

**APPROVED
SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
APRIL 8, 2013**

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, Supervisor Bill Horn (left at 10:00 a.m.), Mayor Jim Janney, Mayor Mark Lewis, Special District Members John Ingalls, Bud Pocklington and Councilmember Lorie Zapf (arrived at 9:03 a.m.). Alternate Commissioners – Jo MacKenzie, and Mayor Sam Abed (arrived at 9:04 a.m./left at 10:05 a.m.), and Public Member Harry Mathis. LAFCO Staff – Executive Officer Michael Ott, Assistant Executive Officer Shirley Anderson, Local Governmental Analyst Robert Barry, and Legal Counsel Thomas Bosworth. Absent were: Alternate Commissioners – Councilmember Sherri Lightner and Supervisor Greg Cox.

Item 1

Roll Call

The Commission Secretary performed the roll call for the April 8, 2013, LAFCO meeting. With the exception of Alternate Commissioners Cox and Lightner, all other commissioners were present.

Item 2

Approval of Minutes of Meeting Held March 4, 2013

On motion of Commissioner Pocklington, seconded by Commissioner Janney and carried unanimously by all other commissioners present; the Commission dispensed with reading the minutes of March 4, 2013 and approved said minutes.

Item 3

Executive Officer's Recommended Agenda Revisions

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

Item 4

Commissioner / Executive Officer Announcements

Chairman Vanderlaan asked the Commission and Executive Officer if there were any announcements. Executive Officer, Michael Ott announced Commissioner Lewis will be leaving as a LAFCO Commissioner effective May 6, 2013. Mayor Lewis thanked LAFCO staff for their excellence and professionalism and the commissioners for their leadership and expressed his enjoyment serving with them for many years.

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 no requests from the public for comments.

Item 6
Proposed “Peaceful Valley Ranch Reorganization” (San Diego County Water Authority and Metropolitan Water District of Southern California) (RO12-04)

Chairman Vanderlaan noted there was one speaker slip received in support of this Item, by Dennis Moser. Mr. Moser later declined to speak unless there were questions.

On motion by Commissioner Jacob and seconded by Commissioner Horn, to approve Item 6 and was carried unanimously by the commissioners present, the Commission took 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 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; and
- (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 A; and
- (3) Adopt 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 conditions:

Otay Water District:

- (a) Payment by property owner of district fees, and State Board of Equalization charges.

Metropolitan Water District of Southern California:

- (a) That the terms and conditions as ordered by Board of Directors of the Metropolitan Water District of Southern California shown on Attachment D be conditioned for the concurrent annexation to said Metropolitan Water District of Southern California and the San Diego County Water Authority, of the Peaceful Valley Ranch, as described in Otay Water District Resolution No.

3992, excluding the 8.3 acre parcel, which is a portion of Parcel 4 of Parcel Map No. 16190.

San Diego County Water Authority:

- (a) Pursuant to Section 5.2 of the County Water Authority Act, the San Diego County Water Authority shall impose standby charges to the properties to be annexed and the property owners shall sign a consent agreement regarding the payment of standby charges.
- (b) That the property owner acknowledges and agrees to participate in any required Proposition 218 action, and will not oppose the imposition of any special taxes, fees, charges, and assessments currently applicable to the San Diego County Water Authority and any applicable service area.
- (c) That the Board of Directors of Metropolitan, subject to the following terms and conditions, does hereby grant the application of the governing body of SDCWA for consent to annex Peaceful Valley Ranch Annexation to Metropolitan and does hereby fix the terms and conditions of such annexation:

Section 1. The annexation of said area to SDCWA shall be made concurrently with the annexation thereof to Metropolitan, and all necessary certificates, statements, maps, and other documents required to be filed by or on behalf of SDCWA to effectuate the annexation shall be filed on or before December 31, 2012.

Section 2. Prior to filing a request for a Certificate of Completion of the annexation proceedings with LAFCO, SDCWA shall submit a certified copy of LAFCO's resolution approving the annexation to the member agency, and shall pay to Metropolitan in cash approximately \$620,238.80, if the annexation is completed by December 31, 2011. The annexation fee of \$5,000 for processing this annexation was received prior to approval. The annexation charge is calculated by the per-acre method based on the net acreage. If the annexation is completed during the 2012 calendar year, the annexation charge will be calculated based on the then current rate, in accordance with Metropolitan's Administrative Code Section 3300.

Section 3.

- a. Metropolitan shall be under no obligation to provide, construct, operate, or maintain feeder pipelines, structures, connections, and other facilities required for the delivery of water to said area from works owned or operated by Metropolitan.
- b. SDWA shall not be entitled to demand that Metropolitan deliver water to SDCWA for use, directly or indirectly, within said area, except for domestic or municipal use therein.

- c. The delivery of all water by Metropolitan, regardless of the nature and time of use of such water shall be subject to the water service regulations, including rates promulgated from time to time by Metropolitan.
- d. Except upon the terms and conditions specifically approved by the Board of Directors of Metropolitan, water sold and delivered by Metropolitan shall not be used in any manner which intentionally or avoidably results in the direct or indirect benefit of areas outside Metropolitan, including use of such water outside Metropolitan or use thereof within Metropolitan in substitution for other water outside Metropolitan.

Section 4. The area within the newly created window area, in accordance to MWD Administrative Code Section 3201, shall be monitored by the local water purveyor, currently Otay Municipal Water District, for illegal connections or other illicit use of water outside of the service area boundaries.

Item 7

Proposed “Alpine High School Annexation” (San Diego County Sanitation District) (RO12-04)

On motion by Commissioner Jacob and seconded by Commissioner Horn, to approve Item 7 and was carried unanimously by the commissioners present, the Commission took the following actions:

- (1) Certify, pursuant to Section 15091 of the State CEQA Guidelines, that the Commission has reviewed and considered the attached PEIR. The mitigation measures approved by the Grossmont Union High School District for the impacts identified in the attached PEIR have been adopted by the Grossmont Union High School District, 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; and
- (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 Grossmont Union High School district as lead agency, as shown in Exhibit A; and
- (3) Adopt 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 conditions:

Payment by property owner of San Diego County SD annexation fees, capacity fees and sewer service fees, and State Board of Equalization charges.

Chairman Vanderlaan opened the public hearing for Items 8A/B.

Item 8A

Proposed “Adoption of an Amendment to the Sphere of Influence for the San Diego County Sanitation District in Association with the Proposed “917 N. 1st St Reorganization (City of El Cajon) (SA12-01)

Item 8B

Proposed “917 N. 1st St Reorganization (City of El Cajon Detachment, with Annexation to the San Miguel Fire Protection District, County Service Area 69 (Heartland Paramedics), County Service Area 135 (San Diego Regional Communications) and the San Diego County Sanitation District) (RO12-01)

Michael Ott indicated Items 8A and 8B were continued public hearing items from a previous meeting held on February 4, 2013. Robert Barry, Local Governmental Analyst presented new information to the Commission regarding the issues addressed at the February 4, 2013 meeting related to services and property tax exchanges for this proposal. He indicated there was no longer any opposition from San Miguel Fire Protection District.

Chairman Vanderlaan closed the public hearing for Items 8A and 8B.

On motion by Commissioner Jacob and seconded by Commissioner Pocklington, to approve Items 8A and 8B and was carried unanimously by the commissioners present, the Commission took the following action:

- (1) Find in accordance with the Executive Officer's determination, that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, the reorganization is not subject to the environmental impact evaluation process because *it can be seen with certainty that there is no possibility that the reorganization may have a significant effect on the environment; and*
- (2) Amend the sphere of influence of the San Diego County Sanitation District and adopt the written Statement of Determinations as shown in Exhibit A; and
- (3) Adopt the form of resolution approving this minor sphere amendment and 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 conditions:

Payment by property owner of San Diego County Sanitation District annual sewer service charge and connection fee, applicable fire district annexation fees, and State Board of Equalization charges.

Chairman Vanderlaan opened the public hearing for Item 9.

Item 9

Five-Year Sphere of Influence and Service Review: County Service Areas (CSA): CSA No. 26 (Rancho San Diego); CSA No. 81 (Fallbrook Local Parks); CSA No. 83 (San Dieguito Local Parks); CSA No. 122 (Otay Mesa East); CSA No. 128 (San Miguel); and CSA No. 136 (Sundance Detention Basin)

Shirley Anderson, Assistant Executive Officer, provided a report to the Commission regarding the Five-Year Sphere of Influence and Service Review and Proposed Affirmations of Spheres. She indicated the report includes the following County Service Areas (CSA) Nos. 26, 81, 83, 122, 128 and 136.

CSA No. 26 (Rancho San Diego): Formed in 1970 to fund planning activities for the developing Rancho San Diego area east of La Mesa and Lemon Grove. Services currently provided are landscape, open-space maintenance and parks and recreations services as latent powers. All services within CSA No. 26 are administered by the County Parks and Recreation Department. LAFCO adopted a coterminous sphere of influence in 1985 and it was reaffirmed in 2007. No sphere or jurisdictional changes are recommended at this time. It has a coterminous sphere and it is recommended that it be affirmed.

CSA No. 81 (Fallbrook Local Parks): Established in 1976 to fund maintenance and operation of local parks in the unincorporated communities of Fallbrook and Rainbow. All services are administered by the County Parks and Recreation Department. No sphere or jurisdictional changes are recommended at this time. It has a coterminous sphere and it is recommended that it be affirmed.

CSA No. 83 (San Dieguito Local Parks): Formed in 1976 to fund maintenance and operation of seven local parks in the unincorporated coastal community of San Dieguito. Significant territory was detached from the CSA in 1985 with the incorporation of the Cities of Encinitas and Solana Beach. All services are administered by the County Parks and Recreation Department. No sphere or jurisdictional changes are recommended at this time. It has a coterminous sphere and it is recommended that it be affirmed.

CSA No. 128 (San Miguel): Formed in 1991 as a successor agency from the reorganization of the Spring Valley Recreation and Park District to provide school-based recreation programs and local parks maintenance within the Spring Valley Community Plan area. All services are administered by the County Board of Supervisors along with a community input Advisory Board. No sphere or jurisdictional changes are recommended at this time. It has a coterminous sphere and it is recommended that it be affirmed.

CSA No. 122 (Otay Mesa East): Formed in 1987 near the U.S. and Mexico boundary to fund the planning activities to allow for planning infrastructure for wastewater, flood control and road construction. The district function will terminate when planning activities are concluded and outstanding district expense liability is satisfied. All services are administered by the County Department of Public Works. It has a zero/transitional sphere that acknowledges the intended future dissolution of the District

and was affirmed in 2007 District administrators' response to the 2012 Sphere of Influence and Service Review included a declaration, that district dissolution is imminent and will be initiated by the Board of Supervisors in the near future. It is recommended that the zero/transitional sphere be affirmed.

CSA No. 136 (Sundance Detention Basin): Formed in 1991 to maintain a flood control detention basin in the unincorporated community of Lakeside. Services provided are school-based recreation programs and local parks maintenance within the Spring Valley Community Plan area. All services are administered by the County Department of Public Works. No sphere or jurisdictional changes are recommended at this time. It has a coterminous sphere and it is recommended that it be affirmed.

Chairman Vanderlaan closed the public hearing for Item 9.

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

- (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.
- (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 affirm coterminous spheres for CSA No. 26 (Rancho Santa Fe); CSA No. 81 (Fallbrook Local Parks); CSA No. 83 (San Dieguito Local Parks); CSA No. 128 (San Miguel); CSA No. 136 (Sundance Detention Basin); and a zero/transitional sphere for CSA No. 122 (Otay Mesa East).
- (4) Direct the Executive Officer to prepare written Statements of Determinations and associated resolutions, consistent with the recommendations in the April 8, 2013 LAFCO staff report.

Chairman Vanderlaan opened the public hearing for Item 10.

Item 10

Proposed/Final FY 2013-14 LAFCO Budget

Michael Ott presented the Proposed/Final FY 2013-14 LAFCO Budget to the Commission. Mr. Ott informed the Commission there will be a proposed net decrease of \$6,792 for the FY 2012-13 Budget associated with the completion of the Sphere of

Influence and Municipal Service Reviews and the allocation of fund balance monies to cover costs associated with fire agency reorganization and island elimination projects in the upcoming fiscal year. He provided descriptions of the proposed FY 2013-14 work programs and emphasized changes and projects pertaining to the following categories: (1) Jurisdictional Analysis and Proposal Review; (2) Municipal Service and Sphere Review; (3) Special Studies; (4) Reports and Publications; (5) Legislative and Statutory; (6) Operational and Administrative; (7) Personnel and Staffing; (8) Communication; (9) Outreach and Support; and (10) Policy Development.

Questions and comments from Chairman Vanderlaan, Vice Chairman Ingalls, Commissioners Pocklington, Horn, Jacob, Janney, Zapf and Alternate Commissioner Abed and Executive Officer Michael Ott pertained to clarification of revenues and expenditures, fees, pensionable obligations, apportionment, contingency reserves, policy guidelines and special project costs. Commissioner Jacob thanked Mr. Ott for providing a detailed budget report. Chairman Vanderlaan expressed his thanks and acknowledged the instrumental efforts made by LAFCO staff, Shirley Anderson and John Traylor, the County of San Diego, Supervisor Horn, Supervisor Jacob, Ralph Steinhoff and Ken Miller with the Fire and Emergency Services special projects.

Commissioner Jacob indicated that while a net cost decrease is projected for FY 2013-14, LAFCO's total expenses will actually increase in FY 2013-14, compared to FY 2012-13. Mr. Ott concurred and indicated that LAFCO's costs are apportioned to local agencies based on net costs; however, the matter could be clarified in the Budget discussion.

Commissioner Jacob put a motion on the floor and seconded by Commissioner Pocklington, and carried unanimously by the commissioners present, the Commission took the following actions:

- (1) To approve the FY 2013-14 Budget, with the following requested changes: a) On the first line of the report summary, change *from a net reduction to an increase in total costs of \$56,938*; b) change page 10 under Conclusion, *from a net budget decrease to a total expense increase of \$56,938*; and c) Page 11, under Recommended (2)(g) add that LAFCO's net cost will be \$1,397,440, and total expenses will be \$1,671,170 in FY 2013-14, and
- (2) Adopt the Proposed/Final FY 2013-14 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 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) Authorize the Executive Officer to waive the associated LAFCO processing fees for the dissolution of the Julian-Cuyamaca, Pine Valley, and Rural FPDs and related expansion of CSA No. 135's latent powers (fire protection and emergency medical services), and the Greenwood Memorial Park Cemetery Island Reorganization proposal.
- (d) Direct the Executive Officer and LAFCO's Audit Committee to develop a fund allocation policy/procedure in conformance with GASB 54 and report back to the full commission with associated recommendations prior to allocating/transferring special project fund balance to cover operational costs in FY 2013-14.
- (e) Authorize the transfer of unspent funds from LAFCO's FY 2012-13 and FY 2013-14 Budgets to Account 46726 (Special Projects Trust Fund) and direct the Executive Officer to inform the Commission of the specific amount of the fund transfer. The estimated amount of the FY 2012-13 fund transfer is \$82,331.
- (f) Contingent on LAFCO approval of the fund allocation policy/procedure per recommendation 2(d), authorize a transfer of FY 2013-14 funds up to \$175,000 from LAFCO's Special Project Trust Fund to cover fee waivers associated with a possible fire agency reorganization project involving (but not limited to) dissolution of the Julian-Cuyamaca FPD, Rural FPD, and Pine Valley FPD, and expansion of CSA No. 135's fire and EMS latent powers; and elimination of the Greenwood Memorial Park Cemetery Island (City of San Diego).
- (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 net cost at no more than the budgeted amount for FY 2013-14 (\$1,397,440) and total expenses at no more than budgeted amount for FY2013-14 (\$1,671,170).
- (h) Authorize the implementation of the FY 2013-14 Proposed Staffing Schedule per Figure 2; establish a maximum cap for performance-based (merit) increase for staff not to exceed 5% of annualized salary (overall performance ratings for LAFCO staff must be at an above-standard level for eligibility); include in the budget 5.25% for a length of service salary

adjustment associated with payment in lieu of retirement contribution offset for the Executive Officer position per Article 5.7 of the County's Compensation Ordinance; and apply FY 2013-14 county benefit plan changes to LAFCO staff positions, including but not limited to health insurance premium changes, employee/county contributions for health insurance, retirement plan participation, etc. Direct the Executive Officer to make related technical changes to LAFCO's Benefits and Compensation Summary per the items listed in recommended action 2(h).

- (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 Figure 1 of the Proposed/Final FY 2013-14 LAFCO Budget.

Chairman Vanderlaan invited anyone wishing to speak from the public on Item 10. There were no public speakers requesting to speak and Chairman Vanderlaan closed the public hearing for Item 10.

Item 11

Compensation for Ex-Officio Service on Dependent Special Districts

Shirley Anderson provided an informational report to the Commission regarding Commissioner Pocklington's inquiry whether local ex-officio officials of dependent special districts receive compensation for their service. Ms. Anderson informed the Commission that five of the jurisdictions in the County offer compensation for attendance at dependent district meetings.

This was an information report and no action was required by the Commission.

Item 12

Legislative Status Report

Harry Ehrlich, Director of Legislative provided an update to the Commission regarding the current state legislation. He informed the Commission that approximately 2,200 bills have been introduced. Mr. Ehrlich provided detail on a few of the new bills directly impacting LAFCOs and the recommended positions from staff:

AB453 (Mullin) Sustainable Communities Grants – Recommended support position.

AB743 (Loque) Cortese-Knox-Hertzberg Act Island Annexation Sunset – Recommended watch position.

SB181, SB182 and SB183 (Committee on Governance and Finance) – Recommended support position.

SB772 (Emmerson) Mutual and Private Water Companies – Recommended oppose position unless amended.

Mr. Ehrlich informed the Commission that he is working with CALAFCO as part of the CALAFCO Legislative Committee on the Assembly Omnibus Bill and will provide an update to the Commission regarding that at the May 6, 2013 meeting.

On motion of Commissioner Pocklington, seconded by Commissioner Zapf, and carried unanimously by the commissioner's present, the Commission took the following action:

To receive and accept the April 2013 Legislative Report and staff recommendations.

Chairman Vanderlaan thanked Commissioner Lewis for his time served on the Commission, and Ralph Steinhoff for his assistance with the Fire Services studies.

There being no further business to come before the Commission, the meeting adjourned at 10:45 a.m. to the May 6, 2013 meeting, in Room 302, County Administration Center.

**Ruth Arellano
Administrative Assistant
San Diego Local Agency Formation Commission**