

2.
5/22/2014

MINUTES
APRIL 17, 2014

Present: Phil Williams, **Chair**
 Nancy Wright, **Vice Chair**
 Kevin Jeffries
 Douglas Hanson
 Terry Henderson
 Jeff Stone
 Stephen Tomanelli

Absent: Eugene Montanez (Hanson sitting as Alternate)

Present Staff: George J. Spiliotis, Executive Officer
 Adriana Romo, Local Government Analyst
 Crystal Craig, Local Government Analyst
 Elena Medina, Executive Assistant
 Elizabeth Valdez, LAFCO Secretary

1.1 CALL TO ORDER AND SALUTE TO THE FLAG.

The meeting was called to order by Chair Williams at 9:34 a.m.

1.2 ROLL CALL.

Chair Williams advised the Commission that Pam Walls, LAFCO's Legal Counsel, was not going to be in attendance; therefore, the Executive Session will be continued to the May 22nd LAFCO Meeting.

2. APPROVAL OF MINUTES OF JANUARY 23, 2014.

Moved (Jeffries) seconded (Tomanelli) to approve the Minutes of the January 23, 2014 meeting.

AYES: Williams, Wright, Jeffries and Tomanelli.
NOES: None
ABSENT: Montanez (Hanson sitting as Alternate)
ABSTAINED: Henderson, Hanson and Stone

2.1 PROCLAMATION HONORING COMMISSIONER TERRY HENDERSON.

The Commission presented Commissioner Henderson with a proclamation honoring her on her impending retirement from the Commission.

3. CONSENT (NON-HEARING ITEMS).

There were no Consent items.

PUBLIC HEARINGS:**NEW:**

- a. LAFCO 2013-10-2-Annexation to Jurupa Community Services District (TTM 36391-Riverbend).

Ms. Romo presented the proposal as outlined in the staff report. She further stated that staff was recommending approval with standard terms and conditions and Mr. White, the landowner was available for any questions the Commission might have.

Chair Williams opened the public hearing and there being no one wishing to speak, the public hearing was closed.

Moved (Jeffries) seconded (Henderson) to approve LAFCO 2013-10-2-Annexation to Jurupa Community Services District (TTM 36391-Riverbend).

AYES: Williams, Wright, Jeffries, Hanson, Henderson, Stone and Tomanelli.

NOES: None.

ABSENT: Montanez (Hanson sitting as Alternate)

ABSTAINED: None.

The Commission decided to take Items 8 and Item 9 at this time.

8. INDEPENDENT AUDITOR'S REPORT FOR FISCAL YEAR 2012-13.

Mr. Spiliotis presented the Auditor's Report as outlined in the staff report. Mr. Spiliotis commented that on the liability side was the increasing Compensated Absences accrued by staff. He stated that due to the implementation of furloughs in the past few years, it reduced the need for staff to use leave time accrued. He said that he will further address the Compensated Absences liability in the Proposed Budget Item which was a separate item on the agenda. Mr. Spiliotis stated that staff's recommendation was for Commission to review the Audit Report and receive and file the Independent Auditor's Report for Fiscal Year 2012-13.

Moved (Stone) seconded (Henderson) to receive and file the Independent Auditor's Report for Fiscal Year 2012-13 as recommended by staff.

AYES: Williams, Wright, Jeffries, Hanson, Henderson, Stone and Tomanelli.

NOES: None.

ABSENT: Montanez (Hanson sitting as Alternate)

ABSTAINED: None

9. INFORMATION TECHNOLOGY SUPPORT CONTRACT RENEWAL.

Mr. Spiliotis presented the report as outlined in the staff report. Mr. Spiliotis stated that the prior contract was coming to an end and stated that staff was recommending to extend the service contract for a period of five years at the current rate. Mr. Spiliotis stated that staff had been very satisfied with the services received to date.

Commissioner Stone stated that the County of Riverside had made a significant investment in IT and storage facilities and asked Mr. Spiliotis if he had pursued the possibility of contracting out with Riverside County IT for those services. Commissioner Stone commented that perhaps the County would be more competitive than the current vendor LAFCO was using. Mr. Spiliotis responded that LAFCO was previously contracting with the County but the current vendor was more affordable. Commissioner Stone stated that a lot had changed from three years ago. Commissioner Stone suggested that if approving the contract was not urgent at this time, he would recommend looking and seeing if Riverside County could offer better cost-effective services to LAFCO. Mr. Spiliotis commented that if a competitive quote was received from the County, under the Commission's policy, it would have to go through a full RFP process.

Moved (Stone) seconded (Jeffries) to continue Item No. 9 - Information Technology Support Contract Renewal to May 22, 2014, and request a cost quote from RCIT.

AYES: Williams, Wright, Jeffries, Stone, Tomanelli, Henderson and Hanson.
NOES: None.
ABSENT: Montanez (Hanson sitting as Alternate)
ABSTAINED: None.

The Commission decided to take Item 4.b. at this time.

4.b. Proposed Budget for Fiscal Year 2014-15.

Mr. Spiliotis presented the report as outlined in the staff report. Mr. Spiliotis further stated that the Commission was responsible for the adoption of its own budget. He noted that the Proposed Budget had to be adopted by May 1, 2014 and the Final Budget by June 15, 2014. He stated that both the Proposed and Final Budget, once they were adopted, they would be distributed to all local agencies. He said that upon adoption of the Final Budget, the Auditor Controller was required to allocate the net cost, invoice the agencies and allocate the funds to the LAFCO Budget. Mr. Spiliotis stated that since 2006-2007 the Commission had reduced its budget by 44%. He stated that some of the cost savings of a permanent nature had been a staff reduction of 1.5 positions and had reduced the office space cutting the office lease in half. Mr. Spiliotis stated that other temporary saving measures were to defer the software upgrades, hardware replacement, microfilming and limiting or eliminating the cash-out of leave time and, most significantly, staff furloughs which have been in place continuously, since FY 2009-10. He also stated that the number of Commission Meetings had been reduced from 11 meetings a year to seven meetings a year.

Mr. Spiliotis stated that staff had already begun to replace some of the computer software this year. He said that the proposed budget also called for a reduction in management furloughs from 6% to 3%. He said that the Commission had a negative net asset position at this time due to the growth in compensated absences. Mr. Spiliotis stated that the compensated absences liability was the largest on the liability side of the ledger. Mr. Spiliotis stated that the recommended approach by the Administrative Review Committee was to reduce the compensated absences balance and simultaneously build a reserve to cover the long-term liability. He also stated that the Administrative Review Committee had recommended building a restricted reserve to completely fund the reduced liability over a five-year period as recommended in the staff report. Mr. Spiliotis stated that aside from this matter, there was nothing significantly different from the current year budget. He stated that the proposed budget did call for an increase in appropriations for salary and benefits according to the Riverside County Management Resolution. Mr. Spiliotis stated that staff's recommendation was to adopt the Proposed Budget as noted in the staff report. Mr. Spiliotis stated that once the budget was adopted by the Commission, it will be mailed to all affected agencies for review and comment and staff will return at the May meeting for adoption of the Final Budget.

Chair Williams opened the public hearing and there being no one wishing to speak the public hearing was closed.

Moved (Henderson) seconded (Tomanelli) to approve the Proposed Budget for Fiscal Year 2014-15 as recommended by staff.

AYES: Williams, Wright, Jeffries, Stone, Tomanelli, Henderson and Hanson.

NOES: None.

ABSENT: Montanez (Hanson sitting as Alternate)

ABSTAINED: None.

5. PUBLIC COMMENTS.

There were no public comments.

6. RECEIVE AND FILE:

a. Information Items: Proposals Received (Government Code Section 56857, 56751):

i. LAFCO 2014-01-2-Reorganization to Include Annexations to Western Municipal Water District and the Metropolitan Water District of Southern California (43rd Fringe).

b. LAFCO Monthly Expenditure Review.

Moved (Wright) seconded (Stone) to receive and file items 6.a. Information Items and 6.b. Monthly Expenditure Review.

AYES: Williams, Wright, Jeffries, Stone, Tomanelli, Henderson and Hanson.
NOES: None.
ABSENT: Montanez (Hanson sitting as Alternate)
ABSTAINED: None.

7. UPDATE INVESTMENT POLICY.

Mr. Spiliotis stated that the Commission's funds were kept with the Riverside County Treasurer. Mr. Spiliotis stated that one of the past recommendations from the our independent auditors was that the Commission, as an independent agency, needed to adopt an investment policy. Mr. Spiliotis stated since the Commission did not have direct control over the investments, each year, the Commission adopted the investment policy adopted by the Board of Supervisors. Mr. Spiliotis stated that the policy attached to the report dated December 3, 2013 was the most recent policy adopted by the Board of Supervisors. Mr. Spiliotis stated that staff's recommendation was to adopt the Riverside Treasurer-Tax Collector Investment Policy as LAFCO's Investment Policy.

Moved (Stone) seconded (Hanson) to adopt the Riverside Treasurer-Tax Collector Statement of Investment Policy as LAFCO's Investment Policy.

AYES: Williams, Wright, Jeffries, Stone, Tomanelli, Henderson and Hanson.
NOES: None.
ABSENT: Montanez (Hanson sitting as Alternate)
ABSTAINED: None.

The Commission decided to take Item 10. at this time.

10. APPROPRIATION TRANSFER FROM CONTINGENCY FOR LEGAL SERVICES.

Mr. Spiliotis presented the background causing the need for the transfer.

Moved (Henderson) seconded (Stone) to approve the appropriations transfer of \$7,025 from Contingency to the Legal Services account as recommended by staff.

AYES: Williams, Wright, Jeffries, Stone, Tomanelli, Henderson and Hanson.
NOES: None.
ABSENT: Montanez (Hanson sitting as Alternate)
ABSTAINED: None.

11. LEGISLATIVE REPORT AND POSSIBLE POSITIONS.

Mr. Spiliotis presented the report on this item as outlined in the staff report. Mr. Spiliotis stated that SB 1130 (Roth) which addressed the liability concerns related to Elsinore Valley Municipal Water District and Eastern Municipal Water District extending service to the Riverside County Water Company customers seems to be moving along. Chair Williams commented that the bill was looking better this time around after the amendments were

made and it appeared that the bill will be successful. Chair Williams thanked Supervisor Jeffries for his help on this bill.

Mr. Spiliotis stated that SB 69 and AB 1521 (Fox) were companion measures that were previously discussed addressing the restoration of property tax in lieu of VLF for the new cities and cities that will develop territory. He said that this was a critical source of funding particularly for the new cities. He said he had not seen any progress or heard any new developments on this bill.

Commissioner Henderson reiterated that she had not heard any new developments either and was not hopeful that the Governor will sign the bill once again.

Mr. Spiliotis stated that AB 2762 was the annual Assembly Local Government Omnibus bill. Mr. Spiliotis stated that there was nothing significant to report at this time but the bill was important to LAFCOs to address changes in the governing statutes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Mr. Spiliotis stated that on AB 2156 (Achadjian), the CALAFCO Board had been looking into legislation to address the Joint Powers Agencies that provided local services. Mr. Spiliotis stated that they had not gone as far as to have someone carry the bill yet, but at the same time Assembly Member Achadjian, Chair of the Assembly Local Government Committee, introduced the bill that actually would tie LAFCOs to the JPAs. He said that the bill did not provide LAFCOs with any additional regulatory authority. He said that the bill will authorize LAFCOs to request information from the JPAs. Mr. Spiliotis stated that JPAs have been resistant to providing LAFCO with any requested information.

Chairman Williams asked what type of information LAFCO would need from the JPAs. Mr. Spiliotis responded that that in some areas the JPAs allowed services to be extended outside of an agency jurisdiction without going through the LAFCO process. Mr. Spiliotis stated that the Statewide Association of JPAs had taken a neutral position and CALAFCO had taken a support position.

Moved (Tomanelli) seconded (Stone) to take support positions of AB 2762 and continue to watch AB 2156.

AYES: Williams, Wright, Jeffries, Stone, Tomanelli, Henderson and Hanson.

NOES: None.

ABSENT: Montanez (Hanson sitting as Alternate)

ABSTAINED: None.

12. REPORT ON PROTEST PROCEEDINGS (ORAL REPORT).

There were no protest proceedings held.

13. 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 (d)(1) of Government Code Section 54956.9)

A.1 Boe Del Heights Mutual Water Association v. Local Agency Formation Commission, et al.
(Case No. INC 1205090)

Conference with legal counsel-anticipated litigation:
Initiation of litigation pursuant to subdivision (d) (4) of Government Code Section 54956.9:

B.1 One potential case.

The Executive Session was continued to the May 22nd LAFCO Meeting.

Mr. Spiliotis stated that he had been authorized to let the Commission know that Item A.1 of the Executive Session, the Boe Del Heights litigation matter had been dismissed.

14. MISCELLANEOUS REPORTS.

Mr. Spiliotis stated that the CALAFCO Staff Workshop was going to be held from April 23rd through the 25th and Riverside LAFCO was going to be in attendance. He said that Crystal Craig was going to be part of a panel on one of the workshops related to presenting staff reports. Mr. Spiliotis stated that he put together a session on Walking with Dinosaurs related to the predecessor acts leading up to Cortese-Knox-Hertzberg. He said that the purpose of the session was to help staff understand some of the old files at their respective offices dating back to pre-dating LAFCO.

15. COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS.

Commissioner Tomanelli shared with the Commission that he was part of the Annual CALAFCO Conference Committee and the committee was asking their respective Commissioners for ideas related to the theme of the conference and workshop topics. Chair Tomanelli shared that the conference this year will be held in Ontario from October 15th through October 17th. Mr. Tomanelli stated that if any of the Commissioners had some ideas for the conference to let him know and he will pass it on to the Committee.

Commissioner Jeffries commented relating to the County Water Company, that the County of Riverside was pursuing receivership of the County Water Company. He said that the attorneys for the County Water Company have agreed to the receivership; therefore, there will not be any obstacles from them. He said that this receivership will allow Riverside County to take control allowing the two water districts, Elsinore Valley Municipal Water

District and Eastern Municipal Water District to become quasi-partners until it is transferred over to the two water districts at a later date. He said that the receivership was moving forward and annexation will be crucial. He also stated that there will be no liability issue to any of the parties involved.

16. ADJOURNMENT.

The meeting was adjourned at 10:30 a.m. to May 22, 2014.

Respectfully submitted,

George J. Spiliotis
Executive Officer