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2nd Vice-Chair

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Margaret Finlay
Janice Hahn
Vacant
(City of Los Angeles)
Vacant
(Cities in L.A. County)

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Marqueece
Harris-Dawson
Sheila Kuehl
Judith Mitchell
Joseph Ruzicka
Greig Smith

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Paul Novak
Executive Officer

Adriana Romo
Deputy Executive Officer

Amber De La Torre
Doug Dorado
Michael Henderson
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REGULAR MEETING

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

July 11, 2018

Present:

Jerry Gladbach, Chair

Kathryn Barger
Donald Dear
Margaret Finlay
Janice Hahn
Gerard McCallum
John Mirisch

Joe Ruzicka, Alternate
Greig Smith, Alternate

Paul Novak, Executive Officer
Lillian Salinger, Legal Counsel

Absent:

Richard Close
Mitch Englander

Lori Brogin-Falley, Alternate
Marqueece Harris-Dawson, Alternate
Sheila Kuehl, Alternate
Judith Mitchell, Alternate

1 CALL MEETING TO ORDER

The meeting was called to order at 9:07 a.m. in Room 381-B of the County Hall of Administration by Chair Jerry Gladbach.

2 PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chair Jerry Gladbach.

3 DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)

The Executive Officer (EO) 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 to rise and state for the record the Commissioner to whom such campaign contributions were made and the item of their involvement (None).

The EO read an announcement, asking if any Commissioner had received a campaign contribution that would require disclosure and recusal from any item on today's agenda (None).

4 SWEARING-IN OF SPEAKER(S)

The EO swore in seven (7) members of the audience who planned to testify.

The EO thanked the Commissioners, Legal Counsel, and LAFCO staff for sending sympathy notes of his mother's passing.

The EO and Chair Gladbach thanked Adriana Romo (Deputy Executive Officer) for providing exemplary assistance, on short notice, serving in the EO's place at last month's meeting.

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 June 13, 2018.
- b. Approved Operating Account Check Register for the month of June 2018.
- c. Received and filed update on pending proposals.

MOTION: Dear SECOND: Finlay APPROVED: 7-0-0
AYES: Barger, Dear, Finlay, Hahn, McCallum, Mirisch, Gladbach

NOES: None.
ABSTAIN: None.
ABSENT: Close, Englander

7 PUBLIC HEARING(S)

None.

8 PROTEST HEARING(S)

None.

9 OTHER ITEMS

The following item was called up for consideration:

- a. Proposed Commission-Initiated Resolution of Application for Dissolution of the Sativa County Water District (Dissolution No. 2018-09 of the Sativa County Water District).

The EO noted that each of the Commissioners were provided copies of two documents: a letter dated July 9, 2018 from Thomas Martin, Interim General Manager of the Sativa County Water District (Sativa or District) to LAFCO; and a letter dated July 10, 2018 from the Los Angeles County Board of Supervisors Mark Ridley-Thomas to Eileen Sobeck, Executive Director of the State Water Resources Control Board (Water Boards).

The EO summarized the staff report on the Proposed Commission-Initiated Resolution of Application for Dissolution of the Sativa County Water District (Dissolution No. 2018-09 of the Sativa County Water District).

The Commission opened the item to provide an opportunity for public testimony.

The EO swore in fourteen (14) additional member of the audience who planned to testify.

Twenty-one (21) members of the public testified before the Commission, as follows:

- Thomas Martin (Interim General Manager, Sativa County Water District) requested that the Commission continue Agenda Item No. 9.a. for another 60-90 days.
- Mark Ravis (Attorney at Law) stated that the District is not providing competent service or clean water to the community, expressed support for dissolution of the Sativa County Water District and thanked the Commission.
- Fifteen (15) residents who reside within the boundaries of the Sativa County Water District expressed support for dissolution of the District. Residents provided testimony expressing concerns about discolored water, impacts of the water on their health, and lack of transparency of the District's board, including potential Ralph M. Brown Act violations and financial impropriety. They indicated that the District had not addressed

their concerns to their satisfaction.

- Representatives of three (3) private water purveyors (California American Water, Golden State Water Company, and Liberty Utilities) stated that they have the expertise to provide potable water to the residents of the Sativa service area.
- Jeff O'Keefe (Regional Field Manager, State Water Resources Control Board) provided an overview of the Water Board's authority to seek a receivership or to appoint a State Administrator.

Chair Gladbach thanked the members of the public for being professional and orderly.

Commissioner Hahn stated that the District has been plagued with mismanagement for years. She stated that the District board members have abused their positions and mistreated their customers and that it is now the time to start the dissolution process of the Sativa County Water District. Commissioners Hahn and Barger requested that the EO draft a letter to the State Water Resources Control Board recommending that the Los Angeles County Department of Public Works temporarily manage the Sativa County Water District, as an administrator or receiver.

Commissioner Barger indicated that the testimony of the residents was disturbing and recommended that it be provided to the Los Angeles County District Attorney's Office for review.

Commissioner Mirisch stated that he would like the residents of the Sativa County Water District to be included in the decision-making process of selecting a private investor-owned utility, if a private investor-owned utility is identified as the most viable option. He requested that the District provide LAFCO with Maria Garza's employment resignation letter.

There being no further public testimony, the item was closed.

As amended, the Commission took the following additional actions:

- Found that the proposed actions are exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061 because it can be seen with certainty that there is no possibility that the proposed actions will have a significant effect on the environment; and that the proposed actions are not a project for purposes of CEQA because they are an organizational activity of government with no direct nor indirect effects on the physical environment, pursuant to Section 15378(b) of the State CEQA Guidelines;
- Adopted the Resolution of Application for Commission-initiated proceedings to Dissolve the Sativa County Water District: Resolution No. 2018-11RMD;
- Directed the Executive Officer to draft a letter to the State Water Resources Control Board recommending that the Los Angeles County Department of Public Works temporarily manage the Sativa County Water District, as an administrator or receiver, and urge the State Water Resources Control Board to provide funding, as necessary; and

- Directed the Executive Officer to draft a letter to the Los Angeles County District Attorney's Office regarding possible Ralph M. Brown Act violations by the Sativa County Water District board.

MOTION: Hahn SECOND: Barger APPROVED: 7-0-0
AYES: Barger, Dear, Finlay, Hahn, McCallum, Mirisch, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: Close, Englander

[Commissioner Finlay left at 11:03 a.m.]

10 LEGISLATION

The following item was called up for consideration:

- a. Legislative Update.

The EO summarized the staff report on the Legislative Update.

The Commission took the following actions:

- Received and filed the Legislative Report.

MOTION: McCallum SECOND: Dear APPROVED: 6-0-0
AYES: Barger, Dear, Hahn, McCallum, Mirisch, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: Close, Englander, Finlay

11 MISCELLANEOUS CORRESPONDENCE RECEIVED

None.

12 COMMISSIONERS' REPORT

None.

13 EXECUTIVE OFFICER'S REPORT

None.

14 PUBLIC COMMENT

None.

15 FUTURE MEETINGS

August 8, 2018
September 12, 2018
October 10, 2018
November 14, 2018

16 FUTURE AGENDA ITEMS

None.

17 ADJOURNMENT MOTION

On motion of Chair Gladbach, the meeting was adjourned at 11:04 a.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Novak". The signature is fluid and cursive, with a long horizontal stroke at the end.

Paul Novak, AICP
Executive Officer

RESOLUTION NO. 2018-11RMD

**A RESOLUTION OF APPLICATION BY
THE LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY OF LOS ANGELES FOR
COMMISSION-INITIATED PROCEEDINGS TO DISSOLVE THE
SATIVA COUNTY WATER DISTRICT (DISSOLUTION NO. 2018-09)**

BE IT RESOLVED by the Local Agency Formation Commission for the County of Los Angeles (the "Commission"), that;

WHEREAS, the Commission desires to initiate proceedings by a resolution of application pursuant to Government Code Section 56375(a)(2)(B), for a change of organization to dissolve the Sativa County Water District ("Sativa" or "District"); and

WHEREAS, the territory within the boundaries of the Sativa County Water District consists of approximately 180 acres with approximately 1,700 water service connections located within a residential area in the unincorporated community of Willowbrook and three small non-contiguous areas within the City of Compton, as depicted in the map attached as Exhibit "A"; and

WHEREAS, the Sativa County Water District was incorporated by the State of California Secretary of State on December 30, 1938, under the County Water District Law; and

WHEREAS, the Sativa County Water District is a legally-established county water district pursuant to Division 12 of the State of California Water Code; and

WHEREAS, the Commission, is required, pursuant to Government Code Section 56000 *et seq* (the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), to determine and update, as necessary, the Sphere of Influence (SOI) of each local agency; and

WHEREAS, the Commission adopted a Coterminous Sphere of Influence, wherein the boundaries of the District and its SOI are the same, for the Sativa County Water District, on October 24, 1984; and

WHEREAS, the November 2005 Sativa County Water District Municipal Service Review was prepared pursuant to Government Code Sections 56425 and 56430; and

WHEREAS, Dudek and Associates, a consultant to LAFCO, prepared the Final Municipal Service Review (MSR) for Water Services for the Gateway Region in November of 2005, which examined several water districts, including the Sativa County Water District (Round 1 MSR); and

WHEREAS, the Final MSR for Water Services for the Gateway Region in November of 2005 recommended that the Commission adopt a Zero Sphere of Influence for the Sativa County Water District, but based upon public testimony, the Commission approved the November 2005 MSR for the Sativa County Water District and confirmed the District's Coterminous SOI on February 22, 2006; and

WHEREAS, the August 2012 Sativa County Water District Municipal Service Review was prepared pursuant to Government Code Sections 56425 and 56430; and

WHEREAS, Hogle-Ireland, a consultant to LAFCO, prepared a Draft Sativa County Water District Municipal Service Review in August of 2012 (Round 2 MSR); and

WHEREAS, the August 2012 Sativa County Municipal Water District MSR recommended that the Commission adopt a Zero SOI and consolidate or dissolve the Sativa County Water District; and

WHEREAS, on May 14, 2014, the Commission adopted the Round 2 MSR and SOI Update for the Sativa County Water District with a Zero Sphere of Influence for the Sativa County Water District; and

WHEREAS, in accordance with Government Code Section 56375(a)(2)(B), LAFCO may initiate proposals by resolution of application for the dissolution of a district; and

WHEREAS, in accordance with Government Code Section 56375(a)(3), LAFCO may initiate the dissolution of a district if it is consistent with a recommendation or conclusion of a study pursuant to Government Code Sections 56378, 56425, or 56430, and LAFCO makes the determinations specified in Government Code Section 56881(b); and

WHEREAS, the Round 2 MSR and SOI Update for the Sativa County Water District, prepared pursuant to Government Code Sections 56425 and 56430, recommended that the Commission dissolve the District; and

WHEREAS, in accordance with Government Code Section 56375(a)(3), the Commission hereby makes the determinations specified in Government Code Section 56881(b) that the public services costs are likely to be less than or substantially similar to the cost of alternative means of providing the service and that this action will promote public access and accountability for community service needs and financial resources, as determined in Paragraphs 5 and 6 herein; and

WHEREAS, the Commission has initiated studies and requested information from other government agencies, including inventorying those agencies and determining their maximum service area and service capacities, consistent with Government Code Section 56378; and

WHEREAS, Government Code Section 56035 defines dissolution as “the disincorporation, extinguishment, or termination of the existence of a district and the cessation of all its corporate powers, except as the Commission may otherwise provide pursuant to Section 56886 or for the purpose of winding up the affairs of the district;” and

WHEREAS, on July 11, 2018, after being duly and properly noticed, the Commission considered this Resolution of Application for Commission-initiated Proceeding to Dissolve the Sativa County Water District, 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 matter, and the report of the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission hereby initiates proceedings to dissolve the Sativa County Water District, as authorized pursuant to Government Code Section 56375(a)(2)(B);
2. The Commission initiates this dissolution, which is consistent with and based upon prior studies and information requested from other government agencies, pursuant to Government Code Section 56378;
3. The Commission initiates this dissolution, which is consistent with and based upon prior actions of the Commission pursuant to the Commission’s adoption of a Zero SOI for the District on May 14, 2014, pursuant to Government Code Section 56425.
4. The Commission initiates this dissolution, which is consistent with and based upon prior actions of the Commission relative to the August 2012 Sativa County Water District

- (Round 2) Municipal Service Review, which includes a recommendation to consolidate or dissolve the district, pursuant to Government Code Section 56425 and 56430;
5. Pursuant to Government Code Section 56881(b)(1), the Commission hereby determines that the public service costs of a proposal that the Commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service, in that the Commission will identify a successor agency and/or future service provider that will have extensive and documented financial, technical, and management capabilities relative to providing retail water service consistent with all federal, state, and local water quality standards, and that said successor agency and/or future service provider would bring significant resources to bear in order to address Sativa's infrastructure deficiencies, operational shortcomings, and accounting inconsistencies;
 6. Pursuant to Government Code Section 56881(b)(2), the Commission hereby determines that the proposed dissolution will promote public access and accountability for community service needs and financial resources, in that the Commission will identify a successor agency and/or future service provider with a documented history of being accessible to the public, and conducting its affairs in a reliable, fiscally responsible and transparent manner;
 7. The Commission hereby initiates the dissolution of the Sativa County Water District based on Staff Reports from 2005 to present, the Municipal Service Reviews and Spheres of Influence adopted in 2006 and in 2014; the State Water Resources Control Board Compliance Order issued on June 1, 2018; the Civiltec engineering study of March

2014; the County of Los Angeles Public Health Memorandum of May 3, 2018; as well as several financial audits prepared for Fiscal Years 2005 through 2012;

8. The Commission hereby directs staff to explore options relative to providing subsidies to Sativa ratepayers, and that the issue be fully examined during the dissolution process and presented to the Commission in any future determinations relative to the proposed dissolution.
9. As set forth in State CEQA Guidelines Section 15061, the Commission finds that the proposed actions are exempt from the California Environmental Quality Act (CEQA) because it can be seen with certainty that there is no possibility that the proposed actions will have a significant effect on the environment.
10. The Commission finds that the proposed actions are not a project for purposes of CEQA because they are an organizational activity of government with no direct nor indirect effects on the physical environment, pursuant to Section 15378(b) of the State CEQA Guidelines.

PASSED AND ADOPTED this 11th Day of July 2018, by the Commission, by the following vote:

MOTION: Hahn SECOND: Barger APPROVED: 7-0-0
AYES: Barger, Dear, Finlay, Hahn, McCallum, Mirisch, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: Close, Englander

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

A handwritten signature in cursive script, appearing to read "Novak", written over a horizontal line.

PAUL NOVAK, Executive Officer