



FINAL MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, May 10, 2017
8:00 a.m.

Orange County Transportation Authority
Conference Room 7
550 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 8:02 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Brothers led the Pledge of Allegiance.

3. OATH OF OFFICE - COMMISSIONER STEEL

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

4. ROLL CALL

The following Commissioners and Alternates were present:

- Chair Derek J. McGregor
- Vice Chair Allan Bernstein
- Commissioner Cheryl Brothers
- Alternate Commissioner James Fisler
- Alternate Commissioner Kathryn Freshley
- Alternate Commissioner Michelle Steel

The following Commissioners were absent:

- Commissioner Lisa Bartlett
- Commissioner Todd Spitzer

- Commissioner Charley Wilson
- Commissioner John Withers
- Alternate Commissioner Wendy Bucknum

The following LAFCO staff members were present:

- Executive Officer Carolyn Emery
- Assistant Executive Officer Debra Kurita
- Policy Analyst Luis Tapia
- Policy Analyst Gavin Centeno
- Commission Clerk Cheryl Carter-Benjamin
- Legal Counsel Scott Smith

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

None

6. APPROVAL OF MINUTES

6a. – April 12, 2017 - Regular Commission Meeting Minutes

6b. – April 12, 2017 - Annual Strategic Planning Session Meeting Minutes

The regular and strategic planning minutes were approved with no revisions.

MOTION: Approve the April 12, 2017 Regular Commission Meeting Minutes and the Annual Strategic Planning Session Meeting Minutes. (Cheryl Brothers)

SECOND: Allan Bernstein

FOR: Derek J. McGregor, Allan Bernstein, Cheryl Brothers, James Fidler, Michelle Steel

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

None

9. PUBLIC HEARING

9a. – Proposed Fiscal Year 2017-18 LAFCO Budget and Fee Schedule

Assistant Executive Officer Debra Kurita presented the staff report on the proposed budget and fee schedule for fiscal year 2017-18. Ms. Kurita concluded her presentation by acknowledging the LAFCO accountant, Cindy Byerrum, who was also available to answer questions.

Commissioner Freshley inquired about the level of LAFCO's current unreserved equity. Ms. Byerrum responded that it is approximately \$680,000. **Chair McGregor** asked about the average balance for the unreserved equity. Ms. Byerrum replied that the average is approximately \$500,000.

Commissioner Fisler asked if the amount of funds in the unreserved equity is higher than the amount that the Commission has set aside for designated reserves. Ms. Kurita responded affirmatively and explained that the unreserved equity is the portion of the reserves that is above the amount that is required by the Commission policy.

Chair McGregor opened the public hearing.

Al Nederhood, Board of Directors with Yorba Linda Water District commented on the budget and expressed concerns regarding the current formula used in determining the individual district's apportionment. He asked to be provided additional information on the formula approved by the Special District Selection Committee. He further asked the Commission to consider a revision to the current formula.

Mike Dunbar, General Manager for Emerald Bay Service District responded to Mr. Nederhood's question. He stated that he was a Board Member of the Special District Selection Committee when the formula was developed and approved. He added that the formula is based on the district's operating budget. Mr. Dunbar concluded by complimenting the Commission's budget process and voicing his support for approving the proposed budget.

Commissioner Steel suggested forming an Ad Hoc Committee to study the revenues of districts. **Commissioner Brothers** noted that the review of the formula should be done by ISDOC allowing all the districts an opportunity for comments.

Chair McGregor closed the public hearing and called for the motion.

MOTION: Adopt the proposed LAFCO budget for FY 2017-18 and fee schedule; distribute the proposed budget for review and comment; schedule an additional public hearing for consideration and adoption of the final FY 2017-18 LAFCO budget and fee schedule at the June 14, 2017 regular meeting. (Commissioner Brothers)

SECOND: Allan Bernstein

FOR: Derek J. McGregor, Allan Bernstein, Cheryl Brothers, James Fisler, Michelle Steel

AGAINST: None

ABSTAIN: None

MOTION PASSED

10. COMMISSION DISCUSSION AND ACTION

10a. - Proposed OC LAFCO Work Plan for Fiscal Year 2017-2018

Executive Officer Carolyn Emery presented a staff report on this item summarizing the proposed work plan for fiscal year 2017-18 and noted that the key project opportunities were presented at the Strategic Planning Session.

Commissioner Brothers asked that the Executive Officer include in the Work Plan a Commission-initiated project to contact ISDOC regarding reaching out to the Special District Selection Committee concerning a potential revision to the current apportionment formula for special districts. On that topic, Legal Counsel Scott Smith added that the statute has a formula that LAFCO applies, unless the districts request revisions, and that LAFCO has no authority to create a new formula.

MOTION: Approve the proposed 2017-18 OC LAFCO Work Plan with noted addition to the Commission-initiated projects. (Cheryl Brothers)

SECOND: James Fisler

FOR: Derek J. McGregor, Allan Bernstein, Cheryl Brothers, James Fisler, Michelle Steel

AGAINST: None

ABSTAIN: None

MOTION PASSED

10b. - Proposed Agreement with Management Partners for the Design and Implementation of the Stakeholder Input Process for the Fourth Round of Municipal Service Reviews and Sphere of Influence Reviews and Updates

Assistant Executive Officer Debra Kurita presented the staff report on this item, explaining that the development of the work plan for the next round of Municipal Service Reviews and Sphere of Influence updates begins with the design and

execution of a Stakeholder Input Process. She noted that Management Partners was selected through a competitive process to perform the Stakeholder Input Process design and implementation. She added that the funds for this agreement are available in the 2016-17 budget.

MOTION: Approve a contract with Management Partners to design and implement the Stakeholder Input Process for the fourth round of MSRs and SOI reviews and updates. (Allan Bernstein)

SECOND: James Fisler

FOR: Derek J. McGregor, Allan Bernstein, Cheryl Brothers,
James Fisler, Michelle Steel

AGAINST: None

ABSTAIN: None

MOTION PASSED

10c. - OC LAFCO Consultant Agreements Update and Proposed Memorandum of Understanding with Center for Demographic Research

Assistant Executive Officer Debra Kurita presented the staff report on the annual review of the agency's consultant agreements. She stated that a list of the existing agreements for one-time and ongoing projects and services was included with the staff report. Ms. Kurita further explained that the current memorandum of understanding (MOU) with the Center for Demographic Research was expiring at the end of June and that staff recommended approving a new three-year MOU. She informed the Commission that the funds for the agreement are included in the proposed budget and that the Director of the Center, Deborah Diep, was available in the audience if there were any questions.

Chair McGregor asked for the reasoning for the three-year MOU cycle.

Deborah Diep, Director of the Center explained that there were two primary reasons why these MOUs are on a three-year cycle. The first was to accommodate the coordination effort necessary for the development and approval of a budget and agreement that involves 10 regional agencies; as well as to provide multi-year cost projections for those agencies. The second was to coincide with the regional transportation plan three-year cycle. She noted that the planning cycle has since been extended to a four-year one, but that the sponsors decided to continue with a three-year cycle for the CDR agreement.

MOTION: Receive and file the annual update on consultant agreements; and Approve the three-year MOU with CSU Fullerton Auxiliary Services Corporation. (Cheryl Brothers)

SECOND: James Fisler

FOR: Derek J. McGregor, Allan Bernstein, Cheryl Brothers,
James Fisler, Michelle Steel

AGAINST: None
ABSTAIN: None

MOTION PASSED

10d. – Waiver of the Provisions of the Memorandum of Understanding for the Transfer of Jurisdiction Sphere of Influence Changes Between OC LAFCO and Riverside LAFCO for The Preserve at San Juan

Policy Analyst Gavin Centeno presented the staff report on this item, noting the MOU was established for processing reorganizations that involve multiple counties. He stated that under the MOU provisions, Orange County LAFCO would have jurisdiction to process the sphere of influence changes for the Preserve at San Juan project. However, given its remote location and the absence of Orange County water service providers near the project location, staff recommended waiving the MOU provisions and allowing Riverside LAFCO to process the project. He emphasized that this waiver will only apply to the Preserve at San Juan project.

Commissioner Bernstein left during this agenda item at 8:57 a.m.

MOTION: Waive the provisions of Memorandum of Understanding for the Transfer of Jurisdiction for SOI changes between OC LAFCO Commission and Riverside LAFCO Commission for the SOI amendments of the Elsinore Valley Municipal Water District and related water districts for The Preserve at San Juan, LLC development. (Cheryl Brothers)

SECOND: Michelle Steel

**FOR: Derek J. McGregor, Cheryl Brothers, James Fisler,
Michelle Steel**

AGAINST: None

ABSTAIN: None

MOTION PASSED

11. COMMISSIONER COMMENTS

Commissioner Steel left during this agenda item at 9:00 a.m.

Chair McGregor reminded the Commission that the Executive Officer's annual performance evaluation was due to Robert Aldrich & Associates by May 15.

12. EXECUTIVE OFFICER'S REPORT

Executive Officer Carolyn Emery informed the Commission of the following items:

- **San Juan Municipal Service Review:** The focused Municipal Services Review (MSR) for the potential transfer of the City's water and wastewater utilities is progressing. She explained that in mid-May LAFCO will distribute a Request for Proposal for a consultant to assist in the MSR process.
- **CALAFCO Update:** The CALAFCO Board has identified some key legislative areas of focus and is discussing with legislative staff proposed legislation that involves giving LAFCO additional authority over dissolving inactive districts. Executive Officer Emery further noted that she is chairing the Conference Committee for the 2017 annual conference that will be held in San Diego and thanked the Commission members for providing suggestions for general and breakout sessions.

13. INFORMATIONAL ITEMS & ANNOUNCEMENTS

None

14. CLOSED SESSION

None

15. ADJOURNMENT OF REGULAR COMMISSION MEETING

The Regular Commission meeting was adjourned at 9:06 a.m.

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

By: 
Cheryl Carter-Benjamin
Commission Clerk