



## FINAL MINUTES

### LAFCO REGULAR MEETING

Wednesday, February 10, 2010, 9:00 a.m.

Planning Commission Hearing Room, Hall of Administration

10 Civic Center Plaza

Santa Ana, CA

#### 1. CALL TO ORDER

Chair Peter Herzog called the regular meeting of the Local Agency Formation Commission (LAFCO) to order at 9:02 a.m.

#### 2. PLEDGE OF ALLEGIANCE

Chair Peter Herzog led the pledge of allegiance.

#### 3. ROLL CALL

The following Commissioners and Alternates were present:

- Chair Peter Herzog
- Vice Chair John Moorlach
- Commissioner Cheryl Brothers
- Commissioner Bill Campbell
- Commissioner Arlene Schafer
- Commissioner Susan Wilson
- Commissioner John Withers
- Alternate Commissioner Pat Bates
- Alternate Commissioner Patsy Marshall
- Alternate Commissioner Derek J. McGregor

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 Carolyn Emery
- Analyst Benjamin Legbandt
- Analyst Joe Serrano
- Commission Clerk Esther Garcia-Negrete

#### **4. APPROVAL OF MINUTES**

##### **January 13, 2010 – Regular Commission Meeting Minutes**

**Chair Herzog** called for any changes of the January 13, 2010 regular commission meeting minutes. There were none.

**MOTION:** Approve January 13, 2010 Regular Commission Meeting minutes without revision. (Cheryl Brothers)  
**SECOND:** Arlene Schafer  
**FOR:** Cheryl Brothers, Bill Campbell, Peter Herzog, John Moorlach, Arlene Schafer, Susan Wilson, and John Withers.  
**AGAINST:** None  
**ABSTAIN:** None  
**MOTION PASSED**

#### **5. PUBLIC COMMENT**

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

#### **6. CONSENT CALENDAR**

##### **6a. – Quarterly Legislative Report**

**Chair Herzog** called for approval of the consent calendar.

**MOTION:** Receive and file the February 10, 2010 Quarterly Legislative Report. (Susan Wilson)  
**SECOND:** Cheryl Brothers  
**FOR:** Cheryl Brothers, Bill Campbell, Peter Herzog, John Moorlach, Arlene Schafer, Susan Wilson, and John Withers.  
**AGAINST:** None  
**ABSTAIN:** None  
**MOTION PASSED**

#### **7. PUBLIC HEARING**

##### **7a. – LAFCO Policies and Procedures**

Commission Clerk Esther Garcia-Negrete summarized the revisions to the LAFCO Policies and Procedures Handbook. She explained that most of the proposed changes are non-substantive except the proposed policy "Guidelines for Evaluating Proposals."

Executive Officer Joyce Crosthwaite summarized the proposed policy and noted that the Commission previously considered the policy at the January 12, 2010 meeting and recommended additional changes and language. She stated that policy being considered this morning includes those recommendations and, if approved, the policy would provide consistent and objective criteria that can assist the Commission in their review of LAFCO applications.

**Chair Herzog** called for questions from the Commission.

**Vice-Chair Moorlach** suggested that staff revise numbering sequence of handbook for ease of reference. Executive Officer Joyce Crosthwaite responded that staff would make that change to handbook.

**Commissioner Campbell** inquired regarding the proposed changes to the compensatory time policy. Executive Officer Joyce Crosthwaite summarize the proposed changes.

**Commissioner Campbell** suggested staff look into County's policy on payout of compensatory time to provide some guidance on this policy.

**Commissioner McGregor** requested that staff include the red line corrections in draft version to Commission so proposed changes to the handbook are clear.

**Commissioner Withers** asked whether the handbook would be available to the public. Executive Officer Joyce Crosthwaite responded that the handbook is distributed to LAFCO's funding agencies in an electronic format and is also available on the LAFCO website.

**MOTION:** Adopt the updated LAFCO Policies and Procedures Handbook; Adopt the "Guidelines for LAFCO Evaluation of Proposals" and direct staff to incorporate the policy into the 2010 Policies and Procedures Handbook; Receive and file the LAFCO/County benefits comparison. (John Moorlach)

**SECOND:** Susan Wilson

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

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED**

## 8. COMMISSION DISCUSSION AND ACTION

**8a. – Quarterly Budget Update and Investment Report for Fiscal Year 2009-2010**

Assistant Executive Officer Carolyn Emery provided the Commission with an update on LAFCO's current revenue and expenditures for FY 2009-2010. She stated that expenses and revenues are currently within the expected target levels.

Policy Analyst Joe Serrano discussed the progress of agency's investment in the Local Agency Investment Fund (LAIF). He noted that the current interest earned for the agency is below the projection established in the budget and the target level is not expected to be met. Analyst Serrano reminded the Commission that at the October 14, 2009 meeting, the Commission directed the Executive Officer, one LAFCO Commissioner and staff to prepare a report outlining potential and alternative investment options. He added staff recommended the Commission consider diversification of funds as a possible alternative.

**Chair Herzog** called for questions and comments.

**Commissioner S. Wilson** asked for clarification on the term "sweep accounts" as offered by Wells Fargo Bank. Analyst Serrano explained the process of sweeping accounts.

**Commissioner McGregor** requested additional information on some of the agency's expenditures. Executive Officer Crosthwaite clarified these expenses.

**Commissioner McGregor** suggested that staff provide a footnote or asterisk for budget categories that are expended during specific quarters. Staff responded that recommendation would be added in future updates.

**Commissioner Brothers** requested additional details regarding the agency membership budget category. Assistant Executive Officer Emery responded that this expense category is established for all agency membership dues such as CALAFCO and CSDA.

**Commissioner Brothers** suggested staff explore banking with the Orange County Credit Union. Staff responded that they would look into this option.

**Commissioner Withers** suggested staff contact Irvine Ranch Water District Treasurer, Rob Jacobson, to discuss additional investment opportunities.

<b>MOTION:</b>	<b>Receive and file the February 10, 2010 budget update and investment report; continue to explore the possibility of diversifying a portion of LAFCO investment funds (John Moorlach)</b>
<b>SECOND:</b>	<b>Arlene Schafer</b>
<b>FOR:</b>	<b>Cheryl Brothers, Bill Campbell, Peter Herzog, John Moorlach, Arlene Schafer, Susan Wilson, and John Withers.</b>
<b>AGAINST:</b>	<b>None</b>

**ABSTAIN:** None  
**MOTION PASSED**

**8b. – Best Practices Report**

Analyst Benjamin Legbandt summarized the best practices report. He noted the importance of demographic projections provided by the Center for Demographic Research (CDR) and its relation to the implementation of the Sustainable Communities and Climate Protection Act (SB 375). He discussed the potential of a partial sponsorship with CDR to receive specific demographic information.

**Chair Herzog** called for questions and comments.

**Vice-Chair Moorlach** asked for clarification of potential benefits of CDR membership to LAFCO. Analyst Legbandt discussed the ability to tailor the demographic data for LAFCO projects, particularly unincorporated islands and spheres of influence.

**Commissioner S. Wilson** asked whether CDR was a public or private agency. Mr. Legbandt responded that CDR is a joint powers authority.

**Chair Herzog** stated the necessity for the demographic data provided by CDR.

**Commissioner Bates** noted that there is a benefit to having a common database containing demographic information.

**Commissioner Brothers** also noted that there is a great benefit to having this type of data in varying formats. She also noted that she would prefer LAFCO to analyze the benefit of a membership with CDR at the least expensive level.

**Vice-Chair Moorlach** inquired if the Orange County Council of Governments (OCCOG) would consider allowing LAFCO to become a member of OCCOG and gain benefits of CDR through their sponsorship.

**Commissioner Brothers** responded that although the cities collectively pay the dues to CDR, she believes the cities do not receive comprehensive data for all the cities in Orange County.

**MOTION:** Receive and file the report; continue exploring possible sponsorship with CDR. (Cheryl Brothers)  
**SECOND:** Susan Wilson  
**FOR:** Cheryl Brothers, Bill Campbell, Peter Herzog, John Moorlach, Arlene Schafer, Susan Wilson, and John Withers.  
**AGAINST:** None

**ABSTAIN:** None  
**MOTION PASSED**

**8c. – Regional LAFCOs update**

Executive Officer deferred to Commissioners who attended the January 25<sup>th</sup> meeting of Southern California LAFCOs.

**Chair Herzog** summarized the decision made by the Southern LAFCOs to form the California Coalition of LAFCOs (CCL), an association of Southern California LAFCOs. **Chair Herzog** added that the CALAFCO Board has scheduled a vote of the membership on regional representation on the CALAFCO Board for spring 2010. He concluded that the Southern California LAFCOs have decided to extend CCL membership to all LAFCOs.

**Commissioner Wilson** asked for clarification on the issue as discussed in the CALAFCO newsletter. Executive Officer Joyce Crosthwaite responded that the Southern California LAFCOs will need to work together as a region regardless of the decision of the CALAFCO membership.

**Chair Herzog** described the issue of unbalanced representation on the CALAFCO Board. He also noted that the Southern California LAFCOs comprise 40% of the state's population and the majority of the State elected delegates.

**Commission Withers** excused himself at 10:16am.

**Commissioner Schafer** noted that she was pleased with how well-represented the Southern California LAFCO's were at the January 25<sup>th</sup> meeting. She stated that in her experience she has observed a constant divide on statewide organizations between the northern and southern regions.

Clark Alsop, Legal counsel, Best, Best & Krieger, stated that one purpose of the CALAFCO ballot in spring of 2010 is to allow the Southern California LAFCOs to vote while they are current with their dues to CALAFCO.

**Vice-Chair Moorlach** discussed the imbalance of representation and population-based funding in other state-wide organizations.

**Commissioner Bates** expressed her concerns with Southern California LAFCOs minimal representation on the CALFCO board. She also noted that the political influence of CALAFCO is significant if it can retain all of the LAFCOs as members of CALAFCO.

**Commissioner Herzog** noted that the concerns of Southern California LAFCOs are not new and numerous efforts have been made to attempt to work out differences.

**Commissioner Brothers** noted that the next meeting of the California Coalition of LAFCOs would be at San Diego LAFCO on February 16<sup>th</sup>, 2010.

**9. COMMISSIONER COMMENTS**

None

**10. INFORMATIONAL ITEMS & ANNOUNCEMENTS**

**11. CLOSED SESSION**

None

**12. ADJOURNMENT OF REGULAR COMMISSION MEETING**

The meeting adjourned at 10:22 am.

Peter Herzog, Chair  
Orange County Local Agency Formation Commission

By: *Esther Garcia-Negrete*  
Esther Garcia-Negrete  
Office Manager/Commission Clerk