



FINAL MINUTES

**LAFCO REGULAR MEETING
Wednesday, July 8, 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 9:00 AM.

2. OATH OF OFFICE – Derek J. McGregor

3. PLEDGE OF ALLEGIANCE

Commissioner Derek McGregor led the Pledge of Allegiance.

4. ROLL CALL

The following Commissioners and Alternates were present:

- **Chair Susan Wilson**
- **Vice Chair Peter Herzog**
- **Commissioner Cheryl Brothers**
- **Commissioner Bill Campbell**
- **Commissioner John Withers**
- **Commissioner Arlene Schafer**
- **Commissioner John Moorlach**
- **Commissioner Pat Bates**
- **Commissioner Patsy Marshall**
- **Commissioner Derek McGregor**
- **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**
- **Financial Analyst Joe Serrano**
- **Administrative Assistant AJ Cully**

5. APPROVAL OF MINUTES

June 17, 2009 – Regular Commission Meeting Minutes

Chair Wilson called for any changes and approval of the June 17, 2009 regular commission meeting minutes. There were no changes.

MOTION: Approve June 17, 2009 regular commission meeting minutes without revision. (John Moorlach)
SECOND: Susan Wilson
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Bill Campbell, John Moorlach, John Withers
AGAINST: None
ABSTAIN: Cheryl Brothers, Arlene Schafer
MOTION PASSED

6. PUBLIC COMMENT

Chair Wilson requested public comments on any non-agenda item. No public comments were made.

7. CONSENT CALENDAR

Chair Wilson called for approval of the consent calendar.

7a.) Adoption of Updates California Environmental Quality Act (CEQA) Guidelines

MOTION: Approve the Updates to California Environmental Quality Act (CEQA) Guidelines. (Peter Herzog)
SECOND: Arlene Schafer
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Cheryl Brothers, Bill Campbell, John Moorlach, Arlene Schafer, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

8. PUBLIC HEARING

Chair Susan Wilson requested that order of the agenda be changed to hear item 8b first. No objections were noted.

8b.) Sphere of Influence Report for the Sunset Beach Sanitary District (SOI 09-06) and Reconfirmation of Municipal Service Review Determinations (MSR 09-05)

Assistant Executive Officer Bob Aldrich summarized the staff report. He indicated that the Sunset Beach Sanitary District (SBSD) met the general requirements for a transitional sphere

of influence since it contracts out services to private vendors, is completely built out, and is surrounded by the City of Huntington Beach. Mr. Aldrich recommended that the Sunset Beach Sanitary District be placed in a transitional sphere of influence and that the MSR Determinations from March 2005 be reconfirmed.

Commissioner John Withers asked if a transitional sphere would have a negative impact on current and/or future financial transactions for SBSB.

Executive Officer Joyce Crosthwaite stated that staff spoke with a bond counsel who confirmed that a transitional sphere designation does not have any effect on existing finances but due to the current economic environment may have some impact on future bonding issues.

Commissioner Bill Campbell questioned the variance of costs between the property tax bills supplied by Sunset Beach residents and the staff comparisons for sewer and refuse collection.

Mr. Aldrich clarified that Sunset Beach residents pay for local sewer costs both through a flat annual fee and through a portion of their property taxes.

David Carmany, City Manager of Seal Beach, stated that his city council is open to including Sunset Beach within the city's sphere of influence should the residents decide that they would like to pursue that option.

Commissioner John Moorlach questioned the length of time it would take the City of Seal Beach to initiate a change in the city's sphere of influence to include Sunset Beach.

David Carmany answered that Seal Beach would need approximately three months to work through this process.

Tom Dawes, District Engineer for Sunset Beach Sanitary District, stated that the SBSB is the most efficient sewer district in Orange County and expressed opposition to making any changes to the District's sphere at this time.

Commissioner Bill Campbell asked for explanation of the term "slip lining" and how it related to reduced water flow.

Tom Dawes gave a brief overview of the slip lining system and its relation to the water flow.

Diana Dodson, resident of Sunset Beach, spoke in favor of remaining an independent community and not placing the area within a sphere of influence or being annexed.

Greg Griffin, President of Sunset Beach Community Association, stated that the current coterminous sphere of influence should remain intact.

Commissioner Bill Campbell questioned the size of the trash trucks and the frequency of collection.

Mr. Griffin answered that full size trucks collect the trash twice a week because the containers are smaller. He added that the bi-weekly service minimizes odor and prevents the spread of rodents.

Craig Hoad, resident of Sunset Beach, spoke against changing the Sunset Beach Sanitary District sphere and annexing the area to the City of Huntington Beach.

Graham Hoad, resident of Sunset Beach, expressed opposition to changing the District's sphere designation to a transitional sphere.

Lyman Lokken, resident of Sunset Beach, expressed opposition to changing the District's sphere designation to a transitional sphere.

Chris Montana, Clerk for Sunset Beach Sanitary District, expressed opposition to changing the District's sphere designation to a transitional sphere.

John Woods, President of Sunset Beach Sanitary District Board, spoke against changing the District's sphere of influence to a transitional sphere designation.

Mike Van Voorhis, Vice President of the Sunset Beach Community Association stated that SBSD represents the very best of independent special districts and that sphere designation should remain the same.

Bill Sebring, resident of Sunset Beach, spoke against changing the sphere of influence for the District.

Commissioner Arlene Schafer expressed appreciation for the public comments. She added that the County Board of Supervisors encouraged LAFCO to place all remaining islands that are not currently within a sphere of influence in a city's sphere to prompt annexation discussions. **Commissioner Schafer** added these areas should be annexed to cities to alleviate the current financial burden on the County.

MOTION: **Reaffirm the existing Coterminous Sphere of Influence for the Sunset Beach Sanitary District (SOI 09-06) and Reconfirm the Municipal Service Review Determinations (MSR 09-05) (Arlene Schafer)**

SECOND: **Peter Herzog**

FOR: **Chair Susan Wilson, Vice Chair Peter Herzog, Cheryl Brothers, Bill Campbell, John Moorlach, Arlene Schafer, John Withers**

AGAINST: **None**

ABSTAIN: **None**

MOTION PASSED

Commissioner John Withers stated that he currently sits on the Orange County Sanitation District (OCSD) Board. He pointed out that having the experience of Tom Dawes of SBSB on the OCSD board is unique and important.

Commissioner Withers added that future financial dealings were a compelling reason to vote in favor of keeping the District's sphere coterminous.

Commissioner Patsy Marshall pointed out that she has also been on the OCSD Board for the past eight years.

Commissioner John Moorlach commended staff for the hard work but expressed that he did not see a reason to support a transitional sphere at this time.

Commissioner Pat Bates applauded the District for maintaining a trash pick up twice a week and thanked the residents for attending the meeting.

Chair Susan Wilson complimented the efficiency and excellence exemplified by the Sunset Beach Sanitary District.

Commissioner Peter Herzog encouraged the Sunset Beach residents to remain proactive with regard to their future.

8a) Proposed Sphere of Influence Review for the City of Huntington Beach (SOI 09-04) and Reconfirmation of Municipal Service Review Determinations (MSR 09-03)

Assistant Executive Officer Bob Aldrich summarized the staff analysis of the Huntington Beach sphere of influence. He stated that Huntington Beach is the most logical long-term municipal service provider for the Sunset Beach area. He added that the City currently provides water and emergency services to the area and that many school-age children that live in the area attend Huntington Beach public schools. Mr. Aldrich recommended that the Commission amend the City of Huntington Beach sphere of influence to include the unincorporated community of Sunset Beach and reconfirm the city's MSR determinations.

Chair Susan Wilson stated that the Mayor of Huntington Beach could not attend the meeting due to the birth of his son, Duke.

Paul Emery, Assistant City Manager of Huntington Beach, expressed support for the staff recommendation to include the Sunset Beach area within the City's sphere of influence.

Diana Dodson, resident of Sunset Beach, spoke against placing Sunset Beach in the Huntington Beach sphere of influence.

Greg Griffin, President of Sunset Beach Community Association, shared the results of an informal survey completed by 103 Sunset Beach residents. He stated that the findings

reflected 100% of those residents would like to remain outside of any city's sphere; however, if forced, 9 out of 10 residents would prefer Seal Beach rather than Huntington Beach.

Lyman Lokken, resident of Sunset Beach, expressed opposition to staff's recommendation.

Bill Sebring, resident of Sunset Beach, suggested that the numbers stated in the staff report are not accurate. He stressed that the residents of Sunset Beach have no desire to be included in the City of Huntington Beach sphere of influence.

Mike Van Voorhis, Vice President of Sunset Beach Community Association, highlighted the current benefits of the volunteer fire station located in Sunset Beach.

Commissioner John Moorlach expressed his support of the Sunset Beach residents and their desire for an opportunity to explore opportunities with the City of Seal Beach regarding potential annexation.

MOTION: Continue Item 8a, the Proposed Sphere of Influence Review for the City of Huntington Beach (SOI 09-04) and Reconfirmation of Municipal Service Review Determinations (MSR 09-03) for three months. (John Moorlach)

SECOND: Bill Campbell

Motion died.

Commissioner Bill Campbell requested legal clarification on small island annexations to cities that have a utility tax. He added that the City of Seal Beach has an 11% utility tax and asked if Sunset Beach residents would have the opportunity to could vote for or against this measure.

Legal Counsel Clark Alsop responded that the Attorney General addressed this issue when considering Proposition 218, which addresses the voter opportunity to support or oppose a tax. He further stated that the residents would be given an opportunity to vote on the utility tax measure.

Commissioner Bill Campbell noted that the 11% tax may be a stumbling block but still supports the 90-day continuance.

Chair Susan Wilson requested more clarification on the tax issue.

Executive Officer Joyce Crosthwaite explained that, to the best of her knowledge, the City of Huntington Beach did not have a utility tax and Sunset Beach could be annexed to the City without a protest vote of residents under the small islands annexation code. However, she added, because the City of Seal Beach does have a utility tax and because the small islands provision would not apply to that City, the residents of Sunset Beach would have an opportunity to protest.

Commissioner Cheryl Brothers asked if staff is certain that the city of Huntington Beach does not have a utility tax.

Paul Emery, City of Huntington Beach, stated that he would research the issue.

Commissioner John Withers affirmed LAFCO's position that Sunset Beach needs to be included in a sphere. He stated that he would like to consider the desires of the residents and there are a lot of details that must be worked through.

Commissioner Cheryl Brothers addressed the residents concern regarding remaining autonomous. She pointed out that there are communities within cities that retain their identity. She added that she would like to see the County of Orange out of the municipal services business altogether.

Chair Susan Wilson gave the example of Corona del Mar maintaining its identity as part of the City of Newport Beach. She reiterated LAFCO's responsibility to place all islands within a city's sphere of influence and expressed concern that Sunset Beach will veto an effort to be included in any sphere even after a 90-day continuance.

Commissioner Peter Herzog noted that being placed in a city's sphere of influence does not eliminate any other options or discussions with other cities. He added that because the City of Huntington Beach already provides services to the area, it is logical to place the community in the City's sphere.

SUBSTITUTE MOTION: **Amend the Sphere of Influence for the City of Huntington Beach to include the unincorporated community of Sunset Beach and reconfirm the MSR Determinations for the City of Huntington Beach (Peter Herzog)**

SECOND: **Arlene Schafer**

FOR: **Chair Susan Wilson, Vice Chair Peter Herzog, Cheryl Brothers, Arlene Schafer**

AGAINST: **Bill Campbell, John Moorlach, John Withers**

ABSTAIN: **None**

MOTION PASSED

Chair Susan Wilson explained to the audience that Sunset Beach is now included in the City of Huntington Beach sphere of influence due to a 4-3 roll call vote.

Commissioner Pat Bates commented that if the area is annexed to a city, there are two county beaches for which either city would have to consider responsibility. **Commissioner Bates** also requested that the future fiscal models be more clearly defined.

Executive Office Joyce Crosthwaite stated that the fiscal model is a prototype developed for the Sunset Beach, La Habra, and Santa Ana islands by a fiscal consultant with the input of

County and LAFCO staff. Ms. Crosthwaite requested that any specific changes to the model be brought to the strategic planning session so that the model can be refined.

Commissioner Pat Bates did not agree with using the fiscal model as factual evidence while it is still a work in progress.

Commissioner Cheryl Brothers commented that the Sheriff Department should be able to provide more accurate numbers with regard to service calls and actual cost of service.

Chair Susan Wilson stated that \$1.2 million per year for one Sheriff Deputy to serve an area seems high.

Commissioner John Moorlach outlined that the \$1.2 million cost includes the salaries of 3-5 people per week for 24-hour service, in addition to equipment, overhead, and dispatch costs.

Commissioner Peter Herzog stated that \$1.2 million is a very accurate number and offered the cities of Villa Park and Laguna Woods current police costs as comparisons.

Commissioner John Withers encouraged the Sunset Beach residents to continue to work with both Seal Beach and Huntington Beach so that their future position reflects the wishes of their community.

Commissioner Bill Campbell added that the Sunset Beach residents should clearly be made aware of the 11% utility tax in the City of Seal Beach in order to make informed decisions.

9. COMMISSION DISCUSSION AND ACTION

9a.) Annual Strategic Planning Session

Executive Officer Joyce Crosthwaite stated the Strategic Planning Session will be held on August 12, 2009 at the Ebell Society Headquarters in Santa Ana from 9 am to noon.

9b.) Quarterly Legislation Report

Senior Project Manager Carolyn Emery highlighted the current legislation of interest to LAFCO. She added that many of the bills have made their way through the Legislature with some awaiting the Governor's signature. She added that staff has been informed that the Governor would veto any bills that hit his desk prior to approving the budget. Ms. Emery added that the next legislative report to the Commission will be at the October regular LAFCO meeting.

Commissioner John Withers left the meeting at 10:40 am.

Commissioner John Moorlach requested that LAFCO oppose, rather than watch, AB 155 to align with the County of Orange, League of Cities, CSAC, and OCTA.

MOTION: Receive and file the Legislative report amended to include a change on AB 155 position from watch to oppose. (John Moorlach)
SECOND: Peter Herzog
FOR: Chair Susan Wilson, Vice Chair Peter Herzog, Cheryl Brothers, Bill Campbell, John Moorlach, Arlene Schafer
AGAINST: None
ABSTAIN: None
MOTION PASSED

Executive Officer Joyce Crosthwaite informed the Commission that staff will draft a letter of opposition to AB 155.

9c.) CALAFCO Annual Conference

Executive Officer Joyce Crosthwaite requested that anyone interested in attending the 2009 conference submit their registration form to the LAFCO office.

9d.) South County Update

Executive Officer Joyce Crosthwaite stated that she and Assistant Executive Officer Bob Aldrich attended a meeting with the City of Rancho Santa Margarita and representatives from Coto de Caza and Las Flores to discuss potential sphere of influence update for Rancho Santa Margarita.

Commissioner Pat Bates thanked her fellow commissioners for the extra time allotted to explore future governance of the south county areas. She stated that she is looking forward to continuing the discussions on future governance and on services for these areas.

10. COMMISSIONER COMMENTS

Commissioner Arlene Schafer invited everyone to attend the Orange County Fair from July 9th through August 9th.

Chair Susan Wilson announced her decision to not serve on the Orange Grand Jury due to a legal conflict with her seat on the Commission. She expressed the difficulty in making her decision and said she really enjoyed serving with LAFCO.

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

Commissioner Cheryl Brothers informed the Commission that there will be two CALAFCO ad hoc meetings to discuss regionalizing representation on the CALAFCO

Executive Board. **Commissioner Brothers** suggested that the highlights of the meetings be discussed at the Strategic Planning Session.

12. **CLOSED SESSION**
None

13. **ADJOURNMENT OF THE REGULAR COMMISSION MEETING**

The meeting adjourned at 10:51 a.m.

SUSAN WILSON, Chair
Orange County Local Agency Formation Commission

By: _____



AJ Cully
Commission Clerk