



## FINAL MINUTES

### LAFCO REGULAR MEETING AGENDA

Wednesday, July 8, 2015  
8:00 a.m.

Orange County Transportation Authority  
First Floor - Boardroom  
600 South Main Street, Orange, CA 92868

#### 1. CALL TO ORDER

Chair **McGregor** called the regular meeting of the Orange County Local Agency Formation Commission (OC LAFCO) to order at 8:05 a.m.

#### 2. PLEDGE OF ALLEGIANCE

Commissioner **Allan Bernstein** led the Pledge of Allegiance.

#### 3. OATH OF OFFICE - COMMISSIONER BARTLETT

Commission Clerk **Cheryl Carter-Benjamin** administered the Oath of Office to **Commissioner Bartlett**.

#### 4. ROLL CALL

The following Commissioners and Alternates were present:

- **Chair Derek J. McGregor**
- **Vice Chair John Withers**
- **Commissioner Lisa Bartlett**
- **Commissioner Dr. Allan Bernstein**
- **Commissioner Todd Spitzer**
- **Commissioner Charley Wilson**
- **Alternate Commissioner Wendy Bucknum**
- **Alternate Commissioner James Fisler**
- **Alternate Commissioner Kathryn Freshley**

The following Commissioner was delayed:

- **Commissioner Cheryl Brothers** (arrived at 8:07 a.m.)

The following Commissioner was absent:

- **Alternate Commissioner Andrew Do**

The following LAFCO staff members were present:

- Executive Officer Carolyn Emery
- Project Manager Benjamin Legbandt
- Policy Analyst Carolyn Jones
- Commission Clerk Cheryl Carter-Benjamin
- Legal Counsel Clark Alsop

## 5. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATIONS

**None**

## 6. APPROVAL OF MINUTES

### June 17, 2015 - Regular Commission Meeting Minutes

The minutes were approved with no revisions.

**MOTION:** Approve the June 17, 2015 Regular Commission Meeting Minutes. (Allan Bernstein)

**SECOND:** Lisa Bartlett

**FOR:** Derek J. McGregor, John Withers, Lisa Bartlett, Allan Bernstein, Cheryl Brothers, Todd Spitzer, Charley Wilson

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED**

## 7. PUBLIC COMMENT

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

**Chair McGregor** closed public comments.

## 8. CONSENT CALENDAR

**8a. – 2015 CALAFCO Board of Directors Nominations**

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

**MOTION:** Receive and file the 2015 CALAFCO Board of Directors Nominations report and nominate Vice Chair John Withers to the CALAFCO Board of Directors. (Todd Spitzer)

**SECOND:** Charley Wilson

**FOR:** Derek J. McGregor, John Withers, Lisa Bartlett, Allan Bernstein, Cheryl Brothers, Todd Spitzer, Charley Wilson

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED**

**9. PUBLIC HEARING**

None

**10. COMMISSION DISCUSSION AND ACTION**

None

**11. Study Session on the Focused Municipal Service Review for Orange County Sanitation District Service Area 7 (MSR 15-03)**

Project Manager Benjamin Legbandt presented the staff report on the focused MSR. Mr. Legbandt provided background on the purpose of the MSR stakeholder process and added that the report would provide the foundation for the subsequent analysis of the plans for service submitted by the East Orange County Water District and the Irvine Ranch Water District as alternative sewer service providers to OCSD Service Area 7.

**Chair McGregor** informed the Commission that during staff's presentation there will be opportunities for the Commission to ask questions and obtain clarification on any portion of the focused MSR.

After considerable discussion, the Commission provided staff with the following comments:

**Commissioner Spitzer** asked about industry standards for services and requested additional information regarding regulatory compliance. Mr. Legbandt replied that the Orange County Sanitation District's service levels can be used as benchmarks based on OCSD's 30 years of service to the area. **Vice Chair Withers** informed the

Commission that the Santa Ana Regional Water Quality Control Board has the responsibility to ensure agencies are in regulatory compliance.

**Commissioner Bartlett** asked if the alternative service providers would follow OCSD's Sanitary Sewer Management Plan (SSMP). **Commissioner Bartlett** also asked if EOCWD plans to increase staffing and if so, how long it would take to cross-train them in sewer operations. Mr. Legbandt replied that EOCWD prepared a draft SSMP largely based on OCSD's current SSMP and that IRWD has an existing SSMP but due to its length was not included as an appendix to the report. Mr. Legbandt also noted that several EOCWD employees had begun cross-training over the past year in sewer operations.

**Commissioner Fisler** asked if OSCD's sphere of influence (SOI) overlapped with EOCWD's SOI and if it was common for water and sewer agencies to overlap. Mr. Legbandt described the relationship of EOCWD's SOI and service boundary to OCSD Service Area 7 and noted several examples of agency boundaries overlapping where the two agencies were providing different services to the same area.

**Commissioner Bartlett** asked if either EOCWD or IRWD had included plans on how to encourage conversion from septic systems to local sewers in their plans for service. Mr. Legbandt replied that neither agency had submitted information about septic to sewer conversions. **Commissioner Bartlett** asked that the additional information about septic to sewer conversion be included in the Focused MSR.

**Commissioner Fisler** asked if OCSD was planning to transfer reserve funds to the new service provider for long-term replacement of the system. Mr. Legbandt replied that the current reserved balance of approximately \$30 million will transfer to the agency that assumes service to Area 7.

**Commissioner Spitzer** commented on the increase in costs to provide services and asked that additional information be provided by EOCWD and IRWD on their plans to reduce rates to OSCD Service Area 7.

**Commissioner Bartlett** asked how EOCWD would respond to a catastrophic event, given the District's preference for pay-as-you-go financing and if the District would have the ability to issue debt to finance necessary infrastructure replacement. Mr. Legbandt replied that based on the information provided, they have the capability should the need arise.

**Commissioner Bartlett** asked if there would be additional information provided on each agency's financial operational ability. Mr. Legbandt replied that staff would add it to the report.

**Commissioner Bucknum** stated that it would be helpful to have a financial comparison of EOCWD and IRWD.

**Chair McGregor** asked if there were any speakers from the public on this item.

Steven LaMar, Board President of the Irvine Ranch Water District, spoke on the proposal submitted by the agency and highlighted three key components offered by IRWD: excellent service based on 50 years of experience, comprehensive and prompt response in emergencies, and annual savings to the ratepayers.

Greg Heiertz, a resident of North Tustin, expressed his support for IRWD based on experience, regulatory and safety training, and emergency service.

Lisa Ohlund, General Manager of the East Orange County Water District, expressed her appreciation to the LAFCO Commission and thanked staff for a balanced and comprehensive MSR report. Ms. Ohlund noted EOCWD's commitment to hometown service, direct accountability, fiscal discipline, and small government to current and future customers. Her final comments noted the importance of local representation and support of EOCWD's application by local community groups, cities and water districts in and around Service Area 7.

Marilyn Thoms, a resident of North Tustin, expressed her concerns regarding emergency response time, funding appointments, and losing local governance. Ms. Thoms expressed support of the EOCWD proposal.

**MOTION:** **Revise the Focused MSR to address Commissioner comments; schedule the Focused MSR for Commission consideration at the August 12, 2015 Regular Meeting. (John Withers)**

**SECOND:** **Charley Wilson**

**FOR:** **Derek J. McGregor, John Withers, Lisa Bartlett, Allan Bernstein, Cheryl Brothers, Todd Spitzer, Charley Wilson**

**AGAINST:** **None**

**ABSTAIN:** **None**

**MOTION PASSED**

## **12. COMMISSIONER COMMENTS**

**Commissioner Bernstein** thanked staff for the informative presentation on the focused MSR and requested an executive summary of the key issues.

## **13. EXECUTIVE OFFICER'S REPORT**

Executive Officer updated the Commission on the following:

- **Grand Jury Report.** Ms. Emery gave a brief overview to the Commission on the Grand Jury's recently published report. Ms. Emery added that the Commission's response to the Grand Jury is due by September 28, 2015, which addresses their findings and recommendations. The draft response will be presented to the Commission at the September regular meeting.

#### **14. INFORMATIONAL ITEMS AND ANNOUNCEMENTS**

##### **14a. - Proposed Sphere of Influence Update for the City of Laguna Woods (SOI 15-04)**

The Commission will consider the request received from the City of Laguna Woods to remove six acres from the City's sphere of influence.

##### **14b. - Coalition of California LAFCOs (CCL) Update**

**Commissioner Brothers** reminded the Commission of the upcoming CCL meeting scheduled for Monday, July 27, 2015 at the Santa Ana Depot.

##### **14c. - CALAFCO Annual Conference**

**Chair McGregor** reminded the Commission of the upcoming conference scheduled for September 2-4, in Sacramento.

#### **15. CLOSED SESSION**

**None**

#### **16. ADJOURNMENT OF REGULAR COMMISSION MEETING**

The meeting adjourned at 10:12 a.m.

Derek J. McGregor, Chairman  
Orange County Local Agency Formation Commission

By: \_\_\_\_\_  
Cheryl Carter-Benjamin  
Commission Clerk