LAFCO
San Diego Local Agency Formation Commission

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Chair

Jo MacKenzie, Director
Vista Irrigation District

Vice Chair

Ed Sprague, Director
Olivenhain Municipal Water

Members

Catherine Blakespear, Mayor
City of Encinitas

Bill Horn, Supervisor
County of San Diego

Dianne Jacob, Supervisor
County of San Diego

Andrew Vanderlaan
Public Member

Bill Wells, Mayor
City of El Cajon

Lorie Zapf, Councilmember
City of San Diego

Alternate Members

Lorie Bragg, Councilmember
City of Imperial Beach

Chris Cate, Councilmember
City of San Diego

Greg Cox, Supervisor
County of San Diego

Judy Hanson, Director
Leucadia Wastewater District

Harry Mathis
Public Member

Executive Officer

Keene Simonds

Counsel

Michael G. Colantuono

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AGENDA REPORT
Consent | Action

March 5, 2018

TO: San Diego Commissioners

FROM: Tamaron Luckett, Executive Assistant

SUBJECT: **Approval of Meeting Minutes | February 5, 2018**

SUMMARY

The San Diego Local Agency Formation Commission (LAFCO) will receive minutes prepared for the last meeting of the Commission held on Monday, February 5, 2018. The minutes are being presented for formal approval with any desired corrections or clarifications as requested by the Commission.

BACKGROUND

The Ralph M. Brown Act was enacted by the State Legislature in 1953 and establishes standards for the public to attend and participate in meetings of local government bodies. The "Brown Act" requires – and among other items – public agencies to maintain written minutes for qualifying meetings.

DISCUSSION

This item is for San Diego LAFCO to consider approving summary minutes for the February 5, 2018 regular meeting as recorded by staff. All members were present with the exception of the following persons: Chris Cate (alternate) and Greg Cox (alternate).

ANALYSIS

The attached summary minutes for the February 5, 2018 meeting accurately reflect the Commission's actions as recorded by staff.

ALTERNATIVES FOR ACTION

The following alternatives are available to the Commission:

Alternative One (Recommended)
Approve the draft action summary prepared for the February 5, 2018 regular meeting with any desired corrections or clarifications.

Alternative Two
Continue the item to the next regular meeting and provide direction as needed.

RECOMMENDATION

It is recommended the Commission proceed with the action identified in the preceding section as Alternative One.

PROCEDURES

This item has been placed on the agenda as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,



Tamaron Luckett
Executive Assistant

Attachment:
1) Draft Meeting Minutes for February 5, 2018

ATTACHMENT ONE

DRAFT
SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
FEBRUARY 5, 2018

CALL TO ORDER BY CHAIR

There being a quorum present, the meeting was convened at 9:00 a.m. by Chair Jo MacKenzie.

OATHS OF OFFICE

Commission Counsel Holly Whatley administrated oaths of office to the new appointed city members – Mayor Bill Wells with the City of El Cajon (Regular) and Councilmember Lorie Bragg with the City of Imperial Beach (Alternate).

ROLL CALL

The Commission Clerk performed the roll call for the February 5, 2018 LAFCO meeting. Roll was recorded as follows:

Regulars Present:	Catherine Blakespear, City of Encinitas Bill Horn, County of San Diego Dianne Jacob, County of San Diego Jo MacKenzie, Vista Irrigation District (CHAIR) Ed Sprague, Olivenhain Municipal Water District (VICE CHAIR) Andy Vanderlaan, Public Bill Wells, City of El Cajon Lorie Zapf, City of San Diego
Alternates Present:	Lorie Bragg, City of Imperial Beach Judy Hanson, Leucadia Wastewater District Harry Mathis, Public
Members Absent:	Chris Cate, City of San Diego – Alternate Greg Cox, County of San Diego – Alternate

Additionally, the following staff were present at the dais side at roll call: Executive Officer Keene Simonds; Chief Governmental Analyst Robert Barry; Commission Counsel Holly Whatley; and Executive Assistant Tamaron Luckett.

PLEDGE OF ALLEGIANCE

Commissioner Wells led the Pledge of Allegiance.

AGENDA REVIEW

Chair MacKenzie asked the Executive Officer if there were requests to remove or rearrange items on the agenda. Executive Officer indicated there were no requests, and the Chair announced the meeting would follow the agenda as presented.

PUBLIC COMMENT

Chair MacKenzie asked the public seated in the audience if anyone would like to address the Commission on an item that is not related to the agenda. Without any speaker slips or seeing anyone approach the dais Chair MacKenzie ended the public comment period.

CONSENT ITEMS

All items calendared as consent are considered ministerial or non-substantive and subject to a single motion approval should the Commission waive individual reading. Chair MacKenzie stated the Commission would proceed with individual readings.

Item 1
Approval of Meeting Minutes | December 4, 2017
Item presented on the consent calendar for action to approve. Item involves draft minutes prepared for the Commission's December 4, 2017 regular meeting.

On motion of Commissioner Vanderlaan, seconded by Commissioner Sprague, and carried unanimously by members present, the Commission approved the staff recommendation.

Item 2
Budget Update for 2017–18 Second Quarter and Year–End Projections
Item presented on the consent calendar for action to receive and file. Item involves comparison of budgeted and actual transactions for 2017-2018 through December 31st along with year-end projections.

Item pulled for discussion. Executive Officer provided a brief summary of item. Chair MacKenzie asked how much time is allocated for the County of San Diego to distribute interest earnings to LAFCO. Executive Officer indicated this information would be brought back to the Commission at a later date.

On motion of Commissioner Vanderlaan, seconded by Commissioner Sprague, and carried unanimously by members present, the Commission approved the staff recommendation.

Item 3
Executive Officer's Self–Approved Claims for 2017-2018 | Second Quarter
Item presented on the consent calendar for action to receive and file. Item identifies expense claims made by the Executive Officer as required under policy.

On motion of Commissioner Vanderlaan, seconded by Commissioner Sprague, and carried unanimously by members present, the Commission approved the staff recommendation.

Item 4

Adopted Fee Schedule Amendments

Item presented on the consent calendar for action to approve. Item involves amendments to the adopted LAFCO fee schedule to address updated charges required by the California Department of Fish and Game to file environmental determinations with the Clerk-Recorder.

On motion of Commissioner Sprague, seconded by Commissioner Vanderlaan, and carried unanimously by members present, the Commission approved the staff recommendation.

Item 5

Current Proposal Activity and Related Items

Item presented on the consent calendar for information only. Item outlines current projects on file with LAFCO as well as anticipated filings.

> Item pulled for discussion. Chief Governmental Analyst provided a brief summary of item. Analyst indicated there are several major proposals that are current and/or pending with the latter highlighted by large projects under review by the Cities of San Marcos and Escondido.
>
> On motion of Commissioner Zapf, seconded by Commissioner Vanderlaan, and carried unanimously by members present, the Commission approved the staff recommendation to receive as information.

PUBLIC HEARING ITEMS

Public hearing items require expanded public notification per provisions in State Law or directives of the Commission or Executive Officer.

Item 6

Adoption of Proposed Workplan and Budget for 2018-2019

Item presented on the public hearing calendar for action and supplemental handouts were provided to the Commission and made available to the audience members.

The public hearing was opened by Chair MacKenzie.

Executive Officer provided a summary of the proposed workplan and budget for 2018-2019. This proposed workplan outlines over two dozen projects divided between regulatory, planning, and administrative functions and placed in priority order. Executive Officer also noted the proposed budget includes a total expense outlay of $1.904 million and represents an overall decrease of (4%) or ($0.082) million over the current fiscal year. Executive Officer stated the decrease is primarily attributed to insourcing work through the addition of new staff analysts that would otherwise be outsourced to consultants. Executive Officer also added a proposed reduction in operating reserves underlies the corresponding increase of 1.7% in agency contributions.

Vice Chair Sprague asked for clarification regarding the concept of the reserve fund balance and what is LAFCO's policy because there is approximately $1.4 million in the account. Commissioner Sprague recommended the proposed policy review of the reserve fund included in the workplan be elevated as a higher priority going into 2018-2019.

Commissioner Blakespear asked what are the reserve funds used for and why is LAFCO saving the funds. Executive Officer responded the majority of the fund balance – about $1.4 million – is undesignated and not committed towards any specific purpose other than to be available to addresses unexpected expenses. Commissioner Blakespear also noted LAFCO should be mindful about the medical and pension costs when transitioning from consultants to employees while seeking clarification on how often is LAFCO tasked with preparing municipal service reviews and sphere updates. Executive Officer responded all LAFCOs are tasked with preparing study cycles every five years and it requires considerable resources to address.

Commissioner Jacob commented about the reserves and noted the importance of having monies available to designate towards supporting warranted reorganizations that would otherwise go unaddressed and provided examples of recent fire consolidations. Commissioner Jacob also commented about the pension issues raised by Commissioner Blakespear and agreed these ongoing cost obligations warranted attention. Commissioner Jacob also asked whether it would be possible if LAFCO could apply the County's new pension plan – Tier D – approved and scheduled to go into effect on July 1st. Executive Officer responded staff would work with counsel and return with a response at the next meeting.

Commissioner Zapf commented about comparing costs between outsourcing and insourcing over the long-term. Commissioner Zapf offered support for exploring LAFCO's ability to establish its own pension plan for employees that may or may not deviate from the County should it provide long-term cost-savings.

Commissioner Bragg thanked LAFCO staff for introducing her to LAFCO and supported the workplan and budget while agreeing with the comments provided. Commissioner Bragg added support for LAFCO moving forward as contemplated in the workplan to transition agenda packets to tablets as a means to achieve long-term resource savings.

Vice Chair Sprague summarized his understanding of the Commission feedback is to proceed with the recommendation of staff with an amendment to prioritize a policy review on reserves in the workplan and direct staff to return for more discussion on pension options.

Chair MacKenzie asked if any members from the public wished to speak regarding the noticed item. No speaker slips were received and with no further discussion from the Commission, the public hearing was closed.

On motion of Commissioner Sprague, second by Commissioner Jacob, and carried unanimously by the members present, the Commission adopted the presented resolution approving a proposed workplan and budget for 2018-2019 with an (a) amendment to prioritize the scheduled policy review of the reserve and (b) direction for staff to return for additional discussion on pension options for new hires.

BUSINESS ITEMS

Item 7
Final Audit for Fiscal Year Ending June 30, 2017
Item presented on the business calendar for action to receive and file. Executive Officer provided a brief summary of the item and conclusions of Davis Farr, LLC in auditing LAFCO's financial statements for 2016-2017. Executive Officer noted the audit provided a relatively clean opinion and attests LAFCO is in good financial health as evident by an undesignated fund balance of over $1.4 million. Executive Officer added two booking errors on substance were identified by Davis Farr and underlies a recommendation LAFCO retain an outside bookkeeper to – and among other tasks – reconcile account statements on a quarterly basis.

Commissioner Zapf requested clarification on the workflow process at LAFCO with respect to how payments are made and received and what accounting software is utilized. Executive Officer noted LAFCO relies on two distinct accounting systems: Oracle and QuickBooks with the former serving as the main instrument in maintaining LAFCO's general ledger.

Commissioner Blakespear sought clarification regarding the relatively large increase in current liabilities byway of compensated absences reflected in FY2017. Executive Officer noted two notable retirements occurred within one calendar year of the audit year, and as such the employees' payable vacation and sick time accruals were booked as current liabilities.

On motion of Commissioner Zapf, second by Commissioner Vanderlaan, and carried unanimously by the Commissioners present, the Commission accepted and filed the recommendation.

Item 8
Draft | Disadvantaged Unincorporated Communities Program
Item presented on the business calendar for discussion only and for purposes of providing feedback to staff in returning with a final document. Executive Officer provided a brief summary of the Disadvantaged Unincorporated Communities (DUC) Program addressing LAFCO's duties and responsibilities as established by the Legislature. Chief Governmental Analyst proceeded to present the item in detail, including a summary of current DUC qualifying areas in San Diego County.

Commissioner Wells asked whether the cities are contacted when a qualifying DUC application is submitted and who has the authority to make the final decision. Chief Governmental Analyst responded that all cities are notified if the territory is affected by the DUCs and the decision to proceed is largely based on the affected city's interest level. Additional comments and related observations were provided by multiple Commissioners with respect to addressing the legislative directive in a manner consistent with local needs and preferences. Additional responses provided by the Chief Governmental Analyst.

No action taken.

Item 9

Annual Report on Spheres of Influences and Municipal Service Reviews

Item presented on the business calendar for action to receive and file. Item involves sphere of influence and municipal service review actions approved in San Diego County. Thirteen sphere amendments and/or updates were completed in 2017.

On motion of Commissioner Sprague, second by Commissioner Vanderlaan, and carried unanimously by the Commissioners present, the Commission accepted and filed the recommendation.

Item 10

Report from the Southern California LAFCO Summit

Item presented on the business calendar for discussion only. Commissioners MacKenzie and Vanderlaan provided brief comments about the Southern California LAFCO Summit held on January 29th in Santa Ana. Topics included a presentation from CALAFCO Director Pamela Miller that included an update on potential changes to the membership fees. It was also noted Commissioner Vanderlaan was unanimously reappointed as the Chair of the Southern Region for the 2018 calendar year.

No action taken.

EXECUTIVE OFFICER REPORT

Executive Officer noted that supplement handouts were provided to the Commission regarding the recruitment for two entry level Analyst I/II positions and the deadline is February 12, 2018. Executive Officer also noted that John Traylor has returned to LAFCO as a consultant to help with the fire proposals. Executive Officer said that he will be doing a presentation about LAFCO at the City of Imperial Beach on February 7th.

COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

Commissioner MacKenzie announced the next meeting will be held on March 5, 2018.

ADJOURNMENT

There being no further business to come before the Commission, the meeting was adjourned by Chair MacKenzie at 10:42 a.m. until March 5, 2018 upon approval by the Commission.

TAMARON LUCKETT
EXECUTIVE ASSISTANT