ott said this proposal would fit into a minor amendment category and that the Executive Officer's recommendations should be clarified to reference the minor amendments.

Commissioner Wootton agreed with Mr. Ott to amend the Executive Officer's recommendation to state that the sphere of influence amendments are minor amendments.

Commissioner Frye asked Mr. Ott questions about minor and major sphere amendments. She asked for clarification on what would trigger a municipal service review.

Mr. Ott said that a workshop will be held at next month's meeting on the subject of municipal service reviews. Mr. Ott said that it is important that Commissioners attend the workshop because important service review information will be discussed.

Commissioner Pocklington asked for clarification that all agencies and districts approve the proposed reorganization. Mr. Ott said that all agencies and districts involved concurred with the reorganization.

With no members of the public wishing to speak in support or opposition of this item, on motion of Commissioner Pocklington, seconded by Commissioner Wootton, and carried unanimously by the commissioners present, the Commission closed the public hearing, and took the following actions:

- (1) The Commission adopts, pursuant to Section 15096(h) of the State CEQA Guidelines, the Findings of Fact and Statement of Overriding Considerations previously adopted by the City of Carlsbad, as lead agency. The Commission certifies pursuant to Section 15091 of the State CEQA Guidelines, that it has reviewed and considered the Environmental Impact Report (EIR); and that the mitigation measures included in the resolution of approval of the City for the impacts identified in the EIR have been adopted by the City, and that the mitigation is within the jurisdiction of the City and not LAFCO because the affected resources and services are within the city limits;
- (2) Amended the spheres of influence of the Leucadia County Water District and the Vallecitos Water District to include the territory as shown on the attached map, and adopt the written Statements of Determinations as shown in Exhibits A and B;
- (3) Adopted the form of resolution approving this reorganization for the reasons set forth in the Executive Officer's report, waiving the Conducting Authority proceedings according to Government Code Section 56663(c), and ordering the reorganization subject to the following terms and conditions:
 - (a) Payment of all District annexation fees and State Board of Equalization fees;
 - (b) Concurrent detachment from the Vallecitos WD Improvement Districts 1,2, and 6 (sewer) of 95.92 acres as shown in Exhibit C;
 - (c) Concurrent annexation into the Vallecitos WD Improvement Districts 1,2, and 6 (sewer) of 20.22 acres as shown in Exhibit D;

- (d) Payment of processing fees to the Olivenhain Municipal Water District, including, but not limited to filing, legal, engineering, administrative, consulting fees, and other fees and charges as may be necessary; and
 - (e) Payment of detachment fees to the Olivenhain Municipal Water District for all costs associated with the retirement of bonds, including revenue bonds, assessment district benefit assessments, other contracts and obligations of the District, and the Improvement District No. 1 general obligation bonds, as well as any other financial liabilities that would necessarily remain with the District following detachment.
- (4) Amended the Executive Officer's recommendations to state that the sphere of influence amendments are minor amendments.

Item 7A
Adoption of an Amendment to the Sphere of Influence for the Lakeside Sanitation District (SA01-25)

Item 7B
Proposed "Stanley J. Anderson Annexation" to the Lakeside Sanitation District (SA01-25)

Chairwoman Jacob opened the public hearing. Ingrid Hansen presented the staff report.

With no members of the public wishing to speak in support or in opposition of the item, on motion of Commissioner Vanderlaan, seconded by Commissioner Davis, and carried unanimously by the commissioners present, the Commission closed the public hearing, and took the following actions:

- (1) Found in accordance with the Executive Officer's determination, that pursuant to Section 15319(a) of the State CEQA Guidelines, the sphere amendment and annexation are not subject to the environmental impact evaluation process because the proposal area contains existing structures and is developed to the density allowed by the current zoning, and the extension of utility services to the existing facility would have a capacity to serve only the existing facility;
- (2) Amended the sphere of influence for the Lakeside Sanitation District to include the territory as shown on the attached map, and adopt the written Statement of Determinations as proposed in Exhibit A; and
- (3) Adopted the form of resolution approving this sphere amendment and annexation for the reasons set forth in the Executive Officer's Report, waiving the Conducting Authority proceedings according to Government Code Section 56663(c), and ordering the annexation subject to the following condition:

Payment by the property owner of District annexation fees and State Board of Equalization charges.

Item 8
Workshop of the Proposed FY 2003-04 LAFCO Budget

Chairwoman Jacob opened the public hearing.

Michael Ott presented a PowerPoint presentation discussing the proposed FY 2003-04 LAFCO Budget. Mr. Ott said that the 2003-04 budget was based on a number of very important factors that contain LAFCO's net cost at the same level as the FY 2002-03 budget. Mr. Ott said that consultant fee increases are being contained by imposing a ceiling on rate adjustments (3.3%). Mr. Ott also said that LAFCO will continue to use contract employees/staff, whenever possible, to contain costs and assist LAFCO staff members with increased workloads. In addition, Mr. Ott requested a transfer of an approximate \$7,500 from reserve funds in order to maintain the budget for FY 2003-04 at the same level as the FY 2002-03 budget.

Mr. Ott introduced to the Commission a new component of the outreach program that would involve the award of local government scholarships to students. Mr. Ott indicated that it would require LAFCO staff to conduct a research on this project, which would require about \$1,000 in FY 2003-04. Mr. Ott said that the purpose of the outreach program would be to reach a different group of individuals (youths), as well as continue with LAFCO's existing outreach efforts.

Mr. Ott reported that in 2003, special legislation affecting special districts (particularly healthcare districts) will change the LAFCO apportionment formula. Mr. Ott indicated that LAFCO does not have control over the application of the formula.

Mr. Ott indicated that an increase in workload is projected for FY 2003-04 due to municipal service reviews, sphere of influence reviews, jurisdictional proposals, and other major projects as well. Mr. Ott indicated that an office reorganization is necessary in order to respond to workload increases and changes to LAFCO responsibilities. Mr. Ott proposed the retention of an entry level analyst, and also proposed the designation of two operational units in the office, which would deal with Research and Policy, and Proposal Processing and Office Operations.

Mr. Ott summarized the revenue projections for the FY 2003-04 budget and said that the important figure of the budget has to deal with the net cost, which is \$698,930. Mr. Ott proposed that the Commission freeze the FY 2003-04 net cost, at the same amount as included in the FY 2002-03 budget.

Mr. Ott explained the budget requirements and indicated that the March 3 public hearing for the proposed FY 2003-04 LAFCO budget may be continued to April 7, if the Commission chooses to do so, and said that State Law requires that the proposed budget be adopted by May 1 and a final budget adopted by June 15.

In response to a question from Commissioner Horn regarding an 11% gross increase in the proposed FY 2003-04 budget, Mr. Ott said that Commissioner Horn is correct in terms of the individual budget accounts of salaries/benefits and services/supplies. However, Mr. Ott indicated that LAFCO's net cost will be frozen at \$698,930.

Commissioner Davis commented that in reviewing the budget table in the staff report, she noticed that processing fee revenues for FY 2002-03 were \$185,000 and for FY 2003-04 they are

projected to increase to \$265,000. She asked if LAFCO is receiving more proposals and processing fees, and if so, did that mean there would be an increase of workload. Mr. Ott said that was correct and surprisingly the jurisdictional workload has increased by nearly 200% in FY 2002-03. Mr. Ott indicated that if the Commission were to cut staff support needed to process jurisdictional changes, it would lead to longer processing time which can have negative impacts throughout the economy in the County. Mr. Ott said that the proposed FY 2003-04 budget is based on a continuation of the same type of workload that LAFCO staff members has been experiencing this fiscal year, which is dramatically higher than prior fiscal years.

In response to a question from Commissioner Davis, Mr. Ott explained that healthcare districts in most counties in California have large boundaries. Mr. Ott indicated that based on that large geographic area of healthcare districts, a relatively high percentage of their revenues come from general purpose monies such as property taxes. Mr. Ott indicated that in 2003, healthcare districts will contribute funds to the LAFCO budget based on net operational revenue, rather than general purpose revenue. This change in the apportionment formula will result in a decrease in the amount healthcare districts will contribute to LAFCO, according to Mr. Ott.

In a response to a question from Commissioner Wootton, Mr. Ott said that the projection of processing fee revenues for the FY 2003-04 budget is based on a conservative estimate.

Commissioner Wootton commented that he is very sympathetic to this year's budget crunch, but does not believe LAFCO should reduce its budget. Commissioner Wootton said that due to the State Law mandating LAFCOs to conduct municipal service reviews, he agrees to move forward with LAFCO's proposed budget for FY 2003-04 because of the increased workload involved.

Commissioner Mathis commented that he does not see the proposed budget as an increase in terms of costs vs. workload. He said that there are a lot of agencies depending on LAFCO to do its job so he agrees to move forward with LAFCO's proposed budget for FY 2003-04.

Commissioner Davis commented that she would like to see LAFCO pursue the outreach program and come back to the Commission with recommendations.

In response to a question from Chairwoman Jacob, Mr. Ott said that LAFCO's contingency reserve fund is approximately \$227,695, which is in compliance with LAFCO's adopted policy. Chairwoman Jacob requested that LAFCO show the total amount of the contingency reserve fund in the summary budget tables in addition to the budget discussion. Mr. Ott said he will add it to the final budget.

Chairwoman Jacob asked if any members of the public had any questions on the proposed FY 2003-04 LAFCO budget.

In response to a question from Tom Cole, representative of Rainbow Municipal Water District, Mr. Ott referred him to Figures 2 & 3 of the budget table and said that the Commission authorized a transfer of unspent appropriations to Fixed Assets (\$15,000) for an office security remodeling project in FY 2002-03.

In response to a question from Commissioner Wootton, Mr. Ott said that a copy of the proposed LAFCO budget went out to all the special districts and cities three weeks ago. Mr. Ott said that LAFCO has not received any negative comments from the local agencies regarding the budget.

With no members of the public wishing to speak in support or in opposition of the item, on motion of Commissioner Wootton, seconded by Commissioner Frye, and carried unanimously by the commissioners present, the Commission closed the public hearing, and took the following actions:

- (1) Opened the budget workshop and hearing on the Proposed FY 2003-04 LAFCO Budget.
- (2) After receiving public comments and commission discussion, closed the budget workshop and hearing then adopted the Proposed FY 2003-04 LAFCO Budget and directed the Executive Officer to prepare LAFCO's FY 2003-04 Final Budget.

Item 9
Proposed "Mitchell/Nielson Annexation"
to the Buena Sanitation District (DA03-01)

This was an information item and no action was required.

Item 10A
Adoption of an Amendment to the Sphere of
Influence for the Lakeside Sanitation District (SA02-36)

Item 10B
Proposed "Tavelman (a.k.a. M&L Properties)
Reorganization (Lakeside Sanitation District
and Lakeside Water District) (RO02-36)

Item 10C
Administrative Approval of a Contractual
Service Agreement: Lakeside Sanitation
District / M&L Financial Properties (OAS02-36)

This was an information item and no action was required.

Item 11A
Adoption of an Amendment to the Sphere of
Influence for the City of La Mesa (SA02-32)

Item 11B
Proposed "Robert Bostick Reorganization"
(City of La Mesa) (RO02-32)

This was an information item and no action was required.

Item 12
2003-04 Legislative Report

Michael Ott presented a brief staff report.

On motion of Commissioner Wootton, seconded by Commissioner Davis, and carried unanimously by the Commissioners present, the Commission took the following action:

- (1) Adopted positions of support for AB 192 and 208.

There being no further business to come before the Commission, the meeting adjourned at 9:58 a.m. to the April 7, 2003 meeting, in Rooms 302-303, County Administration Center.

TITA JACQUE MANDAPAT
Administrative Aide