

**SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
JUNE 3, 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, Mayors Jim Janney and Sam Abed and Special District Members Vice Chairman John Ingalls and Bud Pocklington and City Member Lorie Zapf. Alternate Commissioners – Special District Member Jo MacKenzie, Public Member Harry Mathis and City Member Lorraine Wood. LAFCO Staff – Executive Officer Michael Ott, Assistant Executive Officer Shirley Anderson, Local Governmental Analyst Robert Barry, Legislative Research Director Harry Ehrlich and Legal Counsel Thomas Bosworth. Absent were: Regular Commissioners – Supervisor Bill Horn. Alternate Commissioners – Supervisor Greg Cox and Councilmember Sherri Lightner.

Item 1

Roll Call

The Commission Secretary performed the roll call for the May 6, 2013, LAFCO meeting. With the exception of Regular Commissioner Horn and Alternate Commissioners Cox and Lightner, all other commissioners were present.

Item 2

Approval of Minutes of Meeting Held May 6, 2013

On motion of Commissioner Abed, seconded by Commissioner Jacob, and carried unanimously by the Commissioners present; the Commission dispensed with reading the minutes of May 6, 2013 and approved said minutes with the necessary corrections. Clarifying that Vice Chairman Ingalls was reelected to LAFCO for a new four year term and was sworn in.

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 indicated that there were no announcements.

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 was one speaker slip received from a member of the public.

Michael Hunsaker, Representative of the Property Owner Defense League addressed the Commission regarding concerns about future development of a park and the reservoir and usage of recycled water in the Lake San Marcos area.

Item 6

Continued Public Hearing Item

Five-Year Sphere of Influence and Service Review: North Coastal (San Dieguito) Water and Wastewater Agencies: Carlsbad Municipal Water District (MSR/SR13-20); Fairbanks Ranch Community Services District (MSR/SR13-21); Leucadia Wastewater District (MSR/SR13-22); Olivenhain Municipal Water District (MSR/SR13-23); Rancho Santa Fe Community Services District (MSR/SR13-24); San Dieguito Water District (MSR/SR13-25); Santa Fe Irrigation District (MSR/SR13-26); and Whispering Palms Community Services District (MSR/SR13-27)

Chairman Vanderlaan opened the public hearing item that was a continuance from the May 6th LAFCO meeting.

Michael Ott provided a brief report to the Commission regarding Item 6 that involves a five-year sphere of influence and municipal service review related to wastewater, and water reclamation services for the North County Coastal (San Dieguito) Water and Wastewater. Mr. Ott said that Robert Barry will provide a staff report.

Robert Barry, Local Governmental Analyst provided a brief report to the Commission. He said that the item is a continued item from the May 6th, LAFCO meeting that involves eight agencies (*Carlsbad Municipal Water District; Fairbanks Ranch Community Services District; Leucadia Wastewater District; Olivenhain Municipal Water District; Rancho Santa Fe Community Services District; San Dieguito Water District; Santa Fe Irrigation District; and Whispering Palms Community Services District*) that are located in the North County Coastal (San Dieguito) study area. Mr. Barry discussed the Executive Officer's recommendations and determinations regarding the subject agencies and concluded that water, wastewater and recycled water services are adequately provided to the study area.

Mr. Barry said that the recommendations for the subject agencies are to affirm the current existing sphere of influences for the following Districts: San Dieguito Water District and Santa Fe Irrigation District (*smaller-than*) district spheres; Carlsbad Municipal Water District and Fairbanks Ranch Community Services District (*coterminous*) district spheres; Olivenhain Municipal Water District (Wastewater) and Rancho Santa Fe

Community Services District (Utility Undergrounding) (*service-specific*) district spheres. He said that the recommendations included removing the existing special study area designations from the Olivenhain Municipal Water District sphere; retaining the special study area designations for the sphere of the Rancho Santa Fe Community Services District. He also said that there are some sewer service issues in proximity to the Rancho Santa Fe Community Services District and the expansion of a special study area adjacent to the Flower Hill development is proposed between the City of San Diego and the Community Services District service area.

Mr. Barry indicated that LAFCO did receive some letters from some of the subject agencies that requested additional time for review or clarification (Olivenhain Municipal Water District, Carlsbad Municipal Water District and Santa Fe Irrigation District). He said that the requests received from the Districts were corrections to the Carlsbad Municipal Water District sphere map and additional information regarding the Santa Fe Irrigation District and Olivenhain Municipal Water District. Mr. Barry indicated that the staff report changes did not affect the recommendations or determinations.

Commissioner Sam Abed asked if all the issues have been addressed with the districts regarding the spheres. In response to the question, Robert Barry said that the issues have been addressed.

Chairman Vanderlaan closed the public hearing.

With no more speakers from the public and no further discussion from the Commission, on motion of Commissioner Pocklington, seconded by Abed, 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 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. The project is strictly for information gathering purposes and is a part of a study leading to an action that 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 affirm *coterminous* spheres for the Carlsbad Municipal Water District

(MWD) and the Fairbanks Ranch Community Services District (CSD); affirm *smaller-than district* spheres for the San Dieguito Water District (WD) and the Santa Fe Irrigation District (ID); affirm *larger-than district* spheres for the Leucadia Wastewater District (WWD), Olivenhain Municipal Water District (MWD), Rancho Santa Fe Community Services District (CSD) and the Whispering Palms Community Services District (CSD); remove the existing special study area designations from the Olivenhain MWD sphere; retain the special study area designations for the sphere of the Rancho Santa Fe CSD (Sun Valley, Bridges Project), and expand the Sun Valley special study area to include the unincorporated portion of the adjacent Flower Hill development area.

- (4) Authorize the update of LAFCO's Rules regarding special district functions and services and directed the Executive Officer to return with associated updates after receiving input from the advisory committee.
- (5) Direct the Executive Officer to prepare written Statements of Determinations and associated resolutions, consistent with the recommendations in the May 6, 2013 LAFCO staff report.

Item 7A

Amendment to the Sphere of Influence for the Santa Fe Irrigation District (SA12-12)

Item 7B

Proposed "King Reorganization" (Santa Fe Irrigation District) (RO12-12)

Chairman Vanderlaan opened the public hearing.

Michael Ott provided a brief report to the Commission regarding a reorganization involving removal of territory from the Olivenhain Municipal Water District and annexation into the Santa Fe Irrigation District of approximately 3.86 acres. At the request of Michael Ott, the Commission waived the staff presentation.

Chairman Vanderlaan closed the public hearing item.

With no speaker's slips from the public and no discussion from the Commission, on motion of Commissioner Ingalls, seconded by Commissioner Janney, 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 Section 15306(b)(3) of the State CEQA Guidelines, this minor sphere amendment and reorganization 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) Amend the sphere of influence of the Santa Fe Irrigation 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:

Santa Fe Irrigation District

Payment by property owner of district annexation fee of \$29,492.33 and reorganization processing costs; payment by property owner of any and all facilities necessary to the delivery of water, and all district fees, charges, rates, and taxes.

LAFCO

Payment by property owner of State Board of Equalization charges.

Item 8

Five-Year Sphere of Influence and Service Review:

Ramona Municipal Water District (MSR13-30;SR13-30)

Chairman Vanderlaan opened the public hearing. He indicated that there were two speaker slips from people that wished to provide comments to the item.

Michael Ott provided a brief report to the Commission regarding the Five-Year Sphere of Influence and Service Review for the Ramona Municipal Water District (MWD). He indicated that there have been some issues related to the District that need to be further addressed and that the item should be continued. He said that LAFCO staff received some correspondence from Ernest Garrett a representative of the community within the Ramona MWD regarding water reclamation issues dealing with quantity, contractual and potential future rates. Mr. Ott said that Supervisor Dianne Jacob will provide additional comments to the Commission.

Commissioner Dianne Jacob addressed the Commission and said that the Board of Supervisors approved a development project that involved the Ramona MWD and the Santa Maria Wastewater Plant and some of the issues have not been resolved by the water district, or business community, or property owners. Ms. Jacob indicated that the property owners and business in the community requested letters of availability for both water and sewer for future development. She suggested that the item be continued to October's meeting to allow LAFCO staff to involve the business community, Ramona Chamber of Commerce, Ramona Planning Group, San Diego Country Estates

Homeowners Association, County and also the developers of the two projects (Montecito Ranch and Cumming Ranch) that were approved by the Board of Supervisors to help provide input for options for a solution that would be consistent with the specific plan approvals by the County.

Commissioner Jacob said that she met with a resident of the San Diego County Estates (Ernest Garrett) and there are some issues and concerns that need to be addressed to the Commission regarding a specific planned document that was approved in 1972 for an Effluent Disposal Agreement and that the agreement states the usage of wastewater for spray irrigation is for the San Vicente Golf Course and other agricultural land. She said that the water district currently has an agreement with Spangler Peak Ranch and when the current Effluent Disposal Agreement expires in 2018, the District may make the decision for the contractual agreement not to disburse reclaimed water for the San Vicente Golf Course within the San Diego Country Estates. Commissioner Jacob suggested that Mr. Garrett work with LAFCO staff to provide some kind of solution that is consistent with the original approved development of the San Diego County Estates.

Ernest Garrett, Resident, San Diego Country Estates addressed the Commission regarding concerns and issues. He said that as Chairman of the San Vicente Golf Course (Golf and Golf Operations Ad-hoc Water Committee), the committee did an extensive study regarding the recycled water usage and the plant that was built and paid for by the residents. He said that the water district and the committee negotiated a 10 year contract that will expire in 2018 to distribute the water 50/50 with the residents within the San Diego County Estates area and other property owners. He also indicated that the San Diego Country Estates and the Rancho San Vicente area paid for the plant and has not received wastewater irrigation for the golf course from the current negotiated contract with the District. Mr. Garrett asked for some assistance from LAFCO to help resolve these issues and concerns with the water district.

Commissioner Bud Pocklington commented about water shortage in the San Diego County area and wanted to know if the Country Estates receives any water from the San Diego County Water Authority.

Alternate Commissioner Jo MacKenzie asked several questions, regarding responsibility for the construction and operational costs of the treatment plant and how much of the effluent disposal water the property owners are receiving and/or being charged. In response to the question, Mr. Garrett said that the Country Estates are currently paying for all expenses of the plant operational and treatment costs and that the residents pay about \$5,600 an acre foot for potable water (\$1,900 per acre feet and \$3,700 for treatment processed through the plant) and the other recipient pays nothing.

Commissioner Pocklington asked if there are any Country Estates representatives that are on the water board. In response to the question, Mr. Garrett said there are five-board members, some of which represent Country Estates.

Alternate Commissioner Harry Mathis inquired about what percentage of the water is available to the water district and how much output the plants represent to the District.

In response to the question, Mr. Garrett said that there are two plants within the district and one is owed by the residents of Country Estates and that the plant that is owned by the residents are paying for the water usage.

Commissioner Jacob suggested that LAFCO staff be involved with the community and see if there is some kind of solution that can be provided to the residents within the 90 day extension requested. Mr. Ott said that LAFCO staff can work with community but reminded the Commission that it does not have regulatory authority over the district and that some of the questions may be of a contractual and legal nature.

Ricardo Soto, Representative, Dudek and Associates addressed the Commission. Mr. Soto said that Dudek and Associates provides engineering services to the Ramona Municipal Water District and that the district will continue to discuss any issues or concerns with LAFCO.

Commissioner John Ingalls commented about retail water price cost increases in the future. Mr. Ingalls asked Mr. Soto if Dudek and Associates has done a cost of service study on reclaimed water production for the Ramona Municipal Water District. In response to the question, Mr. Soto said none at this time.

Commissioner Vanderlaan closed the public hearing.

Alternate Commissioner Mathis commented about any authority approving development plans with conditions and a special district not complying with the entities approval plans.

Commissioner Jacob placed a motion on the floor to continue the item until the meeting in October and that LAFCO staff provide some direction to the Country Estates residents regarding the San Vicente Wastewater Plant reclaimed water and to work with the Ramona Chamber of Commerce, Ramona Planning Group, the County, the San Diego Country Estates Homeowners Association, Ernest Garrett and the residents in the community to come up with some options for a solution that would be consistent with the specific plan approvals by the County.

Commissioner Pocklington seconded the motion.

Item 9

San Diego LAFCO Fund Balance Policy

Michael Ott provided a brief report to the Commission regarding Item 9 that required LAFCO to follow the Governmental Accounting Standards Board (GASB) new guidelines (GASB Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions) and adopt the Policy F-101 regarding Fund Balance. Mr. Ott said that LAFCO has four fund balance accounts: Account 46725 (Contingency Reserve); Account 46726 (Special Projects); and Account 46727 (Jurisdictional Projects) and

Account 44595 (revolving operating account). He also said that the Fund Balance policy contains provisions for classifying LAFCO fund balance as Non-Spendable and Spendable.

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

- (1) Review and adopt Proposed Fund Balance Policy F-101.
- (2) Accept the fund balance summary contained in the FY 2013-14 LAFCO Budget and as summarized in the June 3, 2013 Fund Balance staff report and that such fund balance summary represents the Commission's current intention for usage of LAFCO fund balance for LAFCO's four Accounts 44595, 46725, 46726, and 46727. Furthermore, ratify the following classifications for LAFCO's fund balance:
 - a. Placement of a "Committed" classification on Account 46726 (Special Project) in the amount of \$175,000 to cover fee waivers associated with a possible fire agency reorganization project involving (but not limited to) dissolution of the Julian-Cuyamaca, Rural, and Pine Valley Fire Protection Districts, and expansion of County Service Area No. 135's fire and emergency medical services latent powers; and elimination of the Greenwood Memorial Park Cemetery Island (City of San Diego).
 - b. Placement of an "Assigned" classification Account 46726 (Special Project) fund balance of \$25,000 associated with the Montecito Ranch Development (current balance remaining of the assigned funds \$22,075).
 - c. Placement of an "Unassigned" classification on remaining spendable amounts which are not already included in one of the other classifications (Unspendable, Restricted, Committed, and Assigned).
 - d. Placement of the above classifications outlined in the recommendation 1-2 (a-c) are subject to change and assignment and reflect LAFCO's current plans for asset / fund balance use and shall not in any way limit LAFCO's ability to use such funds for other purposes in the future, as deemed necessary by LAFCO.

Item 10

June 2013 Legislative Update Report

LAFCO Consultant Harry Ehrlich provided a monthly update to the Commission regarding the current state legislation. He said that May 24, 2013 was the last day to pass the legislative bills for the Appropriations Committee. He indicated that one legislation bill that required an action from the Commission to support Assembly Bill 743 (Logue) Cortese-Knox-Hertzberg Act Island Annexation Sunset and a letter will be sent in support of the bill.

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

Receive, discuss, and provide direction, as necessary, on the June 3, 2013 Legislative Status Report and authorize staff to inform authors of each bill of the approved position in the form of appropriate letters and testimony.

Item 11

Cancellation of the July 1, 2013 Meeting

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

Approved the cancellation of the July 1, 2013 LAFCO meeting and adjourned the next meeting to August 5, 2013.

There being no further business to come before the Commission, the meeting adjourned at 10:00 a.m. to the August 5, 2013 meeting, in Room 302, County Administration Center.

**Tamaron Lockett
Administrative Assistant
Local Agency Formation Commission**