

**SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
MARCH 5, 2007**

There being a quorum present, the meeting was convened at 9:00 a.m. by Chairman Andy Vanderlaan. Also present were: Regular Commissioners – Councilmember Toni Atkins, Supervisor Dianne Jacob, Andy Menshek, Mayor Ron Morrison, Bud Pocklington, and Councilmember Betty Rexford. Alternate Commissioners – Mayor Mark Lewis, Harry Mathis, and John Ingalls; LAFCO Staff – Executive Officer Michael Ott; Chief, Governmental Services, Ingrid Hansen; Local Governmental Analyst Robert Barry; LAFCO Consultant Harry Ehrlich; and LAFCO Legal Counsel William Smith. Absent were: Regular Commissioner – Supervisor Bill Horn; and Alternate Commissioner – Supervisor Greg Cox.

Item 1

Approval of Minutes of Meeting Held February 5, 2007

With Commissioners Jacob, Pocklington, Morrison, and Rexford abstaining, on motion of Commissioner Menshek, seconded by Commissioner Atkins, and carried unanimously by the commissioners present, the Commission dispensed with reading the minutes of February 5, 2007, and approved said minutes.

Item 2

Executive Officer's Recommended Agenda Revisions

Michael Ott indicated that there were no revisions to the agenda.

Mayor Ron Morrison of National City arrived at 9:08 a.m.

Item 3

Commissioner/Executive Officer Announcements

Michael Ott said that LAFCO staff held two outreach workshops (one on February 27th and another on March 1st) for the *Micro Report: Reorganization of Structural Fire Protection and Emergency Medical Services in Unincorporated San Diego County*. Mr. Ott announced that another workshop would be held March 7th at the County Administration Building, from 2-5 pm, Room 310. He said that public testimony and comments from the workshops would be transcribed and provided to the Commission and interested parties.

Chairman Andy Vanderlaan thanked LAFCO staff for all of their hard work and efforts for the completion of the Draft Micro Report.

Item 4
Public Comment

Jack Griffith, Rainbow Municipal Water District board member, submitted to the Commission the District's Resolution No. 07-07 and provided comments regarding the resolution.

Item 5A
Adoption of an Amendment to the Sphere of Influence for the Spring Valley Sanitation District (SA06-31)

Item 5B
Proposed "Fuerte Drive Annexation" to the Spring Valley Sanitation District (DA06-31)

Chairman Andy Vanderlaan opened the public hearing.

William B. Enright, resident, addressed the Commission with several questions regarding the proposed sphere amendment and annexation.

In response to those questions, Michael Ott said that the proposal is a one-time annexation and sphere of influence amendment and that the Valle de Oro Planning Group unanimously supports the proposal. Robert Barry provided a brief staff report, which included issues related to easements and location of facilities.

Alexander J. Olander, representative for applicants Rex and Carroll Jones, addressed the Commission and said that the proposal does not involve a pumping station.

With no additional speakers from the public and no further discussion from the Commission, on motion of Commissioner Pocklington, seconded by Commissioner Jacob, and carried unanimously by the commissioners present, the Commission closed the public hearing and took the following action:

- (1) Found in accordance with the Executive Officer's determination that this annexation is exempt from CEQA pursuant to Section 15319(a) of the State CEQA Guidelines because the proposal area contains existing structures and is developed to the density allowed by current zoning/prezoning of either the gaining or losing governmental agency (whichever is more restrictive), and any utility extensions would only have the capacity to serve existing structures;
- (2) Amended the sphere of influence of the Spring Valley Sanitation District and adopted the written Statement of Determinations as shown in Exhibit A; and
- (3) Adopted the form of resolution approving this minor sphere amendment and annexation for the reasons set forth in the Executive Officer's Report, waived the

Conducting Authority proceedings according to Government Code Section 56663(c), and ordered the annexation subject to the following condition:

Payment by property owner of District annexation fees, and State Board of Equalization charges.

Item 6

Recommended Final FY 2007-08 LAFCO Budget

Michael Ott indicated that the Final FY 2007-08 LAFCO Budget was distributed to cities, special districts, and the County of San Diego. He said that no opposition to the LAFCO budget has been received, and recommended that the Commission approve the budget.

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

- (1) Opened the budget hearing on the Final FY 2007-08 LAFCO Budget and closed the hearing after receiving public comments.
- (2) Adopted the Final FY 2007-08 LAFCO Budget and directed the Executive Officer to implement all related budget recommendations in the Executive Officer's report, including but not limited to:
 - (a) Direct the County Auditor/Chief Financial Officer to request payment from the Board of Supervisors and from 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(c)).
 - (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 transfer unspent funds from the FY 2006-07 and 2007-08 budgets to LAFCO's Contingency Reserve Fund, consistent with LAFCO's Reserve Fund Policy (F-100).

- (d) Authorize the Executive Officer to make applicable appropriations adjustments and fund transfers from the LAFCO Contingency Reserve Fund to LAFCO's operating revenue accounts, to contain LAFCO's net cost at the budgeted amount for FY 2006-07 (\$1,026,403) and FY 2007-08 (\$1,196,951).
- (e) Authorize a 10% increase to the LAFCO processing fee schedule.
- (f) Authorize the Executive Officer to implement necessary services and supplies and staffing level additions and deletions to maintain an appropriate staff-to-workload ratio for FY 2006-07 and FY 2007-08.
- (g) Authorize the continuation of the performance incentive program for outstanding performance per the Final FY 2007-08 LAFCO budget.
- (h) Authorize the Executive Officer to execute and renew professional services contracts based on the cost-containment provisions followed by the Commission (i.e., limit consultant cost schedule increases to the rates applicable to LAFCO employees) in the FY 2007-08 budget.
- (i) Ratify the long-term and short-term strategic objectives and the workload and miscellaneous activity programs contained in the FY 2007-08 budget.

Item 7

2007 Legislative Report

Michael Ott said that commissioners should have received a supplemental Legislative Report that was not included in their agenda packet. He introduced Harry Ehrlich, Director of Legislative Research, who provided an update of the March 2007 Legislative Report.

Harry Ehrlich requested that Commissioner Jacob provide an update on SB806.

Commissioner Jacob stated the following:

"San Diego County has at least 60 different fire agencies. Of the 60, 35 are in the unincorporated area covering an area of 3,572 square miles. There is a wide disparity in funding, staffing, training, facilities and resources among fire protection districts, water districts, service areas, and volunteer fire departments with 41% of the unincorporated area unserved.

There are still thousands of dead, diseased and dying trees and over 30 years of vegetation growth in our backcountry. It is important to note that two-thirds of the unincorporated area did not burn in 2003. It's not a matter of if we are going to have another major fire, but a matter of when.

And, as we learned from the Cedar fire, a small fire in our backcountry can become a blazing inferno burning into the more urban areas of our region similar to how it moved very rapidly into the City of San Diego in October of 2003.

San Diego is the only large county in California which does not have some kind of a countywide fire and emergency services entity. Please note that about 80% of calls are EMS.

The Governor's Blue Ribbon Fire Commission, the San Diego County Fire Chiefs' Association, the San Diego County Grand Jury, the Task Force on Fire Protection & Emergency Medical Services, and the 2003 Fire Siege Review have advocated reducing jurisdictional lines and enhancing the delivery of fire services.

In November, 2004, the voters in the unincorporated area of San Diego County overwhelming approved Proposition C with 81% of the vote confirming that unincorporated area residents support a consolidated fire protection agency. Subsequently, the State-Mandated Municipal Service Review (MSR), Macro Report and Micro Report have been completed by LAFCO. The MSR concluded:

"...the unincorporated region's system for providing fire protection and emergency medical services is dysfunctional—characterized by duplicate organizations and redundant layers of management that needlessly consume public resources and limit opportunities to provide enhanced services.

The region's agencies have not developed a universal response criterion; do not provide a unified command; do not employ unified standards for training safety personnel; and are not able to engage in strategic regional planning that could eliminate redundancies and engender more effective use of resources. Because emergency services are divided among so many agencies—no single authority is accountable for creating and implementing a comprehensive vision for the region."

The 20 Phase I agencies have a total aggregate property tax revenue of \$5.8 million. Although many agencies have imposed special tax assessments, the majority are post proposition 13 victims. It is interesting to note that the special assessment revenue within Phase I (\$8.2 million) exceeds the revenues generated by the property tax (\$5.8 million). In order to make our region safer and to protect lives and property at an appropriate service level, it is estimated that it would take an additional \$44.9 million and \$46.9 million to fund Model 5A and Model 6A respectively.

What does Senate Bill 806 (Hollingsworth) do? Answer: SB 806 provides long term stable funding for “a new consolidated regional fire agency or entity in San Diego County.” It provides the funding that would bring together at least 20 of the agencies in the unincorporated area listed in the LAFCO Macro & Micro Reports as Phase I and II; and could lead to the goal of some kind of a countywide fire entity yet to be determined. In FY 2008-2009, SB 806 is projected to provide about \$40.7 million.

Why do we need SB 806? Answer: To better protect lives and property and in the event of another major fire or other disaster it would significantly enhance the region’s preparedness with improved delivery of fire and emergency medical services.

How does SB 806 work? Answer: One cent of every property tax dollar collected in San Diego County would shift from the schools share of property tax and be transferred to a new consolidated regional fire agency or entity in San Diego County.

Funding is contingent upon the successful merger or reorganization of at least 20 of the agencies listed in Phases I and II of the LAFCO Macro and Micro Reports.

All community college districts and “basic aid school districts” in San Diego County are exempted. Current “basic aid districts” are Cardiff, Del Mar, Encinitas, Rancho Santa Fe & Solana Beach.

Funding would commence on July 1, 2008 and the projected revenue is \$40,760,664.85.

Why is SB 806 the best option? Answer: This legislation utilizes an existing tax and redistributes only one cent to correct a long standing disparity. The property tax is the most stable funding source and will generate adequate, stable funding with a projected annual 8% growth.

Fire and Emergency Medical Services are property related services which is exactly what the property tax was designed to fund. The State is short changing our fire and emergency medical services in San Diego County by at least 9 cents on the dollar. Each 1 cent equals about \$40 million. SB 806 would force the State to send some of our tax dollars home to San Diego. There is no other viable option that has been presented to provide the revenue needed.

Why SB 806 does NOT hurt schools? Answer: Local school funding is double protected by SB 806. First, schools are guaranteed a fixed revenue limit which is a dollar amount per child, regardless of whether the dollars

come from local property taxes or the State. (Education Code Section: 42238)

Second, SB 806 states that the reduction in property tax revenue from qualified school districts in San Diego County... "shall be reimbursed by the State pursuant to Section 42238 of the Education Code."

The State is saving money by short changing San Diego County property taxpayers. This one cent belongs to us. SB 806 simply brings our tax dollars back home to provide much needed funding for fire and EMS.

School funding is a State responsibility, not a local responsibility. Local school districts in San Diego County do not lose funding and are not hurt by SB 806. They are made whole because it is the law!

Finally, as a former teacher, school board member for 17 years and past president of the CSBA, I would not support a proposal that would hurt our schools or our kids. When I proposed the tax shift idea to fund fire services in 2005, the Board of Supervisors unanimously supported it along with the Fire Chiefs Association, Fire Districts Association, East County Fire Protection District and the Task Force on Fire and Emergency Medical Services.

Property tax dollars are the most stable source of revenue and returning our own tax dollars back to San Diego fixes a long standing inequity. The language of SB 806 confirms that school funding will be protected and besides, that funding is protected by law anyway.

SB 806 is the only viable FINANCING option that has been proposed to fund a consolidated regional fire agency or entity in San Diego County. The legislative process ahead for Senate Bill 806 will be an uphill challenge but as the San Diego Union Tribune editorialized, this is a proposal worth pursuing."

Commissioner Jacob recommended that the Commission support SB 806 and thanked Senator Hollingsworth for sponsoring the bill.

In response to a question from Commissioner Rexford, Commissioner Jacob said that SB 806 exempts community college districts and "basic aid school districts" in Cardiff, Del Mar, Encinitas, Rancho Santa Fe & Solana Beach because these cities and districts generate enough taxes on their own.

In response to a question from Commissioner Pocklington regarding the San Diego Delegation, Commissioner Jacob said that she has been invited to meet with the Delegation on March 12, 2007. She said she will provide an update of that meeting at a later date.

Commissioner Menshek thanked Commissioner Jacob for her dedication and efforts in trying to obtain on-going funding for the fire reorganization.

In response to a question from Commissioner Morrison, regarding the shift of a 1% property tax from school funds to a newly formed consolidated regional fire agency or entity, Commissioner Jacob said that the State is holding San Diego County's property tax dollars; and that it would be more reasonable to ask the State to shift those dollars that is rightfully the County's.

Michael Ott recommended that the Commission support SB 806 and said that if supported, it would give him the authorization to collaborate with Legislative Director Harry Ehrlich, Supervisor Jacob, and Senator Hollingsworth in advocating LAFCO's support of the bill.

Commissioners Rexford and Morrison indicated that they would support SB 806 as individual members of LAFCO, and that they would not be acting in the capacity as members of their city councils.

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

- 1) Indicated their "Support" for SB 806; and
- 2) Authorized the Executive Officer to collaborate with Legislative Director Harry Ehrlich, Supervisor Dianne Jacob, and Senator Hollingsworth to advocate LAFCO's support for SB 806.

Harry Ehrlich provided an update on SB 819 to the Commission.

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

- Indicated their "Support" for SB 819.

Harry Ehrlich recommended that the Commission also support AB 1263 and place a "Watch" on the remainder of the bills.

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

- 1) Indicated their "Support for AB 1263; and

- 2) Placed a "Watch" on SB 162, AB 745, AB 1019, AB 1262, SB 301, SB 558.

There being no further business to come before the Commission, the meeting adjourned at 10:00 a.m. to the April 2, 2007 meeting, in Room 310, County Administration Center.

Tita Jacque Cayetano
Administrative Assistant