

LAFCO

Local Agency Formation Commission For The County Of Los Angeles

COMMISSION
MEMBERS:

JERRY GLADBACH
CHAIRMAN

DONALD L. DEAR
FIRST VICE CHAIR

HENRI F. PELLISSIER
SECOND VICE CHAIR

RICHARD H. CLOSE
MARGARET FINLAY
TOM LaBONGE
GLORIA MOLINA
DAVID SPENCE
ZEV YAROSLAVSKY

ALTERNATE
COMMISSION MEMBERS:

LORI BROGIN
LILLIAN KAWASAKI
DON KNABE
PAUL KREKORIAN
JUDITH MITCHELL

STAFF:

PAUL A. NOVAK
EXECUTIVE OFFICER

JUNE D. SAVALA
DEPUTY
EXECUTIVE OFFICER

AMBER DE LA TORRE
TAMOLA DONLOW
DOUG DORADO
ALISHA O'BRIEN-CONNER
SERA WIRTH

MINUTES OF THE LOCAL AGENCY

FORMATION COMMISSION FOR LOS ANGELES COUNTY

September 14, 2011

Present:

Jerry Gladbach, Chair

Donald L. Dear
Margaret Finlay
Tom LaBonge
Gloria Molina
Henri F. Pellissier
Greig Smith
David Spence
Zev Yaroslavsky

Lillian Kawasaki, Alternate
Don Knabe, Alternate
Judy Mitchell, Alternate

Paul A. Novak, Executive Officer
John Krattli, Legal Counsel

Absent:

Richard Close

Lori Brogin, Alternate
Paul Krekorian, Alternate

1

The meeting was called to order at 9:00 a.m., in Room 381-B of the County Hall of Administration.

2

The Pledge of Allegiance was led by Chair Jerry Gladbach.

3

Chair Gladbach opened with a statement "May we remember all the victims and their families from 9-11".

4

The Executive Officer stated for the record that both Commissioners Richard Close and Lori Brogin notified LAFCO in advanced that they would not be able to attend the meeting.

5

The following item was called up for consideration:

Hearing on Greater Los Angeles County Vector Control District – Out-of-Agency Service Agreement No. 2011-24.

The public hearing was opened to receive testimony. There being no testimony, the public hearing was closed.

Commissioner Spence asked if he should recuse himself from the discussion because he is an elected official from the City of La Canada Flintridge. County Counsel stated that LAFCO law allows Commissioners to participate and vote on matters involving their city and members need not recuse themselves. Counsel further explained that the law provides that commissioners are expected to wear their "LAFCO Hat" in such matters, and consider the broader issues beyond the interests of their particular city.

On motion of Commissioner Pellissier, seconded by Commissioner Dear, unanimously carried (Commissioners Close and Yaroslavsky being absent), the Commission took the following action:

- Adopted Resolution No. 2011-48RMD, Making Determinations Approving Greater Los Angeles County Vector Control District – Out-of-Agency Service Agreement No. 2011-24

6

The Executive Officer read an announcement, asking that persons who made a contribution of more than \$250 to any member of the Commission during the preceding 12 months to come forward and state for the record the Commissioner to whom such contributions were made and the item of their involvement (None).

The Executive Officer swore in members of the audience who planned to testify.

7

The following item was called up for consideration:

Public Hearing on Newhall County Water District Reorganization
No. 2010-02.

The Executive Officer informed the commission that this item is a continued public hearing item from the Commissions August 10th meeting. Staff is continuing to work with the applicant (the Newhall County Water District) to resolve an issue involving the adequacy of the CEQA clearance, and recommends a motion to continue this item until further notice.

On motion of Commissioner Pellissier, seconded by Commissioner Finlay, unanimously carried, (Commissioners Close and Yaroslavsky being absent) the Commission continued Newhall County Water District Reorganization No. 2010-02 until further notice.

8

The following item was called up for consideration:

Los Angeles County Sanitation District No. 20 Annexation No. 97.

The protest hearing was opened to receive testimony. There being no testimony, the protest hearing was closed.

On motion of Commissioner Finlay, seconded by Commissioner Pellissier, unanimously carried (Commissioners Close and Yaroslavsky being absent), the Commission took the following action:

- Adopted Protest Resolution No. 2011-16PR Making Determinations Ordering Los Angeles County Sanitation District No. 20 Annexation No. 97.

[Commissioner Yaroslavsky in at 9:11 a.m.]

9

The following item was called up for consideration:

Los Angeles County Sanitation District No. 20 Annexation No. 98.

The protest hearing was opened to receive testimony. There being no testimony, the protest hearing was closed.

On motion of Commissioner Pellissier, seconded by Commissioner Finlay, unanimously carried (Commissioner Close being absent), the Commission took the following action:

Adopted Protest Resolution No. 2011-17PR Making Determinations Ordering Los Angeles County Sanitation District No. 20 Annexation No. 98.

10

The following item was called up for consideration:

Los Angeles County Sanitation District No. 20 Annexation No. 99.

The protest hearing was opened to receive testimony. There being no testimony, the protest hearing was closed.

On motion of Commissioner Dear, seconded by Commissioner Pellissier, unanimously carried (Commissioner Close being absent), the Commission took the following action:

- Adopted Protest Resolution No. 2011-18PR Making Determinations Ordering Los Angeles County Sanitation District No. 20 Annexation No. 99.

11

The following item was called up for consideration:

Hearing on Newhall County Water District Annexation No. 2006-43.

The protest hearing was opened to receive testimony. There being no testimony, the protest hearing was closed.

On motion of Commissioner Finlay, seconded by Commissioner Pellissier, unanimously carried (Commissioner Close being absent), the Commission took the following action:

- Adopted Protest Resolution No. 2011-19PR Making Determinations Ordering Newhall County Water District Annexation No. 2006-43.

12

On motion of Commissioner Dear, seconded by Commissioner Spence, unanimously carried (Commissioner Close being absent), the Commission took the following actions under Consent Items:

- Approved Los Angeles County Sanitation District No. 14 – Annexation No. 349, Resolution No. 2011-49RMD.
- Approved Los Angeles County Sanitation District No. 14 – Annexation No. 414, Resolution No. 2011-50RMD.
- Approved Los Angeles County Sanitation District No. 18 – Annexation No. 53, Resolution No. 2011-51RMD.
- Approved Santa Clarita Valley Sanitation District of Los Angeles County – Annexation No. 1051, Resolution No. 2010-52RMD
- Approved Minutes of August 10, 2011.
- Approved Operating Account and Check Register for the month of August 2011.
- Received and filed update on pending applications.

13

The following item was called up for consideration:

Election of Alternate to the Public Member.

The E.O. stated on August 24, 2011 the Commission interviewed six finalists for the position of Alternate to the Public Member. Those six finalists were:

- 1) Harold James Bissner, Altadena
- 2) Harry Leon, La Crescenta
- 3) Gerard McCallum, Los Angeles
- 4) Adriana Martinez, Alhambra
- 5) Ronald Tepper, Torrance
- 6) Joan E. Yacovone, Agoura Hills

The E.O. reminded the Commission that any election of Alternate Public Member would require a majority vote from the commission, The E.O stated the recommendation is to nominate and elect an alternate to the Public Member to serve out the remaining term of former Commissioner Kenneth Chappell, which expires on May 7, 2012.

Chair Gladbach asked each commissioner to give their top two nominees.

Commissioner Dear:	Gerard McCallum/Ronald Tepper
Commissioner Pellissier:	Harold Bissner/Gerard McCallum
Commissioner Finlay:	Joan Yacovone/Gerard McCallum
Commissioner La Bonge:	Adriana Martinez/Gerard McCallum
Commissioner Spence:	Harold Bissner/Gerard McCallum
Commissioner Molina:	Adriana Martinez/Gerard McCallum
Commissioner Yaroslavsky:	Joan Yacovone/Gerard McCallum
Commissioner Gladbach:	Harold Bissner/Harry Leon

The Executive Officer read the tally:

Harold Bissner-	3 Votes
Harry Leon-	1 Vote
Gerard McCallum-	7 Votes
Adriana Martinez-	2 Votes
Ronald Tepper-	1 Vote
Joan Yacovone-	2 Votes

On motion of Commissioner Dear, seconded by Commissioner Pellissier, unanimously carried (Commissioner Close being absent), the Commission took the following action: Appointed Gerard McCallum to the Public Member position. The Executive Officer stated he will notify all six finalists of the decision as well as prepare letters signed by the Chair.

14

The following item was called up for consideration:

Election of Officers

The Executive Officer stated the Commission shall be presided over by a Chair, a First Vice-Chair and a Second Vice-Chair, consistent with Section 11 of the Commission Rules; the Commission "shall elect the Chair, First Vice-Chair and Second Vice-Chair at the first meeting of the Commission held in September of each year.

On motion of Commissioner Finlay, seconded by Commissioner Dear, unanimously carried (Commissioner Close being absent), the Commission moved to re-elect the current slate of officers as they are now.

15

The following item was called up as an informational item:

Independent Auditor's Report for Fiscal Years 2007-08, 2008-09 and 2009-10

The Executive Officer Reported that in March 2011 the Commission awarded a contract to Vasquez & Company LLP to audit the Commission's financial statements for four fiscal years. Vasquez has completed the first phase which, includes Audits for Fiscal Years 2007-08, 2008-09 and 2009-10. The Commission is being asked to receive and file those three audits. The audit for 2010-11 is still in process, and staff hopes to bring it back to the Commission by the end of this calendar year.

On motion of Commissioner Pellissier, seconded by Commissioner La Bonge, unanimously carried (Commissioners Close being absent), the Commission Received and Filed the Fiscal Year 2007-08, 2008-09 and 2009-10 Audited Financial Statements, prepared by Vasquez & Company LLP.

Commissioner Pellissier asked if LAFCO will perform an audit every year. The E.O. responded yes, they will be performing an audit every year. Chair Gladbach asked if it could be done for a three or five year term. The E.O. responded that it could be looked into, and asked for the Commission's advice on switching firm's vs. staying with the same one. Commissioner Yaroslavsky suggested switching firms every so often. Commissioner Pellissier suggested checking back with Vasquez and company to see if LAFCO has performed to their recommendations.

16

The following item was called up as an informational item:

East Los Angeles Incorporation Proposal Status Update.

The Executive Officer stated that EPS had completed the Public Hearing Comprehensive Fiscal Analysis (CFA) and that Richard Berkson would be making a presentation of the findings. He stated that the release of the CFA initiates a 30-day period in which any interested party may request State Controller review. The State Controller review period ends at 5:00pm on Monday October 17, 2011.

The Executive Officer announced that the current meeting was not the public hearing for the proposed Incorporation of East Los Angeles. The action today is consideration of releasing the Public Hearing CFA.

The E. O. stated that staff will keep the Commission apprised concerning the proposed public hearing date, which is dependent on whether or not one or more parties request State Controller review. Since that dictates the timing, LAFCO may not know until October 17th.

The E.O. reminded the public to fill out speaker cards if they would like an opportunity to speak on the East Los Angeles item.

Richard Berkson (Economic & Planning Systems) gave a brief presentation on the Comprehensive Fiscal Analysis (CFA).

Commissioner Yaroslavsky wanted clarification on figures for the Sheriff costs. Richard Berkson answered all questions.

Commissioner La Bonge announced that he had to leave due to a scheduled meeting. He commented on the area north of the 10 Freeway, the area encompassing the County USC complex and Cal State University Los Angeles, and mentioned he was still looking into that to make some recommendations to the City to have it incorporated into the City of Los Angeles and at some point would like to meet with the Supervisor and the applicants. Commissioner Molina commented to La Bonge that they are not interested in incorporating any part into the City of Los Angeles.

Commissioner Dear asked La Bonge how many days the City's libraries are open. Commissioner La Bonge responded 6 days a week, but next year it will be 7 at the regional and central branch.

[Commissioner La Bonge out at 10:00 a.m.]

Commissioner Dear asked who was subsidizing the rest of the funds if public libraries were open 4 days a week not 7. Richard Berkson responded by saying that was money allocated by the County Supervisors. Commissioner Spence said in most areas the community would vote to add an additional tax on the residents to extend the library hours. Commissioner Molina declared they were very proud of subsidizing their libraries, saying it's one of the most essential components that goes hand in hand with education.

Commissioner Spence asked if the numbers on the Sheriff's contract include the liability cost, the additional charges that all cities pay. Richard Berkson replied yes, it is part of the contract cost, and it's included in our estimated cost of twenty one million as well. Commissioner Spence then asked if he had taken in the fact that counsel can adjust the cost to cover the cost of that department. Richard Berkson responded yes, to a degree they can do that.

Commissioner Finlay questioned the shortfall in year 2, and asked if the people voting in the incorporation if they can vote to tax themselves at the same time, can they assess themselves "x" amount of dollars, and at some point can that be reduced. Richard Berkson responded yes to both of her questions. LAFCO could put on the incorporation ballot issue a companion special tax that they feel is sufficient to make the city viable. The incorporation would be contingent on approval of both of those measures, and in the future, just like any other city, those special taxes can be modified by the voters. Commissioner Finlay asked if there has been any kind of assessment done on the people voting for this, if they would be interested, Richard Berkson responded they had not done that.

Commissioner Yaroslavsky asked what the current utility tax rate was and what utilities were assessed. Richard Berkson responded that 4.5% was the current rate on gas, electric and telephone. Commissioner Yaroslavsky asked how much they would have to raise the utility taxes in order to create cost neutrality. Richard Berkson responded it would probably need to be raised to 10% which would raise an additional 9 to 10 million dollars. Commissioner Yaroslavsky then said it still leaves a 9 to 10 million dollar hole, Berkson responded yes; with the loss of VLF, the additional revenues virtually cover the annual shortfall in year 7.

Commissioner Molina asked for clarification, asking by year 7 it would cover the shortfall but not the cumulative shortfall so what would be the cumulative shortfall. Berkson responded 10 million would cover approximately half of the shortfall in intervening years, so the remaining shortfall would be 10 million a year for 4 or 5 years, which still leaves a 50 million shortfall during those intervening years. Commissioner Molina then said one thing that's not covered was he wasn't showing it cumulatively. Commissioner Yaroslavsky asked Richard Berkson if he can provide the Commission with a cumulative chart of both. E.O. responded he will get a chart and post it on the web-site as an addendum to the CFA. Commissioner Yaroslavsky asked for a UUT chart of what water and cable tv would be taxed at 10%.

Commissioner Kawasaki asked about grant funds. Berkson responded that the CFA does not include grant funding. The E.O. responded that relying upon Federal and State grants is a dicey proposition: grants are subject to Federal and State budgetary process and political whims, Washington and Sacramento are reducing their local government grants, most Federal and State grants comes with strings attached, and that most cities use grant funds for one-time capital projects rather than for operational costs.

The Executive Officer swore in members of the audience who planned to testify and had not been sworn in previously.

The Commission asked the proponents and their consultants to come up first since they have a PowerPoint presentation.

First Speaker: Ben Cardenas, President of the East Los Angeles Resident Association

Said he was delighted they had a study, while it doesn't show feasibility they are happy to have a standard which they can engage the options and solutions that are available to the community.

Beverly Burr and Mike Williams gave a PowerPoint presentation:
"Recommendation for Final Comprehensive Fiscal Analysis of the East Los Angeles"

Julie Biggs, Legal Counsel, Burke Williams & Sorenson, representing ELARA in their effort to Incorporate. Power Point presentation: "The Road to success"

Commissioner Finlay asked if the County agreed with any of the numbers presented. Ben Cardenas responded that he was waiting to meet with William Fujioka, and stated they would be meeting after the comment period was over and the CFA was revised to meet and go through those numbers.

Commissioner Mitchell said they mentioned that LAFCO has the ability to impose conditions and was wondering if that was statutory. Julie Biggs responded yes, that it was statutory authority that LAFCO has that power under the Revenue Neutrality law.

[Commissioner Dear out at 10:50a.m.]

Chair Gladbach began to call the public for comment.

The following individuals addressed the Commission in favor of the Incorporation.

- Miguel Haro
- Sandra Anias
- Alberto Palacios
- Edward Chavez
- Diana Tarango
- Raul Daniel Rubalcava
- Louis Herrera

The following individuals addressed the commission in opposition to Incorporation.

- Bertha Faustinos
- Victor Duran
- Maria Caracoza
- Martha Sandoval Hernandez
- Carmen Gonzales
- Yolanda Duarte
- Rita Garcia
- Martha Jimenez

The Executive Officer explained the process:

There is a 30 day period for State Controller review which ends on October 17th. If there are no requests for State Controller review, then LAFCO can schedule a public hearing and make a decision whether or not to put this on the ballot. If there is a request for State Controller review, the State has 45 days to review and report back to LAFCO, and then a meeting would be scheduled. In the first instance the earliest we can have a Public Hearing is late October; in the second instance it would probably be at our December Commission Hearing.

Commissioner Mitchell mentioned that many people were confused and said that when you change from a county to a city there are a lot of unknowns, and stated that's where we were at this point of the process. She mentioned that we don't know if there will be increased taxes, what accommodations the County might make, and what that might mean to the residents. Chair Gladbach and Commissioner Spence thanked Commissioner Mitchell for clearing things up. Commissioner Spence then said he didn't think LAFCO makes the decision on taxes, saying that was voted on by the people in that area.

Commissioner Molina stated one of the biggest unknowns was the issue of negotiating with the County. She mentioned that it was a lot of money, and declared that the County was waiting to meet with the proponents. Commissioner Molina then asked if anyone knew what the issue with is regarding recent incorporation in Riverside County.

The E.O. responded that he has spoken with the Executive Officer of Riverside LAFCO, who informed him that four cities had recently incorporated in Riverside County. In the proposed cities of Jurupa Valley and Eastvale, it was a typical revenue neutrality situation whereby the County would lose money if the cities incorporated. In both of these cases, revenue neutrality negotiations occurred, an agreement between the County and the proponents was reached, and ultimately the voters approved the incorporation of both cities. The situation with Menifee and Wildomar was very different, as there was a shortfall for both proposed incorporations. The proponents in Menifee and Wildomar approached their County Supervisor, and the County made grants (\$250,000/year for one city and \$1 million/year for the other city) for a period of ten years. These grants were challenged in court, and a judge invalidated the grants, but did indicate that the County could provide services in place of the grants to each city. All parties to the discussion for Menifee and Wildomar agreed that the discussions were not revenue neutrality discussions.

Commissioner Molina then asked if LAFCO makes the determination whether it goes on the ballot and if there are responsibilities associated with that. The E.O. responded that if the Commission at the public hearing were to decide that the proposed city is economically viable, whether that's through some agreement between the county and the proponents or conditions that LAFCO would impose, then LAFCO can put it on the ballot. At that point it is forwarded over to the County, and the County would handle the elections process.

Commissioner Molina then asked if County can negotiate with the proponents and come to some sort of an agreement. The E.O. responded if there was an agreement between the County and the proponents LAFCO is obligated to respect that agreement.

Commissioner Molina asked if there are conditions like a tax increase, such as a utility tax increase, as is that a condition that goes on the ballot as well. The E.O. responded yes. Commissioner Molina then asked if the taxes would be increased does that become a 2/3rds vote. The E.O. responded it depends on what taxes were proposed to be increased, and then said there were other conditions that LAFCO could impose that do not require a vote on the ballot.

Commissioner Molina asked can LAFCO as it shows right now put this on the ballot, even though at the moment the CFA report doesn't show economic viability, the E.O. responded no, because at the moment it doesn't show that it is economically viable.

Commissioner Molina asked if there was a time frame that this decision had to be made in order to be put on the June ballot and asked if there was opportunity for it to go on the November ballot or another ballot in years to come. The E.O. responded it couldn't go to an earlier ballot, but said that 88 days ahead of an election, the Commission would have to request to the County Board of Supervisors that they put it on the ballot. Commissioner Molina asked if there were negotiations going on could it go on the ballot as late as November. The E.O. Stated the public hearing had not been set so it can go up to the point in which the Commission schedules the public hearing.

[Commissioner Yaroslavsky out at 11:40 a.m.]

Commissioner Spence asked if LAFCO had any power to force the CEO of the County to negotiate with the people. The E.O. responded No, Commissioner Molina affirmed the CEO was willing to.

Commissioner Mitchell stated the next step for the proponents was to start their negotiations with the County.

Commissioner Kawasaki was wondering if the CEQA documentation that went out for public review was completed. The E.O. responded LAFCO circulated a CEQA document for public review and had only one comment that staff incorporated into a proposed Negative Declaration.

Speaker: Ben Cardenas, President of the East Los Angeles Resident Association addressed the commission with comments.

Speaker: Martha Jimenez, had various questions on the negotiations which the E.O. asked her to speak to ELARA since LAFCO was not involved with negotiations, unless they were asked to be.

17
Commissioner's Report

No report(s).

18
Executive Officer's Report

No report(s).

19
Future Meetings:

October 12, 2011
November 9, 2011
December 14, 2011
January 11, 2012

20
Future Agenda Items:

None.

21
On motion of Commissioner Spence, seconded by Commissioner Pellissier, unanimously carried (Commissioners Close, Dear, La Bonge and Yaroaslavsky being absent), the meeting was adjourned at 12:14 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Novak".

Paul A. Novak, AICP
Executive Officer