



Final MINUTES

**LAFCO REGULAR MEETING
Wednesday, December 17, 2008, 9:00 AM
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 9:00 AM.

2. PLEDGE OF ALLEGIANCE

Commissioner Cheryl Brothers led the pledge of allegiance.

3. ROLL CALL

The following Commissioners and alternates were present:

- **Chair John Withers**
- **Vice Chair Susan Wilson**
- **Commissioner Bill Campbell**
- **Commissioner Peter Herzog**
- **Commissioner John Moorlach**
- **Commissioner Arlene Schafer**
- **Alternate Commissioner Pat Bates**
- **Alternate Commissioner Charley Wilson**
- **Commissioner Cheryl Brothers**

The following Commissioners were absent at roll call:

- **Alternate Commissioner Patsy Marshall**
- **Alternate Commissioner Rhonda McCune**

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
- Consultant Joe Serrano
- Administrative Assistant Danielle Angela Reyes

4. APPROVAL OF MINUTES

December 17, 2008 – Regular Commission Meeting Minutes

Chair Withers called for any changes and approval of the December 17, 2008 regular commission meeting minutes. There were none.

MOTION: Approve December 17, 2008 regular commission meeting minutes without revision (Susan Wilson)
SECOND: Arlene Schafer
FOR: Cheryl Brothers, 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.
None

6. CONSENT CALENDAR

None

7. PUBLIC HEARING

None

8. COMMISSION DISCUSSION AND ACTION

8a. –Budget Update and Investment Report

Senior Project Manager Carolyn Emery and Consultant Joe Serrano addressed the Commission on the budget and investment report.

Senior Project Manager Carolyn Emery informed the Commission that staff provides periodic budget updates to keep them informed of the agencies current revenue and expenditures. Revenues are at approximately at 112% of projections and expenditures are approximately 33% of the approved budget. The primary reason for the revenue increase is the deposit received to fund the MWDOC governance study. Ms. Emery further indicated that the agency's expenditures are below projections at this time in the fiscal year due to conservative spending. Ms. Emery also noted that there are a few budget categories that exceed the projected target levels primarily due to one-time equipment costs, but staff anticipates that these categories will balance out at the end of the fiscal year. The next budget update is scheduled for March 2009 when the draft budget for 2009-2010 will also be presented.

Consultant Joe Serrano provided the Commission with an update on the status of the agencies investment fund. Mr. Serrano stated that on February 8, 2005, the Commission formally authorized staff to invest with the Local Agency Investment Fund (LAIF) which is a voluntary program, created by statute in 1977. He indicated that LAIF is part of a pooled money investment account which allows cities, counties, and special districts an opportunity to invest money in a major portfolio. Mr. Serrano concluded by stating that as the economy does well, LAIF tends to do well and, as the economy suffers, LAIF usually reflects the change; however, regardless of its fluctuation, on average LAIF continues to provide a slightly higher return.

Commissioner Campbell inquired if OC LAFCO was the only LAFCO participating in LAIF. Executive Officer Crosthwaite replied that other LAFCOs also participate.

Commissioner Campbell asked the total amount that OC LAFCO has invested in LAIF.

Senior Project Manager Carolyn Emery responded that the amount of money invested varies. At the beginning of the fiscal year, the agency is able to invest approximately \$700,000 but that amount is drawn down through the balance of the fiscal year to cover agency operating expenses.

Executive Officer Crosthwaite recognized staff for doing a great job with the budget and being frugal with spending. She cited Office Manager/Commission Clerk Garcia-Negrete for doing a cost comparison on the LAFCO postage meter and saving \$5,000 over the next four years.

8b. Audit Update

Assistant Executive Officer Aldrich provided the Commission with an oral update on the upcoming audit of LAFCO by the accounting firm of Lance, Soll and Lunghard, LLP. Mr. Aldrich informed the Commission that the audit for fiscal year 2007-2008 is underway and will be likely be presented at the March meeting.

Assistant Executive Officer Aldrich introduced Mr. Richard Kikuchi, a partner with the firm of Lance, Soll and Lunghard LLP. Mr. Kikuchi stated that he looked forward to working with the Commission and staff in completing the audit and offered to meet with Commissioners or answer any Commissioner questions throughout the audit process.

Commissioner Campbell questioned why staff started the audit in December. He suggested starting an audit at the end of August.

Assistant Executive Officer Aldrich agreed that staff could start the audit earlier next year, however, he noted that staff is dependent on receiving final financial data from the County. He said staff would try to start the audit process in September or October.

8c. – County Service Area (CSA) Inventory

Policy Analyst Ben Legbandt provided the Commission with a report on the CSA inventory. Mr. Legbandt mentioned that the CSA law had been rewritten and that the revised statute requires all LAFCOs to inventory their CSAs, along with the services that they are authorized to provide. Mr. Legbandt further stated that any service not authorized prior to January 1, 2009 automatically becomes latent and any activation of new services requires LAFCO approval. He described the five CSAs within Orange County.

Mr. Legbandt noted that this was a receive and file item and reiterated staff recommendations to include the remaining CSAs in future municipal service reviews and sphere of influence updates. He additionally recommended dissolution of the remaining portions of CSA 25. Mr. Legbandt noted that all of the CSAs are administered by the OC Public Works.

8d. – Best Practices Update

Executive Officer Crosthwaite updated the Commission on the upcoming round of municipal service reviews that will focus on agency “best practices”. On Friday, March 27, 2009, a meeting is scheduled for elected representatives from Orange County agencies to participate in a regional summit discussion on issues affecting Orange County and innovative ways agencies are using to meet their service challenges. Ms. Crosthwaite noted that approximately 100 participants are expected and that she is requesting that Commissioners lead small group discussions.

Ms. Crosthwaite further noted that as part of LAFCO’s outreach efforts to our member agencies, staff has been meeting individually with cities and special districts throughout the County. She stated that approximately 30 meetings have been scheduled and staff has completed approximately ten. During the updates, staff is inviting the agencies to participate in the regional summit.

8e. – Municipal Water District of Orange County (MWDOC) Governance Alternatives Study

Executive Officer Crosthwaite noted that staff continues to work closely with the Winsler & Kelly consulting team who have completed one of three sections that will comprise the final study. Ms. Crosthwaite mentioned that the consultants will be presenting the fiscal analysis at the next stakeholders meeting scheduled for Wednesday, February 18, 2009.

8f. 2009 LAFCO Calendar

Executive Officer Crosthwaite reminded the Commission that the January, 2009 was canceled and that in both June and November the Commission meeting will be held the third Wednesday. In June the meeting was changed due to the Board of Supervisor’s budget hearings and in November due to Veteran’s Day holiday.

The officers will be selected at the February meeting.

MOTION: Approve January 2009 Calendar (John Moorlach)
SECOND: Susan Wilson
FOR: Cheryl Brothers, Bill Campbell, Peter Herzog, John Moorlach,
Arlene Schafer, Vice Chair Susan Wilson, and Chair John
Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

9. COMMISSIONER COMMENTS

Commissioner Campbell wished everyone a Merry Christmas, Happy Hanukkah, and Happy New Year.

10. INFORMATIONAL ITEMS & ANNOUNCEMENTS

a.) Pacific Center East Reorganization to the City of Tustin

Policy Analyst Legbandt informed the Commission that in February staff will provide an oral report on the detachment of territory located within the City of Santa Ana and the annexation of the same territory to the City of Tustin and the Municipal Water District of Orange County.

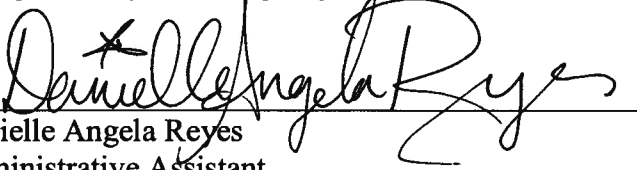
11. CLOSED SESSION

None

12. ADJOURNMENT

The meeting adjourned 9:32 a.m.

JOHN WITHERS, Chair
Orange County Local Agency Formation Commission

By: 
Danielle Angela Reyes
Administrative Assistant