

**DRAFT
SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
AUGUST 1, 2011**

There being a quorum present, the meeting was convened at 9:00 a.m. by Chairman Carl Hilliard. Also present were: Regular Commissioners –Vice Chairwoman, Supervisor Dianne Jacob, Supervisor Bill Horn, Mayor Mark Lewis, Special District Member John Ingalls, Special District Member Bud Pocklington, Councilmember Lorie Zapf (arrived at 9:05 a.m.) and Public Member Andy Vanderlaan. Alternate Commissioners –Special District Member Jo MacKenzie, Public Member Harry Mathis and Mayor Jim Janney. LAFCO Staff – Executive Officer Michael Ott, Assistant Executive Officer Shirley Anderson, and Local Governmental Analyst Robert Barry, LAFCO Consultant, Harry Ehrlich and LAFCO Legal Counsel Thomas Bosworth. Absent were: Alternate Commissioners – Supervisor Greg Cox and Councilmember Sherri Lightner.

**Item 1
Roll Call**

The Commission Secretary performed the roll call for the June 6, 2011, LAFCO meeting. All regular commissioners were present with the exception of Alternate Commissioners Greg Cox and Sherry Lightner.

**Item 2
Approval of Minutes of Meeting Held June 6, 2011**

On motion of Commissioner Bud Pocklington, seconded by Commissioner Andy Vanderlaan, and carried unanimously by the commissioners present; the Commission dispensed with reading the minutes of June 6, 2011 and approved said minutes.

**Item 3
Executive Officer's Recommended Agenda Revisions**

Chairman Carl Hilliard asked the Executive Officer if there are any agenda revisions. Michael Ott indicated that there were no agenda revisions.

**Item 4
Commissioner / Executive Officer Announcements**

Chairman Carl Hilliard asked the Commission and Executive Officer if there were any announcements. Executive Officer, Michael Ott indicated that there are several announcements. Mr. Ott indicated that the LAFCO office move is scheduled for September 9th. He also said that the September 12th LAFCO

Commission meeting may be cancelled due to the office move. He said that there may be a LAFCO meeting held at the new office location sometime in 2011, combined with an Open House per request of the Chairman.

Mr. Ott also announced that LAFCO staff will be meeting on August 15th with the State Legislative Analyst's Office (LAO) regarding the LAO's research project involving special districts and how services can be provided more efficiently throughout the State of California.

Item 5
Public Comments

Chairman Hilliard addressed the public asking if anyone requested to speak on an item that is not related to the agenda. Chairman Hilliard stated that there were no speaker slips received from the members of the public requesting to speak.

Item 6
**Proposed "Riverview Avenue Annexation" to the
San Diego County Sanitation District – in association
With the Contractual Service Agreement to the Lakeside Sanitation District/
Sharon Hartnett (OAS11-06; DA11-06)**

At the request of Michael Ott, the Commission waived 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 in accordance with the Executive Officer's determination, that pursuant to Section 15319(b) of the State CEAQ Guidelines, this annexation is not subject to the environmental impact evaluation process because the annexation area consists of individual small parcels of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures; and
- (2) 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 terms and conditions:

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

Item 7
Proposed 31st Street Island Detachment from the
Lower Sweetwater Fire Protection District (DD11-03)

Michael Ott explained to the Commission that Item 7 involves a detachment from the Lower Sweetwater Fire Protection District. He indicated that Ingrid Hansen will provide a staff report and that LAFCO Commissioner Supervisor Greg Cox will speak about the agenda item.

Ingrid Hansen, Chief of Government Services, provided a brief report to the Commission about the proposed "31st Street Island Detachment" from the Lower Sweetwater Fire Protection District (FPD). Ms. Hansen said that the Lower Sweetwater FPD requests detachment of nine parcels from its service area because the territory is in the incorporated boundary of National City. She indicated that an overlap resulted when the property was annexed to the City in 1980 and was not detached from the District. She said that the detachment will rectify the governmental structure issue and associated jurisdictional confusion. She also said that the District and City have a contractual arrangement for the delivery of fire protection services.

Ms. Hansen indicated that a portion of the annual property tax of the nine parcels (\$1,876 per year) will be reallocated to the City. She also said that the District proposed to increase the Board of Directors from three to five members; however, no valid justification was provided.

Chairman Hilliard opened the public hearing.

Michael Ott indicated that one speaker slip has been submitted to the Commission in support of this item.

Supervisor Greg Cox, addressed the Commission in support of the item. He thanked LAFCO staff and commented about the project moving forward. He concurred with the LAFCO staff that the Board of Directors of the Lower Sweetwater Fire Protection District should not be expanded to five members.

Chairman Hilliard closed the public hearing.

With no more speakers from the public and no further discussion from the Commission, on motion of Commissioner Jacob, seconded by Commissioner Horn, 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 15320 of the State CEQA Guidelines, this detachment is not subject to the environmental impact evaluation process because the proposal consists of a change in the organization of local governmental

agencies where the change does not change the geographical area in which previously existing powers are exercised.

- (2) Adopt the form of resolution approving the detachment for the reasons set forth in the Executive Officer's Report, and waiving the protest proceedings in accordance with Government Code Section 56663(d).

Item 8

Proposed Amendment to the Sphere of Influence for the Rancho Santa Fe Community Services District (SA11-07)

Proposed "El Camino Real Annexation" to the Rancho Santa Fe Community Services District (DA11-07)

Michael Ott explained to the Commission that Item 8 involves an agreement between the Rancho Santa Fe Community Services District (CSD) and the City of San Diego for provision of sewer service and an associated annexation and sphere of influence amendment. Mr. Ott also said that Robert Barry will provide a staff report.

Robert Barry, Local Governmental Analyst, provided a brief report to the Commission about the proposed "El Camino Real Annexation". Mr. Barry said that the territory consists of seven parcels and that five parcels are each developed with one single-family residence and that the proposed annexation area currently utilizes underground septic disposal systems; two parcels are vacant and cannot obtain building permits due to high groundwater conditions and associated percolation problems.

Mr. Barry indicated that the landowners have sought connection to public sewer as a long-term solution. He also said that the proposed annexation area is contiguous with the City of San Diego, which has sewer service infrastructure and available capacity to serve the residential properties; however, the City does not support annexation of the properties or the provision of sewer service via a contractual service agreement directly between the City and individual landowners. Mr. Barry said that San Diego does support a contractual agreement with another public agency. Therefore, the Rancho Santa Fe CSD and the City of San Diego have agreed to a contractual sewer service agreement that allows extended services outside San Diego's incorporated boundary and sphere. He said that the City allowed a maximum of 20 connections for extended public sewer services in the affected territory. He also said that the territory is not within the district's sphere of influence, and a sphere amendment is required.

Commissioner Bill Horn and Commissioner Bud Pocklington commented about on-going issues regarding the high groundwater and sewer septic systems throughout this area of the County.

Commissioner John Ingalls inquired about the wastewater collection usage and if the wastewater will be treated or reclaimed. In response to the question, Michael Ott indicated that the wastewater will be sent to the Metropolitan Sewage System and be treated the same as all sewage in the City of San Diego.

Commissioner Ingalls also commented about the local delivery condition of the subject area and the potential need for review within the sphere update and municipal service review process.

Chairman Hilliard indicated that there were speaker slips submitted to the Commission in support to this item.

Chairman Hilliard opened the public hearing.

Renata Saven, Resident, addressed the Commission in support of the Executive Officer's recommendations. She inquired about the process for annexation and associated fees. In response to the question, Michael Ott explained that the area is not within the sphere of influence and that the City of San Diego and the CSD agreed to a contract for up to 20 connections. Mr. Ott elaborated about the fee system for sewer connections and its elastic nature due to infrastructure conditions. He also said that LAFCO staff, and staff from the Rancho Santa Fe CSD and the City of San Diego will meet in the future to discuss future plans for sewer service.

Tim Palmquist (Annexation Representative), addressed the Commission in support of the Executive Officer's recommendations. He explained that the seven homeowners have a low elevation and have been affected by the rising water in this area and that the property owners have an urgent need to replace the existing septic systems. He added that the property owners have funded the engineering design and construction costs for the proposed project.

Commissioner Pocklington inquired about the cost per homeowner to have extended sewer services. In response to the question, Tim Palmquist said that overall fees would cost in excess of \$60,000 per home.

Alternate Commissioner Harry Mathis responded to Commissioner Ingalls concerns about where wastewater flows. He indicated that the flow will be transported to the North City Reclamation Plant and that facility has the capability to treat wastewater to potable quality. However, the City does not allow the reuse of effluent for domestic consumption purposes.

Commissioner Ingalls suggested that LAFCO discuss the water capabilities with the City of San Diego and Rancho Santa Fe CSD as part of a Municipal Service Review.

John Stern, Resident, addressed the Commission in support of the Executive Officer's Recommendations.

Chairman Hilliard 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 Commissioner Horn, 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 15319(b) of the State CEQA Guidelines, this annexation is not subject to the environmental impact evaluation process because the annexation area consists of individual small parcels of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures; and
- (2) Amend the sphere of influence of the Rancho Santa Fe Community Services District and adopt the written Statement of Determinations as shown in the Exhibit; and
- (3) Adopt the form of resolution approving this minor sphere amendment and annexation for the reason 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 Rancho Santa Fe Community Services District annual sewer service charge and connection fee, and State Board of Equalization charges.

Item 9

LAFCO Rules Review: This item involves a review of LAFCO Rules pertaining to position descriptions, compensation, and leave provisions

Chairman Hilliard addressed the Commission stating that at its June 6th meeting the Commission directed staff to update and analyze LAFCO's personnel rules in relation to the County's personnel rules with respect to position descriptions, compensation, and leave provisions. He asked the Commission if they were prepared to discuss the items.

Commissioner Dianne Jacob suggested that the documents should first be reviewed by the Rules Review Committee. Commissioner Jacob expressed concerns about conclusions 12-16 in the staff report.

Commissioner Jacob placed a motion on the floor to refer Item 9 to the Rules Review Committee for further discussion and to return back with specific recommendations. She indicated that she would coordinate a meeting with the Committee, County and LAFCO staff.

Commissioner Lorie Zapf seconded the motion.

Commissioner Andy Vanderlaan also concurred that the documents should be reviewed by the Rules Review Committee.

Michael Ott said that he and Mr. Barry will attend the meeting and provide a staff presentation.

Commissioner Bill Horn suggested that the committee look at other options and not go any further than what the county has taken into consideration.

By consensus, the agenda item was referred to the Rules Committee.

Item 10

Audit Request for Proposal (RFP): This item involves the review of a draft RFP for audit services

Michael Ott provided a brief report to the Commission regarding the Audit Request for Proposal (RFP). Mr. Ott indicated that a draft RFP has been included in the agenda packet, plus a list of about 40 accounting firms that should receive the RFP. He indicated that the RFP will be mailed when LAFCO relocates to the new office and has obtained a new forwarding address and phone number. He asked for direction or comments from the Commission prior to issuance of the RFP.

Alternate Commissioner Jo MacKenzie suggested that an additional task be included in the RFP Scope of Work involving the addition of a consultation provision. She added that this would allow the accounting firm to answer questions from the Executive Officer or LAFCO staff throughout the year. Mr. Ott indicated that such a provision could be added to the RFP and suggested the addition of a 20 hour consultation provision. Ms. Mackenzie also suggested revisions to the management letter references in the RFP. At the request of Chairman Hilliard, Commissioners John Ingalls, Andy Vanderlaan, Harry Mathis, and Jo MacKenzie were appointed to serve on the LAFCO Audit Committee. The Audit Committee would be responsible for assisting the Executive Officer review and rank the RFP submittals prior to the LAFCO consideration.

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

Authorized the issuance of the RFP for auditing services and appointed an Audit Committee comprised of the following Commissioners: John Ingalls, Andy Vanderlaan, Jo MacKenzie, and Harry Mathis.

Item 11

Designation of CALAFCO Voting Delegates

Michael Ott provided a brief report to the Commissioner regarding the Designation of CALAFCO Voting Delegations at the conference. He suggested that Commissioner Andy Vanderlaan be selected as the primary voting delegate and LAFCO Consultant Harry Ehrlich and the Executive Officer be designated alternates.

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

Designate Commissioner Vanderlaan as a CALAFCO voting delegate and Harry Ehrlich and Michael Ott as alternate voting delegates.

Item 12

Fourth Quarter Budget Update FY 2010-11

Michael Ott provided an update to the Commission indicating that LAFCO will be under budget for FY 2010-11 due to continued outsourcing of LAFCO staff responsibilities, cost savings associated with mid-year staffing reductions, and cuts to certain services and supplies accounts. He mentioned that processing fee revenue was lower than projected due to sluggish economic conditions. He indicated that a reserve fund allocation (transfer) will be used in the upcoming fiscal year to cover the cost of LAFCO's new office lease.

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

Receive the Fourth Quarter FY 2010-11 Budget Update.

Item 13

Legislative Update

LAFCO Consultant Harry Ehrlich provided a brief presentation to the Commission regarding several bills that LAFCO has been reviewing. He stated that the legislature will be in recess until August 15th. Mr. Ehrlich discussed the City of Vernon disincorporation bill (AB 781) that would create a community services district in Los Angeles County. He said that the bill passed the

Assembly Local Government Committee on July 6th, and that LAFCO should continue to watch the bill.

Mr. Ehrlich commented about the bill SB 89 related to the Vehicle License Fee. He indicated that this bill will eliminate the VLF incentive for inhabited annexations and incorporations.

There being no further business to come before the Commission, the meeting adjourned at 10:15 a.m. to the September 12, 2011 meeting, in Room 302, County Administration Center. *It was noted that the September meeting would probably be cancelled due to the relocation of LAFCO's headquarters scheduled from September 9-12, 2011.*

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