
COMMISSIONERS

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Maria Nava-Froelich

CITY

Jason Jackson

COUNTY

Michael Kelley, Chairman

COUNTY

Raymond "Ray" Castillo

PUBLIC

David H. West

Vice-Chairman



ALTERNATES

CITY

Jim Predmore

COUNTY

Jesus "Jack" Terrazas

PUBLIC

Ralph Menvielle

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EXECUTIVE OFFICER
Jurg Heuberger, AICP, CEP

LEGAL COUNSEL
Ryan D. Childers

ACTION MINUTES OF THE REGULAR LAFCO HEARING

May 26, 2016

8:30 a.m.

El Centro City Council Chambers

1275 Main Street, El Centro, CA

VOTING COMMISSIONERS PRESENT:

Michael Kelley, Chairman
David West, Vice Chairman
Jason Jackson
Jack Terrazas
Maria Nava-Froelich

ALTERNATE COMMISSIONERS PRESENT:

Ralph Menvielle

(NOT VOTING)

ABSENT:

Raymond Castillo
Jim Predmore

STAFF PRESENT:

Jurg Heuberger, Executive Officer
Julie Carter, Accountant
Paula Graf, Clerk
Ryan Childers, Legal Council

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

3. Approval of Minutes from March 24, 2016

Motion by Commissioner West and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to approve the minutes as presented.

4. Approval of Consent Items:
 - A. Project Report Update

Motion by Commissioner West and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to approve the project report as presented.

5. Public Comments: None

ANNOUNCEMENTS

6. A. Announcements by the Commissioners.

Commissioner Froelich stated she attended an ICTC meeting the night prior. There will be a League of Cities meeting tonight. Froelich attended a SCAG conference on May 4th and 5th and the outgoing SCAG President Cheryl Viegas-Walker was featured in a video that is available on the SCAG website.

Commissioner Terrazas stated he has a lot to report but not enough time to do so. Commissioner Terrazas will need to leave at 10:05 today to attend the signing of the MOU between Imperial County and Mexico.

Commissioner Jackson stated he also attended the SCAG conference in support of President Cheryl Viegas-Walker and finishing up her last year in presidency.

Commissioner Kelley stated the CALAFCO is working on various legislative fronts and will receive the results in the near future.

- B. Announcements by the Executive Officer.

Executive Officer Mr. Heuberger announced the appointment of the LAFCO Alternate City Commissioner Mr. Jim Predmore who was selected by the City Select Committee.

Mr. Heuberger reminded the Commissioners about the October 15th annual conference that will require early registration.

DISCUSSION/ACTION/DIRECTION ITEMS

7. **Discussion/Action/Direction regarding the Seeley County Water District (SCWD 1-15) water study results and financial consultant's findings.**

Mr. Heuberger stated at the prior LAFCO hearing the Commission indicated this item would be back on the agenda however not necessarily for direction. The review of the SCWD will eventually result in a Service Area Plan update. Mr. Heuberger has met with various members of the SCWD and has also met with I.C. Community & Economic Development Manager Esperanza Colio, and Mr. Chris Westlake. Mr. Heuberger stated the SCWD is somewhat dysfunctional. Mr. Heuberger stated that rather than listen to different members on different days, he is requesting that LAFCO be placed on the SCWD June 28th agenda and will coordinate with the SCWD President Beatriz Scroggins.

SCWD Board Member Patrick Harris stated he wasn't aware of the hearing today until two days prior. The board members approved a rate study that was produced in January of this year and

that was provided to LAFCO. The rate chart and the rate study were approved by the SCWD Board with a 4-1 vote and the district is in the process of preparing a Proposition 218 notice. The Board hasn't been totally dysfunctional. RCAC completed the rate study for the SCWD which took about 6-7 months. RCAC reviewed the districts financials, worked with the bookkeeper, and completed a thorough review of the district's financial wellbeing. After adjustments were made the final draft from 2012 was delivered and was eventually voted on about 5 weeks ago. Subject to Proposition 218 the process was completed and consistent with the California constitution. Once implemented it will immediately bring in \$80,000 to \$100,000 of revenue because it addresses inequities with the system that now have been corrected with the new rate study. This is what has happened recently and this is where the district currently is. The Service Area Plan was near completion in January and it was stalled out because of the rate study and other incidental items. A copy of the Service Area Plan was provided to LAFCO.

Commissioner Froelich asked if Mr. Harris is currently on the SCWD Board.

Mr. Harris responded yes he is currently a Board Member and was the President of the Board for several years.

Commissioner Kelley confirmed the recommendation of the Executive Officer is to move forward.

Mr. Heuberger requested that LAFCO be added as an agenda item on the SCWD June 28th hearing.

No action taken.

8. **Discussion/Action/Direction regarding the Winterhaven Fire District (WFD 1-15) and possible dissolution**

Mr. Heuberger stated since the last LAFCO hearing, the LAFCO has sent several correspondences to the WFD. Mr. Heuberger has also spoke with the I.C. Fire Chief Tony Rouhotas to request an update on the status of I.C. Fire services in Winterhaven. The most recent correspondence was sent certified mail to the WFD and was confirmed to have been picked up. Since then the LAFCO hasn't received a response. Whether or not the LAFCO will receive a response remains to be seen. The LAFCO is also trying to locate some of the outstanding financial documents that have been made aware of. The direction the LAFCO is taking is to conduct an analysis of the WFD and may ultimately be recommended for dissolution.

Commissioner Froelich asked if the District has an active Board.

Mr. Heuberger replied that is unknown at this time but he has heard of some information but doesn't want to rely on that information as being fact.

No action was taken.

9. **Discussion/Action/Adoption of the Final LAFCO Budget for FY 2016/2017**

Mr. Heuberger stated the LAFCO presented the draft budget to the Commission at the March hearing. The final budget presented today is basically the same. The Southern California Association of LAFCO's have been working together to obtain an auditing firm. In the past the annual audits were done as a joint exercise where the Southern LAFCO's hire one firm with the exception of San Diego. An RFP went out the early part of this year and no responses were received. A second RFP was sent out and 13 responses were received. The Southern LAFCO's

had a conference call yesterday, and 4 firms were chosen out of the 13. All of them with one exception are within the budgeted amount. One of the firms is \$2,000 more than the budgeted amount. Mr. Heuberger stated that firm might not be chosen, partly because of the expense. The top 4 firms are all qualified. One obstacle the LAFCO's run into is that every LAFCO seems to have issues with an auditing firm. One of the LAFCO's has a policy whereas they cannot use certain firms within certain periods of time which ruled out a couple of firms. One of the firms was disqualified because the firm handles the accounting for one of the LAFCO's. It's been a challenge, other than that Mr. Heuberger is recommending the approval of the final budget presented today.

Commissioner Terrazas asked if the LAFCO building is paid off.

Mr. Heuberger replied yes the building is paid off, and as of today the LAFCO is fully occupied. A lease was recently signed for the last space that was vacant. The revenue from the leases goes toward offsetting part of the budget. During or prior to the next fiscal year Mr. Heuberger would like to address some structural issues, sediment problems, and cracks. An engineer will need to be hired because of the masonry wall. The restrooms are now completed and are ADA compliant. The landscaping is also completed.

Commissioner Terrazas asked if the reserves balance is currently at \$35,000.00.

Mr. Heuberger confirmed the balance is \$35,000.00. The Commission previously adopted a policy to try and maintain \$100,000 in reserves. Mr. Heuberger is suggesting the funds that were saved during the 2015/2016 year be allocated to the reserve account. Another policy item that will eventually need to be addressed is the LAFCO building. The building is approximately 50 years old and at some point replacing the building will need to be discussed.

Motion by West and approved by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West.

PUBLIC HEARING ITEMS

10. **Public hearing to consider the final approval or denial of the Service Area Plan/Municipal Service review for the Heffernan Memorial Healthcare District (HMHD 1-15) continued from the January 28, 2016**

Mr. Heuberger stated this item has been before the Commission several times and the direction of the Commission was for HMHD to prepare a business plan. In the hearing packets is the business plan submitted by HMHD. Today's hearing the Commission has to determine if the plan meets the intent of the original direction. If it does then the Commission finds that the Service Area Plan/Municipal Service Review requirements are met. If the Commission determines that the business plan doesn't meet the requirements, or if it wishes to obtain more information, then the Commission can likewise so direct and continue the item once more.

Commissioner Kelley stated HMHD has stepped up to the plate with a progressive and positive attitude, and it was a long time coming, to improve the dedication to the citizens of Calexico.

Mr. Rivera stated he hopes the Commission will approve Option #1. In the audience today are representatives from ECRMC and PMHD, Dr. Tristan, and Calexico Fire Chief Mercado.

ECRMC Director of Development Kathy Kennerson stated ECRMC started working with HMHD earlier this year. One of the projects was to expand the clinic hours. The clinic previously closed at 7pm and now closes at 12 midnight Monday through Friday. During the last three months, the clinic has seen over 750 patients during that time span. The clinic has one full time provider and as soon as they are able to, they'll expand and have more providers. One of the next projects in June 2016 is opening up a Patient Service Center which will be a central scheduling center and also a navigation center for the patients in Calexico. The current clinic has been remodeled and is now working on technical issues. ECRMC and HMHD anticipates having five staff members at the Calexico clinic answering calls, scheduling appointments, assisting with transportation, medications, and pharmacy. The goal is to try and break down whatever barriers the patients in Calexico have. The first step is the ability to access healthcare. ECRMC signed a lease for three suites at the 400 Mary location and is currently under renovation. There will be a diabetes educator and asthma programs. ECRMC is currently in the process of recruiting a provider specifically for the elderly population.

Commissioner Terrazas stated he is glad to see HMHD and ECRMC working together and foresees expanding healthcare and joint ventures in the future. Calexico is a fast growing city. Commissioner Terrazas congratulated HMHD and stated the District has a lot on their plate and has been doing a lot for their community and commended them for a job well done.

Mr. Rivera stated PMHD and HMHD in the past had extended their hours of operation at the clinic. When the agreement had terminated after 3 years, PMHD determined that in the best interest of the residents to continue the expansion of the hours. The service is currently being provided by PMHD and they should be congratulated for all their services to the residents of Calexico.

PMHD CEO Mr. Lewis stated they've been working steadily with HMHD. PMHD presented a transportation program to HMHD. This will be an operation to help coordinate visits, and on advice of legal PMHD have submitted the plan to the office of the Inspector General to make sure it falls within regulatory lines. PMHD have received a response from the Inspector General with a couple of questions and expect to move forward after their next response which is expected within the next couple of weeks. HMHD have been very responsive in talking PMHD through what their needs are as well as what PMHD could provide. HMHD have offered space for the transportation employee that has been hired and has been trained through IVTC. There are also some other ideas out there to increase access to outpatient services. Scripps Health is in support, assisting with feasibility studies, demographic analysis. Scripps Corporate Vice President of Operations and Research Mr. Tim Collins visits on a regular basis to provide support.

Commissioner Kelley stated collaboration is what makes this work.

Mr. Rivera stated Dr. Tristan has operated a child obesity clinic on her own in the past five years. HMHD and Dr. Tristan have partnered and Dr. Tristan has instituted a formal program which has an enrollment of eighty kids that are participating in a wellness program that addresses childhood obesity. Dr. Tristan is here today and will address the Commission.

Pediatrician Dr. Tristan stated she has worked in the Imperial Valley for the past fifteen years and has seen a growing epidemic in child and adolescent obesity. Dr. Tristan had a pilot program with patients from her practice and wanted to expand this program. The Imperial Valley obesity rate is between 35-45% and can lead to diseases, diabetes, high blood pressure, and other health problems. As a pediatrician Dr. Tristan takes care of healthy and sick kids and her main goal is prevention. This program was created to fight obesity. There have been many individuals who have helped with the development of the program. Dr. Tristan stated we have to get together and

work in the community. Dr. Tristan presented the program to the HMHD staff and started the program three months ago. The program will assist one hundred kids annually. The program promotes a healthy lifestyle, provides physical activity and is helping the children's families as well. The process is the patient gets evaluated by a provider and would get referred to a specialist; the patient is evaluated and lab work is completed. The program provides daily physical activity, behavioral counseling, and nutrition counseling. The program will not only treat the children but also their families. The program consists of a director and five trainers, a nutritionist, a counselor, and a behavioral counselor. The mission is to promote a healthy lifestyle to avoid chronic health issues. The core values of the program are children, happiness and health. Dr. Tristan thanked the Commission and stated there is a short video being shown today to provide more information about the program.

Calexico Fire Chief Mr. Mercado stated the HMHD have made a tremendous effort in providing preventative medicine, clinical medicine, and pre-hospital medicine. The Fire Department responds to 3,200 medical calls annually and is the busiest in the Imperial Valley. Gold Cross decided to establish a facility in Calexico for mutual aid purposes, which means earlier healthcare for the citizens. The HMHD have been instrumental in helping the Fire Department outfit ambulances and providing ambulances for the past 8 years as long as Mr. Mercado has been Fire Chief. HMHD have done a tremendous job in supplying tools to do the job and most recently talked about advancing the technology of the cardiac. Before the monitors used to cost between \$7,000 to \$8,000 to outfit each unit. With the newer technology the Fire Department wanted to be able to outfit the vehicles with newer monitors to work with the technology used at ECRMC. The cardiac monitors now cost between \$26,000 to \$27,000 per unit and realistically the City of Calexico cannot afford it. The HMHD provides the mechanism to achieve healthcare, whether the city has the money or not. The HMHD has provided the tools for the betterment of the community. Is it very important to the success of the Fire Department. Mr. Mercado thanked the Commission for nudging the HMHD to get their act together. The HMHD has done a tremendous job in reacting to that shown by the synergy between LAFCO, the City of Calexico, and HMHD.

Commissioner Kelley stated the review of the HMHD dates back to a couple of years ago and started with the Grand Jurys criticism of the district. It came before the LAFCO and LAFCO was responsible for ensuring that all services are being provided to the citizens of Calexico. Commissioner Kelley is pleased that HMHD have stepped up to the plate and have become a true healthcare district. HMHD have done an outstanding job and partnered with other agencies and that makes it really dynamic to improving the services. Commissioner Kelley stated he is a fitness enthusiast and knows the benefits of exercise and to see it start at a very young age is a dynamic and instrumental in their overall health in years to come. Commissioner Kelley congratulated HMHD and those involved for stepping up to the plate and providing services for the citizens of Calexico. Commissioner Kelley foresees continued improvement. The LAFCO ruffled a few feathers in the beginning but in order to be successful everyone needs to work together and the purpose of Service Area Plan review is to ensure the functions of each special district. Commissioner Kelley thanked HMHD and those involved.

Commissioner West stated he appreciates the progress of the HMHD and going outside the box. Without having a hospital the HMHD had to figure out ways to help the community. It's not easy having other people look at what you're doing and the Commission appreciates the HMHD for being kind and gracious about it. Commissioner West asked if it is possible to have the HMHD submit an update on an annual basis, otherwise the Commission won't see an update for another five years

Mr. Heuberger replied yes, it's well within the LAFCO's purview to request an annual update and the HMHD can certainly volunteer to do it.

Mr. Rivera stated an annual review would not be a problem.

Commissioner West motioned for approval of Option #1 with an annual update.

Commissioner Jackson congratulated everyone involved in the process and stated it hasn't been comfortable for the citizens of Calexico and HMHD but ultimately this function brought everyone together. Commissioner Jackson stated it's great to see HMHD, ECRMC, and PMHD working together and creating a healthcare vehicle for residents. This is an example of great leadership between two hospitals and the district. Commissioner Jackson is looking forward for more to come. The HMHD is on the right track and praised them for a job well done. Commissioner Jackson thanked everyone involved as they were instrumental in making this happen.

Commissioner Terrazas stated he wanted to echo the remarks of the Commissioners and thinks in the future there will be a need for a major healthcare facility and the only way to get the cash infusion to start would be to partner with the current and various future partners. The first three minutes in an emergency are always the most critical and am sure Calexico Fire Chief Mr. Mercado can agree. Commissioner Terrazas congratulated HMHD; they are moving in the right direction and have a great plan. It's a good idea to have an annual update as a self-check and to keep everyone on track.

Commissioner Froelich commended HMHD, ECRMC, PMHD and all other partners involved and stated she is pleased to see HMHD is live and doing well and have a wonderful plan and many goals in place. Commissioner Froelich asked in regards to the child obesity program if there is a program for the adults and how do the children in the community find out about the program. Commissioner Froelich recommended collaboration between the program and the Clinicas de Salud. Clinicas de Salud have a program in Calipatria that provides a parent education component nutritional guidance.

Dr. Tristan replied but the comment was inaudible.

Motion by West and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to approve Option #1 with an annual update to be submitted to the Executive Officer.

11. **Public hearing to consider the approval of the Service Area Plan/Municipal Service review for the Niland Sanitary District (NSD 1-16)**

Mr. Heuberger stated there is a concern for the NSD, specifically regarding their financial state. According to the 15/16 audit the NSD is in a deficit of \$70,000, and it's been a trend not just a onetime occurrence. Mr. Heuberger is recommending the Commission approve the Service Area Plan with a request modification and conditional approval so that the LAFCO can work with the NSD to get them financially back on track. The conditional approval is to approve the Service Area Plan today and have the NSD return to LAFCO within a year rather than the 5 years during which time the LAFCO would assist.

Commissioner Kelley asked if the deficit was \$70,000 per year and stated the only way to decrease the deficit would be a rate increase.

Mr. Heuberger replied that the deficit is \$70,000 per year and the last rate increase was about 6 years ago.

Chairperson Debbie Salas stated there have been several changes within the NSD. There are new board members and some have resigned. The NSD has been working with several entities trying to determine how to reduce the deficit. Chairperson Salas stated a rate study will need to be completed in order for the NSD to apply for a grant. The NSD is also working on getting an extension for the cease and desist order.

Commissioner Froelich asked if the NSD has a full board, a secretary, and what is the biggest factor of the deficit.

Chairperson Salas responded that there is a full board and secretary and regarding the deficit she is unsure at this time, she is new to the NSD.

Mr. Heuberger replied that according to the reports the deficit is based on a couple of factors. Mr. Heuberger spoke with the Regional Quality Control Board and stated the NSD has serious violations that need to be addressed.

Commissioner Terrazas asked if there was a desire to continue the NSD.

Chairperson Salas responded that the NSD wants to correct any wrongdoing that happened in the past and the board members along with the community want it corrected.

I.C. Community & Economic Development Manager Esperanza Colio stated the NSD has been working with BECC on the preliminary engineering, environmental documents for the sewer plant upgrades and are in the completion stage. The NSD requires financial assistance to complete the engineering designs. Usually before the USDA would provide funding the NSD would need to have the engineering designs completed. The NSD will have to upfront the cost in order to complete the application with the USDA. The NSD issued a letter to the Board of Supervisors requesting financial assistance for the engineering designs. This project has been ongoing for about two years and one of the problems in Niland is that the sewer system is not connected to the water system. Usually when a resident receives a bill it would be for both sewer and water and in this case it's two different things. The County is willing to work with the NSD at the discretion of the Board of Supervisors.

Mr. Heuberger stated a rate study is required, and asked if the County would assist the NSD.

Ms. Colio responded that yes the County could assist the NSD but that the NSD would need to approach the Board of Supervisors to request assistance

Mr. Heuberger stated he will schedule a meeting with the NSD and Ms. Colio to go over what is needed.

Commissioner Froelich asked how much the NSD would be requesting and if it would be a loan or a grant.

Ms. Colio responded the NSD could request a loan or an advance on property taxes. The loan would be paid back once the NSD secures the funding from the USDA and the loan would be about \$300,000. The engineering designs are eligible under the USDA funding. BECC would provide \$300,000 and the NSD would need to supply the remaining \$300,000.

Motion by Jackson and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to conditionally approve Option #1 with a one year view.

12. **Public hearing to consider the approval of the Service Area Plan/Municipal Service review for the Palo Verde Irrigation District (PVID 1-16)**

Mr. Heuberger stated the PVID provides irrigation water services. The financials were reviewed as well as the information provided by the PVID. Mr. Heuberger is recommending the approval of Option #1 of the Executive Officers report.

Motion by West and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to approve Option #1.

13. **Public hearing to consider the approval of the Service Area Plan/Municipal Service review for the Riverview Cemetery District (RCD 1-16)**

Mr. Heuberger stated that pursuant to the direction of the Commission some time ago, the LAFCO has limited its request for information to primarily the financial side for most of the smaller districts. Most of the districts are providing services at an adequate level which is the case for the RCD. Mr. Heuberger is recommending the approval of Option #1 of the Executive Officers report.

Motion by Jackson and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to approve Option #1.

14. **Public hearing to consider the approval of the Service Area Plan/Municipal Service review for Salton Community Service District (SCSD 1-16)**

Mr. Heuberger stated the LAFCO reviewed the information provided by the SCSD and the district is performing within the CKH act and recommend approval of Option #1.

SCSD General Manager Mr. Mitch Mansfield stated the SCSD has had a good year and was able to obtain an additional \$950k from taxes along with an additional 15% rate increase from the prior year.

Motion by Jackson and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to approve Option #1.

15. **Public hearing to consider the approval of the Service Area Plan/Municipal Service review for the Winterhaven County Water District (WCWD 1-16)**

Mr. Heuberger stated in the past the WCWD has faced several challenges and potentially still facing some challenges. Part of the services are being provided by Yuma and there have been some issues with the line crossing the canal. At this time Mr. Heuberger stated the WCWD is in the bounds of the requirements with the CKH and recommends the approval of Option #1.

Commissioner West asked if the recommended approval is for the full five years.

Mr. Heuberger responded yes, the WCWD has been responsive and the County of Imperial is currently working with them on several issues.

Motion by West and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to approve Option #1.

16. **Public hearing to consider the approval of the Service Area Plan/Municipal Service review for the Central Valley Cemetery District (CVCD 1-16)**

Mr. Heuberger stated there is a representative of the CVCD in attendance today General Manager Mr. Chuck Jernigan. Based on the financial reports and other information provided by the CVCD, the district is providing services adequately and is financially stable. Mr. Heuberger recommends the approval of Option #1.

Motion by Jackson and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to approve Option #1.

17. **Public hearing to consider the approval of the Service Area Plan/Municipal Service review for the Bombay Beach Community Service District (BBCSD 1-16)**

Board Member Mr. James Connelly stated he recommends the approval of the Service Area Plan. The District is a small community and things are doing well and expect to get better.

Froelich and Terrazas thanked the representatives from Bombay Beach for being present today.

Motion by Jackson and passed by the roll call vote of Froelich, Jackson, Kelley, Terrazas, and West to approve Option #1.

EXECUTIVE SESSION

14. **Anticipated Litigation**

The Imperial County Local Agency Formation Commission will recess to closed session with its attorney regarding anticipated litigation in that:

Imperial County Local Agency Formation Commission to Initiate Litigation. Based on existing facts and circumstances, LAFCO had decided to initiate or is deciding whether to initiate litigation. There is one (1) such potential case. (Government Code 54956.9(c).

Mr. Heuberger stated there is no update on this item. No action was taken.

Mike Kelley, Chairman



Jurg Heuberger, AICP, CEP
Executive Officer to LAFCO