

**APPROVED MINUTES
SAN DIEGO LAFCO
February 4, 2019 REGULAR MEETING**

CALL TO ORDER

There being a quorum present, the meeting was convened at 9:00 a.m. by Chair MacKenzie.

ROLL CALL

The Commission Clerk performed the roll call for the February 4, 2019 meeting. Roll was recorded as follows:

Regulars Present: Catherine Blakespear, City of Encinitas
Jim Desmond, County of San Diego
Dianne Jacob, County of San Diego
Mark Kersey, City of San Diego
Jo MacKenzie, Vista Irrigation District (CHAIR)
Ed Sprague, Olivenhain Municipal Water District (VICE CHAIR)
Andy Vanderlaan, Public
Bill Wells, City of El Cajon

Alternates Present: Judy Hanson, Leucadia Wastewater District
Harry Mathis, Public

Members Absent: Chris Cate, City of San Diego – Alternate
Greg Cox, County of San Diego – Alternate

The following staff members were also present at the dais during roll call: Executive Officer Keene Simonds; Commission Counsel Holly Whatley; Chief Policy Analyst Robert Barry; and Executive Assistant Tamaron Lockett.

Commissioner Kersey arrived at 9:10 a.m.

PLEDGE OF ALLEGIANCE

Commissioner Wells led the Commission in the Pledge of Allegiance.

AGENDA REVIEW

Chair MacKenzie asked the Executive Officer if there were requests to remove or rearrange items on the agenda. Executive Officer noted no agenda revisions were needed. Chair MacKenzie announced the Commission would proceed with the agenda as presented.

OATH OF OFFICE NEW COMMISSIONERS

Commission Counsel Holly Whatley separately administered the oaths of office for new Commissioners Desmond and Kersey.

INTRODUCTION OF NEW EMPLOYEE

Executive Officer Keene Simonds introduced new Local Government Analyst I Alex Vidal. Mr. Vidal addressed the Commission and noted he recently received his graduate degree from the University of Georgia as well as completed an internship with the City of Louisville and is looking forward to his work at LAFCO.

PUBLIC COMMENT

Chair MacKenzie asked the public seated in the audience if anyone would like to address the Commission on an item that is not related to the agenda. Without any speaker slips or seeing anyone approach the dais Chair MacKenzie ended the public comment period.

CONSENT ITEMS

Item 1

Approval of Meeting Minutes | December 3, 2018

Item presented on the consent calendar for action. Item involves draft minutes prepared for the Commission's December 3, 2018 meeting. Recommendation to approve.

Item 2

Commission Ratification | Recorded Payments for November and December 2018

Item presented on the consent calendar for action. Item involves ratification of recorded financial payments received and distributed for November 1st through December 31st. Payments totaled \$374,165. Recommendation to approve.

Item 3

Budget Update for 2018-19 | 2nd Quarter Expenses-to-Actual and Year End Projections

Item presented on the consent calendar for action. Item involves the second quarter budget report for 2018-2019. Report projects LAFCO will finish the fiscal year with a modest operating deficit of (\$44,127) or (2.4%) primarily the result of expending additional monies on consultant and legal services. Recommendation to receive and file.

Item pulled for discussion. Commissioner Jacob asked for additional details concerning the projected year-end deficit. Executive Officer responded the primary factor in the projected deficit involves costs associated with the "Julian-Cuyamaca Fire Protection Reorganization" proposal and highlighted most recently by absorbing an approximate \$70,000 in election costs.

CONSENT ITEMS CONTINUED...

Item 4

Proposed Andreiko-Glaucus Street Change of Organization | Annexation of Incorporated Territory to the Leucadia Wastewater District

Item presented on the consent calendar for action. Item involves a proposal by the Leucadia Wastewater District requesting the annexation of 0.34-acres of incorporated territory consisting of a single parcel located within its sphere of influence in Encinitas. Recommendation to approve with standard terms. The subject parcel is identified by the County of San Diego Assessor's Office as 254-261-32.

Item 5

Progress Report on 2018-2019 Workplan

Item presented on the consent calendar for action. Item involves an update on the specific projects established as part of the adopted workplan for 2018-2019. The report identifies through the first seven months close to 75% of all high and moderate priority projects are underway. Recommendation to receive and file.

Item 6

Service Commendations | Past Members of the Special Districts Advisory Committee

Item presented on the consent calendar for action. Item involves service recognition for three past members – Dennis Shepard, Teresa Thomas, and Tony Michel – of the Special Districts Advisory Committee. Recommendation to adopt the resolutions of commendations for presentation off dais at a future Committee meeting.

Item 7

Proposal Update | Julian-Cuyamaca Fire Protection District Reorganization | RO18-09 et. al

Item presented on the consent calendar for information. Item summarizes recent activities following protest proceedings for the “Julian-Cuyamaca Fire Protection District Reorganization.” This includes noting a special election has been scheduled for March 19, 2019 to allow voters within the affected territory to confirm the Commission's approval of the proposal and the associated dissolution of Julian-Cuyamaca Fire Protection District and concurrent expansion of fire protection services by County Service Area No. 135.

Item 8

Current Proposals and Related Activities

Item presented on the consent calendar for information. Item summarizes an update on active and pending proposals on file with the Commission and other related matters pending before LAFCO. Update notes one new proposal filing has been made with LAFCO since the December 3, 2018 meeting.

CONSENT ITEMS CONTINUED...

Item 9

CALAFCO Quarterly Report

Item presented on the consent calendar for information. Highlights include the results of the recent Board election and announcements among individual LAFCOs.

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Commissioner Wells motioned to approve the consent calendar as recommended by staff in the agenda reports with a second from Commissioner Sprague. Chair asked for a roll call.

The Commission Secretary recorded the following votes:

AYES:	Blakespear, Desmond, Jacob, MacKenzie, Sprague, Vanderlaan, and Wells
NOES:	None
ABSENT:	Cate and Cox
ABSTAIN:	None

The Secretary confirmed the motion was approved 7-0.

PUBLIC HEARING ITEMS

Item 10

Adoption of Proposed Workplan and Budget for 2019-2020

Item presented on the public hearing calendar for action with the Executive Officer providing a verbal summary. The Executive Officer noted the workplan outlines over two dozen specific project goals with one-third tied to preparing scheduled municipal service reviews. This includes a municipal service review on County Fire Authority through County Service Area No. 135 and opportunity therein to explore potential reorganization options in step with responding to voters recently approving an amendment to the County Charter to now codify fire protection as a County service function. The Executive Officer added the proposed budget draws on the workplan and tallies \$1,913,300 in expenses and represents an overall increase of \$6,607 or 0.3% over the current fiscal year. A matching amount of revenues is also proposed with a reduction in reserves as offsetting revenues contributing to an overall increase in agency apportionments of \$35,806 or 2.2%.

Chair MacKenzie opened the public hearing and asked the Commission if there were any questions for staff.

PUBLIC HEARING ITEMS CONTINUED...

Commissioner Wells commented about the use of reserves as offsetting revenues and stated it is important for LAFCO to move away from the existing practice to rely on the fund balance to cover operating costs.

Commissioner Desmond asked whether the proposed fee schedule increase separately itemized was reflected in the proposed budget and if there is a reserve policy. The Executive Officer responded the fee schedule increase is having an implicit impact on the proposed budget by providing more revenue-certainty that the amount of application fees that have been budgeted in recent years will be achieved. The Executive Officer added there is a reserve policy, but it is not prescriptive and will be the focus of an update the Commission previously calendared as part of the current workplan. Commissioner Desmond commented a reserve policy is important and encouraged the Executive Officer to proceed with bringing the update ahead of the Commission taking final action on the budget in April.

Commissioner Jacob asked for clarification regarding the long-term usage of reserves and if the revenues will be raised in order to stop using reserves to cover operating costs. The Executive Officer noted it has been the practice of the Commission to use reserves as offsetting revenues in recent years for the purpose of controlling annual increases to the funding agencies in their annual apportionments. The Executive Officer added the Commission took action in adopting a budget for 2018-2019 to better true-up the apportionments to reflect operating costs and reduced the use of reserves by one-half from \$220,000 to \$110,000. The proposed budget continues this process and reduces the use of reserves by one-third to \$72,000 in 2019-2020. Commissioner Jacob commented the continued use of reserves to offset operating costs needs to come to an end as soon as possible and agreed with Commissioner Desmond that the Commission needs to review and update the reserve policy.

Commissioner Desmond asked for clarification on the public review process. The Executive Officer responded that staff would circulate a notice of the adopted proposed workplan and budget to all funding agencies for review and comment along with general posting on the website and publication in the newspaper. It would also be presented to the Special Districts Advisory Committee. The Executive Officer added any written comments received would be incorporated into a final workplan and budget document and presented for adoption in April.

Commissioner Vanderlaan commented he was pleased with the proposed workplan and agreed with staff it would be appropriate to explore reorganization options for County Service Area No. 135 to track with the continued development of the County Fire Authority.

Chair MacKenzie commented she was also pleased with the proposed workplan and budget while agreeing it would be good to also expedite the review and update of the reserve policy.

PUBLIC HEARING ITEMS CONTINUED...

With no more questions or comments from the Commission, Chair MacKenzie asked if there were any audience members wanting to speak on the item. Seeing none approach the dais Chair MacKenzie closed the public hearing.

Commissioner Sprague motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner Vanderlaan.

Commissioner Jacob asked the makers of the motion for an amendment to provide direction to the Executive Officer to present a review and update to the reserve policy at the next meeting and ahead of taking final action on the budget. Commissioners Sprague and Vanderlaan agreed to amend their motion per Commissioner Jacob.

Chair MacKenzie asked for a roll call.

The Commission Secretary recorded the following votes:

AYES:	Blakespear, Desmond, Jacob, Kersey, MacKenzie, Sprague, Vanderlaan, and Wells
NOES:	None
ABSENT:	Cate and Cox
ABSTAIN:	None

The Secretary confirmed the motion was approved 8-0.

Item 11

Approval of Proposed Comprehensive Fee Schedule Update

Item presented on the public hearing calendar for action with the Executive Officer providing a verbal summary. The Executive Officer noted the proposed update returned to the Commission following the first-reading in December and subsequent public review with limited and non-substantive changes. The Executive Officer added the proposed update is highlighted by transitioning the fee schedule emphasis from variable charges based on acreage to fixed charges based on proposal type, and the substantive effect is an overall increase of approximately 20% with the qualifier some applicants will pay more while others less. The Executive Officer added the recommendation includes setting the effective date for 60 days or April 5, 2019, which would satisfy the minimum amount of time under State law for LAFCO to change its fees.

PUBLIC HEARING ITEMS CONTINUED...

Commissioner Blakespear asked for additional details on the existing volume of proposals processed and the revenue amounts typically collected. The Executive Officer responded that LAFCO processes on average 15 proposals a year and has been budgeting \$125,000 in fees, and with some variations typically collects this amount.

Commissioner Desmond commented the proposed update would have a significant impact on certain applicants with some experiencing more than a double charge to process proposals at LAFCO. Commissioner Desmond added he was most concerned about the impacts to individual landowners that are not developers and interested in processing basic proposals at LAFCO given the baseline charge is set to increase from \$2,600 to \$6,400. Commissioner Desmond asked for additional details to explain the rationale underlying the increase in the baseline charge. The Executive Officer responded the increase in the baseline charge relates to transitioning the fee schedule from variable rates based on acreage to fixed rates based on proposal type and specifically the level of environmental review needed and whether protest proceedings apply. The Executive Officer added this transition produces a leveling effect across most applicant types by synching to the current and increased level of uniform analysis required of all jurisdictional changes under statute.

Commissioner Desmond separately commented that he would favor delaying the implementation of the fee schedule update for up to one year to give agencies and landowners the opportunity to adjust to new processing costs at LAFCO.

Commissioner Jacob asked for additional details on how the new fees were developed with specific interest in the pre-assignment of hours for proposals by type. The Executive Officer responded that the pre-assignment of hours by proposal type in the proposed fee schedule update is based on experience and accurately reflects actual time expended.

Commissioner Wells asked if applicants will be refunded should it take LAFCO less time to process their proposal than the pre-assignment of hours reflected in the fee schedule. The Executive Officer responded that no refunds would be provided with the qualifier that it is unlikely there would be circumstances in which monies would be unspent given the elevated predictability in how proposals are now processed under LAFCO law.

Commissioner Sprague noted he would support providing additional time to implement the fee schedule update, but only for a few months given the need for LAFCO to recover its costs in processing proposals coupled with moving more quickly to eliminate the budget deficit.

Commissioner Blakespear stated she was in support of moving forward with the staff recommendation with the understanding LAFCO should be more proactive in addressing its cost-recovery on a more regular basis to avoid large increases.

Chair MacKenzie asked how the public would receive this information regarding the effective fee schedule increase. The Executive Officer noted a mailed notice will be sent out to all local agencies when it becomes effective, and it will also be posted on the website. The Executive Officer also added that staff has been communicating with agencies and other potential applicants to advise them a fee update is likely in the next few months.

With no more questions or comments from the Commission, Chair MacKenzie opened the public hearing and asked if there were any audience members wanting to speak on the item. Seeing no one approach the dais, the Chair closed the public hearing.

Commissioner Vanderlaan asked for clarification from Commission Counsel if there is a process for an applicant to challenge the fee schedule. Commission Counsel responded that applicants under the existing and proposed fee schedule can seek a fee waiver or reduction. Commission Counsel added the update shows the calculations used in determining the proposed rates, and as such provides a clear nexus under statute in resetting the fees.

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Commissioner Blakespear motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner Jacob. Chair asked for a roll call.

AYES: Blakespear, Jacob, Kersey, MacKenzie, Sprague, Vanderlaan, and Wells

NOES: Desmond

ABSENT: Cate and Cox

ABSTAIN: None

The Secretary confirmed the motion was approved 7-1.

Item 12

Proposed Alpine Islands Reorganization and Associated Sphere Amendments | Annexation to Alpine Fire Protection District and Concurrent Service Divestiture from County Service Area No. 135 | RO16-15 et al.

Item presented on the public hearing calendar for action with a verbal presentation provided by Chief Policy Analyst Robert Barry. Mr. Barry noted the proposal involves the transfer of fire protection and emergency medical services for approximately 6,166 unincorporated acres from the County of San Diego and its Fire Authority through County Service Area No. 135 to the Alpine Fire Protection District (FPD). Mr. Barry added Alpine FPD is the applicant and is proposing the reorganization in consultation with County Fire Authority for the purpose of extending the FPD's jurisdictional boundary to become substantially coterminous with its sphere of influence and unify fire services therein. Mr. Barry noted staff recommends approval with conforming sphere amendments. It was also noted protest proceedings would apply with reference to communications received in opposition to the proposal by Louis Russo.

PUBLIC HEARING ITEMS CONTINUED...

Chair MacKenzie asked for clarification regarding an unserved area outside the proposed reorganization site. Mr. Barry responded the queried area was not requested to be added to the annexation by Alpine FPD and believed the site was part of the Cleveland National Forest. Alpine FPD Chief confirmed Mr. Barry's statement and provided additional details concerning the area within the proposed reorganization.

Commissioner Jacob asked for additional details regarding the opposition comments to the proposal received by Mr. Russo. Mr. Barry responded and noted Mr. Russo and has been actively following the proposal and believes the County Fire Authority can provide more effective levels of service to the affected territory.

With no more questions or comments from the Commission, Chair MacKenzie opened the public hearing and asked if there were any audience members wanting to speak on the item. Seeing no one approach the dais, the Chair closed the public hearing.

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Commissioner Blakespear motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner Desmond. Chair asked for a roll call.

The Commission Secretary recorded the following votes:

AYES: Blakespear, Desmond, Jacob, Kersey, MacKenzie, Sprague, Vanderlaan, and Wells

NOES: None

ABSENT: Cate and Cox

ABSTAINING: None

The Secretary confirmed the motion was approved 8-0.

Item 13

County Service Area No. 135 Island Reorganization and Associated Sphere Amendments | Concurrent Latent Power Area Expansion and Annexations | RO16-20 et al.

Item presented on the public hearing calendar for action with a verbal report provided by Chief Policy Analyst Robert Barry. Mr. Barry noted the proposal seeks to establish formal fire protection and emergency medical services within three unserved island areas in unincorporated San Diego County totaling approximately 20,861.4 acres. The County of San Diego and its Fire Authority through County Service Area No. 135 is the applicant and has proposed the reorganization to divide the affected territory between five adjacent agencies through annexations and a latent power expansion. The subject agencies are Bonita-Sunnyside Fire Protection District (FPD), Lakeside FPD, San Miguel Consolidated FPD, Ramona Municipal Water District (MWD), and CSA No. 135. Mr. Barry noted staff recommends approval with conforming sphere amendments and a special term to require a

PUBLIC HEARING ITEMS CONTINUED...

subsequent filing to annex a portion of the affected territory into CSA No. 69 to ensure consistent ambulance and transport services. It was also noted protest proceedings would apply while noting no opposition to the proposal is on file.

Commissioner Vanderlaan asked for clarification on why an area marked as “Island 4” on the map included in the agenda report is not included in the proposal. Mr. Barry responded the area is within the City of Chula Vista.

Commissioner Jacob commented that she was pleased the agencies have collaborated in helping to establishing fire protection services in these remaining island areas and the value provided to the entire county.

With no more questions or comments from the Commission, Chair MacKenzie opened the public hearing and asked if there were any audience members wanting to speak on the item.

The following speakers addressed the Commission:

- County EMS Director Jim Kirkpatrick offered support for the staff recommendation to require a subsequent proposal filing to annex certain lands within the affected territory to CSA No. 69 as detailed in the agenda report.
- County Fire Chief Tony Mecham thanked LAFCO for its help in processing the proposal and expressed gratitude to the other agencies involved in the reorganization in working together on this project.

Seeing no others approach the dais, the Chair closed the public hearing.

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Commissioner Blakespear motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner Desmond. Chair asked for a roll call.

The Commission Secretary recorded the following votes:

AYES: Blakespear, Desmond, Jacob, Kersey, MacKenzie, Sprague, Vanderlaan, and Wells

NOES: None

ABSENT: Cate and Cox

ABSTAINING: None

The Secretary confirmed the motion was approved 8-0.

BUSINESS ITEMS

Item 14

Outside Audit Report for 2017-18

Item presented on the business calendar for action to receive and file with a verbal summary provided by the Executive Officer. The Executive Office noted the outside report prepared by Davis Farr LLP concludes there were no material weaknesses identified and the financial statements accurately reflect LAFCO's financial position ending on June 30, 2018. It was further noted the overall fund balance finished with a net increase of \$137,787 or 9.9% from \$1.469 million in 2016-2017 to \$1.607 million in 2017-2018.

Chair MacKenzie noted she is pleased with the audit and thanked staff for their work.

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Commissioner Blakespear motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner Desmond. Chair asked for a roll call.

The Commission Secretary recorded the following votes:

AYES: Blakespear, Desmond, Jacob, Kersey, MacKenzie, Sprague, Vanderlaan, and Wells

NOES: None

ABSENT: Cate and Cox

ABSTAINING: None

The Secretary confirmed the motion was approved 8-0.

Item 15

Appointment/Reappointment of an Alternate Public Member

Item presented on the business calendar for action with a brief verbal report provided by the Executive Officer. The Executive Officer noted staff is seeking direction from the Commission on its preferences in making a new four-year appointment of an alternate public member ahead of the current term expiring on May 5, 2019. Available options were summarized ranging from the direct reappointment of the incumbent – Harry Mathis – to soliciting applicants and making an appointment/reappointment at a future meeting.

Chair MacKenzie noted her appreciation for Commissioners Mathis and dedication to LAFCO and commented she was prepared to make a motion to reappoint to a new four-year term unless there was interest in more discussion.

Commissioner Jacob commented she would support the Chair's motion.

Commissioner Blakespear commented she was interested in discussing the item to better understand policies and processes regarding the appointment process.

BUSINESS ITEMS CONTINUED...

Commissioner Mathis proceeded to recuse himself from the meeting room.

Commissioner Blakespear noted Commissioner Mathis has been on LAFCO for 24 years and it may be appropriate and/or timely to explore options and proceed with an open recruitment. Commissioner Blakespear added opening up the recruitment for the alternate public member position does not preclude the reappointment of Commissioner Mathis; it would, however, allow others to come forward for consideration by the membership. Commissioner Blakespear also added LAFCO's policies are silent and should provide more guidance in how it goes about appointing public members.

Commissioners Jacob and Vanderlaan stated their preferences to proceed with reappointing Commissioner Mathis now and cited his known value and institutional knowledge of LAFCO.

Commissioner Jacob added she agrees with Commissioner Blakespear it would be appropriate to revisit the appointment process and develop policy procedures ahead of the next appointment to either public member position.

Chair MacKenzie stated she can do better job at integrating all alternate members into the discussion of the Commission.

Commissioner Sprague asked how the process would work if the Commission wanted to open up the recruitment now for the alternate public member seat. The Executive Officer responded the Commission would need to provide direction to staff given the referenced silence in its adopted policies and procedures. Commissioner Sprague responded it would be his preference consistent with Commission Jacob's comments to proceed now with the reappointment of Commissioner Mathis with direction to staff to develop policy procedures for future consideration.

Commissioner Blakespear commented she supports the comments provided by Commissioner Jacob and Sprague to proceed with the reappointment of Commissioner Mathis and develop formal recruitment procedures ahead of the next appointment.

Commissioner Kersey noted his support to reappoint Commissioner Mathis.

Commissioner MacKenzie invited any members of the audience to address the Commission on this topic. Comments were received by the following individual.

- Joe Naiman addressed the tenure of Commissioner Mathis and sought clarification on the number of total years served on LAFCO. Commissioner Blakespear responded the agenda report states Mr. Mathis has been on LAFCO for a total of 24 years, which includes service as a City Councilmember with the City of San Diego.

BUSINESS ITEMS CONTINUED...

Chair MacKenzie motioned to reappoint Commissioner Mathis to a new four-year term as the Alternate Public Member beginning May 6, 2019 with a second from Commissioner Jacob. Commissioner Jacob also requested an amendment to direct staff to bring back formal policy procedures to guide future public member requirements. Chair MacKenzie accepted the amendment and asked for a roll call.

The Commission Secretary recorded the following votes:

AYES: Blakespear, Desmond, Jacob, Kersey, MacKenzie, Sprague, Vanderlaan, and Wells

NOES: None

ABSENT: Cate and Cox

ABSTAINING: None

The Secretary confirmed the motion was approved 8-0.

Commissioner Mathis returned to the meeting room and after notification of his reappointment thanked the Commission for the opportunity to continue to serve.

Item 16

Report from the Regional Meeting of LAFCOs

Item presented on the business calendar for information only with brief verbal reports provided by Commissioners MacKenzie and Vanderlaan and highlighted by ongoing discussions about raising membership dues.

CLOSED SESSION

Chair MacKenzie noted that Items 17 and 18 were to be heard in closed session. Closed session adjourned at 10:38 a.m.

Item 17

Conference with Legal Counsel – Existing Litigation:

Pursuant to Government Code Section 54956.9(d)(1): Southcott et al. v. Julian-Cuyamaca Fire Protection District, et al., San Diego Superior Court Case No. 37-2018-0023393-CU-WM-CTL; Fourth District Court of Appeal Case No. D074324.

Item 18

Conference with Legal Counsel – Initiation Litigation:

Pursuant to Government Code Section 54956.9(d)(2): Significant exposure to Litigation involving two potential cases.

CLOSED SESSION ITEMS CONTINUED...

The Commission reconvened into open session at 10:55 a.m. with the following report from Commission Counsel Holly Whatley:

- No reportable actions taken for Item No. 17.
- With respect to Item No. 18 the Commission has given authority to Counsel to coordinate with the Executive Officer and initiate litigation as needed with reportable details to be provided should LAFCO file a lawsuit.

EXECUTIVE OFFICER REPORT

None

COMMISSION ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

None

ADJOURNMENT TO NEXT REGULAR MEETING

There being no further business to come before the Commission, the meeting was adjourned by Chair MacKenzie at 10:56 a.m. until March 4, 2019.

ATTEST,

Tamaron Lockett
Executive Assistant