



FINAL MINUTES

LAFCO REGULAR MEETING
Wednesday, October 8, 2014, 8:30 a.m.
Planning Commissioner Hearing Room, Hall of Administration
10 Civic Center Plaza, Santa Ana

1. CALL TO ORDER

Chair Carchio called the regular meeting of the Local Agency Formation Commission (LAFCO) to order at 8:36 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner John Moorlach led the Pledge of Allegiance.

3. ROLL CALL

The following Commissioners and Alternates were present:

- **Chair Joe Carchio**
- **Commissioner Cheryl Brothers**
- **Commissioner Derek McGregor**
- **Commissioner John Moorlach**
- **Commissioner Charley Wilson**
- **Commissioner John Withers**
- **Alternate Commissioner James Fisler**
- **Alternate Commissioner Allan Bernstein**

The following Commissioner was delayed:

- **Vice Chair Pat Bates** (arrived at 9:14 a.m.)

The following Commissioner was absent:

- **Alternate Commissioner Todd Spitzer**

The following LAFCO staff members were present:

- **Executive Officer Carolyn Emery**
- **Assistant Executive Officer Ken Lee**

- Project Manager Benjamin Legbandt
- Commission Clerk Cheryl Carter-Benjamin
- Legal Counsel Clark Alsop

**4. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATIONS
(Received After Agenda Distribution)**

None

5. APPROVAL OF MINUTES

September 10, 2014 - Regular Commission Meeting Minutes

The minutes were approved with no corrections.

MOTION: Approve the September 10, 2014 Regular Commission Meeting Minutes. (John Moorlach)

SECOND: Charley Wilson

FOR: Joe Carchio, Cheryl Brothers, Derek McGregor, John Moorlach, Charley Wilson, John Withers

AGAINST: None

ABSTAIN: None

MOTION PASSED

6. PUBLIC COMMENT

Chair Carchio requested public comments on any non-agenda items. There were none.

Chair Carchio closed public comments.

7. CONSENT CALENDAR

7a. - Conflict of Interest Code Biennial Review

Chair Carchio called for approval of the consent calendar.

MOTION: Approve the Consent Calendar. (John Moorlach)

SECOND: Charley Wilson

FOR: Joe Carchio, Cheryl Brothers, Derek McGregor, John Moorlach, Charley Wilson, John Withers

AGAINST: None

ABSTAIN: None

MOTION PASSED

8. PUBLIC HEARING

None

9. COMMISSION DISCUSSION AND ACTION

9a. - Yorba Linda Unincorporated Areas

Executive Officer Carolyn Emery notified the Commission that staff had no new reportable action.

9b. - Relocation Update

The Commission received an oral update from Executive Officer Carolyn Emery on execution of the lease agreement, status of office improvements, usage of OCTA's board room, and alternative meeting days and times for the Commission's regular monthly meetings. The Commission discussed scheduling conflicts, other possible meeting start times, and continued use of the County Planning Commission Hearing Room, including related cost factors. Staff received direction to poll the Commission on alternative locations, days, and times for monthly Commission meetings and report back to the Commission.

MOTION: Receive and file the Relocation Update. (John Moorlach)

SECOND: John Withers

**FOR: Joe Carchio, Cheryl Brothers, Derek McGregor,
John Moorlach, Charley Wilson, John Withers**

AGAINST: None

ABSTAIN: None

MOTION PASSED

9c. - South Orange County Governance Visioning Process - Governance Options

Project Manager Benjamin Legbandt presented the staff report, which provided the Commission with a foundational overview of potential governance options for South Orange County, including a review of the LAFCO process for analyzing governance options.

Commissioner Bates arrived at 9:14 a.m.

Commissioner Moorlach asked Mr. Legbandt to explain the process for dissolving a CSD. Mr. Legbandt stated that the process includes an analysis that would primarily focus on the identification of the successor agency to assume the service responsibility. Mr. Legbandt added that termination can be initiated by petition of registered voters or by resolution of an affected agency. **Commissioner Withers**

commented that CSDs are typically formed based on the types and levels of services the community would like to receive. **Commissioner Moorlach** asked if the primary reason for CSDs is to encourage communities to become self-sufficient. Executive Officer Carolyn Emery replied that the desire for greater local control has been an important driver in the past, including examples like Rossmoor CSD. As part of LAFCO's MSR process, cities have not expressed an interest in taking over the services, functions, and operations that CSDs have been performing in their city boundaries.

MOTION: Receive and file the South Orange County Governance Visioning Process - Governance Options report. (Pat Bates)
SECOND: John Moorlach
FOR: Joe Carchio, Pat Bates, Cheryl Brothers, Derek McGregor, John Moorlach, Charley Wilson, John Withers
AGAINST: None
ABSTAIN: None

MOTION PASSED

9d. - Amendment No. 1 to Professional Services Agreement with Sharon Browning & Associates

Commissioner Withers moved for approval of the contract amendment with Sharon Browning & Associates.

MOTION: Approve Amendment No. 1 to the Agreement for Services between LAFCO and Sharon Browning & Associates, and authorize the Executive Officer to execute the amendment. (John Withers)
SECOND: John Moorlach
FOR: Joe Carchio, Pat Bates, Cheryl Brothers, Derek McGregor, John Moorlach, Charley Wilson, John Withers
AGAINST: None
ABSTAIN: None

MOTION PASSED

9e. - Municipal Service Review Process for the Proposed "East Orange County Water District Reorganization for Local Sewer Service" (RO 14-01)

Assistant Executive Officer Ken Lee presented the staff report on the proposed East Orange County Water District (EOCWD) Reorganization application and the focused MSR process to review EOCWD's Plan for Services.

Chair Carchio informed the Commission that a letter was received from Mayor Al Murray, City of Tustin, in expressing the City's support for EOCWD's application.

Commissioner Moorlach inquired about the financial value of the system located in Service Area 7 of the Orange County Sanitation District (OCSD). Mr. Lee described a prior 100-year rehabilitation/replacement cost projection for Service Area 7 that had been completed in 2007. A new local sewer fee was established based on the rehabilitation/replacement value of the system, which includes more than 170 miles of local sewer lines. The fee pays for operations and maintenance of the system, but also contributes to a sinking fund to pay for facilities rehabilitation/replacement and major emergency repairs/spill cleanup. Mr. Lee added that all OCSD assets, revenues, liabilities, and debt obligations, if any, should transfer to EOCWD or an alternative service provider if they take over ownership and operations of Service Area 7. Approximately \$25 million of reserves/sinking fund monies is proposed to transfer from OCSD to EOWCD as part of EOCWD's reorganization proposal.

Commissioner Fisler asked if there were other service providers who expressed interest in taking over Service Area 7. Mr. Lee responded that, as part of the MSR process, stakeholder agencies will have until November 15, 2014 to formally express their interest to be considered an alternative service provider. Agencies will examine the economics of taking over the system before they formally express interest.

Lisa Ohlund, General Manager of East Orange County Water District, briefly addressed the Commission, including questions about the financial value of the system in Service Area 7.

- MOTION:** Receive and file the report on the MSR process for the proposed East Orange County Water District Reorganization for Local Sewer Service (RO 14-01). (Charley Wilson)
- SECOND:** Pat Bates
- FOR:** Joe Carchio, Pat Bates, Cheryl Brothers, Derek McGregor, John Moorlach, Charley Wilson, John Withers
- AGAINST:** None
- ABSTAIN:** None

MOTION PASSED

Commissioners Bates and Wilson left at 10:10 a.m.

10. COMMISSIONER COMMENTS

Commissioner Brothers looks forward to the CALAFCO Annual Conference and anticipated election to the CALAFCO Board.

Commissioner Moorlach asked about the status report on The Preserve at San Juan. Executive Officer Carolyn Emery replied that staff has met with County Planning

Staff and that a more comprehensive report will be provided to the Commission at a future date.

11. EXECUTIVE OFFICER'S REPORT

The Executive Officer's comments on The Preserve at San Juan project were addressed under Commissioner Comments.

12. INFORMATIONAL ITEMS & ANNOUNCEMENTS

12a. - LAFCO Ethics Training

Chair Carchio reminded the Commission that completion of their Ethics Training is due before year-end and a copy of the certification must be provided to the LAFCO Commission Clerk.

12b. - CALAFCO Annual Conference

Chair Carchio reminded the Commission of the upcoming CALAFCO Annual Conference in Ontario, hosted by San Bernardino LAFCO, and the client appreciation dinner hosted by Best, Best & Krieger.

Commissioner Moorlach left at 10:14 a.m.

13. CLOSED SESSION

None

14. ADJOURNMENT OF REGULAR COMMISSION MEETING

The meeting adjourned at 10:15 a.m.

Joe Carchio, Chair
Orange County Local Agency Formation Commission

By: _____
Cheryl Carter-Benjamin
Commission Clerk