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CITY

Maria Nava-Froelich, Chair

CITY

Jason Jackson

COUNTY

Michael Kelley

COUNTY

Raymond "Ray" Castillo, Vice-Chair

PUBLIC

David H. West

Imperial



EXECUTIVE OFFICER
Jurg Heuberger, AICP, CEP

LEGAL COUNSEL
Ryan D. Childers

ALTERNATES

CITY

Jim Predmore

COUNTY

Luis Plancarte

PUBLIC

Vacant

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ACTION MINUTES OF THE REGULAR LAFCO HEARING

May 24, 2018

8:30 a.m.

El Centro City Council Chambers
1275 Main Street, El Centro, CA

VOTING COMMISSIONERS PRESENT:

Maria Nava-Froelich, Chair
Michael Kelley
Jason Jackson
David West

ALTERNATE COMMISSIONERS PRESENT:

None

ABSENT:

Ray Castillo, Vice Chair

STAFF PRESENT:

Jurg Heuberger, Executive Officer
Julie Carter, Accountant
Paula Graf, Analyst

REGULAR SESSION OF THE LAFCO CALLED TO ORDER AT 8:30 A.M.

3. Approval of Consent Items

3A. Minutes from April 26, 2018

3B. Project Report update

Motion by Commissioner West to approve 3A and 3B.

MOTION: West

AYES: Jackson, Kelley, West

ANO: None
ABSTAIN: Froelich
ABSENT: Castillo

4. **Public Comments**

No public comments were made.

ANNOUNCEMENTS

5A. **Announcements by the Commissioners**

Commissioner Froelich stated she attended an ICTC meeting last night and the budget was reviewed. There wasn't a quorum so no action was taken.

Commissioner Kelley stated he is part of the CALAFCO Board of Directors and they've been meeting in person and over the phone concerning CALAFCO's budget issues. The revenues anticipated were not realized and the expenses are going up. There is talk about reducing the hours of the Executive Director of CALAFCO. They will address the budget in more detail at the annual conference later this year. It's a serious situation. There may be discussions about dues and how to increase revenues. Hopefully they won't have to use reserves.

Commissioner Jackson asked what's the reasoning for the reduction in revenue.

Commissioner Kelley replied they anticipated vendors to join in the meetings as sponsors for the conference. It didn't come through as anticipated. Costs keep going up and the revenue is staying as is.

5B. **Announcements by the Executive Officer**

i. **Annual Conference**

Mr. Heuberger stated the annual conference this year is from October 3rd to October 5th in Yosemite. For those that plan to attend it's a bit of a travel challenge and takes time to get there. He won't be able to attend this year.

Commissioner Kelley stated he tried to get CALAFCO to change the location to Sacramento since it's easier to travel.

ii. **Staff Workshop**

Mr. Heuberger stated Julie Carter and Paula Graf attended the staff workshop and he received positive comments from CALAFCO's Executive Director Pamela Miller and other members. That was good to hear.

iii. Niland Sanitary District update

Mr. Heuberger stated I.C. Department of Public Works Director Mr. John Gay is present today and can provide an update on the district. The target date for the Prop 218 vote is June 12th. There aren't any items scheduled for a June hearing and there will need to be a meeting reasonably close to the Prop 218 vote. An option would be to have a special meeting after the 4th of July or the week after. If the Prop 218 passes then action will need to be taken to transfer to the new Niland County Sanitation District. If it doesn't pass then a meeting will still need to take place.

I.C. Department of Public Works Director Mr. John Gay stated a community meeting was held last night and an explanation about the Prop 218 process was given. There is a 45-day noticing period and on June 12th will be the official public hearing in Niland to open the ballots. At that time the results will show what direction the residents want to go with either a yes or no vote. As Mr. Heuberger has stated a meeting will need to take place and hopefully to move forward with the new district. If it is a yes vote then a meeting will need to take place as soon as possible because there are criteria that needs to be met with the funding agencies.

Commissioner Froelich asked what the take away from last night's meeting was.

Mr. Gay replied it was positive in the sense that the County has been transparent through the process. The residents have a big decision to make and the county was able to convey the critical need. It's a democratic process at the end of the day and the residents know the stakes.

Commissioner Froelich stated she hopes it will pass and then everyone will be able to move forward.

Commissioner West asked if the Commission will plan to meet around June 14th.

Mr. Heuberger replied no. Staff will wait for the outcome of the Prop 218 vote and then a 21-day notice will need to be published. Staff may preschedule a meeting, if the Prop 218 passes then the action items are already set out, if it doesn't pass then staff will need to sit down with the county and go over the next steps. His inclination is to preschedule a June meeting which would be June 28th. A decision will be made in the next couple of days. As of now that's the game plan. He's been communicating with Mr. Gay on a regular basis.

Commissioner Froelich thanked Mr. Gay and Mr. Heuberger for working together and hopes for the best and to prepare for the worst.

No action taken on this item.

DISCUSSION/ACTION/DIRECTION

6. Discussion/Action/Direction regarding the Appointment of an Alternate Public Member

Mr. Heuberger stated Mr. Ralph Menvielle who served as an alternate Public Commissioner passed away. In the prior selection process for the public/alternate public member the Commission directed a notice to be published. He is asking if the direction is the same. An advertisement would be published and posted on the

website. It would allow 60 days for those interested to submit an application and letter of interest. Last time when Mr. Menvielle was appointed there were two people that expressed interest.

Commissioner Froelich requested to allow letters of interest be submitted and taken from there. She attended Mr. Menvielles service and it was a beautiful service and would like a moment of silence in his memory.

A moment of silence was observed in memory of Mr. Ralph Menvielle.

An advertisement will be published in the Imperial Valley Press and posted on the LAFCO website.

7. **Discussion/Action/Direction regarding the Independent Special Districts being seated on the Commission**

Mr. Heuberger stated the independent special districts met at the LAFCO's request several times over the past six months. Part of those meetings were to make an appointment to the RDA Oversight Board. The appointment of Ms. Laura Fischer from the Heber Public Utility District was made. The second part of the meeting was more difficult and to discuss the option of having the special districts seated on the Commission. The Commission is aware that many attempts were made over the past 15 years to get them interested in being seated. It isn't a question of whether the Commission is opposed to them being seated. The Commission has been for it. Three efforts prior came close but didn't quite make it. The last attempt was initiated in part by the HPUD through the direction given by the Commission last year when the topic came about. The special districts said they would be interested in a seat on the Commission but the cost is beyond the means of some of the smaller districts. The request by the special districts was to approach the IID and request they pay the majority. By law no special district shall pay more than 50% of the collective total. Several of the special districts felt if that law wasn't there than the IID could pick up about 90% of the total. An offer was made at the meeting of the special districts that the IID pay about 95% of the collective total. IID Director Hanks and IID Government Affairs and Communications Officer Mr. Ortega were present at that meeting and stated they would take this topic back to the IID Board at some point even though the direction given by the IID Board was to vote against. Staff worked with both the HPUD and the IID to discuss alternative funding mechanisms. The current funding is 50% Cities collectively and 50% County. Ms. Fischer proposed the funding be apportioned by what a seat would cost. An example is the County currently pays \$255,000 per year and has two seats, if you look at the funding as a per seat basis then one seat would cost the County roughly \$125,000-\$130,000. IID stated they may be willing to pick up a larger share if they were guaranteed a permanent seat, it could be sellable to their Board. If you use the current 2018-2019 budget as a gross not using any reserves the County would pay \$291,000 and the Cities collectively would pay \$291,000. If the special districts were seated then the costs would be apportioned by 1/3 County, 1/3 Cities collectively, and 1/3 Special Districts collectively, which would be estimated at \$206,000. The 1/3 formula would reduce the Cities apportionment and the County. By using the 1/3 formula and the statute of no special district paying more than 50% some of the districts apportionment are in the \$20,000-\$25,000 range and they've stated the numbers are too high. Ms. Fischer stated another approach would be by the County and the Cities collectively absorb a greater share than the 1/3, not at 50/50 but about \$243,000 based on the current budget.

Commissioner Kelley asked what the justification is for HPUD not paying their fair share, why not split between the IID and HPUD.

Mr. Heuberger replied HPUD's estimated cost would be \$30,000 and the District has stated it's beyond their means. The figures have been discussed and if the IID picked up 90% of the collective total of the special districts then it would alleviate the smaller districts not being able to pay. The Districts have stated they would be interested in the IID having a guaranteed seat in exchange that IID pay more.

Commissioner Kelley stated he's always believed that IID should have a seat on the Commission since the Commission ensures that services are being provided to the communities. If a special district doesn't want to come up with the funding to be represented then it should be business as usual.

Mr. Heuberger replied the IID hasn't taken it back to their Board since the first meeting. He's had a discussion with Mr. Antonio Ortega from the IID and it was scheduled for their next meeting. All of the districts that were present during the meeting voted in favor of having a seat on the Commission. The downside was most said it would be a financial hardship.

Commissioner Froelich stated she is in favor of IID having a seat on the Commission but doesn't like the idea of the district being able to have a guaranteed seat because they are willing to pay more, it's like being able to buy a seat.

Mr. Heuberger stated he understands and there are several LAFCO's in the state with a similar arrangement, it's not unique. It would be up to the special districts to agree. If the IID picks up a greater share in exchange for a guaranteed seat then the special districts would have to agree and the majority of the special districts have stated they are interested. Those decisions would be made by the special districts, the Commission doesn't have the authority to dictate who sits on the Commission. Staff have had discussions on the entire process. The proposed budget being presented today doesn't include the special districts being seated on the Commission. If the special districts within the next month's vote to be seated then his recommendation would be to make the change effective the next budget year of 19/20.

Commissioner Kelley asked if the budget could be adjusted during the year.

Mr. Heuberger replied it could be but he doesn't think the special districts will make the decision in the next four or five months. The discussions and agreements would need to go back to each district board and that takes time. It might not happen until the end of this year, staff would need to provide a report and present to the Commission. The special districts would then have to pay their share and none of the special districts have budgeted for this. It would be easier to make it affected July 1, 2019 and the special districts would be represented on the Commission.

Commissioner Froelich stated if IID were to have a guaranteed seat then she would support the special districts having two seats.

Mr. Heuberger replied the special districts would have two seats and one alternate seat. There isn't a provision in the law that allows more than one seat. The County has two seats, the Cities have two seats and the Special Districts would have two seats. The City of El Centro pays \$160,000 of the \$290,000 collective total of the cities. If you look at it on a per seat basis, then the City of El Centro pays \$6,000 more than the County per seat.

IID Government Affairs and Communications Officer Mr. Antonio Ortega stated the direction from the May 2nd meeting of the special districts was that IID consider paying 95% and because of some of the recent discussions that occurred regarding having the special districts come up with a different formula the item is being put off until the special districts meet again on May 30th. Based on that meeting the plan would be to go back to the board in June and present the alternative formula. If the board approves it then it would go back to the special districts and then before LAFCO.

Commissioner Jackson asked if the IID Board recently voted on this item.

Mr. Ortega replied it wasn't a vote, it was direction to the representative of IID that would be attending the May 2nd meeting. The majority of the board directed the Chairman to vote against joining the Commission and that would be based on the formula that was presented at that time and that was that the IID would pay 50% but not have a guaranteed seat. The other special districts have concerns even with that formula and he doesn't want to guess of what would have occurred but on discussions he's had with other districts it wouldn't have been approved. Rather than have that vote on May 2nd the districts decided to come together with another more equitable distribution and that's where the special districts are today.

Commissioner Froelich asked if the new Niland County Sanitation District will be a special district when the Niland Sanitary District dissolves.

Mr. Heuberger replied it would be a special district.

Commissioner Froelich asked if it's an option or a mandate to add the special districts to the Commission.

Mr. Heuberger replied it's the special districts option, the Commission does not have a say if the special districts have a seat. If the special districts have the vote of 50% plus 1 then the Commission cannot say no.

Mr. Heuberger stated there is a meeting of the special districts on May 30th to discuss. LAFCO's function as staff is only to coordinate meetings, not to make any recommendations to the special districts.

Commissioner West asked if the special districts come up with an alternative funding would that formula have to be presented to the Commission to be accepted.

Mr. Heuberger replied no, it's up to the special districts to agree to the alternative funding formula. If the special districts agree to an alternative formula then each special district would be required to present a resolution agreeing to having a seat on the Commission. At that point, the decision as to whether or not IID would have a permanent seat would be part of the findings that each district would make. The Commission would memorialize that, it wouldn't be changed, but it would confirm the votes and the terms and conditions of the vote would become part of the record.

No action was taken on this item.

8. Discussion/Action/Direction regarding the Heffernan Memorial Healthcare District

Mr. Heuberger stated staff have been working with the district and on this topic for quite some time now. A report and recommendations have been provided to the Commission. He thanked the Heffernan Board specifically Mr. Martinez, Ms. Apodaca, and Ms. Bernal for meeting with him to make sure there is an understanding. Mr. Heuberger and Commissioner West have attended several of the district meetings over the past several months. Following the Commissions last meeting it was made clear that the goal was to try and get the district to become a functional and operational district and that the dissolution process was sort of an issue of last resort. If the district was running properly and things turned around then the Commission would continue to work with them. Based on that, a historical summary has been provided in the report that provides information up to the last meeting when the Commission gave direction and made a number of comments. Following that meeting staff requested a substantial amount of both financial and technical information from the district and that information has been reviewed. Specific topics were discussed with the Board that primarily were related to the recommendations that came up during the last meeting, one being the recommendation to hire a staff person either a director or secretary that would allow the ability to follow the functions efficiently. Another topic discussed is the way the district funds or thinks about funding projects and issues relative to what types of programs to fund. As an example, funding the paramedic services with the City of Calexico is not viewed as an appropriate function for the districts funds to be used. The district receives approximately \$500,000 on an annual basis and are collected with the intent to be used toward the purposes of healthcare. It doesn't mean that a hospital must be provided. Some of the items brought to his attention were the types of programs the district is being asked to fund, they aren't necessarily healthcare related. The district is in a unique position because they have money. It's problematic because they get a lot of requests for funds, some are good intentioned by the public or people applying but are not related to the function of the district. That puts the district in a position to fund things they shouldn't because of the community. The recommendations today are to work with the district to put them in a position to operate under their intended charter and have the LAFCO function as an oversight capacity for the time being. He was asked by Board Member Mr. Martinez how long the oversight would be. There isn't a time limit to the oversight, staff will work with the district to obtain quarterly or semi-annual reviews. If it looks like they're working as they should then the review would be complete.

Commissioner Kelley stated Mr. Heuberger's report is outstanding. The report provides the history and he could have been more critical but glad he wasn't and the Commission is aware of what has happened in the past. Mr. Heuberger should continue to meet with the district and bring an update back to the Commission. Based on the efforts of the district the release of the probationary period for lack of a better term is a possibility. His recommendation is to concur with the report.

Commissioner Froelich stated she'd like to allow the opportunity for the district to speak and asked if any of the items in the report have been submitted.

Mr. Heuberger replied yes, it's been an ongoing review. The district has been submitting documentation and there aren't any complaints regarding the timing of receiving the requested documents. LAFCO Accountant Ms. Julie Carter has spent a lot of time reviewing the accounting and trying to figure out their revenue and expenditures. He's talked to the board about the programs that are being funded and their funding guidelines. If someone approaches the district and says they need \$500,000 to fund a clinic then half or more of that amount should be invested from the person requesting the funding. That would speak to the fact that they are

also taking a risk by investing their own money. The district should review their policies. If it's well known and documented that the district is going to expect the requestor to match the ratio, it may stop some of the requests for funding.

Commissioner Froelich supports LAFCO and is also a firm believer of local control. The City of Calexico and Heffernan are thriving. She's visited the El Centro hospital when Pioneer's Hospital is packed and the El Centro has a lot of residents from Calexico. Her brother works there as a nurse. Hopefully one-day Calexico can obtain their own hospital.

HMHD Board Member Ms. Norma Apodaca thanked Mr. Heuberger and agrees with the recommendations. All boards need to have better stringent guidelines to keep so many from requesting money. It was hard but she understands the reason on not funding the City. The City has their own budget and they have to adjust to satisfy the needs.

HMHD Board Member Ms. Sylvia Bernal stated the district posted the District Manager job on their website. Dr. Edward from ECRMC helped with the job description and did a great job. The position will start out part time and as needed may become full time. She believes it will relieve a lot of the issues that are happening. The board members are the ones that are trying to take care of everything. It will help the district prepare a business plan to present to the Commission. She agrees with the Commission but has one concern regarding the term probation. The Commission has every right to place them on probation but the problem is when the district wants to venture with someone and they find out the district is on probation it's hard to get a commitment because they say they don't know if the district will be operating. She would like the term to be replaced with monitoring.

Commissioner Kelley replied the word probation sounds good because there is meaning behind it but it can be changed. Regardless of the term used everyone understands what the direction is.

Ms. Bernal stated the District met with the CEO of ECRMC Dr. Edward. The hospital is expanding in Calexico and wants a joint venture. The district will be meeting with PMHD as well not just because the district is before the Commission today. These meetings were previously scheduled with PMHD but were unable to meet because PMHD's electricity went out. There are tentative dates to meet and collaborate with them. The district currently has a transportation agreement with PMHD. In regard to the grants Mr. Heuberger mentioned, the district has a form that must be completed and criteria has to be met. The form may need to be enhanced and the district is open to the opinion on how it can be enhanced. The district has been trying hard to meet the requirements and are continuing to try and be the role model of the district. If the Commission needs quarterly reports she doesn't object to that. She thanked the Commission for having faith in the district.

Commissioner Froelich stated there's a lot of work ahead. The term monitor can be used. Some of the suggestions by Mr. Heuberger are to the benefit of the district.

Ms. Bernal replied she agrees to the term monitoring instead of probation.

Commissioner Kelley stated he appreciated Ms. Bernals sincere comments.

HMHD Board President Mr. Martinez thanked Mr. Heuberger for working with the district, he takes it as constructive criticism as it will set them in the right path for current and future board members. There are members of the community that may request funds for different programs that may be good programs but they don't fit the criteria of the district. Sometimes it's hard to turn down those programs. Moving forward the district has the right vision and there will be upcoming elections and new board members in December. It's good to work with LAFCO and the District and be able to train the new board members on the rules and guidelines. It will hopefully make the district more productive and focused on what the district needs to provide. He thanked the staff and Commission for working with the district. The recommendations by the EO are not hard to comply with and will be beneficial to both the Board and the citizens of Calexico, that money is for them and specific to health care. The district will comply and obtain more guidance. He stated he started out lacking experience and is still learning. It's hard because of the retaliation from focus groups for not funding a program that might be good but is not healthcare related.

Commissioner Froelich stated about 19 years ago the City of Calipatria didn't have a manager and was ran by the City Council. Each council member was responsible for managing a department and the city ended up approximately \$1 million in deficit and was in jeopardy of becoming bankrupt and taken over by the state. The city ultimately hired a manager and the city struggles but it also thriving and moving along. It helps to have a manager that is on top of things to keep the city afloat.

Comite Civico del Valle Executive Director Mr. Jose Olmeda stated he's fairly new to HMHD and really never paid attention to the district. He had a recent opportunity to interact with the district and he likes to conduct extensive research and see what the district has done in the past and what they are currently doing. He also met with their board. He is pleased to hear the positive comments and to hear LAFCO's support. What he has learned is that HMHD has been supporting various organizations at various capacities. It's unfortunate that the organizations being supported by HMHD aren't present today since there seems to have been a benefit of the resources. Mr. Olmeda's organization will rarely ask for resources because they want to make sure they have something to contribute and that will match the expectations of the funding resources. The resources are sometimes put in the hands of organizations that are already providing those services. It's the responsibility of both the board and the organizations that are asking for funding to do their due diligence. Even the County will sometimes experience programs that fail for many reasons. The HMHD needs more community support not just from Calexico but from others. His organization deals with public health, the State Department of Public Health and have current active research studies. He understands health care and have conducted interventions for the past 17 years and have been working on various health issues. He believes the organizations have a responsibility to help the success of the HMHD and anyone else in the community that needs support. The organizations can't just feed off the funding and say they are done, it's a sad case. His organization is vigilant in the community. HMHD needs support from other healthcare providers to help build bridges and bring valuable resources to Calexico. He's heard over the years that it's "Only Calexico" and he fell into that mentality. He hasn't done enough for Calexico and the community needs to do more to help the city and the HMHD and anyone else that needs help.

Commissioner Kelley stated he is glad to see HMHD engaging with others in the community to provide additional assets to the Calexico area.

Commissioner Jackson stated its evident and although the Commission has been stern at times with some of the past actions, the Commission has always been supported of trying to maintain the District. A year ago, they could have said dissolve the district and be done. They've been supportive of the board members that are trying to help their community.

Commissioner West stated if a project is proposed to the District it should also be submitted to Mr. Heuberger for review.

Motion by Commissioner Kelley and approving Option #1 of the Executive Officer's report and replacing the term probation with the term ongoing monitoring.

MOTION: Kelley
AYES: Froelich, Jackson, Kelley, West
ANO: None
ABSTAIN: None
ABSENT: Castillo

9. Discussion/Action/Adoption of the Final LAFCO Budget for FY 2018/2019


Mr. Heuberger stated the proposed budget is the same as last year. There is income in terms of fees and income in terms of rent. At the end of the budget year there is usually some carry forward, that exact amount isn't known yet. There is a contingency reserves amount of about \$75,000. If the \$75,000 contingency reserves isn't used then the County would pay \$291,000 and the Cities collectively would pay \$291,000. If the contingency fund is used then the County would pay \$253,000 and the Cities collectively would pay \$253,000 which is the same as last year. The recommendation would be to use the contingency. There is an emergency reserves account and a legal account that are currently funded.

Commissioner Kelley stated the contingency of \$75,000 should be used.

Motion by Commissioner Kelley to approve the budget as proposed utilizing the \$75,000 in reserves.

MOTION: Kelley
AYES: Froelich, Jackson, Kelley, West
ANO: None
ABSTAIN: None
ABSENT: Castillo

Maria Nava-Froelich, Chair


Jurg Heuberger, AICP, CEP
Executive Officer to LAFCO