



FINAL MINUTES

LAFCO REGULAR MEETING
Wednesday, March 12, 2008, 6:00 p.m.
Rush Park Auditorium
3021 Blume Drive
Rossmoor, CA 90720

1. CALL TO ORDER

Chair Withers called the regular meeting of the Local Agency Formation Commission (LAFCO) to order at 6:05 p.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Herzog led the pledge of allegiance.

Executive Officer Joyce Crosthwaite summarized the role and responsibilities of LAFCO. Additionally she highlighted that the Commission will not vote on incorporation at the meeting but rather would be discussing the draft Comprehensive Fiscal Analysis as well as receiving input from the community.

The Commissioners introduced themselves to the Community of Rossmoor and Executive Officer Crosthwaite introduced the LAFCO staff.

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 Charley Wilson**

The following Commissioners were absent at roll call:

- **Alternate Commissioner Rhonda McCune** (Arrived 6:10 p.m.)

The following LAFCO staff members were present:

- Legal Counsel Scott Smith
- 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

February 13th 2008 – Regular Commission Meeting Minutes

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

MOTION: Approve February 13, 2008 meeting minutes without revision.
(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.

Cal McLaughlin, a South Mesa resident, indicated that he would be requesting an extension for the South Mesa/Santa Ana Country Club reorganization application at the next regular Orange County LAFCO meeting.

6. CONSENT CALENDAR

None

Chair Withers requested that the Commission consider Item 8a first.

8. COMMISSION DISCUSSION AND ACTION

8a. - Letter of Support for SB 1458

Executive Officer Crosthwaite addressed the background for the requested letter of support for SB 1458 and explained that this is part of an annual rewrite taken by the Senate Local Government Committee. She noted that the law governing County Service Areas (CSAs) has not been comprehensively reviewed for 40 years and that the proposed changes greatly simplify the law.

MOTIONS: Approve the letter of support for SB 1458 to the Senate Local Government Committee. (Peter Herzog)
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

7. PUBLIC HEARING

7a. - Proposed Rossmoor Incorporation and Draft Comprehensive Fiscal Analysis

Assistant Executive Officer Bob Aldrich noted that the meeting being held tonight was a community workshop and proceeded to list the steps that will follow in the incorporation process. He presented a history of Rossmoor incorporation efforts and previous annexation attempts. He reminded the Commission that the incorporation stemmed from the findings of the 2005 Seal Beach/Los Alamitos LAFCO Municipal Service Review (MSR) report which notes that the community of Rossmoor would face fiscal challenges within next 15-20 years under the current governance structure. The 2005 MSR also concluded that the average police response time for priority 1 calls is more than twice the time than those of similar calls in the neighboring cities. Assistant Executive Officer Aldrich explained the proposed governance structure for Rossmoor and the possible changes to the provision of services. He concluded by providing the Commission and residents some of the upcoming key dates for the incorporation of the community of Rossmoor.

Gary Thompson, Consultant, GST consulting, presented the findings of the Comprehensive Fiscal Analysis (CFA) prepared for the proposed Rossmoor Incorporation. He discussed the Cortese-Knox-Hertzberg act requirements for Comprehensive Fiscal Analysis. He additionally noted that the CFA projected revenues and expenditures for 10 years and reviewed the terms and conditions, the property transfer agreements, and the lack of revenue neutrality agreement. He explained that the adoption of a utility tax is essential for the city to be fiscally feasible and reach a sufficient reserve. The CFA is based on a 7% utility tax to be applied to electricity, water, and natural gas which would be approximately \$16.00 per month per residential unit. He noted if the utility tax is reduced to 6% the proposed new city have a deficit within the first three years of incorporation with a corresponding reduction in reserves. Mr. Thompson also explained a second sensitivity analysis he performed that reduced sales

tax and assessed value growth rates by 40%. The results indicated that within 4 years after incorporation there would be a general fund operating deficits and within 10 years all reserves would be depleted. He explained that there will have to be rigid cost controls in place by the city council and that there is little room for economic downturns.

Assistant Executive Officer Bob Aldrich concluded the presentation by reiterating that the Commission has the discretion to increase or decrease the utility tax percentage and that residents in Rossmoor at any time have a constitutional right to initiate a referendum to lower or eliminate the utility tax. He requested the commission to receive and file the CFA and continue the public hearing until the June 18th meeting.

Chair Withers thanked Staff and Gary Thompson for their complete and comprehensive report. He asked for Commissioner comments or questions.

Commission Moorlach requested clarification regarding law enforcement and fire protection costs.

GST consultant Gary Thompson responded that the new city would become a structural fire member of Orange County Fire Authority and the structural fire fund would cover the costs.

Vice Chair Wilson asked if there are other cities which have a utility tax. Assistant Executive Officer Aldrich stated that the Cities of Los Alamitos and Seal Beach have a 7% and 11% utility tax respectively. These utility taxes were implemented after they incorporated.

Commissioner Wilson excused himself from the meeting.

Chair Withers opened the public Hearing

Shawn Wilson, President, Rossmoor Community Services District, welcomed the Commission, staff, and GST consultants and thanked the commission for their willingness to come to the community. He presented LAFCO with a proclamation of appreciation. He summarized the reasons and the process which led the CSD to apply for incorporation. He also stated that the Board of Directors adopted a proclamation that stated that the CFA's revenue expenditures were overly conservative, and that expenditure and reserve assumptions were overly robust.

Executive Officer Crosthwaite reviewed what powers LAFCO has and clarified that LAFCO cannot detach territory from the city. She also clarified that if the Commission approves the incorporation, the November 2008 ballot will include the incorporation and the utility tax, and both items must pass in order for Rossmoor to become a city.

Rossmoor residents and other interested parties addressed the Commission and expressed various viewpoints on the proposed incorporation

Chair Withers commended everyone for sharing their viewpoints

Commissioner Marshall requested to see the previous survey conducted in Rossmoor on governance options.

Commission Bates asked how many registered voters there are in the community of Rossmoor.

Commissioner Moorlach mentioned today was a very important night for Rossmoor, and he was very pleased with the community involvement. He acknowledged the presence of the representatives from the City of Los Alamitos. He noted that the current fiscal challenges for all public agencies and stated that he believed a 7% utility tax might be too low.

Commissioner Campbell stated that he believed the comments from residents of Rossmoor were insightful. He noted some differences between the City of Villa Park and the proposed incorporation of Rossmoor. Specifically he noted that the City of Villa Park does not have any parks, they only have six employees, that they contract for most services and that the City council does not receive stipends. He added that there are ways for cities to keep strict controls on costs and that incorporation gives residents local control.

Commissioner Bouer complimented Rossmoor residents on their beautiful community and resident interest. **Commissioner Bouer** summarized the experiences of the City of Laguna Woods both during and after incorporation

MOTION: Receive and file the Comprehensive Fiscal Analysis and continue the public hearing until the June 18 regular LAFCO meeting. (Susan Wilson)

SECOND: John Moorlach

FOR: Bob Bouer, Peter Herzog, John Moorlach, Arlene Schafer, Vice Chair Susan Wilson, and Chair John Withers

AGAINST: Bill Campbell

ABSTAIN: None

MOTION PASSED

9. COMMISSIONER COMMENTS

None

10. INFORMATIONAL ITEMS & ANNOUNCEMENTS

None

11. CLOSED SESSION

None

12. ADJOURNMENT

JOHN WITHERS
Chair
Orange County Local Agency Formation Commission

By: 
Esther Garcia-Negrete
Commission Clerk