



Final MINUTES

**LAFCO REGULAR MEETING
Wednesday, March 11, 2009, 9:00 AM
Planning Commission Hearing Room, Hall of Administration
10 Civic Center Plaza
Santa Ana, CA**

1. CALL TO ORDER

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

2. PLEDGE OF ALLEGIANCE

Commissioner Peter Herzog led the pledge of allegiance.

3. ROLL CALL

The following Commissioners and alternates were present:

- **Chair Susan Wilson**
- **Vice Chair Peter Herzog**
- **Commissioner Bill Campbell**
- **Commissioner Cheryl Brothers**
- **Commissioner John Withers**
- **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
- Policy Analyst Benjamin Legbandt
- Consultant Joe Serrano
- Administrative Assistant Danielle Angela Reyes

4. APPROVAL OF MINUTES

February 11, 2009 – Regular Commission Meeting Minutes

Chair Wilson called for any changes and approval of the February 11, 2009 regular commission meeting minutes. There were no changes.

MOTION: Approve February 11, 2009 Regular Commission Meeting minutes without revision (Peter Herzog)
SECOND: Arlene Schafer
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Bill Campbell, Arlene Schafer, John Withers, Cheryl Brothers, John Moorlach
AGAINST: None
ABSTAIN:
MOTION PASSED

5. PUBLIC COMMENT

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

6. CONSENT CALENDAR

None

7. PUBLIC HEARING

7a. – Policies and Procedures

Assistant Executive Officer Bob Aldrich reminded the Commission that each year LAFCO staff prepares an update to the Commission's Policies and Procedures Handbook. He reviewed the proposed key changes to the policies and procedures for 2009 including clarification of sick time transfer provisions between employees, mileage reimbursement changes, and disclosure requirements for political expenditures. Mr. Aldrich recommended the Commission adopt the updated 2009 Handbook.

Chair Wilson opened the public hearing for comments on the administrative changes to the OC LAFCO Handbook. There were no public comments. **Chair Wilson** closed the public hearing.

MOTION: Bifurcate the proposed administrative changes and incorporation policy changes within agenda item 7a and consider and vote on the two policies separately (John Moorlach)
SECOND: Peter Herzog
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Bill Campbell, Arlene Schafer, John Withers, Cheryl Brothers, John Moorlach
AGAINST: None

**ABSTAIN:
MOTION PASSED**

Commissioner Bill Campbell requested that staff retain the opportunity to receive mileage reimbursement when using their own vehicles for LAFCO business.

Commissioner Cheryl Brothers requested leaving the wording “all mileage reimbursement requests must be pre-approved by the Executive Officer.”

Commissioner Campbell suggested that pre-approval by the Executive Officer of every mileage reimbursement request is unnecessary given that LAFCO is such a small agency. He indicated that mileage reimbursements can be monitored efficiently by the Executive Officer.

Commissioner Peter Herzog and Commissioner Cheryl Brothers noted spelling and grammar corrections for the Draft OC LAFCO Handbook.

MOTION: Approve the OC LAFCO Handbook with revisions (John Moorlach)
SECOND: Peter Herzog
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Bill Campbell, Arlene Schafer, John Withers, Cheryl Brothers, John Moorlach, Pat Bates, Patsy Marshall, and Rhonda McCune
AGAINST: None
ABSTAIN:
MOTION PASSED

Chair Wilson reopened the public hearing for to discuss possible changes to the incorporation policy.

Assistant Executive Officer Aldrich summarized the issues related to the Commission’s current incorporation policy. He indicated that a question had been raised by the Commission last year regarding the viability of a proposed incorporation that is only considered to be feasible with the adoption of an additional tax by residents.

Vice Chair Herzog asked to have the public speak first.

Mr. Henry Taboada, General Manager of the Rossmoor Community Services District, stated his support for the current policy language which does not preclude consideration of an additional tax as part of an incorporation proposal.

Niles Colinas, a North Tustin resident, concurred with speaker Mr. Taboada and stated that residents should have an option to vote on incorporation and a utility tax.

Chair Wilson closed the public hearing.

Commissioner Moorlach stated if a proposed city does not have the revenue base needed to incorporate then residents may have to tax themselves. He added he believed the option should remain available.

Vice Chair Herzog stated that a city needs a firm foundation and broad revenue stream in order to survive.

Commissioner Campbell stated his desire to provide the Commission with the flexibility to review the financial feasibility of an incorporation proposal on a case-by-case basis. He indicated that there may be many reasons why an unincorporated community may want to incorporate, and the Commission needs the flexibility to consider all options when evaluating incorporations and fiscal viability.

Commissioner Patsy Marshall concurred with **Vice Chair Herzog** that unincorporated communities need to be able to show that they have sufficient revenue to support themselves as a city before incorporation.

7b. – Sphere of Influence Review for the Cities of Orange and Tustin in Unincorporated North Tustin Area (SOI 08-04)

Commissioner Campbell stated that he met with the mayors of both Orange and Tustin to discuss alternative sphere boundaries for North Tustin. He recommended that the item be continued for 90 days to the Commission’s June meeting to allow additional time for the cities to meet and confer on this issue.

Niles Colinas, a resident of North Tustin, spoke in favor of the 90-day continuance.

MOTION: Continue the Sphere of Influence Review for the Cities of Orange and Tustin in Unincorporated North Tustin Area for 90-days to the June Regular LAFCO Meeting(Bill Campbell)
SECOND: Peter Herzog
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Bill Campbell, Arlene Schafer, John Withers, Cheryl Brothers, John Moorlach,
AGAINST: None
ABSTAIN:
MOTION PASSED

7c. – Proposed “Dissolution of County Service Area 25 – Aliso Viejo” (DS 08-06)

Policy Analyst Ben Legbandt summarized the proposed dissolution of County Service Area #25 (CSA #25) and recommended the Commission adopt the draft resolution formally dissolving the remaining portions of CSA 25.

MOTION: Approve the dissolution of County Service Area #25 (CSA #25)
(Bill Campbell)
SECOND: John Withers
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Bill Campbell,
Arlene Schafer, John Withers, Cheryl Brothers, John
Moorlach,
AGAINST: None
ABSTAIN:
MOTION PASSED

8. COMMISSION DISCUSSION AND ACTION

8a. –Adoption of Retirement Rates for FY 2009-2010

Assistant Executive Officer Bob Aldrich summarized the new employer/employee contribution rates approved by the Orange County Employees Retirement System (OCERS). He recommended that the Commission adopt the new OCERS contribution rates for 2009.

Vice Chair Herzog asked for clarification regarding the OCERS early employer payment program.

Executive Officer Crosthwaite indicated that by pre-paying the employer's contribution for 2009-2010, the agency saved approximately seven percent of the total cost.

Commissioner Moorlach indicated that with recent stock market declines, employee and employer OCERS contribution rates will likely rise next year and recommended that the agency account for the expected increases in the FY 2009-2010 budget.

Commissioner Campbell asked staff to report back to the Commission with information regarding OCERS employer rate projections with the next budget update.

MOTION: Adopt the OCERS retirement rates for FY 2009-2010 (Bill
Campbell)
SECOND: Peter Herzog
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Bill Campbell,
Arlene Schafer, John Withers, Cheryl Brothers, John
Moorlach,
AGAINST: None
ABSTAIN:
MOTION PASSED

8b. Budget Update

Senior Project Manager Carolyn Emery provided a third-quarter budget update to the Commission. She summarized the agency's current revenue and expenditures.

Commissioner Campbell inquired about the status of the MWDOC study.

Executive Officer Crosthwaite responded that the study is moving forward. She added that the study has identified three possible, preliminary options for potential reorganization of MWDOC. She indicated that the third and final step in the study is the completion of an analysis to determine if there are any legal fatal flaws to the preliminary governance options.

Commissioner Campbell recognized staff for a great job at managing the budget.

MOTION: Receive and file the budget update. (Arlene Schafer)
SECOND: Bill Campbell
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Bill Campbell, Arlene Schafer, John Withers, Cheryl Brothers, John Moorlach,
AGAINST: None
ABSTAIN:
MOTION PASSED

8c. – LAFCO Audit

Assistant Executive Officer Aldrich introduced Brian Gruber of Lance Soll and Lunghard, LAFCO's auditor, to discuss the 2007-2008 audit findings.

Mr. Gruber provided an overview of the audit performed by his firm. He indicated that the audit reported no deficiencies in LAFCO's accounting procedures, internal financial controls or office procedures.

MOTION: Receive and file the audit. (John Moorlach)
SECOND: Bill Campbell
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Bill Campbell, Arlene Schafer, John Withers, Cheryl Brothers, John Moorlach,
AGAINST: None
ABSTAIN:
MOTION PASSED

8d. – Best Practices Update

Policy Analyst Ben Legbandt provided the Commission with an update on the Best Practices Summit that will be held on Friday, March 27th. He indicated that invitations were sent out to city managers, city councils, special district general managers, and to the Board of Supervisors. Mr. Legbandt stated that he anticipated an attendance of approximately 100 elected officials.

9. COMMISSIONER COMMENTS

Commissioner Brothers inquired about the 2009 Commission meeting calendar for the month of June and November. Executive Officer Crosthwaite clarified that the dates for those two meetings were changed due to Board of Supervisor budget hearings and a holiday.

INFORMATIONAL ITEMS & ANNOUNCEMENTS

10a. – Form 700 Submissions

Executive Officer Crosthwaite informed the Commission that 700 Forms are due April 1st.


10. CLOSED SESSION

None

12. ADJOURNMENT

The meeting adjourned 10:03 a.m.

SUSAN WILSON, Chair
Orange County Local Agency Formation Commission

By: 
Danielle Angela Reyes
Administrative Assistant