



Local Agency Formation Commission
for the County of Los Angeles

Commission

Voting Members

Jerry Gladbach
Donald Dear
Gerard McCallum
Kathryn Barger
Richard Close
Margaret Finlay
Janice Hahn
David Ryu
David Spence

Alternate Members

Lori Brogin-Falley
Marquee
Harris-Dawson
Sheila Kuehl
Judith Mitchell
Joseph Ruzicka
Greig Smith

Staff

Paul A. Novak, AICP
Executive Officer

Amber De La Torre
Doug Dorado
Michael Henderson
Alisha O'Brien
Patricia Wood

80 South Lake Avenue
Suite 870
Pasadena, CA 91101
Phone: 626-204-6500
Fax: 626-204-6507

www.lalafco.org

**LOCAL AGENCY FORMATION COMMISSION
MEETING AGENDA**

Wednesday, January 11, 2017
9:00 a.m.

Room 381B
Kenneth Hahn Hall of Administration
500 West Temple Street, Los Angeles 90012

A person with a disability may contact the LAFCO office at (626) 204-6500 at least 72 hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

The entire agenda package and any meeting related writings or documents provided to a majority of the Commissioners after distribution of the agenda package, unless exempt from disclosure pursuant to California Law, are available at the LAFCO office and at www.lalafco.org.

1. **CALL MEETING TO ORDER**
2. **PLEDGE OF ALLEGIANCE WILL BE LED BY CHAIRMAN GLADBACH**
3. **DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)**
4. **SWEARING-IN OF SPEAKER(S)**
5. **INFORMATION ITEM(S) – GOVERNMENT CODE §§ 56751 & 56857 NOTICE**

None.

6. CONSENT ITEM(S)

All matters are approved by one motion unless held by a Commissioner or member(s) of the public for discussion or separate action.

- a. Approve Minutes of November 9, 2016.
- b. Operating Account Check Register for the month of November 2016
- c. Receive and file update on pending proposals.
- d. Annexation No. 1082 to Santa Clarita Valley Sanitation District of Los Angeles County, and Mitigated Negative Declaration.
- e. Annexation No. 1083 to Santa Clarita Valley Sanitation District of Los Angeles County, and Mitigated Negative Declaration.

7. PUBLIC HEARING(S)

- a. Annexation No. 1080 to Santa Clarita Valley Sanitation District of Los Angeles County, and California Environment Quality Act (CEQA) exemption.
- b. Annexation No. 421 to the Los Angeles County Sanitation District No. 14, Amendment to Los Angeles County Sanitation District No. 14 Sphere of Influence and Mitigated Negative Declaration.
- c. Annexation No. 100 to the Los Angeles County Sanitation District No. 20, Amendment to Los Angeles County Sanitation District No. 20 Sphere of Influence and Mitigated Negative Declaration.

8. PROTEST HEARING(S)

None.

9. OTHER ITEMS

- a. Fiscal Year 2015-2016 Audit.
- b. Draft Municipal Service Review and Sphere of Influence Update for the City of Commerce, and California Environment Quality Act (CEQA) exemption.
(Continued from the meeting of November 9th, 2016).
- c. Hidden Creeks Estates – Status Report.

10. COMMISSIONERS' REPORT

Commissioners' questions for staff, announcements of upcoming events and opportunity for Commissioners to briefly report on their LAFCO-related activities since last meeting.

11. EXECUTIVE OFFICER'S REPORT

Executive Officer's announcement of upcoming events and brief report on activities of the Executive Officer since the last meeting.

12. PUBLIC COMMENT

This is the opportunity for members of the public to address the Commission on items not on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Speakers are reminded of the three-minute time limitation.

13. FUTURE MEETINGS

February 8, 2017
March 8, 2017
April 12, 2017
May 10, 2017

14. FUTURE AGENDA ITEMS

Items not on the posted agenda which, if requested, will be referred to staff or placed on a future agenda for discussion and action by the Commission.

15. ADJOURNMENT MOTION



Local Agency Formation Commission
for the County of Los Angeles

 **DRAFT**

Commission

Jerry Gladbach
Chair

Richard H. Close
Donald L. Dear
Margaret Finlay
Don Knabe
Sheila Kuehl
Gerard McCallum
David Spence

Alternates

Michael D. Antonovich
Lori Brogin
Paul Krekorian
Judith Mitchell
Joseph Ruzicka
Greig Smith

Staff

Paul A. Novak, AICP
Executive Officer

June D. Savala
Deputy
Executive Officer

Amber De La Torre
Doug Dorado
Michael Henderson
Alisha O'Brien
Patricia Wood

80 South Lake Avenue
Suite 870
Pasadena, CA 91101
Phone: 626-204-6500
Fax: 626-204-6507

www.lalafco.org

REGULAR MEETING

MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

November 9, 2016

Present:

Jerry Gladbach, Chair

Richard H. Close
Donald L. Dear
Margaret Finlay
Don Knabe
Gerard McCallum
David Ryu
David Spence

Michael D. Antonovich, Alternate
Joe Ruzicka, Alternate

Paul A. Novak, AICP; Executive Officer
Erik Conard, Legal Counsel

Absent:

Sheila Kuehl

Marqueece Harris-Dawson, Alternate
Lori Brogin-Falley, Alternate
Judith Mitchell, Alternate
Greig Smith, Alternate

1 CALL MEETING TO ORDER

The meeting was called to order at 8:30 a.m. in Room 374-A (Business License Commission) of the County Hall of Administration.

2 PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chair Jerry Gladbach.

3 DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)

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

4 SWEARING-IN OF SPEAKER(S)

The Executive Officer swore in members of the audience who planned to testify (None).

5 INFORMATION ITEM(S) – GOVERNMENT CODE §§ 56751 & 56857 NOTICE

None.

6 CONSENT ITEM(S) – OTHER

The Commission took the following actions under Consent Items:

- a. Approved Minutes of October 12, 2016.
- b. Approved Operating Account Check Register for the month of October 2016.
- c. Received and filed update on pending proposals.
- d. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 294 to the Los Angeles County Sanitation District No. 15; Resolution No. 2016-45RMD.
- e. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 295 to the Los Angeles County Sanitation District No. 15; Resolution No. 2016-46RMD.

- f. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 749 to the Los Angeles County Sanitation District No. 21; Resolution No. 2016-47RMD.
- g. Annexation No. 2016-13 to the Los Angeles County Waterworks District No. 40 – Antelope Valley (Joshua Ranch); Resolution No. 2016-48RMD.

MOTION: DEAR
SECOND: FINLAY
AYES: CLOSE, DEAR, FINLAY, McCALLUM, SPENCE,
GLADBACH
NOES: NONE
ABSTAIN: NONE
ABSENT: KNABE, KUEHL, RYU
MOTION PASSES: 6/0/0

7 PUBLIC HEARING(S)

The following item was called for consideration:

- a. Draft Municipal Service Review and Sphere of Influence Update for the City of Commerce.

The E.O. recommended continuing this item, without prejudice, to the meeting of January 11, 2017.

Commissioner Close asked why this item was being continued. The E.O. stated that the City of Commerce representatives requested additional time to submit comments to the Draft Municipal Service Review and Sphere of Influence Update for the City of Commerce.

The Commission took the following action:

- Continued this item, without prejudice, to the meeting of January 11, 2017.

MOTION: SPENCE
SECOND: FINLAY
AYES: CLOSE, DEAR, FINLAY, McCALLUM, SPENCE,
GLADBACH
NOES: NONE
ABSTAIN: NONE
ABSENT: KNABE, KUEHL, RYU
MOTION PASSES: 6/0/0

8 PROTEST HEARING(S)

None.

9 OTHER ITEMS

The following item was called up for consideration:

- a. Hidden Creeks Estates – Status Report.

The E.O. summarized the staff report on Hidden Creeks Estates – Status Report.

The Commission took the following action:

- Received and filed.

MOTION:	FINLAY
SECOND:	McCALLUM
AYES:	CLOSE, DEAR, FINLAY, McCALLUM, SPENCE, GLADBACH
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	KNABE, KUEHL, RYU
MOTION PASSES:	6/0/0

The E.O. suggested that the Commission move on to Item 9.d. (Recognition of Deputy Executive Officer June Savala (Retirement)) to allow time for Supervisors Knabe and Antonovich to arrive for Items 9.b. and 9.c (Recognition of Leaving Office).

9 OTHER ITEMS

The following item was called up for consideration:

- d. Recognition of Deputy Executive Officer June Savala (Retirement).

Chair Gladbach congratulated June Savala on her retirement.

Ms. Savala introduced family members who were in the audience.

[Supervisor Antonovich arrived at 8:35 a.m.]

Chair Gladbach noted that two former LAFCO Executive Officers (Larry J. Calemene and

Sandor “Sandy” Winger); former County Counsel Commission advisors (Bill Pellman and John Krattli; current County Counsel (Tom Faughnan, and Bob Cartwright); and County of Los Angeles employees were all in the audience.

Chair Gladbach stated that June Savala started working for the Board of Supervisors Executive Office in 1980, and started working for LAFCO in 1994. Ms. Savala’s combined career in government spans over 36 years with eight years in the United States Navy. Chair Gladbach stated that Ms. Savala started as a LAFCO Executive Assistant, and she was later promoted to Deputy Executive Officer. Ms. Savala served as Interim Executive Officer on two occasions, in 1995 and 2010. Ms. Savala also serviced as Deputy Executive Officer on the CALAFCO Board of Directors from 2010 – 2012. Ms. Savala earned the CALAFCO Outstanding Professional Award in 2011.

Chair Gladbach stated that June Savala has demonstrated a wealth of wisdom, judgment, and professionalism for more than two decades. She exhibited humility, graciousness, kindness, and warmth as a trusted advisor and friend. Chair Gladbach stated, on behalf the Commission, that we wish her the very best on her retirement.

Commissioner Finlay thanked Ms. Savala for her service, and said that she will be missed.

Commissioner Dear thanked Ms. Savala for her efforts, and the opportunity to work with her.

Commissioner Close thanked her for her work and fairness, especially during the proposed San Fernando Valley secession.

Chair Gladbach presented June Savala with a CALAFCO Certificate of Recognition, in honor and recognition of 22 years of dedicated service to LAFCO, and as a CALAFCO Deputy Executive Officer of two (2) years.

[Commissioner Knabe arrived at 8:44 a.m.]

The E.O. read a letter from Pamela Miller (Executive Director of CALAFCO) addressed to June Savala, congratulating her on her retirement.

On behalf of the CALAFCO Southern Region, Mike Ott (Executive Officer, San Diego LAFCO); Kathleen Rollings-McDonald (Executive Officer, San Bernardino LAFCO); and George Spiliotis (Executive Officer, Riverside LAFCO); presented June Savala with a recognition plaque.

[Commissioner Ryu arrived at 8:49 a.m.]

Chair Gladbach read a letter from Lou Ann Texeira (Executive Officer, Contra Costa LAFCO), addressed to June Savala, thanking her for her years of service, and congratulating her on her retirement.

The E.O. read a letter from Carolyn Emery (Executive Officer, Orange LAFCO) addressed to June Savala, congratulating her on her retirement.

Sandor "Sandy" Winger, former LAFCO Executive Officer, stated he could always trust June Savala with sensitive information. Mr. Winger stated Ms. Savala is family, and she will be missed.

The E.O. acknowledged that staff members of the Chief Executive Office and Executive Office of the Board of Supervisors were in the audience to honor Ms. Savala.

The E.O., on behalf of staff, thanked June Savala for all the contributions she had made. She has been our teacher, colleague, and friend. As our teacher, we had been fortunate to work with someone who knows LAFCO law and procedures. As our colleague, she has shown us that being first is not always being right and that patience will serve well in the long run. One of our staff aptly described Ms. Savala as, "kind, generous, and fair". The E.O. concluded that Ms. Savala is the best writer, editor, and supervisor with whom he had ever worked, and we are honored to have worked with you.

Chair Gladbach, on behalf on the Commission, thanked Ms. Savala for her service with LAFCO.

June Savala thanked the Commission and staff for the recognition of her retirement.

9 OTHER ITEMS

The following item was called up for consideration:

b. Recognition of Commissioner Don Knabe (Leaving Office).

Chair Gladbach presented Supervisor Knabe with a scroll and gift card, and thanked him for a job well done. This is Supervisor Knabe's last meeting with LAFCO. Supervisor Knabe served two terms as a LAFCO Commissioner (as an alternate member from 1999-2014, and as a voting member from 2014-present). Supervisor Knabe was first elected as Supervisor in 1996, and this completes his 5th term as a Supervisor. Supervisor Knabe thanked the Commission.

9 OTHER ITEMS

The following item was called up for consideration:

- c. Recognition of Commissioner Michael Antonovich (Leaving Office).

Chair Gladbach presented Supervisor Antonovich with a scroll and gift card, and thanked him for a job well done. This is Supervisor Antonovich's last meeting with LAFCO. Supervisor Antonovich served two terms as a LAFCO Commissioner (as a voting member from 1981-1986, and as an alternate member from 2014-present). Supervisor Antonovich was first elected Supervisor in 1980, and this completes his 9th term as Supervisor. Supervisor Antonovich thanked the Commission.

10 COMMISSIONERS' REPORT

Commissioner Dear stated he attended the 2016 CALAFCO Annual Conference in Santa Barbara (October 26-28). He stated that he was impressed by the water session, "The Big Picture: A Water Report From a State, Regional and Local Perspective". It was one of the better CALAFCO conferences he attended.

Commissioner Dear congratulated Chair Gladbach for his re-election to the Castaic Lake Water Agency.

Chair Gladbach congratulated Commissioner Dear for his re-election to the West Basin Municipal Water District.

Chair Gladbach, Commissioner McCallum, and Commissioner Spence stated they also attended the 2016 CALAFCO Conference. It was one of the best CALAFCO conferences they attended.

11 EXECUTIVE OFFICER'S REPORT

The E.O. noted that a letter from Pamela Miller (Executive Director, CALAFCO), addressed to LAFCO, thanked members and staff for their attendance at the 2016 CALAFCO Conference. Included in the letter was a "thank you" to Commissioner McCallum for his service on the CALAFCO Board of Directors, and an appreciation to Paul Novak for his two (2) years of service as CALAFCO Deputy Executive Officer, representing the Southern region, and congratulating Los Angeles LAFCO and five (5) other Southern region LAFCOs for receiving the 2016 Government Leadership award.

The E.O. announced that the San Gabriel Valley Mosquito and Vector Control District (SGVMVCD) plans to submit a proposal, by the end of this year, to annex the City of Pasadena into the SGVMCD boundary. The Pasadena City Council recently voted to move forward

with the annexation.

The E.O. announced that the Consolidated Fire Protection District of Los Angeles County (CFPD) plans to file a proposal, sometime within the new year, to annex the City of Hermosa Beach into the CFPD boundary.

The E.O. announced that the City of Vernon, at its December 20th meeting, will consider a staff recommendation to annex the City of Vernon into the Greater Los Angeles County Vector Control District's boundary.

The E.O. stated that if the annexation efforts of the cities of Vernon, Pasadena, South Pasadena, and Baldwin Park are successful, every city located within Los Angeles County will be within the boundaries of a vector control district.

The E.O. stated that this is our last meeting of the year, and on behalf staff, he wished all Commissioners a blessed holiday season and happy new year.

Chair Gladbach congratulated Paul Novak for receiving a special recognition at the 2016 CALAFCO Conference by the CALAFCO Board of Directors for his efforts, hard work, and leadership.

12 PUBLIC COMMENT

None.

13 FUTURE MEETINGS

January 11, 2017
February 8, 2017
March 8, 2017
April 12, 2017

14 FUTURE AGENDA ITEMS

None.

15 ADJOURNMENT MOTION

Chair Gladbach, on behalf of the Commission, extended his condolences of the passing of Commissioner Ryu's father, Eul Chul Ryu, who passed away on October 17th.

In honor and memory of Eul Chul Ryu, on motion of Chair Gladbach, seconded by Supervisor

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Antonovich, the meeting was adjourned at 9:15 a.m.

Respectfully submitted,

Paul A. Novak, AICP, Executive Officer

8:56 AM

12/15/16

Accrual Basis

LAFCO 03 Register Report November 2016

Type	Date	Num	Name	Memo	Amount	Balance
10000 Cash Unrestricted						
10003 Operating Account						
Bill Pmt -Check	11/03/2016	8200	Alliant Insurance Inc.	Acct# LOCAAGE-02, 0...	-40,972.66	-40,972.66
Bill Pmt -Check	11/03/2016	8201	Charter Communications	Acct # 8245100171576...	-501.56	-41,474.22
Bill Pmt -Check	11/03/2016	8202	CTS Glendale		-637.50	-42,111.72
Bill Pmt -Check	11/03/2016	8203	Gina Duche	Bookkeeping: 4.5 Hrs	-112.50	-42,224.22
Bill Pmt -Check	11/03/2016	8204	Judith Mitchell*	Reimbursement: Month...	-57.04	-42,281.26
Bill Pmt -Check	11/03/2016	8205	Office Depot*		-398.81	-42,680.07
Bill Pmt -Check	11/03/2016	8206	Promac Imaging Systems Co	Acct#LA07	-110.65	-42,790.72
Bill Pmt -Check	11/03/2016	8207	Three Valleys MWD	Reimbursement: 2016 C...	-1,052.58	-43,843.30
Bill Pmt -Check	11/03/2016	8208	Wells Fargo	Bill ID 90136655707, 1...	-381.50	-44,224.80
Bill Pmt -Check	11/10/2016	8209	California Special Districts Association*	7986	-1,231.00	-45,455.80
Bill Pmt -Check	11/10/2016	8210	Certified Records Management	Storage period 11/01/1...	-260.67	-45,716.47
Bill Pmt -Check	11/10/2016	8211	CoreLogic	Acct#200-694038-RR6...	-48.00	-45,764.47
Bill Pmt -Check	11/10/2016	8212	David Spence*		-167.64	-45,932.11
Bill Pmt -Check	11/10/2016	8213	Donald Dear*		-538.79	-46,470.90
Bill Pmt -Check	11/10/2016	8214	Edward J. Gladbach		-888.34	-47,359.24
Bill Pmt -Check	11/10/2016	8215	ESRI	Cust#234970	-3,553.00	-50,912.24
Bill Pmt -Check	11/10/2016	8216	Gerard McCallum II*		-138.26	-51,050.50
Bill Pmt -Check	11/10/2016	8217	Gina Duche	Bookkeeping: 6.0 Hrs	-150.00	-51,200.50
Bill Pmt -Check	11/10/2016	8218	Greig Smith		-116.93	-51,317.43
Bill Pmt -Check	11/10/2016	8219	LACERA	LAFCO OPEB: Oct 201...	-1,906.49	-53,223.92
Bill Pmt -Check	11/10/2016	8220	Los Angeles County Assessor*		-3,000.00	-56,223.92
Bill Pmt -Check	11/10/2016	8221	Margaret Finlay	Reimbursement: Month...	-120.45	-56,344.37
Bill Pmt -Check	11/10/2016	8222	Platinum Consulting	LA LAFCO	-810.00	-57,154.37
Bill Pmt -Check	11/10/2016	8223	Richard Close*	Reimbursement: Month...	-91.80	-57,246.17
Bill Pmt -Check	11/10/2016	8224	LACERA	May-Oct 2016 Adj	-580.13	-57,826.30
Check	11/15/2016	DD	Ambar De La Torre	Salary, November 15, 2...	-1,713.58	-59,539.88
Check	11/15/2016	DD	Douglass Dorado	Salary, November 15, 2...	-2,594.43	-62,134.31
Check	11/15/2016	DD	Michael E. Henderson	Salary, November 15, 2...	-1,896.68	-64,030.99
Check	11/15/2016	DD	Patricia Knoebel-Wood	Salary, November 15, 2...	-1,252.27	-65,283.26
Check	11/15/2016	DD	Paul Novak	Salary, November 15, 2...	-4,255.52	-69,538.78
Check	11/15/2016	DD	Alisha O'Brien	Salary, November 15, 2...	-1,990.74	-71,529.52
Check	11/15/2016	DD	June D. Savaia	Salary, November 15, 2...	-2,161.03	-73,690.55
Check	11/15/2016	DM	Federal Tax Deposit	Payroll Taxes, Novemb...	-4,185.36	-77,875.91
Check	11/15/2016	DM	State Income Tax	Payroll Taxes, Novemb...	-967.61	-78,843.52
Bill Pmt -Check	11/17/2016	8225	County Counsel	Legal services: Septem...	-6,219.00	-85,062.52
Bill Pmt -Check	11/17/2016	8226	FedEx*	Acct#1244-7035-8	-141.01	-85,203.53
Bill Pmt -Check	11/17/2016	8227	Gina Duche	Bookkeeping: 5.0 Hrs	-125.00	-85,328.53
Bill Pmt -Check	11/17/2016	8228	Paul A. Novak	Reimbursement: Com...	-38.20	-85,366.73
Bill Pmt -Check	11/17/2016	8229	Tropical Interior Plants	Service: October 2016	-100.00	-85,466.73
Check	11/18/2016	48339...	ADP	EZLaborManager: Nov...	-52.50	-85,519.23
Bill Pmt -Check	11/23/2016	8230	ATT	Acct#990566760, 10/1...	-242.78	-85,762.01
Bill Pmt -Check	11/23/2016	8231	Bank of America*	BoFA 4024 4210 0091 5...	-4,211.30	-89,973.31
Bill Pmt -Check	11/23/2016	8232	Douglass Dorado*	Reimbursement: Confer...	-552.42	-90,525.73
Bill Pmt -Check	11/23/2016	8233	Gina Duche	Bookkeeping: 5.0 Hrs	-125.00	-90,650.73
Bill Pmt -Check	11/23/2016	8234	Judith Mitchell*	Reimbursement: Confe...	-115.56	-90,766.29
Bill Pmt -Check	11/23/2016	8235	Lori Brogin*		-735.02	-91,501.31
Bill Pmt -Check	11/23/2016	8236	Office Depot*	Acct#32368442	-80.22	-91,581.53
Bill Pmt -Check	11/23/2016	8237	The Lincoln National	LALAFCO-BL-1565902	-258.06	-91,839.59
Check	11/30/2016	31079...	Michael D. Antonovich	Stipend, November 30,...	-105.19	-91,944.78
Check	11/30/2016	31079...	Richard Close	Stipend, November 30,...	-147.82	-92,092.60
Check	11/30/2016	DD	Donald L. Dear	Stipend, November 30,...	-147.83	-92,240.43
Check	11/30/2016	31079...	Margaret E. Finlay	Stipend, November 30,...	-147.82	-92,388.25
Check	11/30/2016	31079...	Edward G. Gladbach	Stipend, November 30,...	-147.83	-92,536.08
Check	11/30/2016	31079...	Donald Knabe	Stipend, November 30,...	-147.83	-92,683.91
Check	11/30/2016	DD	Gerard McCallum II	Stipend, November 30,...	-147.82	-92,831.73
Check	11/30/2016	DD	David E Ryu	Stipend, November 30,...	-137.18	-92,968.91
Check	11/30/2016	DD	David Spence	Stipend, November 30,...	-147.83	-93,116.74
Check	11/30/2016	DD	Ambar De La Torre	Salary, November 30, 2...	-1,713.59	-94,830.33
Check	11/30/2016	DD	Douglass Dorado	Salary, November 30, 2...	-2,594.43	-97,424.76
Check	11/30/2016	DD	Michael E. Henderson	Salary, November 30, 2...	-1,896.69	-99,321.45
Check	11/30/2016	DD	Patricia Knoebel-Wood	Salary, November 30, 2...	-1,252.26	-100,573.71
Check	11/30/2016	DD	Paul Novak	Salary, November 30, 2...	-4,258.68	-104,832.39
Check	11/30/2016	DD	Alisha O'Brien	Salary, November 30, 2...	-1,990.74	-106,823.13
Check	11/30/2016	DM	Federal Tax Deposit	Payroll Taxes, Novemb...	-77.79	-106,900.92
Check	11/30/2016	DM	State Income Tax	Payroll Taxes, Novemb...	-11.35	-106,912.27
Check	11/30/2016	DM	Federal Tax Deposit	Payroll Taxes, Novemb...	-3,676.68	-110,588.95
Check	11/30/2016	DM	State Income Tax	Payroll Taxes, Novemb...	-824.22	-111,413.17
Total 10003 Operating Account					-111,413.17	-111,413.17
Total 10000 Cash Unrestricted					-111,413.17	-111,413.17
TOTAL					-111,413.17	-111,413.17

AGENDA ITEM NO. 6c - January 11, 2017

PENDING PROPOSALS AS OF December 21, 2016

		LAFCO Designation	Applicant	Description	Status	Date Filed	Est. Date of Completion
1	DD	Annexation 2006-12 to Los Angeles County Waterworks District No. 40	Land Resource Investors	Annex 20 acres of vacant land located at the northeast corner of Avenue J and 37th Street East, City of Lancaster. Will be developed into 80 single family homes.	Incomplete filing: property tax transfer resolution, registered voter and landowner labels.	5/16/2006	Unknown
2	DD	Annexation No. 2006-46 to Los Angeles County Waterworks District No. 40	New Anaverde, LLC	Annex 1,567 acres of vacant land located near Lake Elizabeth Road and Avenue S in the city of Palmdale. Will be developed into 313 single family home.	Incomplete filing: CEQA, registered voter labels, landowner labels, and approved map and legal.	10/5/2006	Unknown
3	DD	Annexation No. 2011-17 (2006-50) to Los Angeles County Waterworks District No. 40	Behrooz Haverim/Kamyar Lashgari	Annex 20.62 acres of vacant land located south of Avenue H between 42nd Street West and 45th Street West in the City of Lancaster. To be developed into single family homes	Incomplete filing: property tax transfer resolution, registered voter and landowner labels.	12/1/2006	Unknown
4	DD	Annexation 2008-13 to Los Angeles County Waterworks District No. 40	Lancaster School Dist.	Annex 20.47 acres of vacant land located 2 miles west of the Antelope Valley frw. And the nearest paved major streets are ave. H, And Ave. I, in the City of Lancaster. For future construction of a school.	Need BOE fees to place on agenda for approval	9/22/2008	Unknown
5	DD	Annexation No. 2008-09 to Los Angeles County Waterworks District No. 37	Watt Enterprises LTD	Annex 272 Acres vacant land located on Escondido Canyon Road (area B) and Hubbard Road (area A) Angeles Forest Highway and Vincent Road	Need BOE fees to place on agenda for approval. LAFCO is the lead agency for CEQA.	12/5/2008	Unknown
6	DD	Reorganization 2010-04 Los Angeles County Waterworks District No. 29	Malitex Partners, LLC	Detach 88 acres of vacant land from the Las Virgenes Municipal Water District and annex same said territory to Los Angeles County Waterworks District No 29 and West Basin Municipal Water District. The project includes future construction of three homes and dedicates open space. The project site is located north of Pacific Coast Highway at the end of Murphy Way, in the unincorporated area adjacent to Malibu.	Notice of Filing sent 07-15-10. Incomplete filing: CEQA. EIR on hold 4-14-15. Applicant requested to keep this file open, pending details how to proceed with the project 04/29/15.	6/9/2010	Unknown
7	DD	City of Palmdale Annexation 2010-05	City of Palmdale	49.6 acres located adjacent to residential properties to the southwest, southeast, and separated by the Amargosa Creek to the north.	Notice of Filing sent 1-3-11 Incomplete filing: property tax transfer resolution, insufficient CEQA, unclear pre-zoning ordinance, approved map and legal. Need to include DUC.	10/25/2010	Unknown
8	DD	Reorganization 2011-16 (Tesoro del Valle)	Mortalvo Properties LLC	Annexation to NCWD and CLWA SOI Amendments for both ddistricts. 801.53 acres regional access is provided via Interstate 5 (1-5) for north/south travelers from the east, and State Route 126 (SR-126) for travelers from the west. The existing local thoroughfare that provides access to the proposed area is Copper Hill Drive, which can be accessed directly from Tesoro del Valle Drive or Avenida Rancho Tesoro.	Notice of Filing sent 05-31-11. Incomplete filing: property tax transfer resolution. Project has changed ownership. Need new application	5/5/2011	Unknown

		LAFCO Designation	Applicant	Description	Status	Date Filed	Est. Date of Completion
9	DD	City of Los Angeles Annexation 2011-27	Forestar Group	685 acres of uninhabited territory located east of Browns Canyon Road and northwest of Mason Ave, in the unincorporated area just north of the City of Los Angeles.	Notice of Filing sent 2-15-12 Incomplete filing: property tax transfer resolution, CEQA, pre-zoning ordinance, map of limiting addresses, list of limiting addresses, and approved map and legal.	12/8/2011	Unknown
10	DD	City of Palmdale Annexation 2011-19	City of Palmdale	405 acres of uninhabited territory located between Palmdale Blvd and Ave S and 80th and 85th Street East.	Notice of Filing sent 3-22-12 Incomplete filing: property tax transfer resolution, inadequate CEQA, maps of limiting addresses, list of limiting addresses, and approved map and legal. DUC adjacent	3/8/2012	Unknown
11	DD	Annexation 2014-04 to the City of Calabasas	City of Calabasas	annex approximately 43.31± acres of uninhabited territory to the City of Calabasas. The affected territory is generally located along Agoura Road between Liberty Canyon Road and Malibu Hills Road, in Los Angeles County unincorporated territory adjacent to the City of Agoura Hills and Calabasas.	Notice of Filing sent 3-20-14 Incomplete filing: property tax transfer resolution, CEQA, pre-zoning ordinance, radius map, landowner and registered voter labels, landowner consent letter, approved map and legal	3/18/2014	Unknown
12	DD	Annexation No. 2014-09 to Los Angeles County Waterworks District No. 36, Val Verde (Los Valles Development)	SFI Los Valles LLC	SOI Amendment and Annexation of 10± acres located north of Halsey Canyon Road and Los Valles Drive, all within unincorporated territory of Castaic	Notice of Filing sent 10-02-14. Incomplete filing: property tax transfer resolution, CEQA, and approved map and legal. TTR is in the review process, est BOS Feb 2017	7/15/2014	Unknown
13	DD	Reorganization No. 2014-03 to the City of Calabasas	City of Calabasas	176± acres immediately north of and adjacent to the 101 freeway between the City of Calabasas and Hidden Hills.	Notice of Filing sent 1-8-15, Incomplete filing: property tax transfer resolution, CEQA, pre-zoning ordinance, radius map, mailing labels of landowners and registered voters, approved map and legal.	12/10/2014	Unknown
14	DD	Annexation No. 2015-11 to the City of Palmdale (Desert View Highlands)	City of Palmdale	284 acres inhabited territory. Generally located north and south of Elizabeth Lake Road between Amargosa Creek and 10th street west, in Los Angeles County unincorporated territory surrounded by the City of Palmdale	Notice of Filing sent 9-22-15 Incomplete filing: property tax resolution, attachment 'A' plan for municipal services, CEQA (NOD), party disclosure, pre-zoning, map of limiting addresses, registered voter info	9/15/2015	Unknown

		LAFCO Designation	Applicant	Description	Status	Date Filed	Est. Date of Completion
15	DD	Annexation No. 2015-09 to the City of Pomona	City of Pomona	5.76 acres uninhabited territory. Located south of Valley Blvd approximately 2500' east of Grand Ave, adjacent to the City of Industry and Pomona.	Notice of Filing sent 9-23-15 Incomplete filing: property tax transfer resolution, attachment "A" plan for municipal services, CEQA, party disclosure, pre-zoning, limiting addresses, map of limiting addresses, radius map, registered voter labels within affected territory, registered voters within 300' radius, landowners within affected territory, landowners within 300' radius, map and legal not approved	9/22/2015	Unknown
16	DD	Annexation No. 2015-06 to the Newhall County Water District	Newhall County Water District	0.10 acres uninhabited territory. Located south of Newhall Ranch Road, west of Copper Hill Drive, in the City of Santa Clarita. Existing booster station facility.	Notice of Filing sent 10-14-15. Incomplete filing: property tax transfer resolution, map and legal not approved.	9/24/2015	Unknown
17	DD	Annexation No. 2015-07 to the Newhall County Water District	Newhall County Water District	2.43 acres uninhabited territory. Located south of the Antelope Valley Freeway (SR-14), east of Sand Canyon Road, in the City of Santa Clarita. Construction of a water well.	Notice of Filing sent 10-14-15. Incomplete filing: property tax transfer resolution, map and legal not approved.	9/24/2015	Unknown
18	DD	Annexation No. 2015-10 to the City of Agoura Hills	City of Agoura Hills	117 acres uninhabited territory. Located northeast and southwest of Chesebro Road directly north of the Highway 101	Notice of Filing sent 11-3-15 Incomplete filing: property tax transfer resolution.	11/2/2015	Unknown
19	DD	Reorganization No. 2015-14 to the City of Pomona	City of Pomona	5.1 acres uninhabited territory. Located south of Valley Blvd approximately 2500' east of Grand Ave, adjacent to the City of Industry and Pomona.	Notice of Filing sent 2-2-15 Incomplete filing: property tax transfer resolution, attachment "A" plan for municipal services, party disclosure, map of limiting addresses, registered voter labels within affected territory, registered voters within 300' radius, landowners within affected territory, landowners within 300' radius, map and legal not approved	1/28/2016	Unknown
20	DD	Reorganization No. 2016-01 to the Las Virgenes Municipal Water District	Las Virgenes Municipal Water District	Detachment from West Basin Municipal Water District, and annexation to the Las Virgenes Municipal Water District. Both districts require SOI amendments. The territory consists of 26 single-family homes, generally located south of Cairnloch Street, west of Summit Mountain Way, all within the City of Calabasas.	Notice of Filing sent 04-19-16 Incomplete filing: property tax transfer resolution, and map and legal not approved.	2/22/2016	Unknown

		LAFCO Designation	Applicant	Description	Status	Date Filed	Est. Date of Completion
21	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1080	Sanitation Districts	2.559 Acres of uninhabited territory. Located on Lost Canyon Road approximately 300 feet east of Sand Canyon Road, all within the City of Santa Clarita.	January 11, 2017 agenda	3/8/2016	Mar-2017
22	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1082	Sanitation Districts	3.995 Acres of uninhabited territory. Located on Santa Clara Street at the terminus of Oak Avenue, all within the City of Santa Clarita.	January 11, 2017 agenda	3/8/2016	Feb. 2017
23	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1083	Sanitation Districts	82.233 Acres of uninhabited territory. Located at the northerly terminus of Phantom Trail, all within the City of Santa Clarita.	January 11, 2017 agenda	3/8/2016	Feb. 2017
24	AD	Annexation 420 to District No. 14	Sanitation Districts	1.76 Acres of uninhabited territory. Located on Avenue M-2 approximately 200 feet west of 50th Street West, all within unincorporated Los Angeles County.	Notice of Filing sent 04-07-16 Incomplete filing: property tax transfer resolution.	4/6/2016	Unknown
25	AD	Annexation 750 to District No. 21	Sanitation Districts	4.36 acres of uninhabited territory. Located on Mountain Avenue approximately 300 feet south of Valparaiso Drive, all within unincorporated Los Angeles County.	Notice of Filing sent 06-14-16 Incomplete filing: property tax transfer resolution.	6/8/2016	Unknown
26	DD	Annexation No. 2016-31 to the San Gabriel Valley Mosquito and Vector Control District	San Gabriel Valley Mosquito and Vector Control District	Annex 2,221 acres of inhabited territory to the San Gabriel Valley Mosquito and Vector Control District. The affected territory includes the entire City of South Pasadena. Amendments to the SGV/MVCD Sphere of Influence to include the entire cities of South Pasadena and Baldwin Park.	Notice of Filing sent 09-08-16 Incomplete filing: property tax transfer resolution, and map and legal not approved.	8/30/2016	Unknown
27	AD	Annexation No. 2016-32 to the San Gabriel Valley Mosquito and Vector Control District	San Gabriel Valley Mosquito and Vector Control District	Annex 4,333 acres of inhabited territory to the San Gabriel Valley Mosquito and Vector Control District. The affected territory includes the entire City of Baldwin Park.	Notice of Filing sent 09-08-16 Incomplete filing: property tax transfer resolution, and map and legal not approved.	8/30/2016	Unknown
28	AD	Annexation 421 to District No. 14	Sanitation Districts	58.32 acres of uninhabited territory. The affected territory has 3 parcels. Parcel 1 and 2 are located on the north side of Eliopulos Ranch Drive approximately 300 feet west of Marina Court; Parcel 3 is located on the south of Joshua Ranch Road immediately north of Bridle Saddle Cour, all within the City of Palmdale.	January 11, 2017 agenda	9/28/2016	Feb. 2017
29	AD	Annexation 100 to District No. 20	Sanitation Districts	331.69 acres of uninhabited territory. Located south of the California Aqueduct approximately 300 feet west of Eliopulos Ranch Road, all within the City of Palmdale.	January 11, 2017 agenda	9/28/2016	Feb. 2017
30	AD	Annexation 423 to District No. 14	Sanitation Districts	6.23 acres of uninhabited territory. Located at the northwest corner of Avenue L-6 and 7th Street west, all within the City of Lancaster.	Notice of Filing sent 10-12-16 Incomplete filing: property tax transfer resolution.	10/6/2016	Unknown
31	AD	Annexation 424 to District No. 14	Sanitation Districts	20.24 acres of uninhabited territory. Located on 30th Street West approximately 600 feet north of Avenue I, all within the City of Lancaster.	Notice of Filing sent 10-12-16 Incomplete filing: property tax transfer resolution.	10/6/2016	Unknown
32	AD	Annexation 425 to District No. 14	Sanitation Districts	20.26 acres of uninhabited territory. Located on the northwest corner of Avenue H and Division Street, all within the City of Lancaster.	Notice of Filing sent 10-12-16 Incomplete filing: property tax transfer resolution.	10/6/2016	Unknown
33	AD	Annexation 422 to District No. 14	Sanitation Districts	40.149 acres of uninhabited territory. Located on the northwest corner of Avenue L and 60th Street West, all within the City of Lancaster.	Notice of Filing sent 11-3-16 Incomplete filing: property tax transfer resolution.	11/2/2016	Unknown

		LAFCO Designation	Applicant	Description	Status	Date Filed	Est. Date of Completion
34	DD	Reorganization No. 2016-08 to the City of Bradbury	City of Bradbury	2.96 acres of uninhabited territory located east of the intersection of Wild Rose Ave and Deodar Lan, in the City of Monrovia	Notice of Filing Sent 11-1-16 Incomplete filing: property tax transfer resolution, additional LAFCO fees, pre-zoning, registered voter info, approved map and legal.	10/25/2016	Unknown
35	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1081	Sanitation Districts	72.46 acres of uninhabited territory. Located on Henry Mayo Drive approximately 400 feet southwest of Commerce Center Drive, all within Unincorporated Los Angeles County.	Notice of Filing sent 12-6-16 Incomplete filing: property tax transfer resolution.	11/23/2016	Unknown

Staff Report

January 11, 2017

Agenda Item No. 6.d.

Annexation No. 1082 to the Santa Clarita Valley Sanitation District of Los Angeles County

PROPOSAL SUMMARY:

Size of Affected Territory:	3.995± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	Santa Clarita Valley Sanitation District of Los Angeles County
Resolution or Petition:	February 25, 2016
Application Filed with LAFCO:	March 8, 2016
Location:	The affected territory is located on Santa Clara Street at the terminus of Oak Avenue.
City/County:	City of Santa Clarita
Affected Territory:	The affected territory consists of one existing industrial building. The topography is flat.
Surrounding Territory:	Surrounding territory is industrial.
Landowner(s):	Darrin J. Randall
Registered Voters:	0 registered voters as of February 26, 2016
Purpose/Background:	For the District to provide off-site sewage disposal service.
Related Jurisdictional Changes:	There are no related jurisdictional changes.
Within SOI:	Yes
Waiver of Notice/Hearing/Protest:	Yes

CEQA Clearance:

The California Environmental Quality Act (CEQA) clearance is a Mitigated Negative Declaration adopted by the City of Santa Clarita, as lead agency, on May 13, 2014.

Additional Information:

None

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE 56668:

a. Population:

The existing population is 0 residents as of February 26, 2016.

The population density issue does not apply because the affected territory is unpopulated.

The estimated future population is 0 residents (no anticipated change).

The affected territory is 3.995+/- acres. The existing land use consists of one existing industrial building.

The assessed valuation is \$527,647 as of February 26, 2016.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On August 2, 2016, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a property tax transfer resolution.

The topography of the affected territory is flat.

Santa Clara River is north of the affected territory.

There are no drainage basins on or near the affected territory.

The nearest populated area is approximately 2,000 feet east of the affected territory. The affected territory is likely to experience no growth in the next ten years. The adjacent areas are likely to experience no growth in the next ten years.

b. Governmental Services and Controls:

The affected territory includes one existing industrial building which requires organized governmental services.

The present cost and adequacy of governmental services and controls in the area are acceptable. With respect to sanitary sewage disposal, other than service provided by the District, the only alternative is private septic systems. The cost of sewage disposal by the District versus the cost by septic system is subject to multiple factors and varies widely. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

c. *Proposed Action and Alternative Actions:*

The proposed action will have no effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact on the local governmental structure of the County.

The only alternate action for sewage disposal is a private septic system. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

d. *Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:*

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code Sections 56377(a) and 56377(b).

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. *Boundaries:*

The boundaries of the affected territory have been clearly defined by the applicant, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

The boundaries conform to lines of assessment or ownership, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. *Consistency with Regional Transportation Plan:*

The proposal has no significant impact upon, and is therefore consistent with, the Regional Transportation Plan.

h. *Consistency with Plans:*

The proposal is consistent with the existing City of Santa Clarita General Plan designation of Business Park (BP).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. *Sphere of Influence:*

The affected territory is within the Sphere of Influence of the Santa Clarita Valley Sanitation District of Los Angeles County.

j. *Comments from Public Agencies:*

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. *Ability to Provide Services:*

Although the affected territory is not currently serviced by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the 2015 Santa Clarita Joint Sewerage System Facilities Plan and EIR.

l. *Timely Availability of Water Supplies:*

There are no known issues regarding water supply or delivery.

m. *Regional Housing:*

As a special district annexation, the proposal will not affect any city, nor the county, in achieving their respective fair shares of the regional housing needs as determined by the Southern California Association of Governments (SCAG).

n. *Comments from Landowners, Voters, or Residents:*

Staff did not receive any significant comments from landowners, voters, or residents.

o. *Land Use Designations*

The proposal is consistent with the existing City of Santa Clarita General Plan designation of Business Park (BP).

The proposal is consistent with the existing City Santa Clarita zoning designation of Business Park (BP).

p. *Environmental Justice:*

All of the owners of real property within the affected territory have requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal promotes environmental justice, in that there is fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The CEQA clearance is a Mitigated Negative Declaration adopted by the City of Santa Clarita, as lead agency, on May 13, 2014. The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines Section 15096.

DETERMINATIONS WITHOUT NOTICE AND HEARING, AND WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code Section 56662(a), the Commission may make determinations upon the proposed annexation without notice and hearing and may waive protest hearings for the reasons set forth herein. The territory is uninhabited. To date, no affected local agency has submitted a written demand for notice and hearing during the 10-day period referenced in Government Code Section 56662(c). Furthermore, the proposal was accompanied by satisfactory proof that all the landowners within the affected territory have given their written consent to the proposed annexation. Based thereon, the Commission may make determinations on the proposed annexation without notice and hearing, and the Commission may waive protest proceedings.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the Santa Clarita Valley Sanitation District of Los Angeles County which will be for the interest of landowners and/or present and/or future inhabitants within the district and within the annexation territory.

Recommended Action:

1. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 1082 to Santa Clarita Valley Sanitation District of Los Angeles County.

**RESOLUTION NO. 2017-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
"ANNEXATION NO. 1082 TO THE SANTA CLARITA VALLEY SANITATION DISTRICT
OF LOS ANGELES COUNTY"**

WHEREAS, the Santa Clarita Valley Sanitation District (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with section 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the City of Santa Clarita; and

WHEREAS, the proposed annexation consists of approximately 3.995± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 1082 to the Santa Clarita Valley Sanitation District of Los Angeles County"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide off-site sewage disposal for one existing industrial building; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Commission has determined that the Proposal meets all of the criteria for the Commission to make a determination without notice and hearing and waive protest proceedings entirely, pursuant to Government Code Section 56662; and

WHEREAS, the Executive Officer set the item for consideration for January 11, 2017 at 9:00 a.m., at the Los Angeles County Board of Supervisors Hearing Room, Kenneth Hahn Hall of Administration Room 381-B, located at 500 West Temple Street, Los Angeles, California, 90012; and

WHEREAS, on January 11, 2017, this Commission considered the Proposal and the report of the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Acting in its role as a responsible agency with respect to Annexation No. 1082 to the Santa Clarita Valley Sanitation District of Los Angeles County, pursuant to California Environmental Quality Act (CEQA) the Commission considered the Mitigated Negative Declaration prepared and adopted by the City of Santa Clarita, as lead agency, on May 13, 2014, together with any comments received during the public review process; certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effects of the project as shown in the Mitigated Negative Declaration; and adopts the mitigation monitoring program for the project, finding that the mitigation monitoring program is adequately designed to ensure compliance with the mitigation measures during project implementation as applicable to the responsible agency.

2. Pursuant to Government Code Section 56662(a), the Commission hereby finds and determines that:

- a. The territory encompassed by the annexation is uninhabited; and
- b. Pursuant to Government Code Sections 56658(b)(1) and 56662(c), the Executive Officer has given the required mailed notice to each affected agency of the application to initiate proceedings for the proposed annexation, and no affected local agency has submitted a written demand for notice and hearing during the 10-day period following the notice; and
- c. The annexation was accompanied by satisfactory proof that all owners of land within the affected territory have given their written consent to the proposal.

Based thereon, pursuant to Government Code Section 56662 (a), the Commission may, and hereby does, make determinations on the proposal without notice and hearing, and the Commission may, and hereby does, waive protest proceedings entirely.

3. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.
4. The affected territory consists of 3.995± acres, is uninhabited, and is assigned the following short form designation:

"Annexation No. 1082 to the Santa Clarita Valley Sanitation District of Los Angeles County"

5. Annexation No. 1082 to the Santa Clarita Valley Sanitation District of Los Angeles County

is hereby approved, subject to the following terms and conditions:

- a. The District agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- b. The effective date of the annexation shall be the date of recordation.
- c. Payment of Registrar-Recorder/County Clerk and State Board of Equalization fees.
- d. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
- e. The regular County assessment roll shall be utilized by the District.
- f. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
- g. Annexation of the affected territory described in Exhibits "A" and "B" to the District.
- h. Except to the extent in conflict with "a" through "g", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code Section 57325) shall apply to this annexation.

6. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the Santa Clarita Valley Sanitation District of Los Angeles County.
7. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code Section 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code Section 57200, *et seq.*

PASSED AND ADOPTED this 11th day of January 2017.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

ABSENT:





MOTION PASSES: 0/0/0

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Paul A. Novak, AICP
Executive Officer**



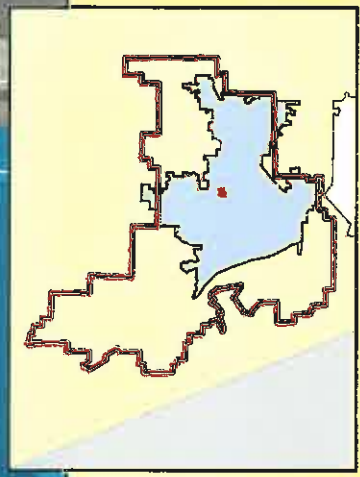
Legend

-  CSD Annexation SCV-1082
-  City of Santa Clarita
-  Santa Clarita Valley Sanitation District of Los Angeles County
-  Sphere of Influence, CSD SCV

Annexation No. 1082 to the Santa Clarita Valley Sanitation District of Los Angeles County



LAFCO
Local Agency Formation Commission
San Bernardino and San Diego Counties



Staff Report

January 11, 2017

Agenda Item No. 6.e.

Annexation No. 1083 to the Santa Clarita Valley Sanitation District of Los Angeles County

PROPOSAL SUMMARY:

Size of Affected Territory:	82.233± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	Santa Clarita Valley Sanitation District of Los Angeles County
Resolution or Petition:	February 25, 2016
Application Filed with LAFCO:	March 8, 2016
Location:	The affected territory is generally located North of the intersection of Phantom Trail and Rock Canyon Road.
City/County:	City of Santa Clarita
Affected Territory:	The affected territory consists of vacant land. The territory is being developed to include 29 single-family homes. The topography is hilly.
Surrounding Territory:	Surrounding territory is residential and vacant land
Landowner(s):	WH Santa Clarita, LLC
Registered Voters:	0 registered voters as of February 26, 2016
Purpose/Background:	For the District to provide off-site sewage disposal service.
Related Jurisdictional Changes:	There are no related jurisdictional changes.
Within SOI:	Yes
Waiver of Notice/Hearing/Protest:	Yes

CEQA Clearance: The California Environmental Quality Act (CEQA) clearance is a Mitigated Negative Declaration adopted by the Los Angeles County Department of Regional Planning, as lead agency, on December 17, 2008.

Additional Information: None

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE 56668:

a. Population:

The existing population is 0 residents as of February 26, 2016.

The population density issue does not apply because the affected territory is unpopulated.

The estimated future population is 87 residents.

The affected territory is 82.233+/- acres. The affected territory consists of vacant land. The territory is being developed to include 29 single-family homes.

The assessed valuation is \$1,664,606 as of February 26, 2016.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On August 2, 2016, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a property tax transfer resolution.

The topography of the affected territory is hilly.

There are no natural boundaries.

There are no drainage basins on or near the affected territory.

The affected territory is surrounded by populated areas to the south and west. The affected territory is likely to experience significant growth in the next ten years. The adjacent areas are likely to experience significant growth in the next ten years.

b. Governmental Services and Controls:

The affected territory will be developed to include 29 single-family homes which require organized governmental services. The affected territory will require governmental services indefinitely.

The present cost and adequacy of governmental services and controls in the area are acceptable. With respect to sanitary sewage disposal, other than service provided by the District, the only alternative is private septic systems. The cost of sewage disposal by the District versus the cost by septic system is subject to multiple factors and varies widely. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

c. *Proposed Action and Alternative Actions:*

The proposed action will have no effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact on the local governmental structure of the County.

The only alternate action for sewage disposal is a private septic system. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

d. *Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:*

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code Sections 56377(a) and 56377(b).

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. *Boundaries:*

The boundaries of the affected territory have been clearly defined by the applicant, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

The boundaries conform to lines of assessment or ownership, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. *Consistency with Regional Transportation Plan:*

The proposal has no significant impact upon, and is therefore consistent with, the Regional Transportation Plan.

h. *Consistency with Plans:*

The proposal is consistent with the existing City of Santa Clarita General Plan designation of Rural Residential (NU3/RR3) and Urban Residential (UR1).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. *Sphere of Influence:*

The affected territory is within the Sphere of Influence of the Santa Clarita Valley Sanitation District of Los Angeles County.

j. *Comments from Public Agencies:*

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. *Ability to Provide Services:*

Although the affected territory is not currently serviced by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the 2015 Santa Clarita Joint Sewerage System Facilities Plan and EIR.

l. *Timely Availability of Water Supplies:*

There are no known issues regarding water supply or delivery.

m. *Regional Housing:*

As a special district annexation, the proposal will not affect any city, nor the county, in achieving their respective fair shares of the regional housing needs as determined by the Southern California Association of Governments (SCAG).

n. *Comments from Landowners, Voters, or Residents:*

Staff did not receive any significant comments from landowners, voters, or residents.

o. *Land Use Designations*

The proposal is consistent with the existing City of Santa Clarita General Plan designation of Rural Residential (NU3/RR3) and Urban Residential (UR1).

The proposal is consistent with the existing City of Santa Clarita zoning designation of Rural Residential (NU3/RR3) and Urban Residential (UR1).

p. *Environmental Justice:*

All of the owners of real property within the affected territory have requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal promotes environmental justice, in that there is fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The CEQA clearance is a Mitigated Negative Declaration adopted by the Los Angeles County Department of Regional Planning, as lead agency, on December 17, 2008. The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines Section 15096.

DETERMINATIONS WITHOUT NOTICE AND HEARING, AND WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code Section 56662(a), the Commission may make determinations upon the proposed annexation without notice and hearing and may waive protest hearings for the reasons set forth herein. The territory is uninhabited. To date, no affected local agency has submitted a written demand for notice and hearing during the 10-day period referenced in Government Code Section 56662(c). Furthermore, the proposal was accompanied by satisfactory proof that all the landowners within the affected territory have given their written consent to the proposed annexation. Based thereon, the Commission may make determinations on the proposed annexation without notice and hearing, and the Commission may waive protest proceedings.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the Santa Clarita Valley Sanitation District of Los Angeles County which will be for the interest of landowners and/or present and/or future inhabitants within the district and within the annexation territory.

Recommended Action:

1. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 1083 to Santa Clarita Valley Sanitation District of Los Angeles County.

**RESOLUTION NO. 2017-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
"ANNEXATION NO. 1083 TO THE SANTA CLARITA VALLEY SANITATION DISTRICT
OF LOS ANGELES COUNTY"**

WHEREAS, the Santa Clarita Valley Sanitation District (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with section 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the City of Santa Clarita; and

WHEREAS, the proposed annexation consists of approximately 82.233± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 1083 to the Santa Clarita Valley Sanitation District of Los Angeles County"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide off-site sewage disposal for 29 proposed single-family homes; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Commission has determined that the Proposal meets all of the criteria for the Commission to make a determination without notice and hearing and waive protest proceedings entirely, pursuant to Government Code Section 56662; and

WHEREAS, the Executive Officer set the item for consideration for January 11, 2017 at 9:00 a.m., at the Los Angeles County Board of Supervisors Hearing Room, Kenneth Hahn Hall of Administration Room 381-B, located at 500 West Temple Street, Los Angeles, California, 90012; and

WHEREAS, on January 11, 2017, this Commission considered the Proposal and the report of the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Acting in its role as a responsible agency with respect to Annexation No. 1083 to the Santa Clarita Valley Sanitation District of Los Angeles County, pursuant to California Environmental Quality Act (CEQA) the Commission considered the Mitigated Negative Declaration prepared and adopted by the Los Angeles County Department of Regional Planning, as lead agency, on December 17, 2008, together with any comments received during the public review process; certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effects of the project as shown in the Mitigated Negative Declaration; and adopts the mitigation monitoring program for the project, finding that the mitigation monitoring program is adequately designed to ensure compliance with the mitigation measures during project implementation as applicable to the responsible agency.

2. Pursuant to Government Code Section 56662(a), the Commission hereby finds and determines that:

- a. The territory encompassed by the annexation is uninhabited; and
- b. Pursuant to Government Code Sections 56658(b)(1) and 56662(c), the Executive Officer has given the required mailed notice to each affected agency of the application to initiate proceedings for the proposed annexation, and no affected local agency has submitted a written demand for notice and hearing during the 10-day period following the notice; and
- c. The annexation was accompanied by satisfactory proof that all owners of land within the affected territory have given their written consent to the proposal.

Based thereon, pursuant to Government Code Section 56662 (a), the Commission may, and hereby does, make determinations on the proposal without notice and hearing, and the Commission may, and hereby does, waive protest proceedings entirely.

3. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.

4. The affected territory consists of 82.233± acres, is uninhabited, and is assigned the following short form designation:

"Annexation No. 1083 to the Santa Clarita Valley Sanitation District of Los Angeles County".

5. Annexation No. 1083 to the Santa Clarita Valley Sanitation District of Los Angeles County

is hereby approved, subject to the following terms and conditions:

- a. The District agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- b. The effective date of the annexation shall be the date of recordation.
- c. Payment of Registrar-Recorder/County Clerk and State Board of Equalization fees.
- d. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
- e. The regular County assessment roll shall be utilized by the District.
- f. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
- g. Annexation of the affected territory described in Exhibits "A" and "B" to the District.
- h. Except to the extent in conflict with "a" through "g", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code Section 57325) shall apply to this annexation.

6. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the Santa Clarita Valley Sanitation District of Los Angeles County.
7. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code Section 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code Section 57200, *et seq.*

PASSED AND ADOPTED this 11th day of January 2017.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

ABSENT:

MOTION PASSES: 0/0/0

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Paul A. Novak, AICP
Executive Officer**

Staff Report

January 11, 2017

Agenda Item No. 7.a.

Annexation No. 1080 to Santa Clarita Valley Sanitation District of Los Angeles County

PROPOSAL SUMMARY:

Size of Affected Territory:	2.559± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	Santa Clarita Valley Sanitation District of Los Angeles County
Resolution or Petition:	February 25, 2016
Application Filed with LAFCO:	March 8, 2016
Location:	The affected territory is located on Lost Canyon Road approximately 300 feet east of Sand Canyon Road
City/County:	City of Santa Clarita
Affected Territory:	The affected territory consists of one existing single-family home. The territory is being developed to include three more single-family homes. The topography is flat.
Surrounding Territory:	Surrounding territory is residential and vacant residential.
Landowner(s):	There are multiple owners of record.
Registered Voters:	2 registered voters as of February 26, 2016
Purpose/Background:	For the District to provide off-site sewage disposal service.
Related Jurisdictional Changes:	There are no related jurisdictional changes.
Within SOI:	Yes
Waiver of Notice/Hearing/Protest:	No

CEQA Clearance:

The proposal is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15319(a) and 15319(b). The annexation consists of areas containing existing structures developed to the density allowed by the current zoning for the existing single-family home. The annexation also consists of small parcels of the minimum size for facilities exempted by Section 15303(a), New Construction or Conversion of Small Structures for the three proposed single-family homes. A Categorical Exemption was adopted by Santa Clarita Valley Sanitation District of Los Angeles County, as lead agency, on February 25, 2016.

Additional Information:

None

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE 56668:

a. Population:

The existing population is 4 residents as of February 26, 2016. The population density is 1.56 persons per acre.

The estimated future population is 12 residents.

The affected territory is 2.559+/- acres. The affected territory consists of one existing single-family home. The territory is being developed to include three more single-family homes.

The assessed valuation is \$761,986 as of February 26, 2016.

The per capita assessed valuation is \$190,496.50.

On August 2, 2016, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a property tax transfer resolution.

The topography of the affected territory is flat.

The Santa Clara River is north of the affected territory.

There are no drainage basins on or near the affected territory.

The affected territory is surrounded by populated areas on all sides.

The affected territory is likely to experience modest growth in the next ten years. The adjacent areas are likely to experience modest growth in the next ten years.

b. Governmental Services and Controls:

The affected territory consists of one existing single-family home and three proposed single-family homes which require organized governmental services.

The present cost and adequacy of governmental services and controls in the area are acceptable. With respect to sanitary sewage disposal, other than service provided by the District, the only alternative is private septic systems. The cost of sewage disposal by the District versus the cost by septic system is subject to multiple factors and varies widely. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

c. *Proposed Action and Alternative Actions:*

The proposed action will have no effect on mutual social and economic interests. The proposal has no impact on the local governmental structure of the County. The only alternate action for sewage disposal is a private septic system. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

d. *Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:*

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code Sections 56377(a) and 56377(b).

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. *Boundaries:*

The boundaries of the affected territory have been clearly defined by the applicant, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

The boundaries conform to lines of assessment or ownership, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. *Consistency with Regional Transportation Plan:*

The proposal has no significant impact upon, and is therefore consistent with, the Regional Transportation Plan.

h. *Consistency with Plans:*

The proposal is consistent with the existing City of Santa Clarita General Plan designation of Urban Residential (UR1).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. *Sphere of Influence:*

The affected territory is within the Sphere of Influence of the Santa Clarita Valley Sanitation District of Los Angeles County.

j. *Comments from Public Agencies:*

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. *Ability to Provide Services:*

Although the affected territory is not currently serviced by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the 2015 Santa Clarita Joint Sewerage System Facilities Plan and EIR.

l. *Timely Availability of Water Supplies:*

There are no known issues regarding water supply or delivery.

m. *Regional Housing:*

As a special district annexation, the proposal will not affect any city, nor the county, in achieving their respective fair shares of the regional housing needs as determined by the Southern California Association of Governments (SCAG).

n. *Comments from Landowners, Voters, or Residents:*

Staff did not receive any significant comments from landowners, voters, or residents.

o. *Land Use Designations*

The proposal is consistent with the existing City of Santa Clarita General Plan designation of Urban Residential (UR1).

The proposal is consistent with the existing City of Santa Clarita zoning designation of Urban Residential (UR1).

p. *Environmental Justice:*

All of the owners of real property within the affected territory have requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal promotes environmental justice, in that there is fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The proposal is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15319(a) and 15319(b). The annexation consists of areas containing existing structures developed to the density allowed by the current zoning for the existing single-family home. The annexation also consists of small parcels of the minimum size for facilities exempted by Section 15303(a), New Construction or Conversion of Small Structures for the three proposed single-family homes. In addition, there are no cumulative impacts, unusual circumstances, nor other limiting factors that would make the exemption inapplicable based on the proposal records.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the Santa Clarita Valley Sanitation District of Los Angeles County which will be for the interest of landowners and/or present and/or future inhabitants within the district and within the annexation territory.

Recommended Action:

1. Open the public hearing and receive testimony on the annexation;
2. There being no further testimony, close the public hearing;
3. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving Annexation No. 1080 to Santa Clarita Valley Sanitation District of Los Angeles County; and
4. Pursuant to Government Code Section 57002, set March 8, 2017, at 9:00 a.m., as the date and time for Commission protest proceedings.

**RESOLUTION NO. 2017-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING
"ANNEXATION NO. 1080 TO SANTA CLARITA VALLEY SANITATION DISTRICT
OF LOS ANGELES COUNTY"**

WHEREAS, the Santa Clarita Valley Sanitation District (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with section 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the City of Santa Clarita; and

WHEREAS, the proposed annexation consists of approximately 2.559± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 1080 to Santa Clarita Valley Sanitation District of Los Angeles County"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide off-site sewage disposal for one existing single-family home and three proposed single-family homes; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Executive Officer has given notice of the public hearing pursuant to Government Code Sections 56150-56160, 57025, and 57026, wherein the public hearing notice was published in a newspaper of general circulation in the County of Los Angeles on November 21, 2016, which is at least 21 days prior to the public hearing, and said hearing notice was also mailed to all required recipients by first-class mail on or before the date of newspaper publication; and

WHEREAS, on January 11, 2017, after being duly and properly noticed, this proposal came on for hearing, at which time this Commission heard and received all oral and written testimony, objections, and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, pursuant to Government Code Section 57002, the Commission set the protest hearing for March 8, 2017 at 9:00 a.m., at the Los Angeles County Board of Supervisors Hearing Room, Kenneth Hahn Hall of Administration Room 381-B, located at 500 West Temple Street, Los Angeles, California, 90012.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission, acting in its role as a responsible agency with respect to Annexation No. 1080 to Santa Clarita Valley Sanitation District of Los Angeles County, finds that this annexation is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15319(a) and 15319(b).

The annexation consists of areas containing existing structures developed to the density allowed by the current zoning for the existing single-family home. The annexation also consists of small parcels of the minimum size for facilities exempted by Section 15303(a), New Construction or Conversion of Small Structures for the three proposed single-family homes. In addition, there are no cumulative impacts, unusual circumstances, nor other limiting factors that would make the exemption inapplicable based on the proposal records.

2. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.
3. The affected territory consists of 2.559± acres, is uninhabited, and is assigned the following short form designation:

"Annexation No. 1080 to Santa Clarita Valley Sanitation District of Los Angeles County ".

4. Annexation No. 1080 to Santa Clarita Valley Sanitation District of Los Angeles County is hereby approved, subject to the following terms and conditions:

- a. The District agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- b. The effective date of the annexation shall be the date of recordation.

- c. Payment of Registrar-Recorder/County Clerk and State Board of Equalization fees.
 - d. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
 - e. The regular County assessment roll shall be utilized by the District.
 - f. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
 - g. Annexation of the affected territory described in Exhibits "A" and "B" to the District.
 - h. Except to the extent in conflict with "a" through "g", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code Section 57325) shall apply to this annexation.
5. Pursuant to Government Code Section 57002, the Commission hereby sets the protest hearing for March 8, 2017 at 9:00 a.m. and directs the Executive Officer to give notice thereof pursuant to Government Code Sections 57025 and 57026.
6. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Government Code Section 56882.

PASSED AND ADOPTED this 11th day of January 2017.

MOTION:

SECOND:

AYES:

NOES:

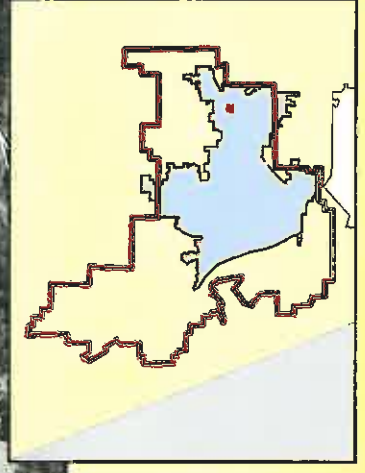
ABSTAIN:

ABSENT:

MOTION PASSES: 0/0/0

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Paul A. Novak, AICP
Executive Officer**



Annexation No. 1080 to the Santa Clarita Valley Sanitation District of Los Angeles County

- Legend**
- CSD Annexation SCV-1080
 - City of Santa Clarita
 - Santa Clarita Valley Sanitation District of Los Angeles County
 - Sphere of Influence, CSD SCV



Staff Report

January 11, 2017

Agenda Item No. 7.b.

Annexation No. 421 to the Los Angeles County Sanitation District No. 14, Amendment to the Los Angeles County Sanitation District No. 14 Sphere of Influence (SOI)

PROPOSAL SUMMARY:

Size of Affected Territory:	58.32± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	Los Angeles County Sanitation District No. 14
Resolution or Petition:	September 15, 2016
Application Filed with LAFCO:	September 28, 2016
Location:	The affected territory has 3 parcels. Parcel 1 and 2 are located on the north side of Eliopulos Ranch Drive approximately 300 feet west of Marina Court; Parcel 3 is located on the south of Joshua Ranch Road immediately north of Bridle Saddle Court.
City/County:	City of Palmdale
Affected Territory:	The affected territory is vacant residential. The territory is being developed to include 99 single-family homes. The topography is flat.
Surrounding Territory:	Surrounding territory is residential and vacant residential.
Landowner(s):	CV Communities LLC
Registered Voters:	0 registered voters as of September 15, 2016
Purpose/Background:	For the district to provide off-site sewage disposal service.
Related Jurisdictional Changes:	Amendment to the Los Angeles County Sanitation District No. 14 Sphere of Influence (SOI).

Within SOI: No, a sphere of influence amendment to Los Angeles County Sanitation District No. 14 is required.

Waiver of Notice/Hearing/Protest: Yes, on the basis of the annexation. Although the Commission may make a determination without public notice and hearing and waive protest proceedings relative to the proposed annexation as described below, a noticed public hearing is required for the proposed SOI amendment pursuant to Government Code Section 56427.

CEQA Clearance: The California Environmental Quality Act (CEQA) clearance is a Mitigated Negative Declaration adopted by the City of Palmdale, as lead agency, on July 9, 2015.

Additional Information: Taken together, this proposal (Annexation No. 421 to County Sanitation District No. 14; Agenda Item No 7.b.) and a separate proposal (Annexation No. 100 to County Sanitation District No. 20; Agenda Item No. 7.c.) are also known as “Joshua Ranch”. Joshua Ranch is a master-planned community currently under development by CV Communities/City Ventures in the City of Palmdale.

At the November 9, 2016 meeting, the Commission approved Annexation No. 2016-03 to the Los Angeles County Waterworks District No. 40 – Antelope Valley (Joshua Ranch) for this affected territory and for the same landowner.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE 56668:

a. Population:

The existing population is 0 residents as of September 15, 2016.

The population density issue does not apply because the affected territory is unpopulated.

The estimated future population is 310 residents.

The affected territory is 58.32+/- acres. The territory is being developed to include 99 single-family homes.

The assessed valuation is \$205,859 as of September 15, 2016.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On November 9, 2016, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a property tax transfer resolution.

The topography of the affected territory is flat.

There are no natural boundaries.

There are no drainage basins on or near the affected territory.

The nearest populated area is 2,500 feet to the east of the affected territory. The affected territory is likely to experience significant growth in the next ten years. The adjacent areas are likely to experience significant growth in the next ten years.

b. Governmental Services and Controls:

The affected territory will be developed to include 99 proposed single-family homes which require organized governmental services. The affected territory will require governmental services indefinitely.

The present cost and adequacy of governmental services and controls in the area are acceptable. With respect to sanitary sewage disposal, other than service provided by the District, the only alternative is private septic systems. The cost of sewage disposal by the District versus the cost by septic system is subject to multiple factors and varies widely. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

c. *Proposed Action and Alternative Actions:*

The proposed action will have no effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact on the local governmental structure of the County.

The only alternate action for sewage disposal is a private septic system. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

d. *Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:*

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code Sections 56377(a) and 56377(b).

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. *Boundaries:*

The boundaries of the affected territory have been clearly defined by the applicant, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

The boundaries conform to lines of assessment or ownership, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. *Consistency with Regional Transportation Plan:*

The proposal has no significant impact upon, and is therefore consistent with, the Regional Transportation Plan.

h. *Consistency with Plans:*

The proposal is consistent with the existing City of Palmdale General Plan designation of Single-Family Residential (SFR-1).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. *Sphere of Influence:*

The affected territory is not within the Sphere of Influence of the Los Angeles County Sanitation District No. 14, but a concurrent Sphere of Influence Update is being processed with this application.

j. *Comments from Public Agencies:*

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. *Ability to Provide Services:*

Although the affected territory is not currently serviced by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the Lancaster Water Reclamation Plant 2020 Facilities Plan.

l. *Timely Availability of Water Supplies:*

There are no known issues regarding water supply or delivery.

m. *Regional Housing:*

As a special district annexation, the proposal will not affect any city, nor the county, in achieving their respective fair shares of the regional housing needs as determined by the Southern California Association of Governments (SCAG).

n. *Comments from Landowners, Voters, or Residents:*

Staff did not receive any significant comments from landowners, voters, or residents.

o. *Land Use Designations*

The proposal is consistent with the existing City of Palmdale General Plan designation of Single-Family Residential (SFR-1).

The proposal is consistent with the existing City of Palmdale zoning designation of Single-Family Residential (R-1-20,000).

p. *Environmental Justice:*

The owner of real property within the affected territory has requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal promotes environmental justice, in that there is fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory. There are DUCs within the SOI for the Los Angeles County Sanitation District No. 14. The proposed SOI Amendment is relatively modest and is located a couple miles south of the closest DUC.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The CEQA clearance is a Mitigated Negative Declaration adopted by the City of Palmdale, as lead agency, on July 9, 2015. The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines Section 15096.

DETERMINATIONS WITHOUT NOTICE AND HEARING, AND WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code Section 56662(a), the Commission may make determinations upon the proposed annexation without notice and hearing and may waive protest hearings for the reasons set forth herein. The territory is uninhabited. To date, no affected local agency has submitted a written demand for notice and hearing during the 10-day period referenced in Government Code Section 56662(c). Furthermore, the proposal was accompanied by satisfactory proof that all the landowners within the affected territory have given their written consent to the proposed annexation. Based thereon, the Commission may make determinations on the proposed annexation without notice and hearing, and the Commission may waive protest proceedings.

PUBLIC HEARING REQUIREMENT FOR SOI AMENDMENT(S):

Although the Commission may waive the public notice, hearing, and protest relative to the proposed reorganization, as described above, a public hearing is still required for the proposed SOI amendment pursuant to Government Code Section 56427.

Therefore, the recommended actions include a public hearing on the SOI amendments and a waiver of the protest proceedings for the annexation.

SPHERE OF INFLUENCE AMENDMENT DETERMINATIONS PURSUANT TO GOVERNMENT CODE 56425(e):

1. Present and Planned Land Uses in the Area

The present land use is vacant residential. The territory is being developed to include 99 single-family homes.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The affected territory is located within the City of Palmdale. Although the affected territory is not currently serviced by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the Lancaster Water Reclamation Plant 2020 Facilities Plan.

3. *Present Capacity of Public Facilities and Services:*

The current permitted capacity of the LWRP is 18 mgd. On June 16, 2004, the Board of Directors of District No. 14 approved the Lancaster Water Reclamation Plan 2020 Facilities Plan and certified the associated EIR. The 2020 Plan addresses the sewerage needs of the LWRP service area through the year 2020 and the services planned to meet those needs. The 2020 plan allows the capacity of the LWRP to increase to 26 mgd by 2020.

4. *Social of Economic communities of interest*

The owner of real property within the affected territory has requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal promotes environmental justice, in that there is fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

5. *Disadvantaged Unincorporated Communities:*

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory. There are DUCs within the SOI for the Los Angeles County Sanitation District No. 14. The proposed SOI Amendment is relatively modest and is located a couple miles south of the closest DUC.

**SPHERE OF INFLUENCE AMENDMENT DETERMINATIONS PURSUANT TO
GOVERNMENT CODE 56425(i):**

The Commission has on file written statement of the functions and classes of service of the Los Angeles County Sanitation District No. 14 and can establish the nature, location and extent of its classes of service and that it provides services within its boundary.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of Los Angeles County Sanitation District No. 14 which will be for the interest of landowners and/or present and/or future inhabitants within the district and within the annexation territory.

Recommended Action:

1. Open the public hearing and receive testimony on the Sphere of Influence amendment;
2. There being no further testimony, close the public hearing; and
3. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 421 to the Los Angeles County Sanitation District No. 14; Amendment to the Los Angeles County Sanitation District No. 14 Sphere of Influence.

**RESOLUTION NO. 2017-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
"ANNEXATION NO. 421 TO THE LOS ANGELES COUNTY SANITATION DISTRICT NO. 14
AMENDMENT TO THE LOS ANGELES COUNTY SANITATION DISTRICT NO. 14
SPHERE OF INFLUENCE (SOI)"**

WHEREAS, the Los Angeles County Sanitation District No. 14 (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with section 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the City of Palmdale; and

WHEREAS, the proposed annexation consists of approximately 58.32± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 421 to the Los Angeles County Sanitation District No. 14"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide off-site sewage disposal to 99 proposed single-family homes; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Commission has determined that the Proposal meets all of the criteria for the Commission to make a determination without notice and hearing and waive protest proceedings entirely, pursuant to Government Code Section 56662; and

WHEREAS, even though a public hearing is not required for the Proposal, a public hearing is nevertheless required for the proposed SOI amendment(s), pursuant to Government Code Section 56427; and

WHEREAS, the Executive Officer has given notice of the public hearing for the proposed Sphere of Influence Amendment(s) pursuant to Government Code Sections 56150-56160, wherein the public hearing notice was published in a newspaper of general circulation in the County of Los Angeles on December 1, 2016, which is at least 21 days prior to the public hearing, and said hearing notice was also mailed to all required recipients by first-class mail on or before the date of newspaper publication; and

WHEREAS, on January 11, 2017, this Commission considered the Proposal and the report of Executive Officer, and heard and received all oral and written testimony, objections, and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to the Sphere of Influence Amendment.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Acting in its role as a responsible agency with respect to Annexation No. 421 to the Los Angeles County Sanitation District No. 14, pursuant to California Environmental Quality Act (CEQA) the Commission considered the Mitigated Negative Declaration prepared and adopted by the City of Palmdale, as lead agency, on July 9, 2015, together with any comments received during the public review process; certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effects of the project as shown in the Mitigated Negative Declaration; and adopts the mitigation monitoring program for the project, finding that the mitigation

monitoring program is adequately designed to ensure compliance with the mitigation measures during project implementation as applicable to the responsible agency.

2. Pursuant to Government Code Section 56662(a), the Commission hereby finds and determines that:

- a. The territory encompassed by the annexation is uninhabited; and
- b. Pursuant to Government Code Sections 56658(b)(1) and 56662(c), the Executive Officer has given the required mailed notice to each affected agency of the application to initiate proceedings for the proposed annexation, and no affected local agency has submitted a written demand for notice and hearing during the 10-day period following the notice; and
- c. The annexation was accompanied by satisfactory proof that all owners of land within the affected territory have given their written consent to the proposal.

Based thereon, pursuant to Government Code Section 56662(a), the Commission may make determinations upon the proposed annexation proposal without notice and hearing and may waive protest proceedings relative to the proposed annexation.

However, with respect to the proposed SOI amendment(s), a public hearing is still required pursuant to Government Code Section 56427.

3. The Commission hereby amends the Sphere of Influence of Los Angeles County Sanitation District No. 14 and makes the following determinations in accordance with Government Code Section 56425:

a. Present and Planned Land Uses in the Area

The present land use is vacant residential. The territory is being developed to include 99 single-family homes.

b. Present and Probable Need for Public Facilities and Services in the Area

The affected territory is located within the City of Palmdale. Although the affected territory is not currently serviced by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the Lancaster Water Reclamation Plant 2020 Facilities Plan.

c. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The current permitted capacity of the LWRP is 18 mgd. On June 16, 2004, the Board of Directors of District No. 14 approved the Lancaster Water Reclamation Plan 2020 Facilities Plan and certified the associated EIR. The 2020 Plan addresses the sewerage needs of the LWRP service area through the year 2020 and the services planned to meet those needs. The 2020 plan allows the capacity of the LWRP to increase to 26 mgd by 2020.

d. Existence of Any Social or Economic Communities of Interest

The owner of real property within the affected territory has requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by

Sanitation District staff and were not interested in securing such service or did not respond. The proposal promotes environmental justice, in that there is fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

e. Disadvantaged Unincorporated Communities

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory. There are DUCs within the SOI for the Los Angeles County Sanitation District No. 14. The proposed SOI Amendment is relatively modest and is located a couple miles south of the closest DUC.

f. Determination of the Services of the Existing District

The Commission has on file written statement of the functions and classes of service of the Los Angeles County Sanitation District No. 14 and can establish the nature, location and extent of its classes of service and that it provides water service within its boundary.

4. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.

5. The affected territory consists of 58.32± acres, is uninhabited, and is assigned the following short form designation:

" Annexation No. 421 to the Los Angeles County Sanitation District No. 14".

6. Annexation No. 421 to the Los Angeles County Sanitation District No. 14 is hereby approved, subject to the following terms and conditions:

- a. The District agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- b. The effective date of the annexation shall be the date of recordation.
- c. Payment of Registrar-Recorder/County Clerk and State Board of Equalization fees.
- d. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
- e. The regular County assessment roll shall be utilized by the District.
- f. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
- g. Annexation of the affected territory described in Exhibits "A" and "B" to the District.

- h. Except to the extent in conflict with "a" through "g", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code Section 57325) shall apply to this annexation.
7. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the Los Angeles County Sanitation District No. 14.
8. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code Section 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code Section 57200, *et seq.*

PASSED AND ADOPTED this 11th day of January 2017.

MOTION:

SECOND:

AYES:

NOES:

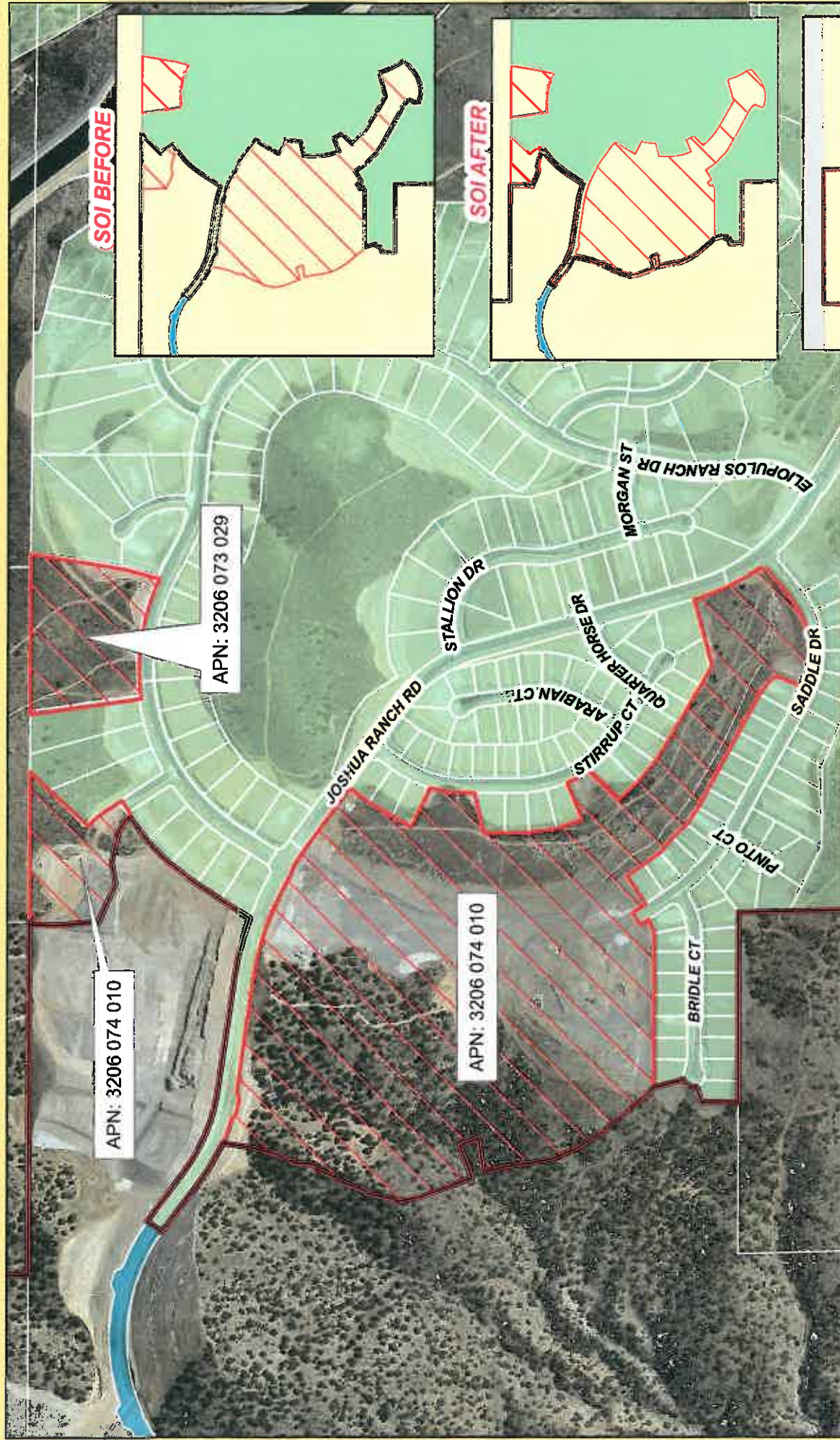
ABSTAIN:

ABSENT:


MOTION PASSES: 0/0/0


**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**


**Paul A. Novak, AICP
Executive Officer**





Legend

 CSD Annexation 14-421

 City of Lancaster

 City of Palmdale

 Los Angeles County Sanitation District No. 14

 Los Angeles County Sanitation District No. 20

 Sphere of Influence, CSD 14

Annexation No. 421 to County Sanitation District No. 14 with SOI Amendment



LAFCO
Local Agency Formation Commission
for the County of Los Angeles



SOI BEFORE

SOI AFTER

APN: 3206 073 029

APN: 3206 074 010

APN: 3206 074 010

Staff Report

January 11, 2017

Agenda Item No. 7.c.

Annexation No. 100 to the Los Angeles County Sanitation District No. 20, Amendment to the Los Angeles County Sanitation District No. 20 Sphere of Influence (SOI)

PROPOSAL SUMMARY:

Size of Affected Territory:	331.69± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	Los Angeles County Sanitation District No. 20
Resolution or Petition:	September 15, 2016
Application Filed with LAFCO:	September 28, 2016
Location:	The affected territory is generally located south of the California Aqueduct approximately 300 feet west of Eliopulos Ranch Road.
City/County:	City of Palmdale
Affected Territory:	The affected territory is vacant residential. The territory is being developed to include 239 single-family homes. The topography is flat.
Surrounding Territory:	Surrounding territory is residential and vacant residential.
Landowner(s):	CV Communities LLC
Registered Voters:	0 registered voters as of December 21, 2016
Purpose/Background:	For the district to provide off-site sewage disposal service.
Related Jurisdictional Changes:	Amendment to the Los Angeles County Sanitation District No. 20 Sphere of Influence (SOI).
Within SOI:	No, a sphere of influence amendment to Los Angeles County Sanitation District No. 20 is required.

Waiver of Notice/Hearing/Protest: Yes, on the basis of the annexation. Although the Commission may make a determination without public notice and hearing and waive protest proceedings relative to the proposed annexation, as described below, a noticed public hearing is required for the proposed SOI amendment pursuant to Government Code Section 56427.

CEQA Clearance: The California Environmental Quality Act (CEQA) clearance is Mitigated Negative Declaration adopted by the City of Palmdale, as lead agency, on July 9, 2015.

Additional Information: Taken together, this proposal (Annexation No. 100 to County Sanitation District No. 20; Agenda Item No 7.c.) and a separate proposal (Annexation No. 14 to County Sanitation District No. 21; Agenda Item No. 7.b.) are also known as “Joshua Ranch”. Joshua Ranch is a master-planned community currently under development by CV Communities/City Ventures in the City of Palmdale.

At the November 9, 2016 meeting, the Commission approved Annexation No. 2016-03 to the Los Angeles County Waterworks District No. 40 – Antelope Valley (Joshua Ranch) for this affected territory and for the same landowner.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE 56668:

a. Population:

The existing population is 0 residents as of October 14, 2015.

The population density issue does not apply because the affected territory is unpopulated.

The estimated future population is 875 residents.

The affected territory is 331.69+/- acres. The territory is being developed to include 239 single-family homes.

The assessed valuation is \$429,893 as of September 13, 2016.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On November 9, 2016, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a property tax transfer resolution.

The topography of the affected territory is flat.

There are no natural boundaries.

There are no drainage basins on or near the affected territory.

The nearest populated area is 4000 feet to the east of the affected territory. The affected territory is likely to experience significant growth in the next ten years. The adjacent areas are likely to experience significant growth in the next ten years.

b. Governmental Services and Controls:

The affected territory will be developed to include 239 proposed single-family homes which require organized governmental services. The affected territory will require governmental services indefinitely.

The present cost and adequacy of governmental services and controls in the area are acceptable. With respect to sanitary sewage disposal, other than service provided by the District, the only alternative is private septic systems. The cost of sewage disposal by the District versus the cost by septic system is subject to multiple factors and varies widely. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

c. *Proposed Action and Alternative Actions:*

The proposed action will have no effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact on the local governmental structure of the County.

The only alternate action for sewage disposal is a private septic system. Service by the District is considered to be more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

d. *Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:*

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code Sections 56377(a) and 56377(b).

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. *Boundaries:*

The boundaries of the affected territory have been clearly defined by the applicant, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

The boundaries conform to lines of assessment or ownership, and these boundaries have been reviewed and approved by LAFCO's GIS/Mapping Technician.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. *Consistency with Regional Transportation Plan:*

The proposal has no significant impact upon, and is therefore consistent with, the Regional Transportation Plan.

h. *Consistency with Plans:*

The proposal is consistent with the existing City of Palmdale General Plan designation of Single-Family Residential (SFR-1).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. *Sphere of Influence:*

The affected territory is not within the Sphere of Influence of the Los Angeles County Sanitation District No. 20, but a concurrent Sphere of Influence Update is being processed with this application.

j. *Comments from Public Agencies:*

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. *Ability to Provide Services:*

Although the affected territory is not currently serviced by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the Palmdale Water Reclamation Plant 2025 Facilities Plan.

l. *Timely Availability of Water Supplies:*

There are no known issues regarding water supply or delivery.

m. *Regional Housing:*

As a special district annexation, the proposal will not affect any city, nor the county, in achieving their respective fair shares of the regional housing needs as determined by the Southern California Association of Governments (SCAG).

n. *Comments from Landowners, Voters, or Residents:*

Staff did not receive any significant comments from landowners, voters, or residents.

o. *Land Use Designations*

The proposal is consistent with the existing City of Palmdale General Plan designation of Single-Family Residential (SFR-1).

The proposal is consistent with the existing City of Palmdale zoning designation of Single-Family Residential-Planned Development (R-1-20,000).

p. *Environmental Justice:*

The owner of real property within the affected territory has requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal promotes environmental justice, in that there is fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory. There are DUCs within the SOI for the Los Angeles County Sanitation District No. 20. The proposed SOI Amendment is relatively modest and is located 5 miles west of the closest DUC.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The CEQA clearance is a Mitigated Negative Declaration adopted by the City of Palmdale, as lead agency, on July 9, 2015. The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines Section 15096.

DETERMINATIONS WITHOUT NOTICE AND HEARING, AND WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code Section 56662(a), the Commission may make determinations upon the proposed annexation without notice and hearing and may waive protest hearings for the reasons set forth herein. The territory is uninhabited. To date, no affected local agency has submitted a written demand for notice and hearing during the 10-day period referenced in Government Code Section 56662(c). Furthermore, the proposal was accompanied by satisfactory proof that all the landowners within the affected territory have given their written consent to the proposed annexation. Based thereon, the Commission may make determinations on the proposed annexation without notice and hearing, and the Commission may waive protest proceedings.

PUBLIC HEARING REQUIREMENT FOR SOI AMENDMENT(S):

Although the Commission may waive the public notice, hearing, and protest relative to the proposed reorganization, as described above, a public hearing is still required for the proposed SOI amendment pursuant to Government Code Section 56427.

Therefore, the recommended actions include a public hearing on the SOI amendments and a waiver of the protest proceedings for the annexation.

SPHERE OF INFLUENCE AMENDMENT DETERMINATIONS PURSUANT TO GOVERNMENT CODE 56425(e):

1. Present and Planned Land Uses in the Area

The present land use is vacant residential. The territory is being developed to include 239 single-family homes.

2. Present and Probable Need for Public Facilities and Services in the Area

The affected territory is located within the City of Palmdale. Although the affected territory is not currently serviced by the District, the area was included in the future service area that

might be served by the District. The District's future wastewater management needs were addressed in the Palmdale Water Reclamation Plant 2025 Facilities Plan.

3. *Present Capacity of Public Facilities and Services:*

The capacity of the PWRP is 12 mgd. On October 6, 2005, the Board of Directors of District No. 20 approved the Palmdale Water Reclamation Plant 2025 Facilities Plan and certified the associated EIR. The 2025 Plan addresses the sewerage needs of the PWRP service area through the year 2025 and the services planned to meet those needs. The 2025 plan allows the capacity of the PWRP to increase to 22.4 mgd by 2025.

4. *Social of Economic communities of interest*

The owner of real property within the affected territory has requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal promotes environmental justice, in that there is fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

5. *Disadvantaged Unincorporated Communities:*

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory. There are DUCs within the SOI for the Los Angeles County Sanitation District No. 20. The proposed SOI Amendment is relatively modest and is located 5 miles west of the closest DUC.

SPHERE OF INFLUENCE AMENDMENT DETERMINATIONS PURSUANT TO GOVERNMENT CODE 56425(i):

The Commission has on file written statement of the functions and classes of service of the Los Angeles County Sanitation District No. 20 and can establish the nature, location and extent of its classes of service and that it provides services within its boundary.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of Los Angeles County Sanitation District No. 20 which will be for the interest of landowners and/or present and/or future inhabitants within the district and within the annexation territory.

Recommended Action:

1. Open the public hearing and receive testimony on the Sphere of Influence amendment;
2. There being no further testimony, close the public hearing; and
3. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 100 to the Los Angeles County Sanitation District No. 20; Amendment to the Los Angeles County Sanitation District No. 20 Sphere of Influence.

**RESOLUTION NO. 2017-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
" ANNEXATION NO. 100 TO THE LOS ANGELES COUNTY SANITATION DISTRICT NO. 20
AMENDMENT TO THE LOS ANGELES COUNTY SANITATION DISTRICT NO. 20
SPHERE OF INFLUENCE (SOI)"**

WHEREAS, the Los Angeles County Sanitation District No. 20 (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with section 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the City of Palmdale; and

WHEREAS, the proposed annexation consists of approximately 331.69± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 100 to the Los Angeles County Sanitation District No. 20"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide off-site sewage disposal to 239 proposed single-family homes; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Commission has determined that the Proposal meets all of the criteria for the Commission to make a determination without notice and hearing and waive protest proceedings entirely, pursuant to Government Code Section 56662; and

WHEREAS, even though a public hearing is not required for the Proposal, a public hearing is nevertheless required for the proposed SOI amendment(s), pursuant to Government Code Section 56427; and

WHEREAS, the Executive Officer has given notice of the public hearing for the proposed Sphere of Influence Amendment(s) pursuant to Government Code Sections 56150-56160, wherein the public hearing notice was published in a newspaper of general circulation in the County of Los Angeles on December 1, 2016, which is at least 21 days prior to the public hearing, and said hearing notice was also mailed to all required recipients by first-class mail on or before the date of newspaper publication; and

WHEREAS, on January 11, 2017, this Commission considered the Proposal and the report of Executive Officer, and heard and received all oral and written testimony, objections, and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to the Sphere of Influence Amendment.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission, Acting in its role as a responsible agency with respect to Annexation No. 100 to the Los Angeles County Sanitation District No. 20, pursuant to California Environmental Quality Act (CEQA) the Commission considered the Mitigated Negative Declaration prepared and adopted by the City of Palmdale, as lead agency, on July 9, 2015, together with any comments received during the public review process; certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effects of the project as shown in the Mitigated Negative

Declaration; and adopts the mitigation monitoring program and Compliance Record for the project, finding that the mitigation monitoring program and Compliance Record is adequately designed to ensure compliance with the mitigation measures during project implementation as applicable to the responsible agency.

2. Pursuant to Government Code Section 56662(a), the Commission hereby finds and determines that:

- a. The territory encompassed by the annexation is uninhabited; and
- b. Pursuant to Government Code Sections 56658(b)(1) and 56662(c), the Executive Officer has given the required mailed notice to each affected agency of the application to initiate proceedings for the proposed annexation, and no affected local agency has submitted a written demand for notice and hearing during the 10-day period following the notice; and
- c. The annexation was accompanied by satisfactory proof that all owners of land within the affected territory have given their written consent to the proposal.

Based thereon, pursuant to Government Code Section 56662(a), the Commission may make determinations upon the proposed annexation proposal without notice and hearing and may waive protest proceedings relative to the proposed annexation.

However, with respect to the proposed SOI amendment(s), a public hearing is still required pursuant to Government Code Section 56427.

3. The Commission hereby amends the Sphere of Influence of Los Angeles County Sanitation District No. 20 and makes the following determinations in accordance with Government Code Section 56425:

a. Present and Planned Land Uses in the Area

The present land use is vacant residential. The territory is being developed to include 239 single-family homes.

b. Present and Probable Need for Public Facilities and Services in the Area

The affected territory is located within the City of Palmdale. Although the affected territory is not currently serviced by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the Palmdale Water Reclamation Plant 2025 Facilities Plan.

c. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The capacity of the PWRP is 12 mgd. On October 6, 2005, the Board of Directors of District No. 20 approved the Palmdale Water Reclamation Plan 2025 Facilities Plan and certified the associated EIR. The 2025 Plan addresses the sewerage needs of the PWRP service area through the year 2025 and the services planned to meet those needs. The 2025 plan allows the capacity of the PWRP to increase to 22.4 mgd by 2025.

d. Existence of Any Social or Economic Communities of Interest

The owner of real property within the affected territory has requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal promotes environmental justice, in that there is fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

e. Disadvantaged Unincorporated Communities

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory. There are DUCs within the SOI for the Los Angeles County Sanitation District No. 20. The proposed SOI Amendment is relatively modest and is located 5 miles west of the closest DUC.

f. Determination of the Services of the Existing District

The Commission has on file written statement of the functions and classes of service of the Los Angeles County Sanitation District No. 20 and can establish the nature, location and extent of its classes of service and that it provides water service within its boundary.

4. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.

5. The affected territory consists of 331.69± acres, is uninhabited, and is assigned the following short form designation:

"Annexation No. 100 to the Los Angeles County Sanitation District No. 20".

6. Annexation No. 100 to the Los Angeles County Sanitation District No. 20 is hereby approved, subject to the following terms and conditions:

- a. The District agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- b. The effective date of the annexation shall be the date of recordation.
- c. Payment of Registrar-Recorder/County Clerk and State Board of Equalization fees.
- d. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
- e. The regular County assessment roll shall be utilized by the District.

- f. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
 - g. Annexation of the affected territory described in Exhibits "A" and "B" to the District.
 - h. Except to the extent in conflict with "a" through "g", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code Section 57325) shall apply to this annexation.
7. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the Los Angeles county Sanitation District No. 20.
8. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code Section 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code Section 57200, *et seq.*

PASSED AND ADOPTED this 11th day of January 2017.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

ABSENT:






MOTION PASSES: 0/0/0

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

Paul A. Novak, AICP
Executive Officer



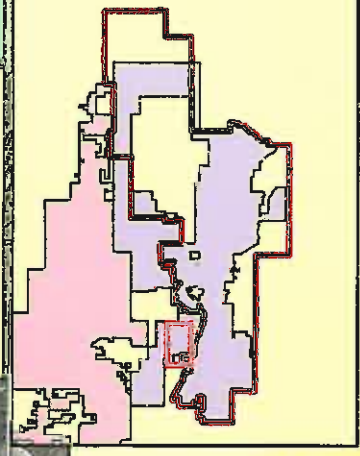
Legend

-  CSD Annexation 20-100
-  City of Lancaster
-  City of Palmdale
-  Los Angeles County Sanitation District No. 14
-  Los Angeles County Sanitation District No. 20
-  Sphere of Influence, CSD 20

Annexation No. 100 to County Sanitation District No. 20 with SOI Amendment



LAFCO
Local Agency Formation Commission
San Diego County of Los Angeles



Staff Report

Independent Auditor's Report Fiscal Year 2015-16

Agenda Item No. 9.a.

January 11, 2017

In August of 2016, the Commission awarded a contract to a certified public accounting firm (Davis Farr, LLP) to prepare audits for four fiscal years, beginning with Fiscal Year 2015-2016 through Fiscal Year 2019-20. This agenda item relates to the completion of the first audit for Fiscal Year 2015-2016 (FY 2015-2016 started on July 1st, 2015, and ended on June 30th, 2016).

Jennifer Farr of Davis Farr will present the findings in the FY 2015-2016 Independent Auditor's Report and will be available to answer questions from the Commission.

This year's audit was conducted in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. The auditor's report does not propose any changes in how the Commission or staff account for or manage financial resources.

The Audited Financial Statements for Fiscal Year 2015-16 are attached for your information. The documents include: Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Also attached is a letter from Davis Farr, dated November 23, 2016, concerning their responsibilities in performing the audit, consistent with governmental and professional standards.

Compliance and Other Matters

Davis Farr's Independent Auditor's Report notes the following:

- We [Davis Farr] conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. (Page 1)

- We [Davis Farr] believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. (Page 1)
- In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund for the Commission, as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. (Page 1)
- [D]uring our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. (Page 36)

Davis Farr's Letter of November 23, 2016 notes the following:

- We noted no transactions entered into by Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period. (Page 1)
- The financial statement disclosures are neutral, consistent, and clear. (Page 1)
- There were no material misstatements detected as a result of our audit procedures. (Page 1)

By way of background, staff notes that "Revenue from Filing Fees" of the "Government-Wide Financial Statements" on Page 5 of the Independent Auditor's Report shows a substantial increase in filing fees in FY 2015-2016 compared to FY 2014-2015. This increase is primarily associated with the payment of \$38,000 filing fees by the County Sanitation Districts of Los Angeles County for nineteen (19) separate proposals (activation of new or different functions or classes of services) which was approved by the Commission on June 8, 2016. In addition, and as discussed on several occasions during the Commission's annual budget deliberations, filing fee revenue can fluctuate significantly from year-to-year, as it is dependent on actions by outside parties and beyond the Commission or staff's control.

For last year's audit, and because of the implementation of Government Accounting Standards Board 68 during Fiscal Year 2014-15, last year's audit did not include a Management Discussion and Analysis (MD&A), as the content and format made it difficult to make a meaningful comparison from one year to the next. This year's audit resumes the practice of including an MD&A, which can be found on Page 3.

Recommendation

It is recommended that the Commission:

1. Receive and file the attached Independent Auditor's Report, audited financial statements, and associated documents for Fiscal Year 2015-16 ending June 30, 2016.

To the Board of Commissioners
Local Agency Formation Commission of
the County of Los Angeles

We have audited the financial statements of the governmental activities, and each major fund of the Local Agency Formation Commission of the County of Los Angeles ("Commission") for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 11, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Commission are described in Note 1 to the financial statements. We noted no transactions entered into by Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Commission's financial statements was judgements involving the funded status of the pension liability.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was Footnote 5: Pension Plan.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of our audit procedures. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the *Schedule of the Plan's Proportionate Share of the Net Pension Liability*, the *Schedule of Pension Plan Contributions*, and the *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of Board of Commissioners and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.



Irvine, California
November 23, 2016

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2016

(With Independent Auditor's Report Thereon)

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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The Commission Members
Local Agency Formation Commission
for the County of Los Angeles
Pasadena, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Local Agency Formation Commission for the County of Los Angeles (the Commission) as of June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Commission, as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Commission Members
Local Agency Formation Commission
for the County of Los Angeles
Page Two

Other Matters

Prior Year Comparative Financial Statements

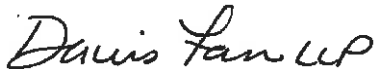
The financial statements of the Commission as of and for the year ended June 30, 2015 were audited by other auditors whose report dated February 1, 2016 expressed an unmodified opinion on those statements. That report included an emphasis of matter paragraph indicating that the Commission implemented Governmental Accounting Standards Board (GASB) Statements 68 and 71, which required retrospective application resulting in a reduction of \$660,000 on beginning net position. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Schedule of the Plan's Proportioned Share of the Net Pension Liability, the Schedule of Plan Contributions, and the Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2016, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.



Irvine, California
November 23, 2016

LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

The following discussion and analysis of the financial performance of the Los Angeles County Local Agency Formation Commission (the Commission) provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of two parts – *management's discussion and analysis* (this section), and the *basic financial statements*.

The *government-wide financial statements* provide both *long-term* and *short-term* information about the Commission's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Reporting the Commission as a Whole

The accompanying **government-wide financial statement** presents financial data for the Commission as a whole. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in them. You can think of the Commission's net position – the difference between assets and liabilities – as one way to measure the Commission's financial health, or *financial position*. Over time, *increases and decreases* in the Commission's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, such as changes in the Commission's revenues, to assess the *overall health* of the Commission. Indeed, a reduction in net position is assumed in the budget process. The prior year end fund balance is relied on as a funding source for the current year budget.

LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
For the Fiscal Year Ended June 30, 2016

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *Statement of Net Position* follows:

Table 1
Statement of Net Position
June 30, 2016 and 2015

	2016	2015	Change	%
ASSETS:				
Current assets	\$ 1,211,057	\$ 934,490	\$ 276,567	30%
Deferred outflows of resources	277,093	211,988	65,105	31%
Capital assets, net	11,077	14,415	(3,338)	-23%
Total Assets	<u>1,499,227</u>	<u>1,160,893</u>	<u>338,334</u>	<u>29%</u>
LIABILITIES AND NET POSITION				
LIABILITIES:				
Current liabilities	52,708	46,464	6,244	13%
Deferred inflows of resources	145,000	243,000	(98,000)	-40%
Long-term liabilities	1,272,252	1,085,701	186,551	17%
Total Liabilities	<u>1,469,960</u>	<u>1,375,165</u>	<u>94,795</u>	<u>7%</u>
NET POSITION:				
Net investment in capital assets	11,077	14,415	(3,338)	-23%
Unassigned	18,190	(228,687)	246,877	-108%
Total Net Position	<u>\$ 29,267</u>	<u>\$ (214,272)</u>	<u>\$ 243,539</u>	<u>-114%</u>

Total Assets increased by \$338,334, or 29%, due to an increase in cash collected in assessments, and an increase in Deferred Outflows of Resources related the Commission's pension plan. Current Liabilities and Long-term Liabilities increased by 13% and 17% respectively. The increase in Current Liabilities is due to the timing of expense payments, and the increase in Long-term Liabilities is due to the increase in the Commission's Net Pension Obligation in FY 15/16.

LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
For the Fiscal Year Ended June 30, 2016

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *Statement of Activities* follows:

The increase or decrease in net position can provide an indication as to whether the overall financial position of the Commission improved or deteriorated during the year.

Table 2
Statement of Activities
June 30, 2016 and 2015

	2016	2015	Change	%
REVENUES:				
Assessments	\$ 1,288,508	\$ 1,161,843	\$ 126,665	11%
Charges for services	154,756	105,515	49,241	47%
Interest and other revenues	11,355	7,697	3,658	48%
Total Revenues	<u>1,454,619</u>	<u>1,275,055</u>	<u>179,564</u>	<u>14%</u>
EXPENSES:				
General government	1,211,080	1,228,913	(17,833)	-1%
Other expenses	-	-	-	0%
Total Expenses	<u>1,211,080</u>	<u>1,228,913</u>	<u>(17,833)</u>	<u>-1%</u>
Excess of Revenues Over (Under) Expenses	<u>\$ 243,539</u>	<u>\$ 46,142</u>	<u>\$ 197,397</u>	<u>428%</u>
Net Position - Beginning of Year, As Restated	<u>(214,272)</u>	<u>(260,414)</u>	<u>46,142</u>	<u>-18%</u>
Net Position - End of Year	<u>\$ 29,267</u>	<u>\$ (214,272)</u>	<u>\$ 243,539</u>	<u>-114%</u>

Assessments increased by 11% due to the increase in assessment approved by the Commission for FY 15/16. Charges for Services increased in due to increased Commission demands and activity in FY 15/16. Expenses decreased slightly from FY 14/15 to FY 15/16. As a result of the increase in revenues and slight decrease in expenses, Net Position at the end of the year increased by \$197,397 from the prior year.

LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
For the Fiscal Year Ended June 30, 2016

MAJOR FUNDS

Major Governmental Funds. The **General Fund** is the only fund of the Commission, and is considered to be a proprietary fund for financial reporting purposes.

GENERAL FUND BUDGET

Major deviations between the budget of the General Fund and its operating results are as follows:

Revenues

- Revenues related to Filing Fees were over budget by over \$70,000 due to more Commission activity than anticipated.

Expenses

- Salaries and Benefits, Office Expenses, and Professional Fees were under budget. Overall, total expenses were approximately \$87,000 under budget.

CAPITAL ASSETS

Capital Assets – Governmental Activities

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Office Equipment	\$ 4,095	\$ 3,871	\$ 224
Furniture and Fixtures	\$ 1,012	\$ 3,441	\$ (2,429)
Tenant Improvements	\$ 5,970	\$ 7,103	\$ (1,133)
Total	<u>\$ 11,077</u>	<u>\$ 14,415</u>	<u>\$ (3,338)</u>

At the end of fiscal year 2016, the Commission's investment in capital assets amounted to \$11,077 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture & fixtures and tenant improvements. (See Note 3 for further information.)

LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
For the Fiscal Year Ended June 30, 2016

LONG-TERM LIABILITIES

Long-term Liabilities
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Compensated Absences	\$ 72,260	\$ 74,026	\$ (1,766)

Long-term liabilities, such as *Compensated Absences* are not due and payable in the current period. Additional information on long-term liabilities may be found in Note 6 of the Notes to Financial Statements.

CONDITIONS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any conditions, which could have a significant impact on the Commission's current financial position, net position or operating results in terms of past, present and future.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Officer, Paul Novak at 80 South Lake Avenue, Suite 870, Pasadena, CA 91101.

LOS ANGELES LOCAL AGENCY FORMATION COMMISSION
Statement of Net Position
June 30, 2016
(With comparative information for the prior year)

	Governmental Activities	
	2016	2015
Assets:		
Cash and investments (note 2)	\$ 1,188,290	912,580
Interest receivable	1,408	-
Prepaid expenses	13,127	13,678
Security deposits	8,232	8,232
Capital assets, net (note 3)	11,077	14,415
Total assets	<u>1,222,134</u>	<u>948,905</u>
Deferred outflow of resources:		
Deferred outflows - contributions	106,091	116,988
Deferred outflows - actuarial	<u>171,002</u>	<u>95,000</u>
Total deferred outflow of resources	<u>277,093</u>	<u>211,988</u>
Liabilities:		
Accounts payable	12,439	6,231
Long-term liabilities (notes 4, 6 and 7):		
Due within one year:		
Compensated absences	35,768	36,633
Deferred rent obligation	4,501	3,600
Due beyond one year:		
Compensated absences	36,492	37,393
Deferred rent obligation	51,714	56,214
Net OPEB obligation	481,046	412,094
Net pension liability	<u>703,000</u>	<u>580,000</u>
Total liabilities	<u>1,324,960</u>	<u>1,132,165</u>
Deferred inflow of resources:		
Deferred inflow of resources - actuarial	<u>145,000</u>	<u>243,000</u>
Net position (deficit):		
Investment in capital assets	11,077	14,415
Unrestricted	<u>18,190</u>	<u>(228,687)</u>
Total net position	<u>\$ 29,267</u>	<u>(214,272)</u>

See accompanying notes to the basic financial statements

LOS ANGELES LOCAL AGENCY FORMATION COMMISSION
Statement of Activities
For the Fiscal Year Ended June 30, 2016
(With comparative information for the prior year)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets - Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>2016</u>	<u>2015</u>
Governmental activities:						
General government	\$ 1,211,080	154,756	-	-	(1,056,324)	(1,123,398)
Total governmental activities	<u>\$ 1,211,080</u>	<u>154,756</u>	<u>-</u>	<u>-</u>	<u>(1,056,324)</u>	<u>(1,123,398)</u>
General revenues:						
Apportionment					1,288,508	1,161,843
Investment income					11,355	7,697
Total general revenues					<u>1,299,863</u>	<u>1,169,540</u>
Change in net position					243,539	46,142
Net position (deficit), beginning of year					<u>(214,272)</u>	<u>(260,414)</u>
Net position (deficit), end of year					<u>\$ 29,267</u>	<u>(214,272)</u>

See accompanying notes to the basic financial statements

LOS ANGELES LOCAL AGENCY FORMATION COMMISSION
Governmental Funds
Balance Sheet
June 30, 2016

	<u>Assets</u>	<u>General Fund</u>
Cash and investments		\$ 1,188,290
Interest receivable		1,408
Prepaid expenses		13,127
Security deposits		<u>8,232</u>
Total assets		<u>\$ 1,211,057</u>
	<u>Liabilities and Fund Balance</u>	
Liabilities:		
Accounts payable		\$ <u>12,439</u>
Total liabilities		<u>12,439</u>
Fund balance:		
Nonspendable:		
Prepaid expenses		13,127
Unassigned		<u>1,185,491</u>
Total fund balance		<u>1,198,618</u>
Total liabilities and fund balance		<u>\$ 1,211,057</u>

See accompanying notes to the basic financial statements

LOS ANGELES LOCAL AGENCY FORMATION COMMISSION
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2016

Fund balances of governmental funds \$ 1,198,618

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the Commission as a whole.

Capital assets	152,524
Accumulated depreciation	(141,447)

Long-Term Liability Transactions

Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Compensated absences	(72,260)
Deferred rent obligation	(56,215)
Net OPEB obligation	(481,046)
Net pension liability	(703,000)

Deferred Outflows and Inflows of Resources

Certain deferred outflows and inflows of resources are not due and payable in the current period and are not current assets or financial resources, therefore these items are not reported in the governmental funds.

Deferred outflows - contributions	106,091
Deferred outflows - actuarial	171,002
Deferred inflows - actuarial	<u>(145,000)</u>

Net position of governmental activities	<u>\$ 29,267</u>
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LOS ANGELES LOCAL AGENCY FORMATION COMMISSION
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

Revenues:	General Fund
Apportionment	\$ 1,288,508
Filing fees	148,979
Charges for services	5,777
Investment income	11,355
Total revenues	<u>1,454,619</u>
Expenditures:	
General government:	
Salaries and employee benefits	858,971
Office expense	258,995
Professional fees	66,294
Total expenditures	<u>1,184,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>270,359</u>
Net change in fund balances	270,359
Fund balances at beginning of year	<u>928,259</u>
Fund balances at end of year	<u>\$ 1,198,618</u>

See accompanying notes to the basic financial statements

LOS ANGELES LOCAL AGENCY FORMATION COMMISSION
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Net changes in fund balances - total governmental funds \$ 270,359

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital expenditures and disposals	2,998
Depreciation expense	(6,335)

Long-Term Liability Transactions

Some expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, these expenses are not reported as expenditures in governmental funds. Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the Commission as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

Net change in net pension liability	40,105
Net change in net OPEB obligation	(68,952)
Net change in deferred rent obligation	3,599
Net change in compensated absences	1,765

Change in net position of governmental activities	\$ 243,539
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LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2016

1) Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Local Agency Formation Commission for the County of Los Angeles (the "Commission") was established by state law, "The Knox-Nisbet Act of 1963", to discourage urban sprawl and encourage the orderly formation and development of local government agencies. The Commission is responsible for coordinating logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporation of cities, formation of special districts as well as consolidations, mergers, and dissolutions of districts, among others.

The Commission is governed by Commissioners composed of nine regular members: two members from the County Board of Supervisors, two city representatives, one City of Los Angeles representative, two special district representatives and two public members, one of which represents the San Fernando Valley Statistical area. Since implementation of the Cortese-Knox-Hertzberg Local Government Reorganization Act in 2001, the Commission has operated as a legally separate and independent entity from the County government. This means it can incur debt, set and modify its own budget and fees, enter into contracts, and sue and be sued in its own name.

The accompanying financial statements reflect the financial activities of the Commission. The Commission has no component units.

b. Basis of Accounting and Measurement Focus

The *basic financial statements* of the Commission are composed of the following:

- (a) Government-wide financial statements
- (b) Fund financial statements
- (c) Notes to the basic financial statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Commission.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or segment. Program revenues include charges for services that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments, investment income, and other items not properly included among program revenues are reported instead as general revenues.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

1) Summary of Significant Accounting Policies, (Continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Commission uses an availability period of 60 days for all revenues.

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received from the government.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

1) Summary of Significant Accounting Policies, (Continued)

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Governmental Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Spendable Fund Balance

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Commission action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance – this includes amounts that can be used only for the specific purposes determined by a formal action of the Commission. It includes legislation (Commission action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Commission action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The Commission considers a resolution, to constitute a formal action of the Board of Commissioners for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are designated or expressed by the Commission, but does not require a formal action like a resolution or ordinance. The Commission may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes. Such delegation of authority has not yet been granted.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

Net Position Flow Assumption – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

1) Summary of Significant Accounting Policies, (Continued)

Fund Balance Flow Assumption – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as a separate column in the fund financial statements.

The Commission reports the following major governmental fund:

The General Fund is used to account for resources traditionally associated with the organization, which are not required legally or by sound financial management to be accounted for in another fund.

b. Cash and Investments

For purposes of the statement of cash flows, the Commission considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

c. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

1) Summary of Significant Accounting Policies, (Continued)

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect the Commission's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the Commission's own data.

d. Capital Assets

Capital assets are recorded at cost for purchases in excess of \$1,000. Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. Estimated useful lives of the assets are as follows:

Office equipment	3 - 5 years
Furniture and fixtures	3 - 5 years
Tenant improvements	10 years

b. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission reports a deferred outflow related to pensions resulting from actuarial calculations.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission reports a deferred inflow related to pensions resulting from actuarial calculations.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

1) Summary of Significant Accounting Policies, (Continued)

c. Deferred Rent Obligation

The Commission's policy is to average any defined rental escalations or rent concessions over the term of the related lease in order to provide a level recognition of rent expense. The Commission's total accrued rent obligation was \$56,215 at June 30, 2016.

d. Compensated Absences

Permanent Los Angeles LAFCO employees earn from 10 to 20 vacation days a year, depending upon their length of employment, and 12 sick days a year. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave and 50% of unused sick leave, up to the maximum hours specified in individual employment contracts.

e. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Los Angeles County Employees Retirement Association (LACERA) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. LACERA audited financial statements are publicly available reports that can be obtained at LACERA's website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	June 30, 2014 to June 30, 2015

h. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

1) Summary of Significant Accounting Policies, (Continued)

i. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's prior year financial statements, from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

2) Cash and Investments

Cash and investments as of June 30, 2016, consist of the following:

Demand Deposits	\$ 44,614
Cash held by the County of Los Angeles	<u>1,143,676</u>
Total	<u>\$ 1,188,290</u>

Investments Authorized by California Government Code and the Commission's Investment Policy

The table below identifies the investment types that are authorized for the Commission by the California Government Code Section 53601 or the Commission's investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code (or the Commission's investment policy if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Commission, rather than the general provisions of the California Government Code or the Commission's investment policy.

<u>Type of Investment</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury securities	5 years	100%	none
Federal agency securities	5 years	100%	none
Bankers' acceptances	180 days	40%	30%
Commercial paper	180 days	25%	10%
Negotiable CDs	5 years	30%	none
Repurchase agreements	90 days	50%	none
Corporate bonds	5 years	30%	none
Mutual funds	n/a	15%	10%
Local Agency Investment Fund (LAIF)	n/a	none	100%

Each of the maximums included in the table on the previous page are based upon state law requirements or investment policy requirements whichever is more restrictive.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2016, the Commission's funds are held as short-term deposits in the Los Angeles County Treasury Pool.

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2016, the Commission had no investments subject to credit risk.

Disclosures Relating to Custodial Credit Risk

Custodial credit risk as the risk that the Commission will not be able to (a) recover deposits if the depository financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

Fair Value Measurement

The Los Angeles County Treasury Pool is a pooled investment fund program governed by the Los Angeles County Board of Supervisors, and is administered by the County Treasurer. Investments in the pool are highly liquid as deposits and withdrawals can be made at any time without penalty. The Commission's fair value of its share in the pool is the same value of the pool shares, which amounted to \$943,676 as of June 30, 2016. Information on the pool's use of derivative securities in its investment portfolio is not available.

The Commission categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Commission has the following recurring fair value measurements as of June 30, 2016:

Fair Value Hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Los Angeles County Treasury Pool	\$ -	943,676	-	943,676
Total investments	<u>\$ -</u>	<u>943,676</u>	<u>-</u>	<u>943,676</u>

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

3) Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets:				
Office equipment	\$ 49,423	2,998	-	52,421
Furniture and fixtures	65,957	-	-	65,957
Tenant improvements	11,328	-	-	11,328
Total capital assets	<u>126,708</u>	<u>2,998</u>	<u>-</u>	<u>129,706</u>
Less accumulated depreciation for:				
Office equipment	(45,552)	(2,774)	-	(48,326)
Furniture and fixtures	(62,516)	(2,429)	-	(64,945)
Tenant improvements	(4,225)	(1,133)	-	(5,358)
Total accumulated depreciation	<u>(112,293)</u>	<u>(6,336)</u>	<u>-</u>	<u>(118,629)</u>
Total capital assets, net	<u>\$ 14,415</u>	<u>(3,338)</u>	<u>-</u>	<u>11,077</u>

4) Compensated Absences Payable

Compensated absences payable activity for the year ended June 30, 2016, was as follows:

Compensated absences payable at beginning of year	\$ 74,026
Compensated absences payable earned	47,210
Compensated absences payable used	<u>(48,976)</u>
Compensated absences payable at end of year	<u>\$ 72,260</u>

Compensated absences expected to be paid within one year is \$35,768 at June 30, 2016.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

5) Pension Plan

a. General Information about the Pension Plan

Plan Description

The Los Angeles County Employees Retirement Association (LACERA) was established under the County Employees Retirement Law of 1937. LACERA operates as a cost-sharing, multi-employer defined benefit pension plan (the Plan) and provides benefits to employees of the County of Los Angeles as well as four other entities, including LAFCO that are not part of the County's reporting entity. Benefits are authorized in accordance with the County Employees Retirement Law, the by-laws and procedures adopted by LACERA's Boards of Retirement and Investments and County Board of Supervisors' resolutions.

Benefits Provided

LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible employees. Eligibility to participate in the retirement plan is determined by having completed thirty days of credited service. The retirement benefits within the plan are tiered based on the date of LACERA membership.

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	General		
	Prior to January 1, 2013	If elected, on or after January 4, 1982 and before November 28, 2012	On or After January 1, 2013
Hire date			
Plan name	Plan	Plan E	Plan G
Benefit vesting schedule	5 years of service	10 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-70	55-70	52 - 67
Monthly benefits, as a % of eligible compensation	1.18% - 2.43%	0.75% - 2.0%	1.0%- 2.5%
Required employee contribution rates (1)	4.83% - 10.94%	0%	7.63%
Required employer contribution rates	19.74%	20.95%	19.53%

(1) Based on age at entry into the Plan

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

5) Pension Plan, (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The Commission's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Commission's proportionate share of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The following table shows the Commission's proportionate share of the net pension liability over the measurement period:

Total Pension Liability

Balance at: 12/31/2014	\$580,000
Balance at: 12/31/2015	703,000
Net change during 2015	123,000

The Commission's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	<u>General</u>
Proportion – June 30, 2014	0.0080%
Proportion – June 30, 2015	0.0091%
Change – Increase (Decrease)	0.0011%

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

5) Pension Plan, (Continued)

For the year ended June 30, 2016, the Commission recognized pension expense of \$80,000. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to Measurement date	\$ 106,091	-
Differences between actual and expected experience	-	(58,000)
Change in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	171,002	-
Net differences between projected and actual earnings on plan investments	-	(87,000)
Total	<u>\$ 277,093</u>	<u>(145,000)</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$106,091 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ (18,798)
2018	(18,800)
2019	(18,800)
2020	41,400
2021	18,000
Thereafter	<u>23,000</u>
Total	<u>\$ 26,002</u>

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

5) Pension Plan, (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method

Actuarial Assumptions:

Discount Rate	7.63%
Inflation	3.00%
Payroll Growth	3.00%
Projected Salary Increase (1)	3.50%
Investment Rate of Return	7.50%
Mortality (2)	

(1) Depending on age, service and type of employment

(2) Various rates based on RP-2000 mortality tables and using static projection of improvements to 2025 using Projection Scale AA.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of the 2014 Investigation of Experience report. Further details of the report can found on the LACERA website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2015, was 7.63%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.13% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that Plan contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

5) Pension Plan, (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block approach in which a median (or expected) geometric rate of return is developed for each major asset class. The median rates are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target allocation percentages. Estimates of the median geometric rates of return for each major asset class at the time the asset allocation targets were selected are shown in the table. The asset class return assumptions are presented on a nominal basis, and all assumptions incorporate a base inflation rate assumption of 2.35 percent.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Rate of Return (Geometric)	
		Asset Class	Expected Alpha
Global Equity	48.50%	7.50%	0.10%
Fixed Income	22.50%	3.50%	0.20%
Real Estate	10.00%	6.05%	0.00%
Private Equity	11.00%	9.85%	4.00%
Commodities	3.00%	4.35%	0.75%
Hedge Funds	3.00%	5.50%	0.00%
Cash	<u>2.00%</u>	1.75%	0.25%
Total	<u>100.00%</u>		

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.63%	Current Discount Rate 7.63%	1% Increase 8.63%
Net Pension Liability	\$ 1,360,000	\$ 703,000	\$ 154,000

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued LACERA financial reports.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

6) Other Post-Employment Benefits Plan

a. Plan Description

The Commission provides a defined benefit healthcare plan to retirees in accordance with the benefits provided by the Los Angeles County Retirement Association. Spouses are also covered throughout their lives. The Commission pays 4% of the annual premiums for each year of service of the retiree. The retiree is responsible for payment of the remaining premiums. Retirees must have worked a minimum of 10 years with the Commission in order to be eligible for these benefits.

b. Funding Policy

As of June 30, 2016, the Commission has not established a trust account or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The Commission's contribution is currently based on a projected pay-as-you-go funding method, that is, benefits are payable when due. For the fiscal years ended June 30, 2016, 2015 and 2014, those costs totaled \$12,854, \$10,907, and \$6,561, respectively.

c. Annual OPEB Cost and Net OPEB Obligation

The Annual Required Contribution (ARC) was calculated based on the Alternative Measurement Method which is applicable to employers with fewer than 100 plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Commission uses a 30 year amortization period.

The following table shows the components of the Commission's annual OPEB, the cost amount of benefits and/or insurance premiums paid, and the changes in the Commission's Net OPEB obligation for the year ended June 30, 2016:

Annual required contribution	\$ 81,470
Interest on net OPEB obligation	20,650
Adjustment to annual required contribution	(20,314)
Annual OPEB cost	81,806
Pay-as-you-go cost	(12,854)
Increase in net OPEB obligation	68,952
Net OPEB obligation - beginning of year	412,094
Net OPEB obligation - end of year	<u>\$ 481,046</u>

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

6) Other Post-Employment Benefits Plan, (Continued)

d. Three-Year Trend Information

The Commission's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan and the net OPEB obligation for 2016 and the preceding two years are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Contribution</u>	<u>Net OPEB Obligation</u>
2014	\$ 81,687	8.03%	\$ 341,253
2015	81,748	13.34%	412,094
2016	81,806	15.71%	481,871

e. Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the Plan is not funded. The actuarial accrued liability for benefits was \$711,231, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$711,231. The covered payroll (annual payroll of active employees covered by the plan) was \$545,832 and the ratio of the UAAL to the covered payroll was 130.30%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The following statistics and assumptions were used in the actuarial valuation:

No. of active employees	7
Average age of active, eligible employees	45
Assumed retirement age	65
Actuarial cost method	Entry age
Amortization method	Level % of payroll over a 30-year period
Discount rate	5%
Payroll growth rate	2%
Healthcare cost trend	3%

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to Financial Statements

(Continued)

7) Commitments

The Commission has entered into office space and equipment leases under long-term lease agreements expiring through November 2021. Future minimum rental payment under non-cancelable leases are as follows:

Year Ended June 30	Amount
2017	\$ 86,700
2018	89,301
2019	91,980
2020	94,739
2021	97,582
2022	41,158
Total	<u>\$ 501,460</u>

Total rent expense for the year ended June 30, 2016 amounted to \$104,306.

REQUIRED SUPPLEMENTARY INFORMATION

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years *

	Measurement Date	
	6/30/2015	6/30/2014
Proportion of the Collective Net Pension Liability	0.0091%	0.0080%
Proportionate Share of the Collective Net Pension Liability	\$703,000	\$580,000
Covered-Employee Payroll	\$564,082	\$575,750
Proportionate Share of the Collective Net Pension Liability as percentage of covered-employee payroll	124.63%	100.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.30%	86.80%

Notes to Schedule:

Benefit Changes – There were no changes in benefits

Changes in Assumptions – There were no changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Contributions – Defined Benefit Pension Plan
Last Ten Fiscal Years ***

	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Actuarially Determined Contribution	\$ 106,091	\$ 116,988
Contributions in Relation to the Actuarially Determined Contribution	<u>(106,091)</u>	<u>(116,988)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 564,082	 \$ 594,657
 Contributions as a Percentage of Covered- Employee Payroll	 18.81%	 19.67%

Notes to Schedule:

Fiscal Year End 6/30/2016

Valuation Date 6/30/2014

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3.00%
Salary increases	3.50% depending on age, service and type of employment
Investment Rate of Return	7.50%, net of pension plan investment expenses
Retirement Age	50-67 years
Mortality	Various rates based on RP-2000 mortality tables and using static projection of improvements to 2025 using Projection Scale AA.

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Funding Progress - Other Post Employment Benefits Plan
Last Three Actuarial Valuation Dates

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll [c]	UAAL as a % of Covered Payroll ((a)- (b))/[c])
7/1/2009	\$ 680,973	\$ -	\$ 680,973	0.00%	\$ 531,926	128.02%
7/1/2012	748,249	-	748,249	0.00%	423,900	176.52%
7/1/2013	711,231	-	711,231	0.00%	545,832	130.30%

LOS ANGELES LOCAL AGENCY FORMATION COMMISSION
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Apportionment	\$ 1,288,508	1,288,508	1,288,508	-
Filing fees	75,000	75,000	148,979	73,979
Charges for services	700	700	5,777	5,077
Investment income	7,500	7,500	11,355	3,855
Total revenues	<u>1,371,708</u>	<u>1,371,708</u>	<u>1,454,619</u>	<u>82,911</u>
Expenditures:				
General government:				
Salaries and benefits	901,600	901,600	858,971	42,629
Service and supplies	281,400	281,400	258,995	22,405
Professional fees	88,000	88,000	66,294	21,706
Total expenditures	<u>1,271,000</u>	<u>1,271,000</u>	<u>1,184,260</u>	<u>86,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,708</u>	<u>100,708</u>	<u>270,359</u>	<u>169,651</u>
Net change in fund balances	100,708	100,708	270,359	169,651
Fund balances at beginning of year	928,259	928,259	928,259	-
Fund balances at end of year	<u>\$ 1,028,967</u>	<u>1,028,967</u>	<u>1,198,618</u>	<u>169,651</u>

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2016

(1) Budgetary Reporting

The Commission adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with generally accepted accounting principles (GAAP). The adopted budget can be amended by the Commission to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the Commission's approval. However, the Executive Officer may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the management to review the budget with the Commission on a quarterly basis and, if necessary, recommend changes.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Commission Members
Local Agency Formation Commission
for the County of Los Angeles
Pasadena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Local Agency Formation Commission for the County of Los Angeles (the Commission), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 23, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Irvine, California
November 23, 2016

Staff Report

January 11, 2017

Agenda Item No. Number 9.b.

Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the City of Commerce

The City of Commerce

The City of Commerce (“City” or “Commerce”) was incorporated as a general law city on January 28, 1960. As its name implies, Commerce is a city predominantly devoted to manufacturing and commercial activity.

The city’s population in 2013 is estimated at 12,993. The City is 6.55 acres in size. In 2012, the City had 3,382 housing units, the median housing price was \$227,000, and the median household income was \$45,789.

Both the Santa Ana (Interstate 5) Freeway and Long Beach (Interstate 710) Freeway traverse the City of Commerce, as do the major thoroughfares of Atlantic Boulevard, Eastern Avenue, Garfield Avenue, Slauson Avenue, and Washington Boulevard. Commerce is home to a number of major rail lines (BNSF, Union Pacific, and Metrolink) as well as the UP Railroad Yard in the city’s northwestern corner.

The city is surrounded by the cities of Bell, Bell Gardens, Downey, Los Angeles, Montebello, Pico Rivera, and Vernon; to the north of the city is the unincorporated community of East Los Angeles. The Los Angeles River is located near the city’s southwestern border, and the Rio Hondo River abuts the city’s southeastern border. Most of the city is developed with industrial manufacturing, and distribution uses (61%); a substantial portion is taken up by freeways, highways, and railyards (17%); residential uses comprise a small portion of the city (just under 8%); and the remainder includes a small amount of commercial/entertainment and public facilities.

Commerce is governed by a 5-member city council, elected at-large to serve four-year terms. The Commerce City Council selects a mayor and vice mayor from its membership on an annual basis.

City of Commerce Draft MSR and SOI

Since 1971, LAFCOs have been required to develop and adopt a Sphere of Influence for each city and special district. Government Code Section 56076 defines an SOI as “a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission.”

Developing SOIs is central to the Commission's purpose. As stated in Government Code Section 56425:

"In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities, the Commission shall develop and determine the Sphere of Influence of each city and each special district, as defined by Section 56036, within the county and enact policies designed to promote the logical and orderly development of areas within the sphere."

Section 56425(g) further requires that the Commission review and update SOIs "every five years, as necessary."

The City of Commerce has an existing "Coterminous" Sphere of Influence (see "Existing SOI" Map, attached), which means that the SOI boundary follows the boundaries of the incorporated city. The existing SOI was established in 1984 and reconfirmed by the Commission in 2005.

Pursuant to Section 56425(e), the Commission is also required to "consider and prepare a written statement of its determinations" prior to adopting or updating an SOI. Staff has prepared the following recommended SOI determinations:

- A. Present and planned land uses in the area: Commerce is substantially built-out. Most of the city is developed with industrial manufacturing, and distribution uses (61%); a substantial portion is taken up by freeways, highways, and railyards (17%); residential uses comprise a small portion of the city (just under 8%); and the remainder includes a small amount of commercial/entertainment and public facilities. Primary open space in the city consists of four community parks, and there is no agricultural land. Significant changes in land use are unlikely.
- B. Present and probable need for public facilities and services in the area: The growth rate for Commerce (0.05%) is extremely small, and it is substantially less than that of the County of Los Angeles as a whole (3.4% between 2000 and 2012). Given a relatively stable population, the demand for services is unlikely to increase in any significant fashion. Similarly, the cities which surround Commerce are mostly built out with relatively little growth expected.
- C. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide: The City of Commerce provides municipal services through a combination of in-house city departments and regional providers such as the Los Angeles County Sheriff's Department, the Consolidated Fire Protection District of the County of Los Angeles, the Sanitation Districts of Los Angeles County, and the County of Los Angeles Sewer

Maintenance District. These regional providers provide adequate service to City residents and business-owners, and the City of Commerce should continue to maintain positive working relationships with these agencies. There are no known significant capacity issues for most municipal services in the City of Commerce. With respect to retail water delivery, there are no apparent service capacity issues associated with Cal Water (the retail water provider in Commerce) above and beyond the on-going constraints affecting all water providers in Southern California.

- D. Existence of any social or economic communities of interest: With respect to social or economic communities of interest, according to the Southern California Association of Governments, the community in 2012 is largely homogeneous, with a population that is 93.7% Hispanic.
- E. Present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI. Because the City has a Coterminous SOI—which has no unincorporated territory—there are no DUCs within the City’s SOI. The entire northern boundary of the City of Commerce abuts unincorporated East Los Angeles, and that portion of East Los Angeles which abuts the City is a DUC. To the extent an annexation proposal (and concurrent SOI amendment) is filed with LAFCO, it would necessarily include all or a portion of a DUC.

These recommended SOI determinations are addressed in Section 2 (Pages 3-4) of the attached Resolution Making Determinations No. 2017-00RMD.

As noted in Government Code Section 56430, and in concert with an update of an SOI, the Commission “shall conduct a service review of the municipal services provided” by the subject city or district. Attached is the Draft City of Commerce Municipal Service Review for consideration by the Commission. With respect to the Draft MSR, staff has prepared the following recommended MSR determinations:

Population:

- The population of the City of Commerce is stable.
- Commerce is projected to add roughly 200 persons per year over the next two decades, which represents a modest growth increase of less than one-percent (1%) per year.
- Given a relatively stable population, the residential demand for services is unlikely to increase in any significant fashion. Nevertheless, and because economic growth is

planned in the predominantly commercial and industrial areas of the City, service demands in those areas will increase over time.

Disadvantaged Unincorporated Communities:

- Because the City has a Coterminous SOI—which has no unincorporated territory—there are no DUCs within the City’s SOI. The entire northern boundary of the City of Commerce abuts unincorporated East Los Angeles, and that portion of East Los Angeles which abuts the City is a DUC.
- To the extent an annexation proposal (and concurrent SOI amendment) is filed with LAFCO, it would necessarily include all or a portion of a DUC.

Present and Planned Capacity of Public Facilities:

- The City of Commerce provides municipal services through a combination of in-house city departments and regional providers such as the Los Angeles County Sheriff’s Department, the Consolidated Fire Protection District of the County of Los Angeles, the Sanitation Districts of Los Angeles County, and the County of Los Angeles Sewer Maintenance District. These regional providers provide adequate service to City residents and business-owners, and the City of Commerce should continue to maintain positive working relationships with these agencies.
- There are no known significant capacity issues for most municipal services in the City of Commerce. With respect to retail water delivery, but there are no apparent service capacity issues associated with Cal Water (the retail water provider in Commerce) above and beyond the on-going constraints affecting all water providers in Southern California.

Financial Ability of Agencies to Provide Services:

- On-going deficits led the City of Commerce to declare a financial emergency in 2012.
- The City of Commerce is in a substantially stronger position, today, than it was at the time of the declaration of financial emergency.
- The passage of Measure AA, accompanied by annual budgetary decision-making geared toward balancing expenditures with revenues, have stabilized the budgetary picture for the City of Commerce.
- Commerce faces on-going and long term challenges associated with funding pension and OPEB obligations, and should continue its efforts to address these issues in its annual budgeting process.

Status of, and Opportunities for, Shared Facilities:

- The City of Commerce provides municipal services through a combination of in-house city departments and regional providers such as the Los Angeles County Sheriff's Department, the Consolidated Fire Protection District of the County of Los Angeles, the Sanitation Districts of Los Angeles County, and the County of Los Angeles Sewer Maintenance District. These regional providers provide adequate service to City residents and business-owners, and the City of Commerce should continue to maintain positive working relationships with these agencies.
- There are no apparent opportunities for additional shared facilities.

Accountability for Community Service Needs:

- The City's website is well-designed and user-friendly.
- The website includes agendas and minutes for city meetings, significant information about City departments and programs, and copies of the most recent audit, budget, and Comprehensive Annual Financial Report (FY 2014-2015).

Other Matters

(No additional determinations.)

These recommended MSR determinations are addressed, and discussed in significant detail, in Chapter Three (Pages 8-16) of the attached Draft City of Commerce Municipal Service Review.

The City of Commerce has an existing "Coterminous" Sphere of Influence (see Existing SOI, attached), which means that the SOI boundary follows the boundaries of the incorporated city. The existing SOI was established in 1984 and reconfirmed by the Commission in 2005. Staff is recommending that the Commission adopt and reconfirm the existing SOI for the City of Commerce (see Proposed SOI, attached).

Discussion

The City's 2016-2017 budget was adopted by the City Council on June 21, 2016. As noted in the agenda report, "[a]fter years of structuring ways of addressing budget deficits, the City was looking at another year of a projected surplus—\$6,340,475 for FY 2016-2017.

In August of 2012, the City Council adopted a declaration of a fiscal emergency due to on-going budget deficits. This was followed by the introduction, and approval by the voters, of Measure AA, which imposed a ½ cent local sales tax. The adoption of Measure AA generated substantial additional revenues—in Fiscal Year 2014-15, Measure AA funds were \$8.27

million. The influx of Measure AA revenues has stabilized the City's overall budget picture, and enabled the budget surplus found in the current year's budget. The final budget number for the prior year (FY 2014-2015) showed an excess of \$4.1 million in revenues over expenditures (before transfers). The budget includes gaming revenue from a casino (Commerce Casino) located within the City of Commerce (in Calendar Year 2015, the casino generated \$22.25 million in revenue to the City).

Like most cities in California, the City of Commerce faces on-going challenges relative to pensions and Other Post-Employment Benefits (OPEB) obligations. A supplement to the City's FY 2014-2015 Budget shows a pension liability of \$15.7 million as well as ongoing OPEB liabilities.²⁹

Taken in their entirety, the City's financial documents (budget, audit, and annual financial report) reflect a city financial picture that has stabilized several years after the declaration of a fiscal emergency in 2012.

The City provides basic city services directly, utilizing several departments: city administrator, city attorney, city clerk, finance, human resources, library, parks & recreation, public safety & community services, public works & development services, and transportation. The City has several shared programs and facilities, including:

- Law enforcement services are provided under a contract with the Los Angeles Sheriff's Department (LASD).
- Structural fire protection services are provided by the Consolidated Fire Protection District of the County of Los Angeles (CFPD).
- Sewage disposal is operated and maintained by the County Sanitation Districts.
- Sewer lines are maintained by the Consolidated Sewer Maintenance District and managed by the Los Angeles County Department of Public Works.
- Los Angeles County Animal Care & Control provides animal regulation services within the City.

The City's website is well-designed, user-friendly, and laden with volumes of information about the City of Commerce. The website includes agendas and minutes for meetings of the City Council and several city commissions, as well as video of City Council meetings. The site includes significant information about City departments and programs, as well as copies of the most recent audit, budget, and Comprehensive Annual Financial Report (FY 2014-2015). The website includes a copy of a recent city-issued Request For Proposal (RFP) for preparation of the city's next audit.

The website contains readily-available copies of other City documents (Municipal Code, General Plan, forms and applications, etc.). The website archive of recent City Council meetings includes easy-to-use links to critical documents like staff reports and resolutions. Given that Commerce is surrounded by other incorporated cities to the south, west, and east; and because there are significant challenges to annexing all or portions of unincorporated East Los Angeles; future changes to the city's boundary are unlikely.

California Environmental Quality Act (CEQA)

The recommended MSR and SOI Update is exempt from the California Environmental Quality Act (CEQA) because it can be seen with certainty that there is no possibility that the recommended studies, periodic update, and recommended confirmation of the current Coterminous Sphere of Influence will have a significant effect on the environment pursuant to State CEQA Guidelines Section 15061(b)(3). In the alternative, this recommendation is not a project for purposes of CEQA because it is an organizational activity of government with no direct nor indirect effects on the physical environment and therefore is excluded from the definition of a project, pursuant to Section 15378(b) of the State CEQA Guidelines.

Public Notice and Outreach

Pursuant to the requirements of Government Code Sections 56427 (SOI amendments) and 56150-56160 (Notice), the required notice of public hearing was published in the Daily Commerce, a newspaper of general circulation in Los Angeles County, on October 20, 2016. The original hearing (November 9th) was continued without prejudice, and, in an abundance of caution, staff published another notice of public hearing on November 21, 2016. For both instances, the required notice was published at least 21 days in advance of the public hearing.

On September 28th, 2016, staff transmitted a copy of the Draft MSR to the City Administrator for the City of Commerce. Staff requested that city representatives review and provide comments on the Draft MSR. On December 14, 2016, City staff sent LAFCO a letter with comments; LAFCO staff has considered those comments (and incorporated changes where appropriate) in preparing this MSR, SOI amendment, and staff report.

Staff Recommendation:

In consideration of information gathered and evaluated for the proposed actions relative to the City of Commerce, staff recommends that the Commission:

- 1) Open the public hearing and receive testimony on the proposed Municipal Service Review and Sphere of Influence Update for the City of Commerce;

- 2) There being no further testimony, close the public hearing;
- 3) Adopt a finding that adoption of the Municipal Service Review and Sphere of Influence Update for the City of Commerce is exempt the California Environmental Quality Act because it can be seen with certainty that there is no possibility that the recommended studies, periodic update, and recommended confirmation of the current Coterminous Sphere of Influence will have a significant effect on the environment pursuant to State CEQA Guidelines Section 15061(b)(3). In the alternative, this recommendation is not a project for purposes of CEQA because it is an organizational activity of government with no direct nor indirect effects on the physical environment and therefore is excluded from the definition of a project, pursuant to Section 15378(b) of the State CEQA Guidelines
- 4) Adopt the January 11, 2017 City of Commerce Municipal Service Review;
- 5) Adopt the recommended determinations required for a Municipal Service Review as contained in both the staff report and the MSR pursuant to Government Code Sections 56430;
- 6) Adopt the recommended determinations required for the Update of the Sphere of Influence as contained in both the staff report and the MSR pursuant to Government Code Sections 56425;
- 7) Adopt the SOI Update for the City of Commerce, pursuant to Government Code Section 56425, as shown on the enclosed map; and
- 8) Adopt Resolution No. 2015-00 RMD adopting the MSR and SOI Update for the City of Commerce.

Attachments:

The following documents are attached hereto:

- Draft September 28, 2016 City of Commerce Municipal Service Review;
- Draft Resolution; and
- Letter of December 14, 2016, from Matt Marquez (Deputy Director of Development Services for the City of Commerce) to Paul Novak (LAFCO Executive Officer).

**DRAFT Municipal Service Review
City of Commerce
January 11, 2017**

Chapter One: LAFCO Background

Municipal Boundaries

The State of California possesses the exclusive power to regulate boundary changes. Cities and special districts do not have the right to change their own boundaries without State approval.

The California Constitution (Article XI, Section 2.a) requires the Legislature to “prescribe [a] uniform procedure for city formation and provide for city powers.” The Legislature also has the authority to create, dissolve, or change the governing jurisdiction of special districts because they receive their powers only through State statutes.

The Legislature has created a “uniform process” for boundary changes for cities and special districts in the Cortese Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 *et seq.*, or “Act”). The Act delegates the Legislature’s boundary powers over cities and special districts to Local Agency Formation Commissions (LAFCOs) established in each county in the State. The Act is the primary law that governs LAFCOs and sets forth the powers and duties of LAFCOs.

In addition to the Act, LAFCOs must comply with the following State laws:

- California Revenue and Taxation Code Sections 93 and 99. LAFCO considers the revenue and taxation implications of proposals and initiates the property tax negotiation process amongst agencies affected by the proposal.
- California Environmental Quality Act (CEQA) (California Public Resources Code Section 21000 *et seq.*) and the related CEQA Guidelines (Title 14, California Code of Regulations Section 15000 *et seq.*). Applications before LAFCO are considered to be “projects” under CEQA, which requires that potential environmental impacts be analyzed prior to Commission action.
- Ralph M. Brown Act (California Government Code Section 54950 *et seq.*). Commonly known as the State’s “open meeting law,” the Brown Act insures that the public has adequate opportunity to participate in the LAFCO process.
- Political Reform Act (California Government Code Section 81000 *et seq.*). Commissioners, some LAFCO staff, and legal counsel are subject to the Political Reform Act, which requires the filing of annual reports of economic interests.

What are LAFCO’s?

LAFCOs are public agencies with county-wide jurisdiction for the county in which they are located. LAFCOs oversee changes to local government boundaries involving the formation and expansion of cities and special districts.

In creating LAFCOs, the Legislature established four priorities: encourage orderly growth and development, promote the logical formation and determination of local agency boundaries, discourage urban sprawl, and preserve open space and prime agricultural lands.

Created by the State but with local (not State) appointees, each of the 58 counties in the State of California has a LAFCO. Each LAFCO operates independently of other LAFCOs, and each LAFCO has authority only within its corresponding county.

While a LAFCO may purchase services from a county (i.e., legal counsel, employee benefits, payroll processing), LAFCO's are not County agencies.

Local Agency Formation Commission for the County of Los Angeles ("LA LAFCO")

LA LAFCO regulates the boundaries of all 88 incorporated cities within the County of Los Angeles. LAFCO regulates most special district boundaries, including, but not limited to:

- California water districts
- Cemetery districts
- Community service districts ("CSDs")
- County service areas ("CSAs")
- County waterworks districts
- Fire protection districts
- Hospital and health care districts
- Irrigation districts
- Library districts
- Municipal utility districts
- Municipal water districts
- Reclamation districts
- Recreation and parks districts
- Resource conservation districts
- Sanitation districts
- Water replenishment districts

LAFCO does not regulate boundaries for the following public agencies:

- Air pollution control districts
- Bridge, highway, and thoroughfare districts
- Community college districts
- Community facility districts (aka "Mello-Roos" districts)
- Improvement districts
- Mutual water companies
- Private water companies
- Redevelopment agencies
- School districts
- Special assessment districts
- Transit and transportation districts

LAFCO does not regulate the boundaries of counties. County boundary adjustments are within the purview of the boards of supervisors for the involved counties.

State law specifically prohibits LAFCOs from imposing terms and conditions which “directly regulate land use, property development, or subdivision requirements.” In considering applications, however, State law requires that LAFCO take into account existing and proposed land uses, as well as General Plan and zoning designations, when rendering its decisions.

The Local Agency Formation Commission for the County of Los Angeles (LA LAFCO, the Commission, or LAFCO) is composed of nine voting members:

- Two members of the Los Angeles County Board of Supervisors (appointed by the Los Angeles County Board of Supervisors);
- One member of the Los Angeles City Council (appointed by the Los Angeles City Council President);
- Two members of city councils who represent the other 87 cities in the county other than the City of Los Angeles (elected by the City Selection Committee);
- Two members who represent independent special districts (elected by the Independent Special Districts Selection Committee);
- One member who represents the San Fernando Valley (appointed by the Los Angeles County Board of Supervisors); and
- One member who represents the general public (elected by the other 8 members).

LAFCO also has six alternate members, one for each of the six categories above.

The Commission holds its “regular meetings” at 9:00 a.m. on the second Wednesday of each month. The Commission periodically schedules “special meetings” on a date other than the second Wednesday of the month. Commission meetings are held in Room 381B of the Kenneth Hahn Hall of Administration, located at 500 West Temple Street in downtown Los Angeles. Public notice, including the Commission agenda, is posted at the Commission meeting room and on LAFCO’s web-site (www.lalafco.org).

The Commission appoints an Executive Officer and Deputy Executive Officer. A small staff reports to the Executive Officer and Deputy Executive Officer.

LAFCO’s office is located at 80 South Lake (Suite 870) in the City of Pasadena. The office is open Monday through Thursday from 7:00 a.m. to 5:00 p.m. The office is closed on Fridays.

What are LAFCO’s responsibilities?

LAFCO oversees changes to local government boundaries involving the formation and expansion of cities and special districts. This includes annexations and detachments of territory to and/or from cities and special districts; incorporations of new cities; formations of new special

districts; consolidations of cities or special districts; mergers of special districts with cities; and dissolutions of existing special districts. LAFCO also approves or disapproves proposals from cities and special districts to provide municipal services outside their jurisdictional boundaries (these public agencies can provide services outside of their boundaries under very limited circumstances).

An important tool used in implementing the Act is the adoption of a Sphere of Influence (SOI) for a jurisdiction. An SOI is defined by Government Code Section 56425 as "...a plan for the probable physical boundary and service area of a local agency." An SOI represents an area adjacent to a city or special district where a jurisdiction might be reasonably expected to provide services over the next 20 years. The SOI is generally the territory within which a city or special district is expected to annex.

LAFCO determines an initial SOI for each city and special district in the County. The Commission is also empowered to amend and update SOIs.

All jurisdictional changes, such as incorporations, annexations, and detachments, must be consistent with the affected agency's Sphere of Influence, with limited exceptions.

Municipal Service Reviews

State law also mandates that LAFCO prepares Municipal Service Reviews (MSRs). An MSR is a comprehensive analysis of the municipal services, including an evaluation of existing and future service conditions, provided in a particular region, city, or special district. Related to the preparation of MSRs, and pursuant to State Law, LAFCOs must review and update SOIs "every five years, as necessary." The Commission adopted MSRs for all cities and special districts in the County prior to the January 1, 2008 deadline (Round One).

Some LAFCOs prepare MSRs for each city and special district in their region every five years. Other LAFCOs do not prepare MSRs proactively; rather, when a city, special district, or petitioner wants to expand the boundaries of an SOI, the LAFCO requires that the applicant pay for the preparation of an MSR in advance of the SOI determination. Most LAFCOs take an intermediate approach, above, preparing MSRs for a select group of cities and special districts every five years. This is the approach taken by the Commission (LA LAFCO) at its meeting of March 9, 2011. Staff is currently preparing MSR's for 9 cities and 14 special districts (Round Two). Staff has completed MSRs for four cities (Compton, Cudahy, Gardena, and Santa Clarita) and three special districts (Huntington Municipal Water District, Palmdale Water District, and Sativa County Water District), all of which have been adopted by the Commission.

In preparing MSRs, LAFCOs are required to make seven determinations:

- Growth and population projections for the affected area;
- The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to a city or district's SOI;
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs of deficiencies;

- Financial ability of agencies to provide services;
- Status of, and opportunities for, shared facilities;
- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other matter related to effective or efficient service delivery.

Although State law requires the preparation of MSRs, the State does not provide funding to LAFCOs to perform this work. Some MSRs are prepared utilizing existing LAFCO staff; in other instances, LAFCO retains a consultant. When consultants are required, LAFCOs utilize a portion of its existing annual budget; additionally, LAFCO may request voluntary contributions from the involved city or special district.

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Chapter Two: City Background

City of Commerce

The City of Commerce ("City" or "Commerce") was incorporated as a general law city on January 28, 1960.¹ According to the City's website, city formation was initiated by a "hardy band of residents and business leaders" who were "[d]etermined to avoid the higher property taxes annexation to any neighboring city might bring."² As its name implies, Commerce is a city predominantly devoted to manufacturing and commercial activity.

The city's population in 2013 is estimated at 12,993.³ The City is 6.55 acres in size. The population density is slightly under 1,984 persons per square mile.

In 2012, the City had 3,382 housing units, the median housing price was \$227,000, and the median household income was \$45,789.⁴

Both the Santa Ana (Interstate 5) Freeway and Long Beach (Interstate 710) Freeway traverse the City of Commerce, as do the major thoroughfares of Atlantic Boulevard, Eastern Avenue, Garfield Avenue, Slauson Avenue, and Washington Boulevard. Commerce is home to a number of major rail lines (BNSF, Union Pacific, and Metrolink) as well as the UP Railroad Yard in the city's northwestern corner.

The city operates four community parks, seven community centers, and four public libraries in the city. The city also owns and operates a camp in Lake Arrowhead for city residents.⁵

The city is surrounded by the cities of Bell, Bell Gardens, Downey, Los Angeles, Montebello, Pico Rivera, and Vernon; to the north of the city is the unincorporated community of East Los Angeles. The Los Angeles River is located near the city's southwestern border, and the Rio Hondo River abuts the city's southeastern border. Most of the city is developed with industrial manufacturing, and distribution uses (61%); a substantial portion is taken up by freeways, highways, and railyards (17%); residential uses comprise a small portion of the city (just under 8%); and the remainder includes a small amount of commercial/entertainment and public facilities.⁶

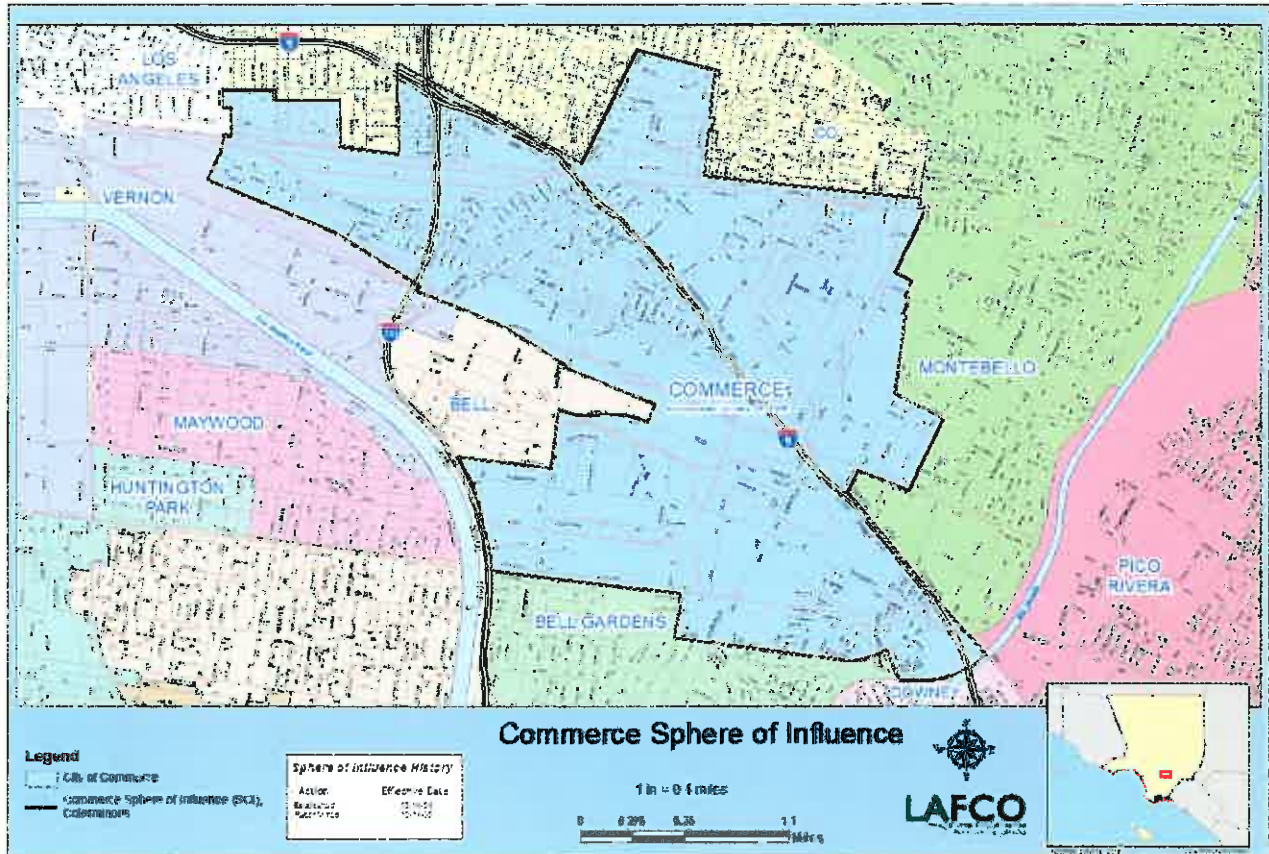
The topography of Commerce is relatively flat.

There are two facilities (the former Uniroyal Tire Plant and the Pillsbury Mill) which are listed on the State Register of Historical Places.⁷ The former Uniroyal Tire Plant was redeveloped into the Citadel mixed-use office and retail complex.

In 1984, the Commission assigned Commerce a Cotermious Sphere of Influence, (see Existing City of Commerce Sphere of Influence, Exhibit 1). The Commission reconfirmed the Cotermious SOI in 2005.

Commerce is governed by a 5-member city council, elected at-large to serve four-year terms. The Commerce City Council selects a mayor and vice mayor from its membership on an annual basis.

Exhibit 1
Existing City of Commerce Sphere of Influence



(Report continues on Page 8)

Chapter Three: Discussion and Determinations

Government Code Section 56430 requires LAFCO to “conduct a service review of the municipal services” and to “prepare a written statement of its determinations” relative to several factors. This chapter addresses these factors and includes the recommended determinations.

Growth and Population

According to the United States Census Bureau, the 2010 population of the City of Commerce was 12,827; and the estimated population in 2013 is 12,993.⁸ This is an overall increase of 166 persons over a three-year period, or approximately 55 persons per year.

SCAG’s 2012 Regional Transportation Plan (RTP) estimates the 2008 population of Commerce to be 12,800 residents, which is reasonably consistent with the 2010 Census Bureau count of 12,827 residents.⁹ The RTP forecast projects nominal growth rate of .005%/ (one-half of 1%) per year in Commerce, as shown in Exhibit 2, below:

Exhibit 2 City of Commerce Population Projections (SCAG 2012 RTP)				
<u>Year</u>	<u>Population</u>	<u>Annual Increase</u>	<u>Annual Growth Rate</u>	<u>Overall Increase</u>
2008	12,800	N/A	N/A	N/A
2020	12,900	8	.005%	100
2035	13,000	7	.005%	200

In conclusion, the population of Commerce is unlikely to grow significantly over the next twenty years.

Determinations:

- **The population of the City of Commerce is stable.**
- **Commerce is projected to add roughly 200 persons per year over the next two**

decades, which represents a modest growth increase of less than one-percent (1%) per year.

- **Given a relatively stable population, the residential demand for services is unlikely to increase in any significant fashion. Nevertheless, and because economic growth is planned in the predominantly commercial and industrial areas of the City, service demands in those areas will increase over time.**

Disadvantaged Unincorporated Communities

Pursuant to the State's passage of Senate Bill 244, as of January 1, 2012, LAFCOs are required to make determinations regarding Disadvantaged Unincorporated Communities (DUCs) for an Update of a Sphere of Influence. The law defines a DUC as a community with an annual median household income that is less than 80% (eighty percent) of the statewide annual median household income. The law also requires that LAFCOs consider "the location and characteristics of any disadvantaged communities within or contiguous to the sphere of influence" when preparing an MSR.

The entire northern boundary of the City of Commerce abuts unincorporated East Los Angeles, and that portion of East Los Angeles which abuts the City is a DUC. Given that this is the only unincorporated area adjacent to the City of Commerce—and barring any future changes in the boundaries of DUCs—any proposal to annex territory into the City of Commerce would, by definition, include all or a portion of a DUC.

East Los Angeles is best described as follows:

East Los Angeles is a highly urbanized community just east of downtown Los Angeles. It is developed with a mix of residential, commercial, industrial, and institutional uses built primarily during the mid-20th century. Medium-density residential developments and public and institutional uses occupy the majority of the land, with commercial developments along major roadways and industrial uses concentrated in the northwestern and southwestern sections. Several cemeteries, County facilities, schools, and parks are present at scattered locations in the community.¹⁰

Contrary to this description, it deserves mention that most of the existing "medium-density residential developments" in East Los Angeles are predominantly single-family dwellings.

On several occasions, residents and landowners in East Los Angeles have attempted to incorporate as a new city. The most recent cityhood effort was denied by LAFCO in 2012. Amongst its proponents, a primary factor in support of cityhood is preventing annexation of portions of East Los Angeles by adjoining cities. The last annexation into the City of Commerce was in 1970, and there have been no recent proposals to annex territory into Commerce.

Given these factors, it appears unlikely that Commerce will annex any portion of unincorporated East Los Angeles in the foreseeable future. To the extent an annexation proposal is filed with LAFCO, it would necessarily include all or a portion of a DUC.

Determinations:

- **Because the City has a Coterminous SOI—which has no unincorporated territory—there are no DUCs within the City’s SOI. The entire northern boundary of the City of Commerce abuts unincorporated East Los Angeles, and that portion of East Los Angeles which abuts the City is a DUC.**
- **To the extent an annexation proposal (and concurrent SOI amendment) is filed with LAFCO, it would necessarily include all or a portion of a DUC.**

(Report continues on Page 11)

Present and Planned Capacity of Public Facilities

Providers of municipal services in the City of Commerce are identified in Exhibit 3, below.

Exhibit 3
City of Commerce Municipal Services

Police	Los Angeles County Sheriff Department
Fire & Paramedic	Los Angeles County Fire Department
Water Retailer(s)	California Water Service Company (Cal Water)
Electricity	Southern California Edison
Natural Gas	Southern California Gas Company
Sanitation	County Sanitation District No. 2
Sewer Maintenance	County of Los Angeles Consolidated Sewer Maintenance District
Solid Waste	CalMet Services (City contractor)
Flood Control	Los Angeles County Flood Control District (LACFCD)
Stormwater Maintenance	Los Angeles County Department of Public Works
Street Maintenance	Direct
Animal Control	Los Angeles County Department of Animal Control
Parks & Recreation	Direct
Library	Direct
Transit	Metro, Direct
Land Use	Direct
Building	Direct

Basic City Services: The City provides basic city services directly, utilizing several departments: city administrator, city attorney, city clerk, finance, human resources, library, parks & recreation, public safety & community services, public works & development services, and transportation. Other services are secured on a contract basis, as noted herein.

Law Enforcement/Police: Law enforcement services in the City of Commerce are provided under contract by the Los Angeles Sheriff's Department (LASD).

LASD personnel is based at the East Los Angeles Station, located at 5019 Third Street in the unincorporated community of East Los Angeles. In addition to the City of Commerce, LASD from the East LA Station services the cities of Cudahy and Maywood and the unincorporated communities of Belvedere Gardens, City Terrace, Eastmont, East Los Angeles, and Saybrook Park.¹¹ According to LASD, 31 sworn personnel and 6 non-sworn staff are assigned to provide coverage to the City of Commerce.¹²

As measured by LASD, the number of reported incidents in 2016 increased from 841 in Calendar Year 2015 to 901 in Calendar Year 2016 (through August), an increase of 6.4%.¹⁰ This is consistent with the LASD's increase in crime, year-to-year, for all communities served by the East Los Angeles Sheriff's Station (6.52%).¹³

LASD is one of the largest municipal law enforcement agencies in the entire country. In addition to patrolling all unincorporated areas, LASD has a large contract services division whereby it provides law enforcement services to 40 cities throughout the county. There are no apparent capacity issues associated with LASD's continuing to provide contract law enforcement services to the City of Commerce.

Fire: Structural fire protection services are provided by the Consolidated Fire Protection District of the County of Los Angeles (CFPD). The CFPD covers all unincorporated areas of the County, as well as 58 cities. Commerce is not within the boundaries of the CFPD, the city is a "fee-for-service" city, under which the City receives CFPD services under contract.

There are three local fire stations which serve the City of Commerce:

- Station #22 at 928 South Gerhart Street in the City of Commerce;
- Station #27 at 6031 Rickenbacker Road in the City of Commerce; and
- Station #50 at 2327 South Saybrook Avenue in the City of Commerce.

The CFPD's average response time (emergency and non-emergency incident) is 4:58 minutes in the City of Commerce. This is reasonably consistent with the standard adopted by the National Fire Protection Association (NFPA) of five minutes for fires and basic life support responses and 8 minutes for advance life support (paramedic) responses in urban areas.¹⁴

The CFPD is one of the largest fire protection agencies in the State of California, serving all unincorporated areas and more than 40 cities throughout the county. There are no apparent capacity issues associated with CFPD's continuing to provide contract structural fire protection services to the City of Commerce.

Water Retailers: Retail water service is provided by the California Water Service ("Cal Water"), a private water company which is "the largest investor-owned water utility west of the Mississippi River and the third largest in the country."¹⁵

Cal Water currently serves 1,200 customer accounts within the City of Commerce, which it has served since 1985, through Cal Water's East Los Angeles District.¹⁶ The sources of its water are three local active wells and purchased water from the Metropolitan Water District of Southern California (MWD).¹⁷

There are no apparent service capacity issues associated with Cal Water above and beyond the on-going constraints affecting all water providers in Southern California. As a very large water retailer, Cal Water brings additional resources to bear in comparison to smaller providers. The existence of three local active wells to supplement imported water is also of substantial benefit.

Wastewater Treatment: The Sanitation Districts of Los Angeles County treat the wastewater generated in the City of Commerce, which is located within the boundaries of County Sanitation District No. 2. Mayor Ivan Altamirano serves as the City's representative on the board of directors for Sanitation District No. 2.

Wastewater generated in Commerce is treated at the Joint Water Pollution Control Plant (JWPCP) in nearby Carson. The JWPCP is one of the largest wastewater treatment plants in the world and is the largest plant operated by the Sanitation Districts, with the capacity to treat 280 million gallons of wastewater per day.¹⁸ The JWPCP is currently providing adequate service to the City of Commerce. Given that only modest growth is expected in the City between now and 2035; combined with the history, size, and operational abilities of the Sanitation Districts; there are no apparent service nor capacity issues for wastewater treatment.

Sewer Maintenance: The City's sewers are maintained by the County of Los Angeles Consolidated Sewer Maintenance District (CSMD), which is managed by the Los Angeles County Department of Public Works. The CSMD maintains sewers in unincorporated areas and 40 cities throughout the County, serving a population of more than 2.3 million people. The District's annual budget is approximately \$60 million.¹⁹ Given that only modest growth is expected in the City over the next twenty years; combined with the CSMD's size, track record, and operational abilities; there are no apparent service nor capacity issues for sewer maintenance.

Solid Waste: Residential waste is collected by CalMet Services, Inc., a contractor to the City of Commerce. According to the City's website, there is no charge to residents of the City for residential trash collection service.²⁰ Collection of residential waste by a contractor is the most common form of trash collection in Los Angeles County; there are no apparent service nor capacity issues for solid waste.

Parks: The City's Department of Parks & Recreation operates four community parks and seven community centers in the City. The City of Commerce also owns and operates a camp in Lake Arrowhead for city residents.²¹ As noted on the City's website, "[t]he department is unique, since it offers all of its recreational programs and activities at little to no cost to the residents of Commerce."²² City representatives note that "[o]n average, Commerce residents have lower incomes than the median County household while having larger households, significant immigration status, and educational attainment levels that are lower than the County on average. Commerce will continue to provide quality of life services to its population in order to offset the environmental distress suffered by its residents due to its geographic location. The Commerce community is defined by the intersection of obsolescent freeways operating at levels of traffic congestion which have long surpassed their design capacities. Further, the City is home to massive intermodal rail yards and intermodal activity which render Commerce the fourth largest intermodal terminal in the United States. Commerce has been determined a

'disadvantaged community' by Cal-EPA and is ranked within the top five percent of communities statewide experience the worst environmental distress and degradation."²³

Library Services: The City's Library Department operates four libraries in the City of Commerce:

Bandini Library at 2269 South Atlantic Boulevard;
Bristow Library at 1466 South McDonnell Avenue;
Rosewood Library at 5655 Jillson Street; and
Veterans Library at 6134 Greenwood Avenue.

The four libraries are open for extensive hours on weekdays, limited hours on Saturday, and closed on Sunday.²⁴ As noted on the City's website, "[i]n order to serve the entire community the library provides service in both English and Spanish."²⁵

Other Services: Animal regulation is provided on a contract basis by the County of Los Angeles Animal Care and Control Department, which provides service in all County unincorporated areas and to multiple cities throughout the County. In addition to regional public transit services provided by Metro, the City's Transportation Department operates several local bus and commuter bus routes.

Determinations:

- **The City of Commerce provides municipal services through a combination of in-house city departments and regional providers such as the Los Angeles County Sheriff's Department, the Consolidated Fire Protection District of the County of Los Angeles, the Sanitation Districts of Los Angeles County, and the County of Los Angeles Sewer Maintenance District. These regional providers provide adequate service to City residents and business-owners, and the City of Commerce should continue to maintain positive working relationships with these agencies.**
- **There are no known significant capacity issues for most municipal services in the City of Commerce. With respect to retail water delivery, there are no apparent service capacity issues associated with Cal Water (the retail water provider in Commerce) above and beyond the on-going constraints affecting all water providers in Southern California.**

Financial Ability of Agencies to Provide Services

The City's 2016-2017 budget was adopted by the City Council on June 21, 2016. As noted in the agenda report, "[a]fter years of structuring ways of addressing budget deficits, the City was looking at another year of a projected surplus—\$6,340,475 for FY 2016-2017."²⁶

City representatives note that "[o]n August 6 2012, the City Council approved and adopted Resolution No. 12-84, declaring a state of fiscal emergency for the placement of a general tax measure before the voters of Commerce. The Council further approved the wording of the proposed Ordinance entitled "An Ordinance of the People of the City of Commerce, State of

California, enacting a One-half of One Percent (1/2%) Transactions and Use (Sales) Tax to Fund General Municipal Services. The purpose of the hearing was to adopt Measure AA which was intended to offset the budget crisis as a result of the State Legislature's adoption of AB1X 26 ('AB 26'), which was approved by the State of California on June 8, 2011.²⁷

As further noted by City representatives, "[a]pproval of Measure AA was necessary as a result of the adoption of AB 26 on February 1, 2012. Measure AA provides the City with funding for infrastructure investments as well as enhances public safety services. The City was initially in the category of 'no or low' property tax city. As a result of Proposition 13, the City receives a property tax revenue income of seven cents for every property tax dollar. This property tax revenue base is insufficient to properly maintain the infrastructure of an industrial community.²⁸

The adoption of Measure AA (by the City Council) and voter approval of Measure AA (by the registered voters of the City of Commerce) generated substantial additional revenues—in Fiscal Year 2014-15, Measure AA funds were \$8.27 million.²⁹ The influx of Measure AA revenues has stabilized the City's overall budget picture, and enabled the budget surplus found in the current year's budget. The final budget number for the prior year (FY 2014-2015) showed an excess of \$4.1 million in revenues over expenditures (before transfers).³⁰ The budget includes gaming revenue from a casino (Commerce Casino) located within the City of Commerce (in Calendar Year 2015, the casino generated \$22.25 million in revenue to the City).³¹

Like most cities in California, the City of Commerce faces on-going challenges relative to pensions and Other Post-Employment Benefits (OPEB) obligations. A supplement to the City's FY 2014-2015 Budget shows a pension liability of \$15.7 million as well as ongoing OPEB liabilities.³²

Taken in their entirety, the City's financial documents (budget, audit, and annual financial report) reflect a city financial picture that has stabilized several years after the declaration of a fiscal emergency in 2012. While the on-going pension and OPEB obligations, are challenges which are shared by many public agencies in California, the City should continue to address these issues diligently in future City budgets.

Determinations:

- **On-going deficits lead the City of Commerce to declare a financial emergency in 2012.**
- **The City of Commerce is in a substantially stronger position, today, than it was at the time of the declaration of financial emergency.**
- **The passage of Measure AA, accompanied by annual budgetary decision-making geared toward balancing expenditures with revenues, have stabilized the budgetary picture for the City of Commerce.**
- **Commerce faces on-going and long term challenges associated with funding pension and OPEB obligations, and should continue its efforts to address these issues in its annual budgeting process.**

Status of, and Opportunities for, Shared Facilities

The City has several shared programs and facilities, including:

- Law enforcement services are provided under a contract with the Los Angeles Sheriff's Department (LASD).
- Structural fire protection services are provided by the Consolidated Fire Protection District of the County of Los Angeles (CFPD).
- Sewage disposal is operated and maintained by the County Sanitation Districts.
- Sewer lines are maintained by the Consolidated Sewer Maintenance District and managed by the Los Angeles County Department of Public Works.
- Los Angeles County Animal Care & Control provides animal regulation services within the City.

There are no apparent opportunities for additional shared facilities.

Determinations:

- **The City of Commerce provides municipal services through a combination of in-house city departments and regional providers such as the Los Angeles County Sheriff's Department, the Consolidated Fire Protection District of the County of Los Angeles, the Sanitation Districts of Los Angeles County, and the County of Los Angeles Sewer Maintenance District. These regional providers provide adequate service to City residents and business-owners, and the City of Commerce should continue to maintain positive working relationships with these agencies.**
- **There are no apparent opportunities for additional shared facilities.**

Accountability for Community Service Needs

Commerce is governed by a 5-member city council, elected at-large to serve four-year terms. The City Council selects a mayor and vice mayor from its membership on an annual basis

Regular City Council meetings are scheduled twice a month, with periodic special meetings. City Council agendas and minutes are readily available on the City's website. The City has several appointed commissions (Community Services, Education, Library, Parks & Recreation, Planning, and Traffic)

The City's website is well-designed, user-friendly, and laden with volumes of information about the City of Commerce. The website includes agendas and minutes for meetings of the City Council and several city commissions, as well as video of City Council meetings. The site includes significant information about City departments and programs, as well as copies of the most recent audit, budget, and Comprehensive Annual Financial Report (FY 2014-2015). The

website includes a copy of a recent city-issued Request For Proposal (RFP) for preparation of the city's next audit.

The website contains readily-available copies of other City documents (Municipal Code, General Plan, forms and applications, etc.). The website archive of recent City Council meetings includes easy-to-use links to critical documents like staff reports and resolutions.

Determinations:

- **The City's website is well-designed and user-friendly.**
- **The website includes agendas and minutes for city meetings, significant information about City departments and programs, and copies of the most recent audit, budget, and Comprehensive Annual Financial Report (FY 2014-2015).**

Other Matters

According to the State Department of Housing and Community Development, in its most recent letter to the City of Commerce (November 27, 2013), the City of Commerce Housing Element is in full compliance with State housing element law."³³

Determinations:

(None)

(Report continues on Page 18)

Chapter Four – Compilation of all MSR Determinations

Population:

- The population of the City of Commerce is stable.
- Commerce is projected to add roughly 200 persons per year over the next two decades, which represents a modest growth increase of less than one-percent (1%) per year.
- Given a relatively stable population, the residential demand for services is unlikely to increase in any significant fashion. Nevertheless, and because economic growth is planned in the predominantly commercial and industrial areas of the City, service demands in those areas will increase over time.

Disadvantaged Unincorporated Communities:

- Because the City has a Coterminous SOI—which has no unincorporated territory—there are no DUCs within the City’s SOI. The entire northern boundary of the City of Commerce abuts unincorporated East Los Angeles, and that portion of East Los Angeles which abuts the City is a DUC.
- To the extent an annexation proposal (and concurrent SOI amendment) is filed with LAFCO, it would necessarily include all or a portion of a DUC.

Present and Planned Capacity of Public Facilities:

- The City of Commerce provides municipal services through a combination of in-house city departments and regional providers such as the Los Angeles County Sheriff’s Department, the Consolidated Fire Protection District of the County of Los Angeles, the Sanitation Districts of Los Angeles County, and the County of Los Angeles Sewer Maintenance District. These regional providers provide adequate service to City residents and business-owners, and the City of Commerce should continue to maintain positive working relationships with these agencies.
- There are no known significant capacity issues for most municipal services in the City of Commerce. With respect to retail water delivery, there are no apparent service capacity issues associated with Cal Water (the retail water provider in Commerce) above and beyond the on-going constraints affecting all water providers in Southern California.

Financial Ability of Agencies to Provide Services:

- On-going deficits lead the City of Commerce to declare a financial emergency in 2012.

- The City of Commerce is in a substantially stronger position, today, than it was at the time of the declaration of financial emergency.
- The passage of Measure AA, accompanied by annual budgetary decision-making geared toward balancing expenditures with revenues, have stabilized the budgetary picture for the City of Commerce.
- Commerce faces on-going and long term challenges associated with funding pension and OPEB obligations, and should continue its efforts to address these issues in its annual budgeting process.

Status of, and Opportunities for, Shared Facilities:

- The City of Commerce provides municipal services through a combination of in-house city departments and regional providers such as the Los Angeles County Sheriff's Department, the Consolidated Fire Protection District of the County of Los Angeles, the Sanitation Districts of Los Angeles County, and the County of Los Angeles Sewer Maintenance District. These regional providers provide adequate service to City residents and business-owners, and the City of Commerce should continue to maintain positive working relationships with these agencies.
- There are no apparent opportunities for additional shared facilities.

Accountability for Community Service Needs:

- The City's website is well-designed and user-friendly.
- The website includes agendas and minutes for city meetings, significant information about City departments and programs, and copies of the most recent audit, budget, and Comprehensive Annual Financial Report (FY 2014-2015).

Other Matters

(None)

(Report continues on Page 20)

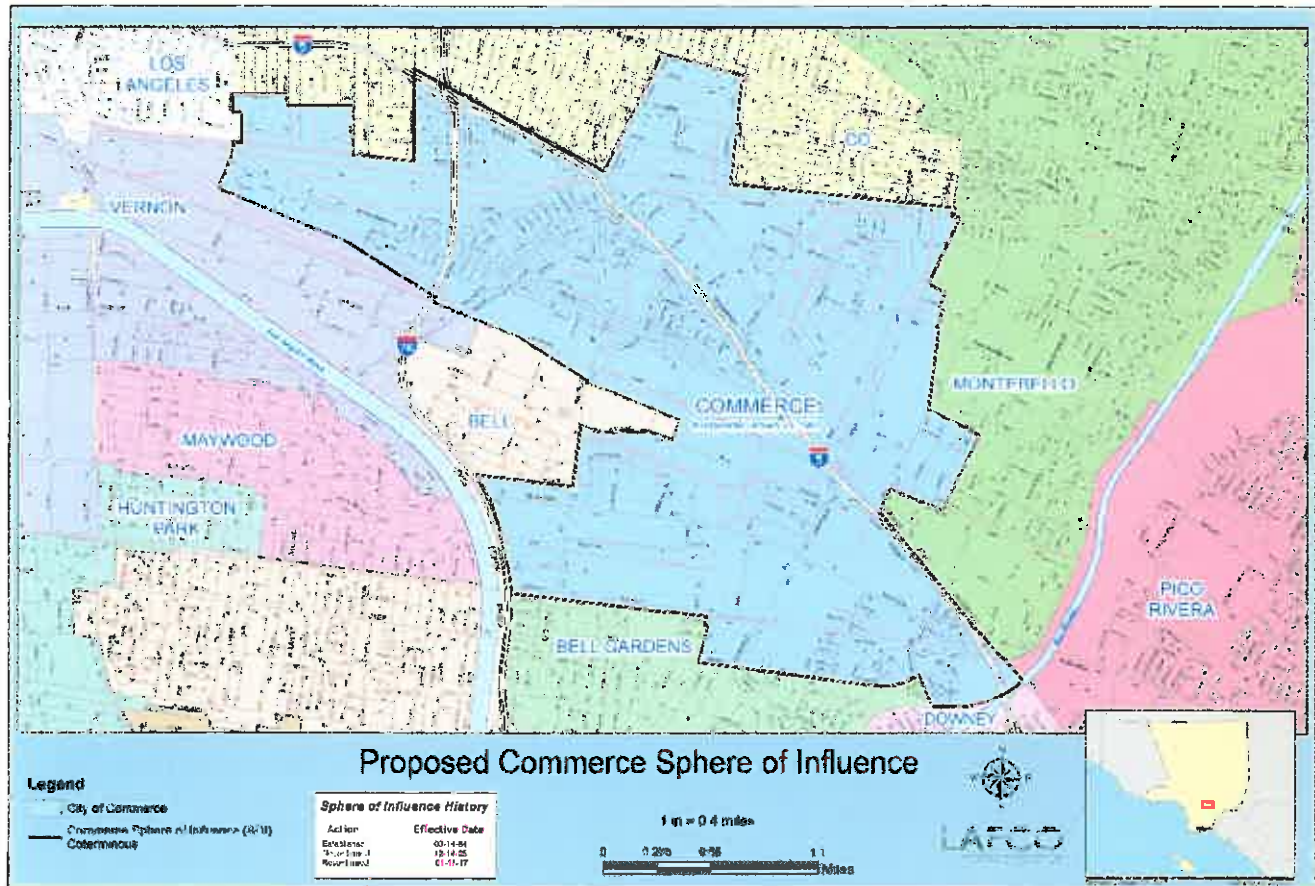
Chapter Five – SOI Recommendations

City of Commerce Sphere of Influence SOI Recommendation:

1. **Retain the Existing Coterminous Sphere of Influence for the City of Commerce.**
The City of Commerce SOI was established on March 14, 1984. On December 14, 2005, the Commission reconfirmed the Coterminous SOI (see Existing City of Commerce Sphere of Influence, Exhibit 1, on Page 7). Given that Commerce is surrounded by other incorporated cities to the south, west, and east; and because there are significant challenges to annexing all or portions of unincorporated East Los Angeles; future changes to the city's boundary are unlikely. Therefore, the existing Coterminous SOI for the City of Commerce should be retained (see Proposed City of Commerce Sphere of Influence, Exhibit 4, on Page 21).

(Report continues on Page 21)

Exhibit 4
Proposed City of Commerce Sphere of Influence



**City of Commerce
Municipal Service Review**

Footnotes

1. Cities within the County of Los Angeles, County of Los Angeles Chief Executive Officer Website; June 8, 2015.
2. Visitors, History, City of Commerce Website; June 8, 2015.
3. American FactFinder, United States Department of Commerce, Census Bureau Website; April 22, 2015.
4. Profile of the City of Commerce, Southern California Association of Governments, May 2013.
5. City Hall, City of Commerce Website; June 8, 2015.
6. City of Commerce 2020 General Plan, Table 3.1, Page 43.
7. City of Commerce 2020 General Plan, Table 3.1, Page 147.
8. American FactFinder, United States Department of Commerce, Census Bureau Website; April 22, 2015.
9. Adopted RTP Growth Forecast, Southern California Association of Governments Regional Transportation Plan; May 2013.
10. Initial Study/Negative Declaration for the Proposed Incorporation of East Los Angeles, BonTerra Consulting, July, 2011; Page 2-1.
11. LASD Patrol Station Areas, Los Angeles Sheriff's Department 2012 Annual Report, Page 60.
12. Los Angeles County Sheriff's Department, Patrol Station Part I Crime Summary – Preliminary Data, Page 3.
13. Ibid.
14. E-mail from Lorraine Buck, Planning Division, Los Angeles County Fire Department, to Paul Novak; May 26, 2015.
15. California Water Service website, "About Us," September 26, 2016.
16. Ibid.
17. Ibid.

Footnotes (continued)

18. Joint Water Pollution Control Plant (JWPCP), Sanitation Districts of Los Angeles County Website; May 20, 2015.
19. Sewer Maintenance Districts' Maintenance and Operations Manual, County of Los Angeles Department of Public Works, Page 1; January 25, 2012.
20. Utilities/Service Providers, City of Commerce Website; September 26, 2016.
21. Parks & Recreation, City of Commerce Website; September 26, 2016.
22. Ibid.
23. Letter from Matt Marquez, City of Commerce Deputy Director of Development Services, to Paul Novak, LAFCO, dated December 14, 2016; Pages 1-2.
24. Library, City of Commerce Website; September 26, 2016.
25. Ibid.
26. City of Commerce Agenda Report; City Administrator Jorge Rifa; June 21, 2016, Page 1.
27. Letter from Matt Marquez, City of Commerce Deputy Director of Development Services, to Paul Novak, LAFCO, dated December 14, 2016; Page 2.
28. Ibid.
29. Memorandum to the City Council presenting Comprehensive Annual Financial Report for 2014-2015; City Administrator Jorge Rifá and Director of Finance Vilko Domic; December 31, 2015, Page iv.
30. City of Commerce Comprehensive Annual Financial Report for 2014-2015, Page 76.
31. Ibid, Page 122.
32. Ibid, Page 65.
33. Letter from Glen A. Campora (Assistant Deputy Director, Department of Housing & Community Development, State of California) to Jorge Rifá (City Manager); of November 27, 2013.

RESOLUTION NO. 2017-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES ADOPTING THE
MUNICIPAL SERVICE REVIEW (MSR) AND THE SPHERE OF INFLUENCE
(SOI) UPDATE FOR THE CITY OF COMMERCE

WHEREAS, the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code Section (Section) 56000 et seq) provides that a Local Agency Formation Commission (LAFCO) must adopt Spheres of Influence (SOIs) of each local governmental agency within its jurisdiction (Section 56425(a)) and that it must update, as necessary, each Sphere every five years (Section 56425(g));

WHEREAS, the SOI is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO;

WHEREAS, Section 56430 requires that, in order to prepare and to update Spheres of Influence, the Commission shall conduct a Municipal Service Review prior to or in conjunction with action to update or adopt a Sphere of Influence;

WHEREAS, the Commission has undertaken the MSR and SOI Update for the City of Commerce;

WHEREAS, the Executive Officer has submitted to the Commission an MSR and SOI Update, including recommendations relative to any potential changes to the existing SOI for the City of Commerce;

WHEREAS staff shared a previous draft MSR with representatives of the City of Commerce;

WHEREAS, the MSR and SOI Update for the City of Commerce contain the determinations required by Section 56430 for the municipal services provided by the City

of Commerce;

WHEREAS, a map of the existing SOI of the City of Commerce is attached hereto and incorporated by reference herein;

WHEREAS, a map of the proposed SOI of the City of Commerce is attached hereto and incorporated by reference herein;

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set November 9th, 2016, as the hearing date on this MSR and SOI study proposal, and gave the required notice of public hearing pursuant to Section 56427;

WHEREAS, the Commission, at its meeting on November 9th, 2016, continued the public hearing without prejudice to its meeting of January 11th, 2017;

WHEREAS, after being duly and proper noticed, the Commission held a public hearing on the proposal on January 11th, 2017, and at the hearing the Commission heard and received all oral and written protests, objections, and evidence which were made, presented, or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer;

WHEREAS, for the City of Commerce, and pursuant to Section 56425(d)(5), the Commission has considered the impacts of the proposed MSR and SOI Update relative to Disadvantaged Unincorporated Communities (DUCs), noting that there are no DUCs within the City of Commerce's SOI, and that the entire northern boundary of the City of Commerce abuts unincorporated East Los Angeles, and that portion of East Los Angeles which abuts the City is a DUC;

WHEREAS, based upon staff review and the feasibility of governmental reorganization identified in Section 56425(h), staff has determined that any such

reorganizations will not further the goals of orderly development and affordable service delivery, and therefore will not recommend reorganization of the City of Commerce;

WHEREAS, the proposed action consists of the adoption of the MSR and adoption of an SOI for the City of Commerce; and

WHEREAS, the recommended MSR and SOI Update is exempt from the California Environmental Quality Act (CEQA) because it can be seen with certainty that there is no possibility that the recommended periodic update and recommended confirmation of the current Coterminous Sphere of Influence will have a significant effect on the environment pursuant to State CEQA Guidelines Section 15061(b)(3); and, in the alternative, this recommendation is not a project for purposes of CEQA because it is an organizational activity of government with no direct nor indirect effects on the physical environment and therefore is excluded from the definition of a project, pursuant to Section 15378(b) of the State CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The recommended actions are exempt from CEQA as set out herein.
2. The Commission adopts the following written determinations and approves the

Sphere of Influence Update for the City of Commerce:

- A. Present and planned land uses in the area: Commerce is substantially built-out. Most of the city is developed with industrial manufacturing, and distribution uses (61%); a substantial portion is taken up by freeways, highways, and railyards (17%); residential uses comprise a small portion of the city (just under 8%); and the remainder includes a small amount of commercial/entertainment and public facilities. Primary open space in the city consists of four community parks, and there is no agricultural land. Significant changes in land use are unlikely.

B. Present and probable need for public facilities and services in the area:

The growth rate for Commerce (0.05%) is extremely small, and it is substantially less than that of the County of Los Angeles as a whole (3.4% between 2000 and 2012). Given a relatively stable population, the demand for services is unlikely to increase in any significant fashion. Similarly, the cities which surround Commerce are mostly built out with relatively little growth expected.

C. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide: The City of Commerce provides municipal services through a combination of in-house city departments and regional providers such as the Los Angeles County Sheriff's Department, the Consolidated Fire Protection District of the County of Los Angeles, the Sanitation Districts of Los Angeles County, and the County of Los Angeles Sewer Maintenance District. These regional providers provide adequate service to City residents and business-owners, and the City of Commerce should continue to maintain positive working relationships with these agencies. There are no known significant capacity issues for most municipal services in the City of Commerce. With respect to retail water delivery, there are no apparent service capacity issues associated with Cal Water (the retail water provider in Commerce) above and beyond the on-going constraints affecting all water providers in Southern California.

D. Existence of any social or economic communities of interest: With respect to significant social or economic communities of interest, according to the Southern California Association of Governments, the community in 2012 is largely homogeneous, with a population that is 93.7% Hispanic.

E. Present and probable need for public facilities or services related to sewers, municipal and industrial water, and structural fire protection for any disadvantaged unincorporated communities within the existing and proposed SOI. Because the City has a Coterminous SOI—which has no unincorporated territory—there are no DUCs within the City's SOI. The entire northern boundary of the City of Commerce abuts unincorporated East Los Angeles, and that portion of East Los Angeles which abuts the City is a DUC. The entire northern boundary of the City of Commerce abuts unincorporated East Los Angeles, and that portion of East Los Angeles which abuts the City is a DUC. To the extent an annexation proposal (and concurrent SOI amendment) is filed with LAFCO, it would necessarily include all or a portion of a DUC.

3. The Executive Officer's staff report and recommendations for adoption of the MSR and adoption of an SOI Update for the City of Commerce are hereby incorporated by reference and adopted.
4. The Executive Officer is hereby directed to add the words "Reconfirmed January 11, 2017" to the official LAFCO SOI map for the City of Commerce.
5. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

PASSED AND ADOPTED this 11th day of January, 2017.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

ABSENT:

MOTION PASSES:

PAUL A. NOVAK, Executive Officer



CITY OF COMMERCE

Public Works & Development Services Department

December 14, 2016

Mr. Paul Novak, AICP
Local Agency Formation Commission
80 South Lake Avenue, Suite 870
Pasadena, CA 91101

Re: Comments Regarding the Draft Municipal Service Review for the City of Commerce, California

Dear Mr. Novak,

Thank you for the opportunity to comment on the recently prepared Draft Municipal Service Review Report for the City of Commerce. As understood by staff, State Law mandates that LAFCO prepare a Municipal Service Review (MSR's) typically every five years. An MSR is a comprehensive analysis of municipal services, including an evaluation of existing and future service conditions provided in a particular region, city or special district. City staff had a chance to review the MSR for the City of Commerce and made the following comments which the City would like addressed to reflect on the FINAL MSR:

Comments:

- In reference to the first full bullet located at the top of page nine of the MSR report staff is suggesting the following alternative language: Per LAFCO's determination, given a relative stable population, the residential demand for services is unlikely to increase in any significant fashion. Nonetheless, economic growth is planned in the predominantly commercial and industrial areas of the City therefore service demands will increase over time.
- On page 12 of the report, staff is suggesting the following alternative language under **Parks:** The City of Commerce Parks and Recreation Department is unique, since it offers most of its recreational programs and activities at reduced or no cost to the residents of Commerce. On average, Commerce residents have lower incomes than the median County household while having larger households, significant immigrant status, and educational attainment levels that are lower than the County on average. Commerce will continue to provide quality of life services to its population in order to offset the environmental distress suffered by its residents due to its geographic location. The Commerce community is defined by the intersection of obsolescent freeways operating at levels of traffic congestion which have long surpassed their design capacities. Further, the City is home to massive intermodal rail yards and intermodal activity which render Commerce the fourth largest intermodal terminal in the United States.

Commerce has been determined a "disadvantaged community" by Cal-EPA and is ranked within the top five percent of communities statewide experiencing the worst environmental distress and degradation.

- Under Determinations on page 13, staff is suggesting the following alternative language for the first bullet: The City of Commerce has a considerable industrial base, but also has a substantial residential base which is often the recipient of the bi-products resulting from industrial activities occurring in this sub-area of Los Angeles County. Municipal Services is provided through a combination of in-house city departments and regional providers such as the Los Angeles County Sheriff's Department, the Consolidated Fire Protection District of the County of Los Angeles, the Sanitation Districts of Los Angeles County, and the County of Los Angeles Sewer Maintenance District. These regional providers work with the City of Commerce to provide service and safety to its residents and business-owners.
- Also at the bottom of page 13 Financial Ability of Agencies to Provide Services, the City of Commerce is suggesting the following alternative language to replace the last paragraph:

On August 6, 2012, the Council approved and adopted Resolution No. 12-84, declaring a state of fiscal emergency for the placement of a general tax measure before the voters of Commerce. The Council further approved the wording of the proposed Ordinance entitled, "An Ordinance of the People of the City of Commerce, State of California, enacting a One-half of One Percent (1/2%) Transactions and Use (Sales) Tax to Fund General Municipal Services. The purpose of the hearing was to adopt Measure AA which was intended to offset the budget crisis as a result of the State Legislature's adoption of AB1X 26 ("AB 26"), which was approved by the of the State of California on June 28, 2011.

- Under Determinations on page 14 staff is suggesting the following alternative language for the second bullet to read: Approval of Measure AA was necessary as a result of the adoption of the AB 26, on February 1, 2012. Measure AA provides the City with funding for infrastructure investments as well as enhances public safety services. The City was initially in the category of a "no or low" property tax city. As a result of Proposition 13, the City receives a property tax revenue income of seven cents for every property tax dollar. This property tax revenue base is insufficient to properly maintain the infrastructure of an industrial community.

Should you have any questions regarding this letter or its contents, please call me at 323-722-4805, extension 2349.

Sincerely,



Matt Marquez
Deputy Director of Development Services

MM:jdj

cc:

Jorge Rifa, City Administrator
Maryam Babaki, Director of Public Works & Development Services
Jose D. Jimenez, Deputy Director of Development Services

Staff Report

January 11, 2017

Agenda Item No. 9.c.

Hidden Creeks Estates Project – Status Report

At the January 13th, 2016 meeting, the Commission directed staff to provide bi-monthly updates on the status of the proposed Hidden Creeks Estates Project and associated proposed Annexation No. 2011-27 to the City of Los Angeles due to its proximity to the Southern California Gas Company Aliso Canyon Storage Facility.

Based upon a meeting with the applicant's representative, staff anticipates that the City of Los Angeles (City) will release supplemental CEQA environmental documentation in early 2017. This supplemental CEQA environmental documentation will address environmental impacts relative to greenhouse gas emissions and the project's proximity to the Southern California Gas Company Aliso Canyon Storage Facility. The City's processing of the applicant's entitlement/zoning applications would resume once the supplemental CEQA environmental documentation is circulated for public comment.

Given the timing associated with the EIR Addendum and City consideration of the applicant's entitlement/zoning applications, staff does not anticipate agendaizing Annexation No. 2011-27 to the City of Los Angeles before the Commission until the summer of 2017 at the earliest.

Recommended Action:

Staff recommends that the Commission:

1. Receive and file.