

MINUTES
April 23, 2009

Present: Russell Kitahara
Bob Buster
Phil Williams
Terry Henderson
Robert E. Hird
Robin Lowe

Absent: John Tavaglione

Present Staff: George J. Spiliotis, Executive Officer
Adriana Romo, Local Government Analyst II
Crystal Craig, Local Government Analyst II
Elena G. Medina, Executive Assistant II
Elizabeth Valdez, Secretary
Pam Walls, Legal Counsel

1.1 CALL TO ORDER AND SALUTE TO THE FLAG.

The meeting was called to order by Vice Chair Buster at 9:35 a.m.

1.2 ROLL CALL.

2. APPROVAL OF MINUTES OF FEBRUARY 26, 2009.

Moved (Hird) seconded (Williams) to approve the minutes as presented.
5/0 (Kitahara absent)

3. Consent (Non-Hearing Items):

There were no consent items.

4. PUBLIC HEARINGS:

Continued:

- a. LAFCO 2007-31-4-Reorganization to Include Annexation 86 to the City of Indio (Citrus Ranch) and Concurrent Detachment from the Riverside County Waste Resources Management District. **(Continued from February 26, 2009; Staff recommends continuance to September 24, 2009).**

Moved (Henderson) seconded (Williams) to continue LAFCO 2007-31-4-Reorganization to Include Annexation 86 to the City of Indio (Citrus Ranch) and Concurrent Detachment from the Riverside County Waste Resources Management District to September 24, 2009.

5/0 (Kitahara absent)

- b. LAFCO 2007-73-3-Sphere of Influence Amendments to the City of Canyon Lake (removal) and County Service Area 145 (addition) and Reorganization to Include Detachment from the City of Canyon Lake and Concurrent Annexation to County Service Area 145 (addition). **(Continued from January 29, 2009; Staff recommends continuance to October 22, 2009).**

Moved (Lowe) seconded (Henderson) to continue LAFCO 2007-73-3-Sphere of Influence Amendments to the City of Canyon Lake (removal) and County Service Area 145 (addition) and Reorganization to Include Detachment from the City of Canyon Lake and Concurrent Annexation to County Service Area 145 (addition) to October 22, 2009.

5/0 (Kitahara absent)

- c. LAFCO 2008-08-4-Reorganization to Include Annexation 87 to the City of Indio (Date Palm Oasis/Milliken) and Concurrent Detachment from the Riverside County Waste Resources Management District. **(Continued from January 29, 2009).**

Ms. Craig presented the proposal and recommended approval with specific terms and conditions required to address territory under the Williamson Act contract. Ms. Craig also stated that this is consistent with the Commission's policy.

Mr. Spiliotis stated that staff did not have written consent from Mr. Milliken therefore, a protest hearing was required. Mr. Spiliotis also stated that the finding Ms. Craig read was in addition to the terms and conditions outlined in the staff report.

Vice Chair Buster opened the public hearing.

Sean Moore, 100 Civic Center Mall, Indio, CA 92201. Mr. Moore expressed his agreement with staff's recommendation. He said he was available for questions.

Vice Chair Buster closed the public hearing.

Commissioner Henderson moved to approve the proposal with the additional conditions as recommended by staff.

Moved (Henderson) seconded (Hird) to approve LAFCO 2008-08-4-Reorganization to Include Annexation 87 to the City of Indio (Date Palm Oasis/Milliken) and Concurrent Detachment from the Riverside County Waste Resources Management District with revised terms and conditions as follows: The City of Indio shall succeed to the terms of the existing Williamson Act Contract "Coachella Valley No. 53". The City has adopted policies and feasible implementation measures

applicable to the subject territory ensuring the continuation of agricultural use and other uses allowable under the contract on a long-term basis including Resolution NO. 9342 approved February 18, 2009.

5/0 (Kitahara absent)

- d. LAFCO 2008-22-3-Reorganization to Include Concurrent Annexations to Eastern Municipal Water District and the Metropolitan Water District of Southern California (102ND Fringe).

Ms. Romo presented the proposal as outlined in the staff report.

Vice Chair opened the public hearing and there being no proponents or opponents wishing to speak, the public hearing was closed.

Moved (Lowe) seconded (Henderson) to approve LAFCO 2008-22-3-Reorganization to Include Concurrent Annexations to Eastern Municipal Water District and the Metropolitan Water District of Southern California (102nd Fringe).

5/0 (Kitahara absent)

Commissioner Kitahara arrived at 9:50 a.m.

- e. Proposed Budget for Fiscal Year 2009-2010.

Mr. Spiliotis presented the proposed budget as outlined in the staff report. He said that the proposed budget before the Commission was slightly different from the budget presented to the Administrative Review Committee in March. He said that they were now looking at an 8% reduction which was below the current final budget. He also commented that the proposal activity had increased recently; however, he was not assuming that this was indicative of a long-term trend. He said that the proposed budget for FY 2009-10 assumed an estimated 22% decline in fee revenue compared to the current adopted budget for FY 2008-09. He said that although the total appropriations have been reduced significantly, the Commission will continue to meet its statutory requirements uninterrupted.

Commissioner Henderson cautioned the Commission about decreasing the agency's share this year and increasing it next year. Commissioner Henderson suggested not decreasing the share this year and placing the monies in a reserve account. She expressed concern regarding how other agencies were going to react to this change.

Mr. Spiliotis commented that the biggest hit on assessed values, according to the Assessor's Office was going to be for FY 2009-10. Mr. Spiliotis stated that this was the reason for recommending a reduction in FY 2009-10.

Commissioner Lowe commented that she did not feel FY 2009-10 was going to be the bottom; however, she felt that perhaps other things could be cut from the proposed budget. She expressed concern with the increase in air transportation and mileage.

Commissioner Buster suggested that the Administrative Review Committee take a closer look at the budget next time they meet and discuss new possibilities for cutting costs.

Mr. Spiliotis commented that LAFCO had been pro active and a leading agency in cutting costs. He said that last year LAFCO had reduced its budget 21% and was in better shape than other agencies.

Commissioner Buster stated that following Commissioner Henderson's comments, perhaps it would be better to increase the budget this year by 5% or 10% and if needed, increase it next year again.

Commissioner Henderson stated that the only concern she had was the potential agency increase for next year's budget. Commissioner Henderson suggested that the proposed budget go back to the Administrative Review Committee to allow them time to further discuss the agency's contribution for next year.

Mr. Spiliotis stated that the proposed budget needed to be adopted at this meeting for purposes of sending it out to all the agencies to allow them the time to review said proposed budget.

Commissioner Henderson asked if there was a possibility of adopting the proposed budget at this time with further discussion regarding the reserve account and increasing the share contribution for next year.

Commissioner Buster asked how much money was in the reserve account. Mr. Spiliotis stated that currently LAFCO had nothing in the reserve account because it was the first year LAFCO will be establishing it. Commissioner Buster commented that the reserve account will have to be proportionate to the budget needs and only for emergency situations.

Mr. Spiliotis stated that the reserve account will be able to accumulate if not used.

Mr. Spiliotis also stated that LAFCO was required to send the proposed budget by May 1st.

Moved (Henderson) seconded (Buster) to approve the Proposed Budget for FY 2009-10; the agencies' contribution for next year's budget will remain flat and the reserve will be increased accordingly to lessen the impact on the local agency share in the following year. The Administrative Review Committee will further discuss how to address the increase in the local agency share for the following year.

5/1 (Lowe No)

5. RECEIVE AND FILE:

- a. Information Items: Proposals Received (Government Code Section 56857, 56751):
 - i. LAFCO 2009-02-5-Reorganization to Include Annexations to Beaumont Cherry Valley Water District (Parcel A: Bonita Vista Remainder & Parcel B: District properties).

- ii. LAFCO 2009-03-4-Annexation 3 to County Service Area 51.
- iii. LAFCO 2009-04-4-Reorganization to Include Annexation 89 (Indio Trails) to the City of Indio and Concurrent Detachments from the Riverside County Waste Resources Management District.
- iv. LAFCO 2009-05-4-Annexation 3 to County Service Area 53.
- v. LAFCO 06-4-Reorganization to Include Annexation (Tahiti Partners) to the City of Rancho Mirage and Concurrent Detachment from the Riverside County Waste Resources Management District.
- vi. LAFCO 2009-07-3-Annexation 71 to County Service Area 69.
- vii. LAFCO 2009-08-5-Reorganization to Include Annexation 36 to the city of Desert Hot Springs and Concurrent Detachment from the Riverside County Waste Resources Management District.
- viii. LAFCO 2009-09-5-Reorganization to Include Annexation 37 to the City of Desert Hot Springs and Concurrent Detachment from the Riverside County Waste Resources Management District.

b. LAFCO Monthly Expenditure Review.

Moved (Buster) seconded (Henderson) to receive and file 5.a. Information Items and 5.b. Monthly Expenditure Review.
6/0

6. a. APPOINTMENT OF PUBLIC MEMBER.

Mr. Spiliotis stated that it has been the Commission's intent to appoint Mr. Tomanelli to the Regular Public Member position. Mr. Spiliotis commented that it was Mr. Hird's last day; however, his term will end May 4, 2009.

Moved (Hird) seconded (Lowe) to appoint Mr. Stephen Tomanelli as LAFCO's regular LAFCO Public Member to a full four-year term beginning May 4, 2009.
6/0

b. RECRUITMENT FOR ALTERNATE PUBLIC MEMBER.

Mr. Spiliotis stated that an ad hoc committee was created to review applications for the alternate Public Member position. He said that advertisement announcing the position and availability of applications was published twice in both the Press Enterprise and the Desert Sun. Mr. Spiliotis stated that the ad hoc committee will be meeting right after the LAFCO meeting to review said applications.

No further actions were taken.

7. AUDIT REPORT FOR FISCAL YEAR 2007-08.

Mr. Spiliotis stated that the firm of Lance, Soll and Lunghard was selected to audit the Commission's financial statements for fiscal years 2007-08, 2008-09, and 2009-10 in conjunction with Orange, San Diego and San Bernardino LAFCOs. Mr. Spiliotis stated that the Administrative Review Committee had a draft copy of financial statements for fiscal year ending June 30, 2008. Mr. Spiliotis stated that the significant finding in the financial statements was as follows: "The financial statements present fairly, in all material respects, the respective financial position of the governmental activities and major fund of LAFCO as of June 30, 2008". Mr. Spiliotis stated that in the process of planning and preparing the audit, Lance, Soll & Lunghard noted one item related to internal controls that is discussed in the attached management letter along with our response. He said that the item was related to cash reconciliations.

Moved (Lowe) seconded (Williams) to receive and file the Independent Auditor's Report and Financial Statements for Fiscal year 2007-08.

6/0

8. SUMMER MEETING SCHEDULE.

Mr. Spiliotis said that in his report he had stated that the May 28th meeting date had been changed to June 4th and as it stands now we have two meetings in June. He suggested to the Commission cancelling the June 25th meeting to avoid two meetings in one month. He also suggested to the Commission keeping the August 27th meeting because it fit the schedule for the Eastvale Incorporation to be heard at this meeting.

Commissioner Lowe suggested not cancelling the June 25th meeting until it was known the outcome of the Temecula proposal. The Commission agreed to keep the date available until the outcome of the Temecula proposal was known only to hear this item if needed.

Gary Grant, Riverside County United Communities, 27068 Jarvis Street, Perris, CA 92570. Mr. Grant expressed his opposition to changing the meeting dates during the summer.

The Commission after further discussion agreed to keep the schedule as it currently is with no further changes except for the May meeting having been changed to June 4, 2009 and the June 25 date held in reserve needed for the Temecula item.

9. CALAFCO ANNUAL CONFERENCE ATTENDANCE (ORAL REPORT).

Mr. Spiliotis stated that the current proposed budget called for attendance at the annual conference for one staff, legal counsel and two commissioners. Mr. Spiliotis asked which Commissioners will be attending. Mr. Spiliotis stated that if there was additional direction limiting the attendance perhaps this topic could be directed to the Administrative Review Committee for further discussion.

Mr. Spiliotis said that the conference was going to be at the Tenaya Lodge at the end of October.

Commissioner Lowe suggested Commissioner Tomanelli to attend the CALAFCO Annual Conference at the end of October.

Mr. Hird said that he was part of the Administrative Review Committee. He said he was going to ask the Commission to appoint another member since this was his last meeting. He also commented that perhaps that member will be interested in attending the annual conference.

Mr. Spiliotis asked Legal Counsel if the Commission could make an appointment to the Administrative Review Committee without being on the agenda. Mr. Spiliotis stated that the Administrative Committee was a standing committee. Ms. Walls responded that it should be agendaized. Commissioner Henderson asked if it could be placed on the agenda as an urgency issue because one committee member will no longer be a committee member.

Chair Kitahara stated that there was a motion on the floor to add an item on the agenda.

Moved (Lowe) seconded (Henderson) to add an urgent item on the agenda appointing a Commission Member to the Administrative Review Committee.
6/0

9.1. APPOINTMENT OF MEMBER TO THE ADMINISTRATIVE REVIEW COMMITTEE.

A motion was made to appoint Commissioner Williams to the Administrative Review Committee.

Moved (Henderson) seconded (Hird) to appoint Commissioner Williams to the Administrative Review Committee.
6/0

10. PALO VERDE CEMETERY DISTRICT CLARIFICATION.

Mr. Spiliotis stated that in the original language presented to the Commission in the previous staff report it was recommending that the SOI of Palo Verde Cemetery District be expanded to include all of the City of Blythe's boundaries and sphere of influence. He said that the language presented previously to the Commission was confusing; therefore staff was recommending that the Commission clarify its action by determining that the Palo Verde Cemetery District SOI remains coterminous with the current boundaries of the district as it was.

Moved (Henderson) seconded (Hird) to determine that the Palo Verde Cemetery District coterminous sphere of influence is adequate at this time.
6/0

11. **REQUEST FOR EXTENSION OF TIME TO COMPLETE PROCEEDINGS FOR LAFCO 2007-05-1&3-REORGANIZATION TO INCLUDE CONCURRENT ANNEXATION 75 TO THE CITY OF LAKE ELSINORE (CANYON HILLS ESTATES), CONCURRENT ANNEXATION TO NORTHWEST MOSQUITO AND VECTOR CONTROL DISTRICT AND CONCURRENT DETACHMENT FROM THE RIVERSIDE COUNTY WASTE RESOURCES MANAGEMENT DISTRICT.**

Moved (Henderson) seconded (Hird) to approve the Request for Extension of Time to Complete Proceedings for LAFCO 2007-05-1&3-Reorganization to Include Annexation 75 to the City of Lake Elsinore (Canyon Hills Estates), Concurrent Annexation to Northwest Mosquito and Vector Control District and Concurrent Detachment from the Riverside County Waste Resources Management District to May 31, 2010.

6/0

The Commission decided to take items 13 and 14 at this time.

13. MISCELLANEOUS STAFF REPORTS.

Mr. Spiliotis said that pursuant to our rules, staff had utilized a previously approved procedure to enter into a professional services contract with a vendor for microfilming up to \$10,000 with the approval of the Chair. Mr. Spiliotis stated that the LAFCO guidelines required staff to report back to the Commission within 60 days. Mr. Spiliotis stated that he said he will place the updated report item on the agenda for the June 4th meeting.

14. PUBLIC COMMENTS.

Gary Grant, Riverside County United Communities, 27068 Jarvis Street, Perris, CA 92570. Mr. Grant expressed concern regarding citizens losing their rights and the lack of ability to have the right to choose the members of LAFCO. He also expressed concern with government integrity and the standard of living; therefore, he would like to see some changes in the review process.

Chair Kitahara presented Mr. Hird with a token of appreciation for the 12 years he served on the LAFCO Commission.

Mr. Hird thanked the Commission and staff.

The Commission recessed to Executive Session at 10:37 a.m.

12. EXECUTIVE SESSION:

CONFERENCE WITH LEGAL COUNSEL:

With respect to every item of business to be discussed in closed session pursuant to Government Code Section 54956.9:

CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION.

Subdivision (a) of Section 54956.9:

a. CITY OF PERRIS v. LAFCO, et al.
Riverside County Superior Court Case No. RIC486028.

The Commission reconvened at 11:02 a.m.

Ms. Walls stated that there was nothing to report.

15. ADJOURNMENT.

The Commission adjourned the meeting at 11:04 a.m.

Respectfully submitted,

George J. Spiliotis
Executive Officer