

## MINUTES OF THE LAFCO MEETING

November 18, 2010

County of Imperial Local Agency Formation Commission (LAFCO) convened a regular meeting on Thursday, November 18, 2010, at 8:00 a.m. in the Board of Supervisors Chambers, 940 Main Street, Suite 211, El Centro, California.

Commissioners present: Leimgruber, Snively, Ludwig and Edney. Alternate Commissioners present was Stapleton. Commissioner Kelley was absent.

Staff present: Executive Officer Heuberger, Legal Counsel Turner, Clerk Davis.

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3. Approval of Minutes of August 26, 2010:

A motion made by Commissioner Edney, by unanimous roll call vote approved the minutes.

4. Approval of Consent Items:

- A. Information on Funding Program Database.
- B. Information on unincorporated communities and infrastructure findings.
- C. Approval to contract with H&B for Annual Audits.
- D. Information on repairs to LAFCO Office, Suite A.

In regards to Item 4-C, Commissioner Snively disclosed that Foss & Simpson, who were later bought out by Hutchinson & Bloodgood, were his accountants for many years however he does not have any financial interest in the firm. He has confirmed with LAFCO Counsel that this is not a Conflict of Interest.

The Commission adopted the motion by Commissioner Ludwig to approve all consent items (A-D) as presented. Motion carried on the affirmative roll call of all Commissioners present.

5. Public Comments:

Mr. Joe Picazo, Deputy CEO for the County of Imperial, presented a letter to the Commission. The letter requests that items regarding re-imbusement of County staff time and discussion of the budget be placed on the next Commission agenda. The last time these items were discussed was as at the July 22, 2010 Commission meeting. The Executive Officer received the letter. No action taken as this was not an item on the agenda for discussion.

6. Commissioner/Executive Officer Announcements regarding matters not on the Agenda:

The Executive Officer announced that Commissioner Snively has been elected as a CALAFCO Board Member Public Alternate. Due to a re-organization the CALAFCO Board now has four (4) districts and each district has four (4) representative positions. Each position has an elected position and an alternate position. Commissioner Edney was originally elected as a Council alternate however the original councilperson that was to be a representative was not re-elected to her own city council, thus making Commissioner Edney the representative. The Board does have the option to appoint a representative however all signs point to Commissioner Edney, as the alternate, taking the position.

Commissioner Edney has received paperwork from the Executive Director of CALAFCO. The next CALAFCO Board Meeting is in Sacramento on December, 10, 2010. The Executive Director of CALAFCO informed Commissioner Edney that they would move up his appointment on the agenda to one of the first items so that he may participate.

The Executive Officer informed the Commission that there was a CCL meeting on November 8, 2010 in Riverside. There is some suggested legislative action, in regards to the Municipal Service Reviews, by the Special Districts that the reviews be every eight (8) years instead of the current five (5) years. The League of Cities, however, was not in agreement.

Commissioner Leimgruber reported that Commissioner Kelley was currently attending the California State Association of Counties meeting in Riverside.

#### ACTION/DIRECTION ITEM(s)

7. Discussion/Direction on Niland Sanitary District (Report by EO):

The Executive Officer informed the Commission that while he was at the CALAFCO conference, the IV Press contacted him regarding an alleged decision that the Niland Sanitary District had decided to dissolve due to financial troubles. First of all, a district cannot choose to dissolve itself. Dissolving a district is a long and arduous procedure that the Commission either approves or declines. The County has extended a line of credit or some kind of loan to assist the district.

The Executive Officer met with Betty Raceles, Niland Sanitary District Board, to discuss the situation. The reality is that the district is having severe financial problems. At this time, the topic is mainly information for the Commission if they were to have any questions. The Executive Officer's intention is to work with the District and see what long term opportunities are. Mr. Heuberger also discussed what opportunities were available with Jerry Santillan of the CEO office. If the District were to be dissolved, a back-up plan would need to be available to provide the service to the residents. The issue with an independent service is that the district area is small and does not have enough residents for service, billing is done through assessments of the land instead of a monthly statement and the rates are not adequate to support the services and district.

One of many options would be to connect Niland to an adjoining service such as Brawley or Calipatria. This way the combined quantity of water would be sufficient for Niland to be independent. Another large cost option would be for the District to get a loan from the USDA to repair the plant. Another temporary option would be portable water treatments.

Ms. Betty Raceles, Chair of the Niland Sanitary District Board, informed the Commission that they are considering changing to monthly billing statements, though that would take some time to initiate. They have received preliminary information from Golden State Water about taking over the service and to date the district has not received any information from the IID about services. The district has approximately 754 customers, residential/commercial, at the last assessment.

Commissioner Snively informed the Commission that the possibility of a regional plant connected with Calipatria would be at least five (5) years down the road and that a regional approach for utilities would be the most cost-effective option. Commissioner Edney agrees that discussion should be pursued between Niland and Calipatria.

The Board of Supervisors along with the Economic Development Department have applied for funding so that a feasibility study for discharge could be conducted.

Commissioner Edney asked if there is any way the USDA would differ or reduce payments for a short time.

8. Follow-up discussion on CALAFCO Conference (Report by Commissioners/EO):

Commissioner Snively reported that it was an excellent conference. He could tell that there was some nervousness with the CCL position however olive branches were extended and it was a major step forward. He had a good feeling about this conference is and happy that Commissioner Edney is now on the CALAFCO Board.

The conference was Commissioner Edney's first and he had a lot to learn in hearing about the past issues with Board. The new representation has approximately 6 or 8 new members. He will report back in a couple months after his first Board meeting.

9. Discussion/Direction on meeting locations for Calendar Year 2011:

At the previous meeting, the Commission had requested some research into the possibility of holding at least three (3) meetings at different locations so the public has easier access to LAFCO. Staff has secured three (3) locations: City of Calexico Council Chambers (March), City of Brawley Council Chambers (July) and City of Holtville Council Chambers (October). These dates may change depending upon the LAFCO agenda.

10. Update/Discussion on LAFCO Budget including Capital Equipment, Assets, Investments & Financing:

The Executive Officer informed the Commission that will be discussing re-financing of the LAFCO building and to consider investing funds. At this point Commissioner Edney informed the commission that he will have to remove himself during the discussions regarding financing because he believes there is a conflict due to the fact that he is the Chairman of the Board for the bank that will be discussed. All re-financing discussion was moved to the end of the meeting.

The Commission instead begins to discuss the Health Benefits so that Commissioner Edney does not have to remove himself until the end of the meeting. As discussed at a previous meeting, LAFCO will be hiring its own staff. One of the easiest components in regards to benefits has been retirement. LAFCO staff will continue to go through ICERS for retirement. In regards to health benefits, if LAFCO goes through and purchases independent coverage, all employees will have a three (3) month waiting period because LAFCO has not employed staff in the past. Cobra would be available to LAFCO staff for 90 days or interim coverage could be provided as well. In a recent discovery, it was found out that LAFCO employees might be able to get the group rate through the County. The Executive Officer hopes to have staff by the first of the new year.

11. Discussion/Direction on hiring independent Legal Counsel:

Current legal Counsel is County Counsel. In August, 2010, it was discussed that LAFCO hire an independent counsel via a possible RFP. County Counsel has been the legal counsel for LAFCO since LAFCO was originally part of the County. Currently the County Counsel office provides legal services and LAFCO reimburses the County. Commissioner Edney informed the Commission that the City of El Centro would have saved a significant amount of money by contracting legal counsel as this issue was brought up in the past.

The Commission adopted the motion made by Commissioner Edney to give the Executive Officer Authority to send out a Request for Proposal to contract for legal services. The motion carried on the unanimous vote of all Commissioners present.

12. Update on Status of Projects:

The Executive Officer provided the Commission with a spreadsheet of active projects including those that the Cities have said will be closed out or put on hold. The Executive Officer contacted the Cities asking what they're status was on projects that are going through LAFCO. The project proponents were also contacted for status on their projects.

The Heber 1 project will probably be heard before the Commission in December. The Rancho Port will not be ready in December but soon. IM1-09 is almost ready to be recorded but for a tax sharing agreement from the County.

The Executive Officer was approached about annexing the Barbara Worth Country Club into the City of Holtville. To date, no application has been submitted to LAFCO.

13. Discussion/Direction regarding CCL Issues:

The Executive Officer will be notifying the Commission of upcoming CCL meeting dates. CCL will be hosting a workshop on January 20, 2011 regarding Strategic Planning, should any of the Commissioners wish to attend.

Commissioner Snively thanked Commissioner Leimgruber for being on the Commission.

14. No Public Hearing Items.

15. No Executive Session Items.

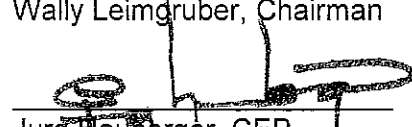
16. (Continued) Update/Discussion on LAFCO Budget including Capital Equipment, Assets, Investments & Financing:

Commissioner Edney excused himself from the Commission and left the Board Room due to the previously announced conflict. The LAFCO building was purchased through a loan from Rabobank. In May 2011 the loan will have a balloon payment so now there is an opportunity to re-finance. Staff has inquired with many banks for options. With the current loan there is a prepayment penalty of 2% yet after May 2011, penalty falls to 1%. The current APR through Rabobank is at 6.98% and the best they could refinance for is 6.95%. Option One is to leave the loan as is or Option Two is to get a new loan from a new bank.

16. Adjournment

The meeting adjourned at 10:08 a.m.

Wally Leimgruber, Chairman



Jurg Heuberger, CEP  
Executive Officer to LAFCO