

**APPROVED
SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
APRIL 7, 2014**

There being a quorum present, the meeting was convened at 9:00 a.m. by Chairman Andrew Vanderlaan. Also present were: Regular Commissioners – Supervisor Bill Horn; Supervisor Dianne Jacob; Mayor Sam Abed; Mayor Jim Janney; Special District Member/Vice Chairman John Ingalls; Special District Member Bud Pocklington; Councilmember Lori Zapf. Alternate Commissioners – Public Member Harry Mathis; Special District Member Jo MacKenzie; City Councilmember Lorraine Wood. LAFCO Staff – Executive Officer Michael Ott, Local Government Analyst Robert Barry, Chief of Governmental Services Ingrid Hansen; Legislative Consultant Harry Ehrlich; Legal Counsel Thomas Bosworth; and Special Legal Counsel Michael Colantuono (Colantuono, Highsmith, and Whatley, PC). Absent were: Alternate Commissioners – Supervisor Greg Cox and Councilmember Sherri Lightner.

Item 1

Roll Call

The Commission Secretary performed the roll call for the April 7, 2014, LAFCO meeting. With the exception of Alternate Commissioners Supervisor Greg Cox and Councilmember Sherri Lightner, all other Commissioners present. Commissioner Lorie Zapf left at 9:40 am.

Item 2

Approval of Minutes of Meeting Held March 3, 2014

On motion of Commissioner Horn, seconded by Commissioner Janney, and carried unanimously by the Commissioners present; the Commission dispensed with reading the minutes of March 3, 2014 and approved 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

a. Distribution of the 50th Year LAFCo's 2013 Special Edition Procedures Guide

Chairman Andrew Vanderlaan asked the Commission and Executive Officer if there were any announcements. Commissioner Bud Pocklington thanked everyone for their prayers and thoughts during his time of surgery and recovery. Michael Ott re-introduced LAFCo's Special Counsel Michael Colantuono to the Commission. Mr. Ott indicated that Mr. Colantuono would be addressing issues related to Items 7A-7C on the agenda.

Mr. Ott said that the Commission approved the LAFCo Procedures Guide in 2013 and the final version has been distributed. He said that the Procedures Guide has been distributed to the Cities, Special Districts, and County. He indicated that this is a 50th Year Special Edition and that it is available for purchase for \$30. He distributed each Commissioner a copy of the Procedures Guide.

Item 5

Public Comments

Chairman Andrew Vanderlaan asked the public if anyone requested to speak on an item that is not related. He indicated that there was one speaker slip received from the public for comments.

Jack Griffiths, a private citizen, addressed the Commission regarding consolidation of Fallbrook Public Utility District and Rainbow Municipal Water District and requested that LAFCo terminate all actions. He also indicated that there will be a meeting held at the Rainbow Municipal Water District regarding consolidation.

Item 6

Proposed "Robert Ironside Reorganization" (Alpine Fire Protection District) (R013-45)

Michael Ott indicated that agenda Item 6 involves an annexation of 60.14-acres to the Alpine Fire Protection District with a detachment from San Diego Rural Fire Protection District. He asked the Commission to waive the staff presentation.

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

- (1) Find that the Commission, acting as a responsible agency, has considered the environmental effects of the project as shown in the attached mitigated negative declaration prepared by the County of San Diego. The mitigation is under the jurisdiction of the County and not LAFCO because the affected resources and the extension of public services continue to be the responsibility of the County and special districts since the subject territory will remain unincorporated; and
- (2) Adopt the form of resolution approving this reorganization for the reasons set forth in the Executive Officer's Report, waiving the Conduction Authority proceedings according to Government Code Section 56663(c), and ordering the reorganization subject to the following conditions:

Payment by the property owners of district fees, and State Board of Equalization charges.

Item 7A

Supplemental Municipal Service Review and Sphere of Influence Review: Study of Sewer, Water, and Recycled Water Services in the Bonsall and Pala Hydrologic Subareas of the San Luis Rey River Watershed
(MSR13-82; SR13-82; MSR13-88; SR13-88; MSR13-96; SR13-96)

Item 7B

Proposed Adoption of an Amendment to the Spheres of Influence for the Valley Center Municipal Water District (13-96)(a); Rainbow Municipal Water District (13-82)(b); and San Luis Rey Municipal Water District (13-88)(c). The sphere amendments are in association with the Supplemental Municipal Service Review and Sphere of Influence Review covered in Item 7A
(SA12-11(a); SA12-11(b); SA12-11(c))

Chairman Vanderlaan indicated to the Commission that the public hearing Items 7A, 7B and 7C would be presented all together and that each item would be voted upon separately.

Michael Ott indicated that agenda Items 7A and 7B are related the Five-Year Municipal Service Review and Sphere Review for the Bonsall and Pala Hydrological Sub-Area. He said that Item 7C is the Meadowood Reorganization that involves annexation to the Valley Center Municipal Water District and other jurisdictions. Mr. Ott said that Ingrid Hansen will provide a PowerPoint presentation and that LAFCO's Special Legal Counsel, Michael Colantuono would provide information related to taxation issues.

Ingrid Hansen, Chief of Governmental Services, provided a PowerPoint presentation. Ms. Hansen said that the Municipal Service and Sphere of Influence Review summary would cover six topics: (1) statutory provisions pertaining to the municipal service review requirement and sphere of influence review; (2) background information and procedures related to the municipal service review and sphere of influence study; (3) descriptions and information related to each subject agency; (4) analysis and conclusions resulting from the study; (5) details of both the proposed and recommended sphere changes; and (6) environmental review.

Ms. Hansen said that the Municipal Service Review and Sphere of Influence area surrounds a transit node of the I-15 corridor and State Route 76. She indicated that the proposed area includes special study areas in the Rainbow, San Luis Rey Municipal Water Districts and the northern portion of the Valley Center Municipal Water District. She said that the County planned for development in this region of the I-15 corridor for a number of years.

Ms. Hansen said that the Meadowood property owner entered into a pre-annexation agreement with Rainbow Municipal Water District but the district terminated the agreement after about a year reinforcing the position of elected board members that there would be no changes to the district or sphere. She stated that the property owner then approached the San Luis Rey Municipal Water District as a potential water and sewer provider and that a Municipal Service Review and Sphere of Influence proposal was prepared by the district. She said that the Meadowood Project was approved by the Board of Supervisors with Valley Center Municipal Water District being identified as the most logical service provider after San Luis Rey Municipal Water District withdrew its sphere of influence and municipal service review proposal.

Ms. Hansen indicated that in 2006 three lawsuits were filed against the EIR document that covered San Luis Rey Municipal Water District master's plan municipal service review and sphere proposal, and latent powers proposal for water and wastewater services. She indicated that San Luis Rey Municipal Water District had been preparing a master plan because it has no infrastructure and has not obtained the legal authority (latent powers activation) to provide water or sewer services; in addition, it is not a member agency of the San Diego County Water Authority and has no access to imported water.

Ms. Hansen stated that the San Luis Rey Municipal Water District engages in activities to protect and preserve groundwater resources and advocates for property owners' water rights. She said that the District petitioned the San Diego County Water Authority to gain membership but the application was denied. She said that the San Luis Rey Municipal Water District submitted terms and

conditions for the Meadowood Reorganization requesting payment for detachment fees; reimbursement of future property tax revenues and water availability / standby charges. She indicated that LAFCO staff does not support these requests since there will be no cost associated with the transfer of equipment, no continuation of service responsibility, and no bonded debt to be paid; in addition, research indicates that the water availability / standby charges do not meet the legal requirements to impose a fee because the district lacks latent powers to make water available to property owners.

Michael Colantuono, LAFCO, Special Legal Counsel, addressed the Commission regarding the following questions presented by LAFCO staff: (1) Does the San Luis Rey Municipal Water District ("District") have the authority to levy a water standby and availability charge to landowners, if the District neither provides nor has San Diego Local Agency Formation Commission ("LAFCO") authorization to provide or make available water or wastewater services? (2) Does the agreement between the County of San Diego and the Valley Center Municipal Water District that was negotiated pursuant to Revenue and Taxation Code section 99 ("Section 99 Agreement") preclude LAFCO from imposing equivalent to the District's collection of standby assessments and water availability charges, plus property taxes, over a 30-year period? (3) If the Section 99 Agreement does not preempt LAFCO's authority to reallocate revenue that is the subject matter of that agreement, does LAFCO have authority to impose the Requested Conditions?

Mr. Colantuono said that the San Luis Rey Municipal Water District has statutory authority to impose a water availability charge; however, the fact that the District neither provides nor has LAFCO authorization to provide or make water available or wastewater services renders it a special tax requiring voter approval. Mr. Colantuono indicated that the water availability charge is a charge collected on the property tax roll from individuals who do not currently receive water service and that it reflects the value to vacant parcels for future development. He said that the District does not provide water and it monitors groundwater quality and advocates property owners who own groundwater. He indicated that if the district wishes to maintain the revenue source they would need to hold an election (registered voters).

Mr. Colantuono said that LAFCO staff also asked if San Luis Rey Municipal Water District is entitled to account for the loss property tax revenues going forward notwithstanding the fact that there is a Revenue and Taxation Code Section 99 Agreement among the local agencies. He indicated that when the County of San Diego negotiated the 99 Agreement on behalf of the districts, San Luis Rey Municipal Water District had the opportunity to be heard and did not

participate at that time and that the issues were considered and cannot be addressed by the Commission retroactively.

Mr. Colantuono said that the question was further asked if LAFCO has the authority to impose the requested conditions. He indicated that the terms and conditions that the San Luis Rey Municipal Water District is requesting are risky and the risks are too high for the Commission to impose.

Commissioner Sam Abed asked what the significance is of the I-15 corridor being the physical bearer for delivering services. In response, to the question, Mr. Ott said that the staff recommendations would address the issue to resolve the I-15 corridor boundary discrepancy and the associated service boundary alignment changes.

Mr. Ott stated that several letters were submitted from the proponents and opponent regarding the agenda items. He said that letters were submitted by the Valley Center Municipal Water District; a letter from the law firm of, Procopio, Cory, Hargreaves, and Savitch LLP, representing Rainbow Municipal Water District. The law firm requests a deferral for the agenda items 7A, 7B, and 7C. Aleshire & Wynder LLP, Attorney at Law also submitted a letter representing San Luis Rey Municipal Water District.

Commissioner Lorie Zapf left at 9:40 a.m.

Chairman Andy Vanderlaan opened the public hearing for Items 7A, 7B and 7C. He indicated that there were several speaker slips from individuals with support and opposition that wished to provide comments to these items.

Gary Arant, General Manager, Valley Center Municipal Water District addressed the Commission in support of the items. He provided clarification to the previous question that Commissioner Abed asked and explained the boundary changes of the I-15 corridor related to the special study area. Mr. Arant addressed the Commission regarding the letter from Procopio, Cory, Hargreaves, and Savitch LLP concerning the request of a delay. He clarified that Valley Center Municipal Water District has not made a decision on changing how wastewater services would be provided to the Meadowood project. He said that the district has not made an agreement with the Rainbow Municipal Water District regarding the construction of a wastewater treatment plant and that there is only a Memorandum of Understanding between Valley Center and Rainbow for discussion of joint use of the facilities. Mr. Arant indicated that Valley Center Municipal Water District is bound by the project as approved by the County.

Dana Freihauf, San Diego County Water Authority; Bill Metcalf, Fire Chief, North County Fire Protection District; Wally Grabbie, Valley Center Municipal Water District; Jimmy Ayala, Property Owner; Alan Zegaus, Representative; Thomas

Steinke, Representative, supported the items, but wished not to speak with the Commission.

Jack Griffiths, Resident, addressed the Commission and provided comments regarding the water availability, building of a low grade sewer capacity storage facility and treatment plant for the area.

Supervisor Bill Horn asked Mr. Arant for clarification regarding the building of a treatment plant. In response, Mr. Arant indicated that a high grade on-site system will be constructed on the Meadowood project and for other development sites in the area and that a low grade treatment facility will not be built.

Supervisor Horn indicated that several issues should have been addressed regarding the I-15 corridor and the areas of the proposed project a long time ago and that the issues have been finally resolved and addressed by LAFCO staff and recommended that the Commission approve these items. Supervisor Horn said that the staff report was detailed and excellent and that he supports Items 7A, 7B and 7C.

Michael Ott, Executive Officer, addressed the Commission regarding the letter that was received from Greg Moser (not present) of Procopio, Cory, Hargreaves, and Savitch LLP. Mr. Ott said that Mr. Moser letter requested a deferral of Items 7A, 7B and 7C. He said that Mr. Moser addressed concerns and issues about the recommended exemption of a portion of the project from CEQA that involves a road corridor special study area and discussions that Valley Center Municipal Water District had with other entities regarding options of sewer services. Mr. Ott indicated that the County Board of Supervisor approved an onsite sewage system for the proposed project and that it is the only authorized method of sewage treatment disposal. Mr. Ott further noted that the CEQA exemption cited in the staff report pertains to realigning the boundaries of the Valley Center Municipal Water District, Vallecitos Water District, and Rainbow Municipal Water District to reflect the I-15 freeway alignment.

Wes Miliband, Representative, Aleshire & Wydner, LLP (San Luis Rey Municipal Water District), addressed the Commission in opposition to the items. Mr. Miliband addressed concerns and issues regarding the water availability charge, the Executive Officer's recommendations, and Statement and Determinations for the San Luis Rey Municipal Water District. He indicated that the district does not charge for a standby charge and that the district has a legal water availability charge that has been imposed on property owners in the area. He said that the district uses the special legislation Water Code 71630 that defines the district's abilities.

Supervisor Horn said that LAFCO does not have the authority to reimburse the district. He also asked how water availability fees could be charged if the district does not have the authority to sell water.

Mr. Colantuono indicated that according to the statute of the Water Code 71630, *a district by ordinance may...fix...in each fiscal year, a water standby assessment or availability charge in the district.* He indicated that San Luis Rey Municipal Water District's argument is even weaker if it believes its charge is a availability charge and not a standby charge, since the District did not receive voter authority as of July 1, 1997.

Supervisor Dianne Jacob asked LAFCO's Special Legal Counsel, Michael Colantuono, if the Executive Officer's recommendations in the staff report were legally defensible. In response, Mr. Colantuono indicated that the recommendations are legally defensible.

With no more speakers from the public and no further discussion from the Commission, on motion of Commissioner Horn, seconded by Pocklington to approve Items 7A and 7B, and 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 determination, that pursuant to Section 15306 of the State CEQA Guidelines, the municipal service review is not subject to the environmental impact evaluation process because the service review consists of basic data collection and research that will not result in a disturbance to and environmental resource;
- (2) Certify, pursuant to Section 15091 of the State CEQA Guidelines, that the Commission has reviewed and considered the attached EIR. The mitigation measures approved by the Board of Supervisors for the impacts identified in the attached EIR have been adopted by the County of San Diego, and that the mitigation is under the jurisdiction of the County and not LAFCO because the affected resources and the extension of public services will continue to be the responsibility of the County and special districts since the subject territory will remain unincorporated;
- (3) Adopt, pursuant to Section 15096(h) of the State CEQA Guidelines, the Findings of Fact and Statement of Overriding Considerations previously adopted by the County of San Diego as lead agency, as shown in Exhibit 1;
- (4) Find, in accordance with the Executive Officer's determination, that pursuant to Section 15061(b)(3) of the State CEQA Guidelines removing

- the I-15 Special Study Area designation and adjusting the Rainbow Municipal Water District, Valley Center Municipal Water District, and Vallecitos Water District spheres not subject to the environmental impact evaluation process because it can be seen with certainty that there is not possibility for the proposed project to significantly impact the environment, and the activity is not subject to CEQA;
- (5) Find that the reorganization is in compliance with LAFCO Policy L-101 in that the project would promote the planned, orderly, efficient development of the property based on conclusions reached in the environmental document because adjacent projects are bringing infrastructure to the area;
 - (6) Accept the proposed Supplemental Municipal Service Review and Sphere of Influence Review for the Bonsall and Pala Hydrologic Subareas, and adopt the required Determinations as outlined in the document and also include as Attachments A-C;
 - (7) Amend the Rainbow Municipal Water District sphere as shown on Map 7 to include the non-contiguous portion of the San Luis Rey Municipal Water District, the Warner Property, as well as three areas located north of San Luis Rey Municipal Water District and south of Rainbow Municipal Water District in the Rainbow Municipal Water District sphere as well as changes consistent with resolution of the I-15 Special Study Area, and adopt the written Statement of Determinations as proposed in Exhibit A, attached hereto;
 - (8) Amend the sphere of influence for the San Luis Rey Municipal Water District as presented in Option 2 to exclude the District's non-contiguous territory and the Meadowood Project site from the sphere and adopt a coterminous sphere for the remainder of the District as shown on Map 5, and adopt the written Statement of Determinations as proposed in Exhibit B, attached hereto;
 - (9) Amend the Valley Center Municipal Water District to include the entire Meadowood Project site as well as changes consistent with resolution of the I-15 Special Study Area, as shown on Map 8, and adopt the written Statement of Determinations as proposed in Exhibit C, attached hereto;
 - (10) Remove the Special Study Area designation and make the following changes (Map 6):

- (a) Place Rainbow Municipal Water District territory located east of I-15 in the Valley Center Municipal Water District sphere;
 - (b) Include Valley Center Municipal Water District territory located west of I-15 in the Rainbow Municipal Water District sphere; and
 - (c) Add Vallecitos Water District's territory located east of I-15 to Valley Center Municipal Water District's sphere;
- (11) Direct the San Luis Rey Municipal Water District to consider rescinding the standby assessment / water availability charge immediately and reimburse property owners retroactively for the maximum time period authorized under State Law, and report back with the results within five years after LAFCO approval of this Municipal Service Review / Sphere Review; and
- (12) For the reasons set forth in this report, adopt the form of resolution approving this Municipal Service Review and Sphere of Influence Study for the Bonsall and Pala Hydrologic Subareas.

Item 7C

Proposed "Meadowood Reorganization"

(Valley Center Municipal Water District) (RO12-11)

Ingrid Hansen indicated that this proposal involves annexation to the Valley Center Municipal Water District, San Diego County Water Authority, Metropolitan Water District of Southern California, and North County Fire Protection District, with a concurrent detachment from the San Luis Rey Municipal Water District and a divestiture removal from the structural fire protection and emergency medical services zone of the County Service Area No. 135 that would avoid an overlap of service responsibility between the districts.

Ms. Hansen indicated that the Meadowood Reorganization is located in the San Luis Rey Municipal Water District and that it does not deliver water; therefore, the property will be detached from the district. She said that the development plans include constructing 355 single family homes; 164 detached condominiums; 325 townhomes; a park and recreation center; an elementary school; and 50 acres retained for agricultural use. She also said that the availability of reliable and adequate long term water will be sufficient for future development in the area.

Commissioner Vanderlaan closed the public hearing after asking if there were any public comments.

Commissioner Jim Janney left at 10:08 a.m.

On motion by Commissioner Pocklington and seconded by Commissioner Horn to approve Item 7C involving annexation to the Valley Center Municipal Water District San Diego County Water Authority, Metropolitan Water District of Southern California, and North County Fire Protection District, with a concurrent detachment from the San Luis Rey Municipal Water District and a divestiture (removal) from the structural fire protection and emergency medical services zone of the County Service Area No. 135 that would avoid an overlap of service responsibility between the districts. The motion carried unanimously by the commissioners present (Vanderlaan, Ingalls, Abed, Horn, Jacob, and Pocklington) with the Commission taking the following actions:

- (1) Certify, pursuant to Section 15091 of the State CEQA Guidelines, that the Commission has reviewed and considered the attached EIR. The mitigation measures approved by the County of San Diego for the impacts identified in the attached EIR have been adopted by the County, and that the mitigation is under the jurisdiction of the Districts and not LAFCO because the affected resources and the extension of public services will be within the boundaries of the Districts upon annexation;
- (2) Adopt, pursuant to Section 15096(h) of the State CEQA Guidelines, the Findings of Fact and Statement of Overriding Considerations previously adopted by the County of San Diego as lead agency, as shown in Exhibit 1;
- (3) Find that the reorganization is in compliance with LAFCO Policy L-101 in that the project would promote the planned, orderly, efficient development of the property based on conclusions reached in the environmental document because adjacent projects are bringing infrastructure to the area;
- (4) In accordance with State Law, the Commission will waive protest proceedings unless written opposition to the proposal from landowners or registered voters in the affected territory is received before the conclusion of the commission proceedings because mailed notice has been given to the subject landowners and registered voters of the proceedings and the notice disclosed that there is potential for the extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency in the affected territory; and

- (5) Adopt the form of resolution approving this reorganization for the reasons set forth in the Executive Officer's Report, delegating to the Executive Officer of the Local Agency Formation Commission the responsibility for holding protest proceedings if protest has been submitted prior to the conclusion of the commission proceedings, subject to the following terms and conditions:

Valley Center Municipal Water District

- 1) Pardee Homes shall pay all costs and fees associated with the proposed Meadowood Reorganization, including but not limited to the following:
 - a) All Valley Center Municipal Water District annexation and processing fees and charges; and
- 2) All water, wastewater, and recycled water service to the Proposed Territory for ownership and operation by Valley Center Municipal Water District shall be subject to, and in accordance with, the rules and regulations for Valley Center Municipal Water District; and
- 3) The area to be annexed to Valley Center Municipal Water District shall be subject to all special taxes, fees, charges, and assessments currently applicable to Valley Center Municipal Water District, San Diego County Water Authority, and Metropolitan Water District of Southern California and/or other agency charges.
- 4) The area to be annexed to Valley Center Municipal Water District shall be subject to all ad valorem property taxes, assessments, fees, and Standby/Availability charges that apply to Valley Center Municipal Water District and relate to the area to be annexed to Valley Center Municipal Water District that are in existence on the effective date of the Meadowood Reorganization; and
- 5) The area to be annexed to Valley Center Municipal Water District shall be subject to taxation after annexation thereof including the payment of principal and interest on bonds and other obligations of Valley Center Municipal Water District and/or outstanding at the time of annexation, in the same manner as if the annexed area had always been part of Valley Center Municipal Water District.

North County Fire Protection District

- 1) Prior to recordation of the Meadowood Reorganization, Pardee shall enter into an agreement with the District establishing the timing for payment to the District the following annexation fees:
 - a) \$1,000 for each acre or portion of an acre within Meadowood. \$390,000 to be paid to District upon the annexation becoming final.
 - b) \$500 for each dwelling unit within Meadowood to be paid to the District as each building permit is issued by the County for a residential unit within Meadowood.
 - c) \$1,000 for any commercial/industrial structure. \$1,000 to be paid to District as each building permit is issued by the County for a commercial or industrial building within Meadowood.
- 2) Pardee agrees to file an application with the County of San Diego and pursue County's processing and approval of the application to form a CFD/Mello Roos district (or a similar funding mechanism) that will collect and pay to the District an amount no greater than 5% of the 1% real property taxes disbursed by the State of California to the County of San Diego. These CFD/Mello Roos funds will supplement the portion of the real property taxes that the District currently receives as a disbursement from the County of San Diego for District operating and maintenance expenses (as per tax exchange rate agreement previously approved by the Board of Supervisors in the year 2013).
- 3) District agrees that the Meadowood Community will not be subject to existing bonded indebtedness or contractual obligations because no such indebtedness or obligation exists, or will exist, at the time the Meadowood Reorganization will become final.

LAFCO

- 1) Annexation to the Metropolitan Water District of Southern California (MET) and the San Diego County Water Authority (CWA) subject to the terms and conditions of the MET and CWA.

- 2) Removal/divestiture of the entire Meadowood ownership consisting of 390[±] acres from the fire and emergency medical services zone of County Service Area No. 135 is contingent upon annexation of that territory to the North County Fire Protection District.

Item 8

Proposed/Final FY 2014-15 LAFCO Budget

Chairman Vanderlaan opened the public hearing.

Michael Ott presented the Proposed/Final FY 2014-15 LAFCO Budget to the Commission. He said that there will be a budget reduction of about \$40,000 based on the gross appropriations for FY 2014-15. Mr. Ott indicated that the expenditures will decrease for FY 2014-15 due to the staffing reductions and completion of the Records Management project.

Mr. Ott said that the Commission adopted the FY 2013-14 budget and modified it in mid-year after the County enacted a new wage and benefit plan for its employees and said that the plan was ratified by LAFCO. He said that the FY 2014-15 baseline budget includes actions that the Commission authorized in FY 2013-14 (e.g., 2% one—time pay and benefit adjustment, plus 2% one—time performance—based pay for one position). He also indicated that the FY 2014-15 proposed Salaries and Benefits figures include provisions for a 1% performance—based increase and a 1% equity adjustment that the County approved for its employees.

A motion to approve the budget was made by Commissioner Abed and seconded by Commissioner Pocklington.

Supervisor Jacob asked for clarification that the salary recommendations for the Executive Officer will be determined by the Performance Review Committee. Mr. Ott indicated that as with all staff, the salaries for employees are determined through a performance review process. Supervisor Horn indicated that the staffing schedule is labeled “proposed” for that purpose. Supervisor Jacob’s comments were included in the motion.

Chairman Vanderlaan closed the public hearing.

With no speakers from the public and no further discussion from the Commission, on motion of Commissioner Abed, seconded by Pocklington, and carried unanimously by the commissioners present (Vanderlaan, Ingalls, Pocklington, Horn, Jacob, and Abed), the Commission took the following actions:

- (1) Open the hearing on the Proposed/Final FY 2014-15 LAFCO Budget and close the hearing after receiving public comments; and
- (2) Adopt the Proposed/Final FY 2014-15 Budget and direct the Executive Officer to implement all related budget recommendations in the staff report, including but not limited to:
 - (a) Direct the County Auditor/Chief Financial Officer to request payment from the Board of Supervisors and each city and independent district no later than July 1, 2014 for the amount owed and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity (Government Code Section 56381).
 - (b) Authorize the Executive Officer and the County Auditor/Chief Financial Officer to determine an appropriate method of collecting the required payment if payment is not remitted within 60 days. Per State Law, the Executive Officer may request the Auditor to collect an equivalent amount from the property tax or any fee or eligible revenue owed to the County, City, or District. Any expenses incurred by the Commission or Auditor in collecting late payments shall be added to the payment owed the Commission [Government Code Section 56381(c)]. Request the Auditor to use the budget adoption date as the basis for selecting the most recent editions of the accounting publications that must be used under State Law to prepare the cost apportionment allocation.
 - (c) Ratify the continuation of approved fund balance designations supporting the waiver of associated LAFCO processing fees for the dissolution of the Julian–Cuyamaca, Pine Valley, and Rural Fire Protection Districts and related expansion of County Service Area No. 135 latent powers (fire protection and emergency medical services), Santa Fe Fire Protection District, reorganization of County Service Area No. 115 (Pepper Drive); and the Greenwood Memorial Park Cemetery Island Reorganization proposal.
 - (d) Ratify the continuation of the fund balance designations and amount of funds contained within each designation for application in FY 2014-15.
 - (e) Direct the Executive Officer to make conforming changes to LAFCO's fund balance designations based on amounts added to or removed from associated fund balance accounts, and to advise the Commission upon make such changes.
 - (f) Authorize the transfer of unspent funds from LAFCO's FY 2013-14 and FY 2014-15 Budgets to Account 46726 (Special Projects Trust Fund)

and direct the Executive Officer to inform the Commission of the amount of the fund transfer during the quarterly budget update.

- (g) Direct the Executive Officer to make appropriations adjustments and fund transfers (additions or deletions, services and supplies adjustments, and staffing level changes) to contain LAFCO's FY 2014-15 gross cost of \$1,723,121 and net cost of \$1,395,035.
- (h) Authorize the implementation of the FY 2014-15 Proposed Staffing Schedule per Figure 3; establish a maximum cap for performance-based (merit) increase for staff not to exceed 1% of annualized salary (overall performance ratings for LAFCO staff must be at an above-standard level for eligibility);
- (i) Authorize the Executive Officer to direct the County Auditor to establish LAFCO's budget and appropriations at the gross and net levels contained in Figures 1–3 of the Proposed/Final FY 2014-15 LAFCO Budget.
- (j) Ratify the application of the County of San Diego's Employer and Employee Retirement Contribution Rates and Compensation Ordinance Amendments per in attached March 11, 2014 staff report (Attachment 1). Ratification will result in the compensation and benefit adjustments for comparable LAFCO positions with the following labor code designations: EM/SD1 (Exec. Officer); MA/SD2 (Asst. Exec. Officer, Chief Analyst, Analyst III; CE/SD6 (Exec. Asst., Admin. Asst., Admin Aide); CE/SD2 (Local Governmental Analyst I & II; PS/SD5 (Records Clerk, Graphic Arts Specialist; SD0 (Student Worker). Specifically, this action will result in the following:
 - 1. 1% equity salary adjustment for LAFCO employees in job codes/classifications designated SD1, SD2, SD6, effective June 27, 2014.
 - 2. 2% across the board salary increase in job codes/classifications designated SD2 and SD6, effective June 26, 2015 and 2%, effective June 24, 2016.
 - 3. Base pay increase for all eligible employees (SD1, SD2, and SD6) as even exchange for the remaining retirement offset elimination, effective June 9, 2017.
 - 4. Per the amounts specified in the County of San Diego's March 11, 2014 memorandum (Attachment 1), increase the contribution to LAFCO employee Flexible Benefits comparable to similar county

positions with the following labor code designations: EM/SD1 (Exec. Officer); MA/SD2 (Asst. Exec. Officer, Chief Analyst, Analyst III; CE/SD6 (Exec. Asst., Admin. Asst., Admin Aide); CE/SD2 (Local Governmental Analyst I & II; PS/SD5 (Records Clerk, Graphic Arts Specialist; SD0 (Student Worker), effective January 1, 2016 and January 1, 2017.

5. Per the County of San Diego's March 11, 2014 memorandum (Attachment 1), eliminate the LAFCO/County retirement offset contributions on June 9, 2017 for all LAFCO job classifications.

Item 9

“Harmony Grove Villiage Reorganziation” [County Service Area No. 107 (Elfin Forest/Harmony Grove); Rincon del Diablo Municipal Water District” (RO13-47)

“Amendment to the Sphere of Influence for Rincon Del Diablo Municipal Water Dstrict” (SA13-47)

Michael Ott, provided introductory information to the Commission regarding Item 9. Mr. Ott said that Robert Barry will provide brief information and that this is an information item and no action is required.

Robert Barry, Local Governmental Analyst III, provided a brief report to the Commission. Mr. Barry said that the proposed area involves two areas: (1) Proposal Area 1 involves a detachment from the San Marcos Fire Protection District and concurrent annexation to County Service Area No. 107; and (2) Proposal Area 2 involves a detachment from Vallecitos Water District and concurrent annexation to Rincon Del Diablo Municipal Water District. He indicated that the reorganization consists of two parcels that will consolidate for the provison of fire protection and water services. This was an information item and no action was required by the Commission.

Item 10**“Crest Drive–Keller Annexation” to the
San Diego County Sanitation District (DA14-02)**

Michael Ott explained to the Commission that Item 10 involves an annexation to obtain sewer services. He asked the Commission to waive the staff presentation. This was an information item and no action was required by the Commission.

Item 11**April 2014 Legislative Status Report**

Harry Ehrlich, Director of Legislative provided an update to the Commission regarding the current state legislation. He informed the Commission that two new bills have been introduced. Mr. Ehrlich provided details on the new bills impacting LAFCOs and recommended the Commission for a Watch position. The Commission accepted the report.

There being no further business to come before the Commission, the meeting adjourned at 10:21 a.m. to the May 5, 2014 meeting, in Room 302, County Administration Center.

**Tamaron Luckett
Administrative Assistant
San Diego Local Agency Formaiton Commission**