

**APPROVED
SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
MARCH 3, 2014**

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There being a quorum present, the meeting was convened at 9:00 a.m. by Chairman Andrew Vanderlaan. Also present were: Regular Commissioners – Supervisor Dianne Jacob; Mayor Sam Abed (arrived at 9:03 a.m); Mayor Jim Janney; and Special District Member/Vice Chairman John Ingalls. Alternate Commissioners – Special District Member Jo MacKenzie, and City Councilmember Lorraine Wood. LAFCO Staff – Executive Officer Michael Ott, Local Government Analyst Robert Barry, Local Government Consultant John Traylor; Legislative Consultant Harry Ehrlich; Legal Counsel Thomas Bosworth; and Jennifer Farr, Shareholder, Mayer, Hoffman, McCann, P.C. Absent were: Regular Commissioners - Supervisor Bill Horn; Special District Member Bud Pocklington; Councilmember Lorie Zapf. Alternate Commissioners – Public Member Harry Mathis; Supervisor Greg Cox and Councilmember Sherri Lightner.

Item 1

Roll Call

The Commission Secretary performed the roll call for the March 3, 2014, LAFCO meeting. It was noted that Alternate Commissioner MacKenzie will vote in the absence of Commissioner Pocklington.

Item 2

Approval of Minutes of Meeting Held February 3, 2014

Commissioner Abed requested a change to page three of the minutes from February 3, 2014 regarding his comment. The change was to clarify his statement that Commissioner Abed wants to be in compliance with SB244.

On motion of Commissioner Jacob, seconded by Alternate Commissioner Mackenzie, and carried unanimously by the Commissioners present; the Commission dispensed with reading the minutes of February 3, 2014 and approved the revised said minutes.

Item 3

Executive Officer's Recommended Agenda Revisions

Chairman Andrew Vanderlaan asked the Executive Officer if there were any agenda revisions. Executive Officer Michael Ott indicated that there were no agenda revisions.

Item 4

Commissioner / Executive Officer Announcements

Chairman Vanderlaan asked the Commission and Executive Officer if there were any agenda announcements. Michael Ott provided an update on Commissioner Pocklington's recovery. Mr. Ott also announced April's Agenda will be very large and will have some complex items to be reviewed and discussed.

Item 5

Public Comments

Chairman Vanderlaan asked the public if anyone requested to speak on an item that is not related to the agenda. He indicated that there were no speakers slips received from members of the public for comments.

Commissioner Vanderlaan opened the public hearing for Item 6.

Item 6

Five Year Sphere of Influence and Service Review: Deer Springs Fire Protection District (MSR/SR 13-64) and Valley Center Fire Protection District (MSR/SR 13-95);

John Traylor, Local Governmental Consultant provided a presentation for the Deer Springs and Valley Center Fire Protection Districts (FPD) to the Commission. Mr. Traylor informed the commissioners about the districts' overall services, governance, area coverage and sphere status. He indicated that the recommendation for the Deer Springs FPD and Valley Center FPD smaller-than-district spheres of influence be reaffirmed.

Commissioner Abed commented that City of Escondido supports these recommendations.

On motion by Commissioner Abed and seconded by Commissioner Jacob to approve Item 6 and was carried unanimously by the commissioners present, the Commission took the following actions:

- (1) Find in accordance with the Executive Officer's determination that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, sphere affirmations are not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA.
- (2) Find in accordance with the Executive Officer's determination that pursuant to Section 15306 of the State CEQA Guidelines, the service review is not subject to the environmental impact evaluation process because the service review consists of basic data collection, research, management, and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource. This

project is strictly for information gathering purposes as part of a study leading to an action which has not yet been approved, adopted, or funded.

- (3) For the reasons set forth in the *2012 Five-Year Sphere of Influence and Service Review*, adopt the written statements on file specifying the functions and classes of services and (1) affirm a *smaller-than-district* sphere for the Deer Springs FPD; and (2) affirm a *smaller-than-district* sphere for the Valley Center FPD.
- (4) Adopt the written Statements of Determinations as shown in Exhibit A.

Commissioner Vanderlaan closed the public hearing for Item 6.

Commissioner Vanderlaan opened the public hearing for Item 7.

Item 7A

Adoption of a Service-Specific Sphere of Influence Designation in Association with the Proposed “Rancho Santa Fe Community Services District Latent Power Activation for Security Services (SI[SS]13-28).

Item 7B

Proposed “Rancho Santa Fe Community Services Latent Power Activation (LPA(SS)13-28)

Michael Ott provided information and updates to the Commission about LAFCO requirements regarding Special District Latent Powers and Spheres of Influence.

Robert Barry provided a brief PowerPoint presentation to the Commission on the Rancho Santa Fe Community Services District’s (RSFCSD) proposal. Mr. Barry indicated the District proposes to request activation of latent powers for security services. He explained that the RSFCSD would like to enhance the security services to supplement public law enforcement. Mr. Barry also indicated that the RFSCSD is currently not authorized to provide security services and approval from LAFCO is required to activate the latent powers.

Mr. Barry also informed the Commission that the District’s information originally provided related to the costs for these services has increased from \$81,000 to \$126,000 annually. He indicated that the funding source would come from the District’s existing reserve funds and that sufficient revenues required may be available for the next twenty years.

Commissioners Jacob, Abed, Janney and Alternate Commissioner MacKenzie commented on issues and concerns related to the requirements the Commission needs to determine if the district will have sufficient long-term funding and planning to meet future services. Commissioner Jacob requested comments from Tom Bosworth,

LAFCO's Legal Counsel regarding the Commission meeting and the necessary legal requirements for this item.

Tom Bosworth, LAFCO Legal Counsel responded that it is within the Commission's discretion to determine the District's ability to provide adequate financing for these services. Mr. Bosworth suggested that the Commission could include an option to the staff recommendation to reflect that services would cease once funding is no longer available.

Commissioners Abed and Janney commented on estimated financial costs and service levels.

Chuck Duffy, General Manager for RSFCSD, requested to speak before the Commission to provide more clarification regarding the district's funding for the proposed services and to support the LAFCO staff's recommendations 1-5.

Ivan Holler, representative for the Rancho Santa Fe Association, requested to speak before the Commission in support of the staff recommendations 1 – 5.

Commissioner Vanderlaan closed the public hearing for Item 7A/B.

On motion by Commissioner Jacob and seconded by Commissioner Janney to approve Item 7A (staff recommendations 1 – 3) and was carried unanimously by the commissioners present the Commission took the following actions:

1. Concur in the determination by the Rancho Santa Fe Community Services district that this latent power activation is exempt from CEQA review pursuant to Section 15061(b)(3) of the State CEQA Guidelines because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and the activity is not subject to CEQA.
2. Find in accordance with the Executive Officer's determination, that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, this service-specific sphere of influence establishment is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and the activity is not subject to CEQA.
3. Determine that the activation of security services latent power is in conformance with the Five-Year Sphere of Influence and Service Review: North County Coastal (San Dieguito) Water and Wastewater Agencies (Ref No. MSR13-24, SR13-24) approved by LAFCO.

Item 7B

Proposed “Rancho Santa Fe Community Services Latent Power Activation (LPA(SS)13-28) (Cont.)

On motion by Commissioner Jacob and seconded by Commissioner Janney to approve Item 7B (staff recommendations 1 – 5) and was carried unanimously by the commissioners present, the Commission took the following actions:

1. Concur in the determination by the Rancho Santa Fe Community Services district that this latent power activation is exempt from CEQA review pursuant to Section 15061(b)(3) of the State CEQA Guidelines because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and the activity is not subject to CEQA.
2. Find in accordance with the Executive Officer's determination, that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, this service-specific sphere of influence establishment is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and the activity is not subject to CEQA.
3. Determine that the activation of security services latent power is in conformance with the Five-Year Sphere of Influence and Service Review: North County Coastal (San Dieguito) Water and Wastewater Agencies (Ref No. MSR13-24, SR13-24) approved by LAFCO.
4. Review and approve the proposed activation of the Rancho Santa Fe CSD's security services latent power within the proposed smaller-than-agency latent power activation area; establish a service-specific sphere for security services coterminous with the latent power activation area and authorize the Executive Officer to prepare related sphere determinations to establish the nature, location, and extent of the functions and class of services to be provided per Government Code Section 56425(i).
5. Determine that the Rancho Santa Fe CSD has demonstrated per Government Code Sections 56824.14 and 56668(j) that it will have sufficient revenues to provide security services to a smaller-than-agency designated area.

Item 8
FY 2012-13 LAFCO Audit

Michael Ott indicated Jennifer Farr, Auditor, Mayer Hoffman McCann, P.C. (MHM), will provide a brief presentation to the Commission about the FY 2012-13 LAFCO Audit and leave balance review findings to be received and filed by the Commission.

Jennifer Farr, informed the Commission that the financial statement audit for FY 2012-13 was finalized, presented to the Audit Committee and indicated that MHM issued an unmodified audit opinion which is a clean audit opinion, dated January 16, 2014. She stated that Governmental Accounting Standards Board (GASB) Nos. 63 and 63 were implemented in this audit but had no impact on the audit results presented. Ms. Farr reported that the Commission has successfully implemented past recommendations and provided information of MHM's review of LAFCO's fund balance and financial policies. Ms. Farr indicated there were no changes to the internal controls and accuracy of the leave system from previous audits. She noted that LAFCO staff will want to continue monitoring charges made by the County of San Diego to LAFCO's Budget.

On motion by Commissioner Abed and seconded by Alternate Commissioner MacKenzie to approve Item 8 and was carried unanimously by the commissioners present, the Commission took the following actions:

- (1) Receive the Audit Committee Report.
- (2) Receive a presentation from LAFCO staff and Jennifer Farr of MHM, P.C.
- (3) Receive and file LAFCO's FY 2012-13 audit and leave balance review prepared by Mayer Hoffman McCann, P.C.

Item 9
LAFCO Audit Contract Renewal

Michael Ott presented information and recommendations from the Audit Committee to authorize a renewal of Mayer Hoffman and McCann's Audit Services contract for the next three fiscal years with a provision to extend the contract for two additional fiscal years that would require Commission approval in 2017. He informed the Commission that this action would be in compliance with recent provisions to AB 1345 (Lara). Mr. Ott indicated the contract extension cost would result in an annual cost increase from \$7,200.00 to \$7,300.00 for FY 2013-14 and then increase \$50.00 for each additional year up to FY 2015-16.

On motion by Commissioner Alternate Commissioner MacKenzie and seconded by Commissioner Abed, and was carried unanimously by the commissioners present, the Commission took the following actions:

- (1) Review and accept the MHM contract extension proposal contained in Attachment 1;
- (2) Approve the Audit Committee's recommendation authorizing the Executive Officer to renew annual contracts with MHM, P.C to conduct audits and leave balance reviews for FY 2013-14, FY 2014-15, and FY 2015-16.
- (3) Include a provision in MHM's new contract containing an option to extend the contract covering audits in FY 2016-17 and FY 2017-18, pending subsequent Commission authorization.
- (4) Include in MHM's contract file, a copy of AB 1345 regarding contract renewal provisions/restrictions.

Item 10
2014 Legislative Status Report

Harry Ehrlich, Legislative Director provided a brief report to the Commission regarding the current Legislative activity. Mr. Ehrlich informed the Commission that the deadline to publish bills was in the previous week and he will continue to monitor and provide updates at the next meeting for those bills that will affect LAFCO governance.

No action by the Commission was required for this item.

There being no further business to come before the Commission, the meeting adjourned at 10:00 a.m. to the April 7, 2014 meeting, in Room 302, County Administration Center.

Ruth Arellano
Administrative Assistant
Local Agency Formation Commission