



FINAL MINUTES

LAFCO REGULAR MEETING
Wednesday, April 9, 2008, 9:00 a.m.
Planning Commission Hearing Room, Hall of Administration
10 Civic Center Plaza
Santa Ana, CA

1. CALL TO ORDER

Chair Withers called the regular meeting of the Local Agency Formation Commission (LAFCO) to order at 9:03 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Moorlach led the pledge of allegiance.

3. ROLL CALL

The following Commissioners and alternates were present:

- **Chair John Withers**
- **Vice Chair Susan Wilson**
- **Commissioner Robert Bouer**
- **Commissioner Bill Campbell**
- **Commissioner Peter Herzog**
- **Commissioner John Moorlach**
- **Commissioner Arlene Schafer**
- **Alternate Commissioner Pat Bates**
- **Alternate Commissioner Patsy Marshall**
- **Alternate Commissioner Rhonda McCune**

The following Commissioners were absent at roll call:

- **Alternate Commissioner Charley Wilson**

The following LAFCO staff members were present:

- **Legal Counsel Clark Alsop**
- **Executive Officer Joyce Crosthwaite**
- **Assistant Executive Officer Bob Aldrich**
- **Senior Project Manager Carolyn Emery**
- **Commission Clerk Esther Garcia-Negrete**
- **Policy Analyst Benjamin Legbandt**
- **Student Intern Joe Serrano**

4. APPROVAL OF MINUTES

March 12, 2008 – Regular Commission Meeting/Rossmoor Community Workshop Minutes

Vice Chair Withers called for any changes and approval of the March meeting minutes. There were none.

MOTION: Approve March 12, 2008 meeting minutes without revisions.
(Arlene Schafer)
SECOND: Susan Wilson
FOR: Bob Bouer, Bill Campbell, Peter Herzog, John Moorlach, Arlene Schafer, Vice Chair Susan Wilson, and Chair John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

5. PUBLIC COMMENT

Chair Withers requested public comments on any non-agenda item. There were none.

6. CONSENT CALENDAR

None

7. CONTINUED PUBLIC HEARING

7a.- Laguna Laurel Annexation to the City of Laguna Woods (RO 07-27)

Assistant Executive Officer Bob Aldrich summarized the application and its history. He stated that the project area includes approximately 179 acres of open space generally located south of the City of Irvine and west of the City of Laguna Woods. If approved, he noted that the proposed reorganization would be placing 179 acres in the sphere of influence of the City of Laguna Woods and concurrently annexing 173 acres to the City of Laguna Woods. Upon completion of pending road improvements and a final road realignment of Laguna Canyon Road, he noted that the City of Laguna Woods has expressed their intent to annex the remaining 6 acres. Assistant Executive Officer Aldrich recommended the Commission approve the sphere of influence amendment and concurrent annexation subject to the terms and conditions.

Chair Withers asked for Commissioner comments or questions.

Commissioner Moorlach inquired about the incorporated property adjacent to the proposed project area.

Chair Withers opened the Public Hearing.

Leslie Keane, City Manager, City of Laguna Woods, briefly described the history of Laguna Woods and, in response to **Commissioner Moorlach's** inquiry, clarified the area that is within the City of Laguna Beach. She noted that this project is the final outstanding item of their City's original incorporation goals and hoped the Commission would approve the project. She concluded by acknowledging and thanking the Irvine Company and LAFCO staff.

Chair Withers Closed the Public Hearing.

MOTION: Approve the proposed Laguna Laurel Annexation to the City of Laguna Woods (RO 07-27). (Peter Herzog)
SECOND: Bill Campbell
FOR: Bob Bouer, Peter Herzog, John Moorlach, Arlene Schafer, Vice Chair Susan Wilson, and Chair John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

8. PUBLIC HEARING

8a. Canyon Reorganization to the City of Laguna Beach (RO 06-48)

Policy Analyst Benjamin Legbandt summarized the proposed Canyon Reorganization to the City of Laguna Beach. He noted that based on Commissioner Herzog's comments he recommended that the Commission amend the City's application to slightly adjust the sphere of influence so that it would be coterminous with the proposed annexation area. He noted that LAFCO staff had spoken with the Laguna Beach City Manager and that the City was in agreement with the change. Mr. Legbandt recommended the Commission approve the reorganization as amended and set a 21-day protest period.

Vice Chair Withers opened the public hearing. There were no public speakers; therefore **Chair Withers** closed the public hearing.

MOTIONS: Approve the proposed Canyon Reorganization to City of Laguna Beach with an amendment to the City's sphere of influence to be coterminous to the project area and set a 21-day protest period. (John Moorlach)
SECOND: Arlene Schafer
FOR: Bob Bouer, Bill Campbell, Peter Herzog, John Moorlach, Arlene Schafer, Vice Chair Susan Wilson, and Chair John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Chair Withers requested that the Commission consider item 9b first.

9b. – South Mesa/Santa Ana Country Club Reorganization (RO 06-30)

Assistant Executive Officer Bob Aldrich reviewed the application filed 19 months ago. He stated the application has not come before the Commission because it is incomplete. He noted that, consistent with LAFCOs inactive application policy, a certified letter was sent to the applicant advising them of the application status and deadline. LAFCO received a letter from the applicant in March requesting a one year extension to complete the application. He concluded by describing two alternative courses of action regarding this item.

Chair Withers asked if the applicant chose to re-file if there would be any additional fees the applicant would need to pay. Assistant Executive Officer Aldrich responded that the applicant would be required to pay approximately \$6,600 in new filing fees. Any unspent fees from the original application would be refunded to the applicant.

Executive Officer Crosthwaite reminded the Commission that it is their prerogative if they wished to waive any fees.

Chair Withers opened the Public Hearing

Judy Chapel, South Mesa Resident, expressed her sentiments regarding the request for an extension of time

John Fay, South Mesa Resident, noted previous annexation attempts by the City of Costa Mesa and stated the resident's desire to be annexed to the City of Newport Beach. He requested that the Commission grant the one year extension for the reorganization application.

Herbert Hirashima, South Mesa Resident, concurred with the previous speaker's sentiments.

Bill Lewis, South Mesa Resident, requested the Commission grant the extension of time.

Cal McLaughlin, South Mesa Resident, noted that LAFCO staff has been very helpful and accommodating and also requested the Commission grant the one year's extension for the reorganization application.

Patrick Munoz, South Mesa Resident, acknowledged Commissioner Moorlach's efforts to achieve a global solution for all parties involved and stated how unfortunate it was that one could not be agreed upon. He requested the Commission approve the extension of time.

Thomas Pepler, South Mesa Resident, stated that many residents were unable to attend due to scheduling conflicts but he and many others believed that the extension of time for the application should be granted.

Mack Ramsay, South Mesa Resident, expressed his desired to be annexed to the City of Newport Beach and concurred with previous speakers desires for an extension of time.

Allan Roeder, Costa Mesa City Manager, stated that the Commission is familiar with the City of Costa Mesa's position that the existing City's sphere of influence boundary be respected and that the extension of time to complete the application be denied.

Martha Toft, South Mesa Resident, stated that the residents have been very persistent and that the Commission should grant the extension of time.

Chris Buyvid, South Mesa Resident, requested the Commission support annexation to the City of Newport Beach. She urged the Commission to adhere to the residents' wishes.

Rob Souza, South Mesa Resident, expressed support for the requested extension of time.

Peter Powell, South Mesa Resident, requested that the Commission grant the extension of time and proceed expeditiously.

Commissioner McCune excused herself from the meeting.

Chair Withers closed the public hearing and requested Commissioner comments.

Commissioner Herzog stated he has been involved in discussions regarding this area many times. He commented that both the Commission and LAFCO staff have analyzed the service provisions in this area and that the logical service provider is Costa Mesa.

Commissioner Campbell inquired if there was a map of the area. He stated that although he is familiar with the area it might have been helpful to view the area being discussed.

Commissioner Moorlach thanked Mr. Munoz for acknowledging his efforts regarding this area. He noted that he will be voting to deny the extension of time for the application and will continue to work on achieving a global solution.

Commissioner Withers inquired about letter dated April 4th regarding a municipal services agreement. Assistant Executive Officer Crosthwaite replied that an "out of area service agreement" was being negotiated by the County and the City. She noted that LAFCO has not been involved in those discussions.

Allan Roeder, City Manager, City of Costa Mesa, clarified that the City is currently in discussions with the County to develop a municipal services agreement in which the City of Costa Mesa will provide some municipal services to the unincorporated area of South Mesa and Santa Ana Country Club areas. He concluded by stating that this should improve the level and quality of services to these areas should the Board of Supervisors approve the agreement.

MOTIONS: Deny the request for a one year extension of time for South Mesa/Santa Ana Country Club Reorganization application. (Peter Herzog)
SECOND: John Moorlach
FOR: Bob Bouer, Bill Campbell, Peter Herzog, John Moorlach, Arlene Schafer, and Vice Chair Susan Wilson.
AGAINST: Chair John Withers
ABSTAIN: None
MOTION PASSED

8b .Proposed Draft LAFCO Budget for Fiscal Year 2008-2009

Senior Project Manager Carolyn Emery summarized the proposed Draft 2008-2009 LAFCO budget. She stated that the budget includes a surplus of \$157,000 dollars and that there will be a corresponding reduction to the funding agencies' contributions for FY 2008-2009. She noted that the surplus will allow for a 13% reduction in city and district contributions when compared to last year's allocations. Senior Project Manager Emery introduced Jennifer Christian from Mayer Hoffman McCann P.C., a consultant to LAFCO who provides accounting and budget expertise to staff.

Jennifer Christian, Partner, Mayer Hoffman McCann P.C., provided an overview of the budget development process and explained her role in assisting staff. She noted that LAFCO staff met with the LAFCO Executive Committee on March 19th to discuss the details of the proposed budget.

Senior Project Manager Emery recommended the Commission approve the draft budget, direct staff to distribute the draft budget to LAFCO's funding agencies for review and comment, and set a public hearing for May 14th to consider and adopt the final budget.

Vice Chair Wilson inquired how often an agency returns allocation to its member agencies. Jennifer Christian responded that it is very uncommon and it is a public policy decision of the Commission.

Commissioner Moorlach disclosed his son works for Meyer Hoffman McCann P.C.

Chair Withers noted that the Commission has often prided itself with proper cost accounting. He expressed his wish that LAFCO's efforts to reduce agency contributions this year will be remembered and that any future increases in LAFCO's budget in the future would be received favorable.

MOTIONS: Adopt the proposed Fiscal Year 2008-2009 LAFCO Budget. (Bill Campbell)
SECOND: Bob Bouer

FOR: Bob Bouer, Bill Campbell, Peter Herzog, John Moorlach, Arlene Schafer, Vice Chair Susan Wilson, and Chair John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

9. COMMISSION DISCUSSION AND ACTION

9a. – LAFCO Policies and Procedures Update

Assistant Executive Officer Bob Aldrich discussed the proposed changes to the updated LAFCO Policy and Procedures Handbook. He highlighted proposed changes to the accounting, annual audits, personnel issues, and email and records retention policies. He also noted that the proposed LAFCO fee schedule was modified slightly and the LAFCO application form has been changed to specifically include reference to the 15 factors the Commission must consider for every application.

Commissioner Campbell inquired who reconciles the LAFCO checking accounts. Assistant Executive Officer Aldrich responded that bookkeeper from Mayer Hoffman McCann reconciles the accounts once a month.

Chair Withers requested staff to distribute the final handbook to the funding agencies.

Executive Officer Crosthwaite added that the Commission has also adopted a public financial disclosure policy which will affect any new and any current applications.

MOTIONS: Receive and file the LAFCO Policies and Procedures Update.
(John Moorlach)
SECOND: Bill Campbell
FOR: Bob Bouer, Bill Campbell, Peter Herzog, John Moorlach, Arlene Schafer, Vice Chair Susan Wilson, and Chair John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

10. COMMISSIONER COMMENTS

None

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

Executive Officer Crosthwaite reminded the Commission that they need to complete a mandatory ethics training to comply with AB 1234. She additionally noted that staff has just completed sexual harassment training.

12. CLOSED SESSION

None

13. ADJOURNMENT

The meeting adjourned at 10:08 am.

14. SUBCOMMITTEE MEETING

The Sub-Committee met to discuss the proposed "Best Practices" effort of the Commission to meet the requirements of MSRs. Dr. Wallace Walrod, Vice President of the Orange County Business Council (OCBC), described past efforts of OCBC and outlined ways LAFCO and OCBC could form a partnership. The Sub-committee members present directed staff to schedule a meeting when all four Commissioners could be present to discuss the draft program.

JOHN WITHERS

Chair

Orange County Local Agency Formation Commission

By: _____

Esther Garcia-Negrete
Esther Garcia-Negrete
Commission Clerk