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**COMMISSIONERS**

*CITY*

**Maria Nava-Froelich, Vice-Chair**

*CITY*

**Javier Moreno**

*COUNTY*

**Michael W. Kelley**

*COUNTY*

**Ray Castillo**

*PUBLIC*

**David H. West, Chair**



**ALTERNATES**

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**Robert Amparano**

*COUNTY*

**Jesus E. Escobar**

*PUBLIC*

**Jose Landeros**

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**EXECUTIVE OFFICER**  
**Jurg Heuberger, AICP, CEP**

**LEGAL COUNSEL**  
**Steve Walker**

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**DRAFT MINUTES OF THE LAFCO HEARING**

**May 26, 2022**

**8:30 a.m.**

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

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**VOTING COMMISSIONERS PRESENT:**

Maria Nava-Froelich, Vice-Chair  
Michael W. Kelley  
Ray Castillo  
Jose Landeros  
Javier Moreno

**ALTERNATE COMMISSIONERS PRESENT:**

Jose Landeros

**ABSENT:**

David H. West

**STAFF PRESENT:**

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

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

**1. Roll Call**

Commissioner West absent.

**2. Pledge of Allegiance**

**3. Approval of Consent Items:**

3A. Minutes from February 24, 2022

3B. Project Report update

**Motion by Commissioner Kelley to approve Items 3A and 3B.**

**MOTION: KELLEY**

**AYES: FROELICH, KELLEY, CASTILLO, MORENO, LANDEROS**

**ANO: NONE**

**ABSTAIN: NONE**

**ABSENT: WEST**

**4. Public Comments**

No public comments were made.

**ANNOUNCEMENTS**

**5A. Announcements by the Commissioners**

Commissioner Kelley- On a statewide basis everything seems to be going well. We will be getting involved with legislative items. I'm still on the CALAFCO Board as past chair so we will be continuing to meet with CALAFCO and our local LAFCOs.

Commissioner Castillo- I'm sorry I could not make it in person. I would like to welcome our new County CEO. This is his first meeting at LAFCO.

Commissioner Froelich- I would like to share that today we are having an Imperial Valley Lithium meeting in Calipatria at 1:30. If anyone wishes to attend it will be held at the Calipatria High School. Dinner today will be held at the Stockman's Club beginning at 6pm.

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

i. Extension of Service to Jose Meza from the City of Imperial, IM 1-22

ii. Extension(s) of Service to Murphy Rd. from the City of Imperial, IM 2-22

iii. Extension of Service to Clean Energy Advantage from the Heber Public Utility District, HPUD 1-22

Executive Officer Mr. Heuberger- The annual conference will be held in New Port and barring any last-minute pandemic issues the conference should go forward this year. We have included the travel in our budget for all the commissioners to attend. Our Accountant Ms. Julie Carter will be planning and will let you know the specific details. We will be having a session at this year's conference. It will be a mock hearing, to educate on how the process works or might work. We may request some of the commissioners to participate. We have several administrative approvals for extension of service. Two were in Imperial and one in Heber. These are basically water and sewer extensions but are usually done administratively if they meet the conditions. These are in your packets if you have any questions. About eighteen months ago we had an influx of applicants requesting water outside special districts service area. These were generally by tank or truck hauling water. A question asked was if hauling water by truck/tank would be considered

an extension of service. It is an extension of service, and we sent a notice to the cities and special districts reminding them they could not extend services unless they have LAFCO approval.

## DISCUSSION/ACTION/DIRECTION

6. **Discussion/Action/Direction regarding an update on Assembly Bill 1021 work in progress between Imperial and Riverside LAFCO related to the funding for a study related to IID governance.**

Executive Officer Mr. Heuberger- Assembly Bill 1021 was introduced and would have required Riverside and Imperial LAFCO's to jointly work on a study on the governance of IID and electrical service. In the audience is IID Director JB Hamby and IID Staff Mr. Antonio Ortega and they can correct me if I am wrong. The bottom line is the Governor vetoed the bill but did not veto it in a sense that it went away. He essentially said he agreed with the concept of the bill, but the timing was an issue with him. He allocated \$500,000 in the budget to have a study done anyway. When that was done, Riverside EO Gary Thompson and I prepared an RFP for consulting anticipating that we would move forward. Our anticipation was that the study would be a long way by now, however since October we have been dealing with the State Water Resources Control Board on how the funding will be allocated. Getting money from the State of California is a challenge. We have had an agreement only to find that new players of the State Board want more information and to change the contracts. Our anticipation was that this study would be done by now. However, since October we have been dealing with the State Water Resources Control Board on how to get the funds and I will tell you that getting money from the state is a challenge. We have had an agreement only to find out that new players from the state want more information and to change the contract. The uniqueness of this funding is that the money goes from the state to the County of Riverside who then must give it to the LAFCO's. It requires not just the two LAFCOs to sign on but also the County of Riverside, who then must distribute the money to the LAFCOs'. We have gone around and around to the extent that the Riverside LAFCO EO about a month and half ago decided that he was going to tell his commission not to move forward. Ultimately, Riverside LAFCO decided that we should still go ahead and move forward with the study. The State Water Board about two weeks ago agreed to our terms and we agreed to theirs. The funding is now being processed. In a nutshell we are moving forward. The downside to this is the government thought the timing was too short because we only had a year. Given the time that it's taken us to get the funding worked out we are back to only having one year to do it because it's due by July of next year because the funding with the State Water Board will not be extended beyond that. We will be doing a joint study and the consultant that we selected is still on board. The cost has gone up to almost \$500,000, not just the consultant costs but also the two LAFCO costs will be included. We expect within the next few weeks or so we will be announcing that we will be moving forward. The one thing that we were adamant about, both LAFCO EO's, is that this is really going to need to have extensive outreach, including the IID, the County Board of Supervisors. There's a long list of stakeholders that will be included in the outreach. We have periodically been updating the Coachella Valley Energy Commission. We will be working closely with that group, and that group has formulated a lot of ideas and a lot of information and content. We are hoping to use that energy from the group to work closely with them not only to for the outreach but to get feedback. IID Director Hamby and IID Director Hanks is on the CVEC. The CVEC is comprised of elected officials. There are various mayors and others from the Coachella Valley. They will have the ability to go out and do their own research so to speak, to encourage people to voice their opinions. I welcome any additions.

Imperial Irrigation District Director JB Hamby- That was a good review by Mr. Heuberger. As you may recall in the newspapers, early last year in the spring assembly member Mayes bill was in different iterations. First with installing three members from the Coachella valley on the IID board for water and power which was a nonstarter and simply wouldn't work. We tried over time and have formed the CVEC, which is composed of two IID directors, Mayor of Indio, Mayor of La

Quinta, Mayor of Coachella, appointees from the county of riverside and the county of imperial, shared seat for the various tribes, as well as at large members for cities, tribes, and counties. We have a robust group of people we work closely with including Imperial and Riverside LAFCO to define the roles in parts. So, we address short term issues such as development and expansion and do it in such a way that does not impact the rates here in the Imperial County. We want to work together, there are some pretty good alternatives that the cities have developed. On the governance side that's a big responsibility so we will be exploring options. We are starting to develop some preferred options and have hired a consultant which kind of facilitated in a neutral way to explore options. One concept is the formation of a Municipal Utility District in Coachella Valley. There are three parts, the generation, transmission, and distribution. They are not too interested in the transmission side of things and generation if it's not expensive. They are more interested in the distribution level and customer base. We are looking at that as a potential option.

Commissioner Kelley asked if the authority would remain within the current IID Board of Directors.

Imperial Irrigation District Director JB Hamby- Yes, it gives us a structure to be able to define how things will work between the two. Think of it as a buffet approach, you do not want everything in the buffet, you might want to pick and choose the things that people want. That is a situation that we are interpreting at this point. Some things they are adamant about and other things not so much. We are exploring the potential formation of a Municipal Utility District that allows the representation purely on electrical issues.

Commissioner Kelley- What does Riverside think of this approach.

Imperial Irrigation District Director JB Hamby- So far what we have seen with the cities are positive views of it and the other part to that is we will have a neutral structure to be able to have a relationship. We want to get away from in the future is conflicts, a Riverside versus Imperial. So essentially the JPA's between these two will allow for sort of a flexible neutral IID to kind of have a flexible balanced structure.

Commissioner Kelley- Does this eliminate the individual who planted the seed for the solar installer in the community.

Imperial Irrigation District Director Hamby- I do not know that he is necessarily the one. I think over time there has been a lack of communication. I think one of the bigger problems is there have been instances like the one you're alluding to that has under the radar so to speak. I think ultimately what we have developed in the last nine months or so is a good ability to be able to communicate with each other and work things through. One of the biggest parts that we have spent a lot of time on is education, getting everyone up to speed and getting to know each other.

Executive Officer Mr. Heuberger- The conclusion on that item is that this is going to be a short time frame but for this kind of study it is relatively short. Especially if we want to make an honest effort for the state with our input. The other thing that I want to point out is that it may require both LAFCOs to agree on the conclusions of the study. As Director Hamby pointed out there is a potential for this study to be quite beneficial however it could also end up being controversial on the findings. I want you to be prepared for that. Finally, is you may be contacted by the consultant and by all means you can share your opinion with him but beyond that remember it has to be a neutral decision in the end so even though it could potentially affect the county and IID we want this to come out as a legitimate study in the end.

Commissioner Froelich- Has there been any research on behalf of yourself or the other LAFCOs to find a similar study regarding maybe California doing something similar.

Executive Officer Mr. Heuberger- We have looked at others but have not found anything that kind of meets the bill. As Director Hamby indicated the CVEC did look at the potential of forming a Municipal Utility District. There is one in Placer as an example. We looked at that and again from a LAFCO standpoint we are going into this with a blank state. Ultimately, we might come up with what Director Hamby stated was the best solution. I am asking for your input to give the consultant your thoughts. We will be making presentations to the IID Board, County Board of Supervisors and potentially the cities so we can get the broadest perspective.

Commissioner Kelley- Will we meet the deadline.

Executive Officer Mr. Heuberger- We always meet the deadline.

Commissioner Froelich- My final question is to get some feedback. With the formation of different advisories or JPAs that you mentioned earlier, does that involve LAFCO in any way or does the Service Area Plan have to be modified to include the JPAs in their structure.

Executive Officer Mr. Heuberger- Depending on what the recommendation arrives at it could involve LAFCOs having to form a new district. There's a list of potential options that could come out of this study and some of which would have LAFCOs input in terms of forming a district and some might not. This is sort of the first step, the next would be the implementation of whatever comes out of this study. If the recommendation is to form a Municipal Utility District for example, then there would be more steps to take. It just depends on what the recommendations are.

Commissioner Froelich- If IID is working to form these different advisories wouldn't LAFCO oversee these special districts and must provide guidance and approval.

Executive Officer Mr. Heuberger- The IID and the Coachella Valley formed a commission called the Coachella Valley Energy Commission. That commission is not a district but mostly a group of people. Anyone can do that at anytime they want to as they are not forming a special district or entity. Ultimately the recommendation could be for some type of special district to be formed. The Riverside EO and I have been working closely with IID staff and several IID Board Directors. We are making sure both LAFCOs are in sync and are establishing guidelines between us. All meetings will be held jointly. We agreed early on that we want to make this study legitimate.

Commissioner Kelley- Let's say that the special district is recommended to be created then that county would be importing service from another county. That does not seem reasonable.

Executive Officer Mr. Heuberger- Why not.

Commissioner Kelley- They are in control of Riverside and not Imperial.

Executive Officer Mr. Heuberger- Keep in mind the special district would be in Riverside County but would essentially purchase power from the IID. It would be no different then buying power from Arizona. IID buys power from anybody that is affordable theoretically.

Commissioner Kelly- You wouldn't take any authority away from the IID or the County of Imperial.

Executive Officer Mr. Heuberger- No, it would be focused on the Coachella Valley and its entirely within Riverside County. So, it would not affect, for example Salton City or Desert Shores.

Commissioner Froelich- When will the study come back to LAFCO.

Executive Officer Mr. Heuberger- You are going to get routine updates from us, and we may even have a workshop meeting during the process with both LAFCOs. Ultimately the report will come to both LAFCOs when it is ready to be considered and adopted.

No action taken on this item.

**7. Discussion/Action/Direction regarding an update on the Master Tax Revenue sharing study.**

Executive Officer Mr. Heuberger- There have been a sort of difficulty in getting tax sharing agreements between the local cities and the county. About a year ago, the cities and the county decided that doing a study to determine how to share taxes was the most appropriate avenue except that no one wanted to oversee getting the study done. LAFCO was tasked with the job, and we are supposed to be neutral. The cities and county voted to have LAFCO oversee the study and the agencies would pay for it. We hired a consultant for the study. We have been working with the consultant for several months. We have routine meetings to update and get information, and we are moving along quite well. We are on target and will be presenting some preliminary options at our next city/county meeting. If you recall when we started this process, we kind of visualized how this might work. In the past years we had a master tax sharing agreement that included the seven cities and the county in one agreement. We started thinking that we can have the three larger cities in on agreement and the four smaller cities in another agreement. We look at potentially having two tax agreements. Things do not always work as planned. The point is we would still have a master agreement under which we would be processing applications. If one agreement works for everyone, then it makes life simple. It has taken over two years to get the agreements worked out between the county and the city which basically meant it you have a development project it would be held up because the tax agreement was being hashed out. It became problematic for everyone.

Commissioner Froelich- Especially for annexations.

Executive Officer Mr. Heuberger- Developers, people, and council members were upset that nothing was happening. I think this is a way that will allow cities and the county to come up with an agreement. One the study is done you will have a chance to look at it and weigh in. It will then be up to the cities to basically decide which option they want and if the three larger cities agree on. The point is that we will have an agreement and that will avoid waiting six months for a tax agreement.

Commissioner Froelich- Is there times when its only city tax or its always shared with the county.

Executive Officer Mr. Heuberger- Under state law any annexation must have a tax sharing agreement between the city and the county.

Commissioner Kelley- That is where we need the funding to provide the services.

Executive Officer Mr. Heuberger- The study we are working on has really opened the eyes of at least the county and city managers. This consultant has really had a unique ability to explain to them how this tax stuff works, including how taxes are generated and allocated. We are also looking at how their services are being provided. Not all services are being provided equally across the county and seven cities. We are on target to get it completed by the end of the summer. Before LAFCO will weigh in on it, we will have the cities and the county take a closer look and make sure we are not missing anything.

Commissioner Kelley- A lot of the cities and people do not realize the services that the county provides to the community, such as behavioral health services, health department, air pollution,

probation, and corrections. At one time there was a conversation about billing the cities for services but of course that will not happen. That is why we have a tax agreement to make it balance.

Commissioner Froelich- I have a question regarding Lithium Valley and the new development coming. Will this affect the master tax or is this just related to actual city development.

Executive Officer Mr. Heuberger- It is basically geared towards annexations. This is the only time right now that a tax sharing agreement is required by state law. You are taking unincorporated land and putting it into the city. Commissioner Kelley pointed out you are taking the services that the county currently provides and then switching them to the city. There is still a cost to the county and that's why these agreements across the state have become some what of a quagmire.

Commissioner Froelich- What is the deadline.

Executive Officer Mr. Heuberger- Like I said we are trying to get this study done by the summer. We put in a deadline but made it clear to the county and cities that it was more important to get thorough and accurate information. We do not have a lot of annexations that are pending, we are not saying the study must get done tomorrow.

Commissioner Froelich- It is better to do it right, take your time.

No action taken on this item.

**8. Discussion/Action/Direction regarding an update on the Salton Community Service District.**

Executive Officer Mr. Heuberger- This is one of our problem children. The Salton Community Service District. I announced months ago that we experienced some problems. It really got our attention about a year and a half ago when we found out the fire department essentially walked off the job and they did not have fire services. We found out through the county, although the district was required to notify us. We adamantly started looking at some of their financials. We discovered some things that did not meet the smell test. We asked the district to complete a Service Area Plan update which they were reluctant but agreed. The report came in and we had many more questions because we said look, some of this information is not adding up. We noticed the sewer system was far exceeding the capacity. The report did not make sense. We asked questions and got sort of a mixed bag of answers from pointing the fingers. We started to look more at the financials, and we started seeing money that was missing. Long story short was the manager at the time and their staff gave us information that was extremely questionable. The manager quit and we started to receive more information on what was going on. So essentially when the previous manager quit at the same time elections were going on so there were three newly elected board members.

Commissioner Kelley- The manager quit and drove off in the vehicle.

Executive Officer Mr. Heuberger- Among other things, the bottom line is the district ended up with three new board members, whom I have met with. They do not have any government experience and never served on boards or commissions. They are also all Hispanic which triggered this sort of racial issue up in the Salton City area. It became a disaster, but I have met with them. My feeling is that the new board members have their heart in the right place but do not really understand how things work. We offered to kind of help them to the extent that we could, we made some suggestions. Paula Graf and I started working with their new legal counsel, Robert Patterson. He has experience in these issues and different areas. We came up with a plan. The first plan was to hire a new general manager to get things squared away because the staff they

had at the time we had some issues with. They hired a new interim general manager that did not have any government experience which is not all bad. Let's face it you do not have to have a lot of government experience to run a business. Unfortunately, in very short order it became obvious that the interim general manager was running the district just like the previous management. Around March I had a discussion with their legal counsel. I basically said upfront I do not want to dissolve the district but if we have to, we will. We have the authority. We met with their board chair, the vice-chair, and legal counsel and had a frank discussion and said look we can not order you to get rid of this manager but the way you are headed you are not going to give us a lot of choice. They agreed and asked if we have a recommendation of someone to hire. I told him that I recommended David Dale, he is present today. He is here today but might not be forever. Long story short, the board did terminate the previous interim general manager. Mr. Dale was hired and in very short time it has been night and day and we are moving along.

Commissioner Kelley- Mr. Dale is the man out there.

Executive Officer Mr. Heuberger- We are not out of the woods yet. I met with Imperial County CEO Mr. Figueroa and explained to him that our goal was not to saddle the county with another district the way we have in the past few years with other districts. We ultimately could if things do not work out. I asked Mr. Figueroa and the county to see if they would be willing to help. I know they are, but I formally had to ask. They would be willing to help in terms with looking for grants and funding because Mr. Dale will need help, especially on the sewer side. They have the authority to provide sewer, parks, and trash. They still have the authority to provide fire but given the nature that was going to be an obvious termination. The water in that area is serviced by the Coachella Valley Water District so that is kind of a problem by itself. When we started looking at this on a high-level approach, we meaning the staff here at LAFCO. I think that Mr. Dale would agree they would have the financial ability to run the sewer system once everything settles down. They may need money to get it up to par. They need grants and other assistance to get this thing built but the first step they have to get the engineering and design completed. What capacity are they at right now, 75%, they are at 95%, it got worse.

Commissioner Kelley- Can they afford fire.

Executive Officer Mr. Heuberger- There is no way, in fact if this came to you today for a hearing, I would recommend the district no longer have parks, and trash, only sewer and to just focus on sewer. Well, I think that they can operate sewer once we get squared away.

Commissioner Kelley- That would be dissolving their special district, other than just one issue.

Executive Officer Mr. Heuberger- No, they can remain a Community Service District, with limited authority.

Commissioner Kelley- With just one responsibility.

Executive Officer Mr. Heuberger- Again, overtime that could change. As the Salton City develops, they can petition us to give them fire services back for example. I met with Imperial County Fire Chief Mr. Estrada several times, including his staff. The county is spending close to one million on fire service. I am pretty sure that the county would be thrilled for them to take it back. We are making a concentrated effort in the direction of keeping them alive as a special district and maybe only providing sewer as the starting until everything starts to move. Again, with the idea that they can always come back if they show us, they have the revenue. That is kind of up in the air right now but the parks issue and the fire, they just do not have the resources.

Commissioner Kelley- They received a grant for the park.

Executive Officer Mr. Heuberger- That is the problem, when you have a grant, you have to be able to show that you can keep it, to continue to run it. I did talk to Imperial County Fire Chief Mr.



Estrada about the fire service with Red Earth Casino. That is the contract the district had. The county will need to negotiate directly with Red Earth Casino. We are working with the districts Interim General Manager Mr. David Dale, and he is here today so feel free to say anything that you would like to say. I appreciate you stepping up to the plate, we were about to throw in the towel. As an example, district staff had individual credit cards and they were spending it on who knows what. They were buying stuff there is no accounting for. We have very few records, this is part of the problem. The records were essentially destroyed when the staff left. The computer system was literally ordered to be destroyed. We know there are things that have been going on. The former general manager received a hell of a summons package, not sure how that is legal. The districts legal counsel Mr. Patterson hired an accounting firm to reconstruct the records as best as we can, and I think they have been helpful. Our priority right now is to get them settled to where they can run the district for sewer. Second priority is to go see what happened to the money and can we do something, who is accountable for it. We might end up being able to prosecute somebody but getting money back would be hell.

Commissioner Froelich- So it appears that Salton City is thriving with business and housing is starting to pick up. My question to you is, would there be in the future an opportunity to make it a municipality. My other question on the sewer part, has there been any violations like the one like there was in Niland.

Executive Officer Mr. Heuberger- The first question we asked if the district received any notices of violation and the answer is no, everything is perfect. Then we reached out to the State Water Board and there are violations. To answer your questions about making it a municipality, if you are talking about a city, in the very distant future of course that is possible. Salton City has about 28,000 lots. The downside to those lots is they were all created with infrastructure that was built back in the 60's and 70's. To answer your question a lot of the sewer lines are toast. If 2/3 of their lots were built out, business was there, and they have the financial ability then yes. Heber has tried for many years to become a city, but they cannot because they do not have the tax resources.

Commissioner Froelich- When we dissolved the Niland Fire and Niland Sanitary District, the county took over and that is the best thing that happened. They had sewer violations, and they did not have the means to pay some loans the county provided. When it was at the county level, we had the professional people to do the grants.

Commissioner Kelley- At least someone will be held accountable for their illegal actions.

SCSD Interim General Manager Mr. David Dale- I started as the city manager of Calexico in 2017. The city had a general fund with 3.5 million in debt with no reserves. To give an analogy it is like a patient that was ready to go bankrupt. With Mr. Figueroa's help, he and I worked as a team and when I left in 2020 the general fund had over a million dollars. Yes, I have made some mistakes but at the end of the day that is what I am most proud of among other problems that were solved. Maybe the patient is not running a marathon, but they are walking with a cane. I do have some experience with these issues. I have been here about 2.5 weeks. Using the analogy of Calexico, this district was hit by a Mack truck. There were times even earlier this week that I thought it might be better that the county takes over. I think there is potential, even as of yesterday I started seeing the light and seeing changes that will affect the future of the district. There are times when I think I do not know if this patient will live. I see a heartbeat and the patient is breathing but needs some help. What I am trying to say is yes that may be the case at the end of the day it might get better or not. If I stay here my goal is for the district staff and board to have the knowledge to run a public agency and make it sustainable. There is no reason to go in and fix it and then when I leave it goes back to the same way it was. I do not think that would happen because we would ask LAFCO to have oversight on at least a semi-annual basis to make sure everything is working how it should. I see hope here and it will take a bit. Things are turning around, and we have made some staff changes.

Commissioner Landeros- You use the analogy of a patient; do you have a timeline of when you want to pull the plug.

SCSD Interim General Manager Mr. Dale- Being a patient, you do not want to pull the plug if you see that at some point the patient can get up and have some sort of decent life. You do not want to pull the plug if you see hope. I do not know if there is any chance, maybe it is better the county takes it over. I know they do not want to hear that. It needs oversight and maybe because of how distant the district is, maybe no one has paid attention to them, and it strayed from its charter. We are trying to put the patient back together. Right now, I have a patient that is breathing and has a heartbeat. We are corralling things how they should be.

Commissioner Landeros- It sounds like they are willing to be trained.

SCSD Interim General Manager Mr. Dale- I agree with what with Mr. Heuberger has said. The board has their heart in the right direction, they just need some training.

Commissioner Froelich- You will keep us updated.

Executive Officer Mr. Heuberger- We are committed to working with Mr. Dale. I was disappointed in his immediate predecessor, I had hopes that would work. I should have said something back in January. The former interim general manager at that time did not have any experience in running a government agency. We should have caught that. We are and want to work with Mr. Dale. We want the district to survive ultimately, and Mr. Dale alluded to this, my recommendation once Mr. Dale gets things settled down and running properly, especially hearing they are at 95% capacity. As you know, cities and special districts that run sewer plants must start the design and engineering plans around the 75% capacity mark. We will work with the county and have talked to them about getting together and helping us out. I do see that we will be in a position of putting them on some kind of watch list. Not necessarily on a monthly basis but maybe quarterly.

Commissioner Froelich- sort of a probationary status, we did not want to say that word.

Executive Officer Mr. Heuberger- I am hopeful and see the potential that things can work. It will be up to their board to make those tough decisions. I do not think they have the hesitancy; they just need the education of how things work.

Commissioner Moreno- One thing and a reason I joined LAFCO is that we are here to support these organizations. I think the board is doing a good job at it. I appreciate that Mr. Dale did take the challenge and turned Calxico around.

No action taken on this item.

**9. Discussion/Action/Adoption of the Final LAFCO Budget for Fiscal Year 2022-2023.**

Executive Officer Mr. Heuberger- You've seen the draft budget a few months ago which we are required by law to present to you so we can present to the funding agencies in time. It is the same as the budget that was presented to you in February. We are trying to maintain the same budget level that we had in the prior years.

Commissioner Kelley- By the penny you did it.

Executive Officer Mr. Heuberger- So you understand, we have been fortunate that we have had reserves and are using it to keep that budget the same at this time at least. Your commission adopted a policy years ago that we maintain a certain level of reserves in part because we own a building. We would use that money in case of an emergency or catastrophic event with the building. We maintain a \$40,000 litigation fund. As long as I have been with this LAFCO, we have not needed

to use this fund for the past 37-years, and I am hoping that will be the case. The trend among other LAFCOs seems to be going the other way in terms of litigation. We are keeping a few dollars for potential litigation. One other thing I want to point out, we did enter into an agreement with the county and the cities that we would participate in the GIS system that is being developed on a county wide basis. We need it and it is also important to have when projects are reviewed. Everyone seems to be working on a GIS platform these days, so it makes sense. We are entering into a contract with the county because we do not have the staff or resources to do this.

Commissioner Froelich- How much will the annual GIS costs be.

Executive Officer Mr. Heuberger- It is not an annual cost, the start up cost is \$12,000. That is to get us into the system to take what we have and turn it into a GIS platform. It would include the training of staff. After it is done, we will then evaluate and see what other information we might want to migrate. There is a lot of data that comes into play when we do an annexation, and sometimes we have to go back to the storage boxes to get that information.


Commissioner Froelich- Is there a succession plan included in the budget.

Executive Officer Mr. Heuberger- It is quasi-built into the budget. Staff and I are currently working on our personnel policies which we do need to do desperately. As part of that we will provide you with a transition plan. I did tell you at the last meeting that my target date to retire is next June. The IID study can become a real challenge. I am somewhat expendable as I can walk out tomorrow, and I will not need this job as they may say. My goal was to not burden the new person with that challenge, that is why I committed to staying in June.

**Motion by Commissioner KELLEY to approve the Final LAFCO Budget for Fiscal Year 2022-2023.**

<b>MOTION:</b>	<b>KELLEY</b>
<b>AYES:</b>	<b>FROELICH, KELLEY, CASTILLO, MORENO, LANDEROS</b>
<b>ANO:</b>	<b>NONE</b>
<b>ABSTAIN:</b>	<b>NONE</b>
<b>ABSENT:</b>	<b>WEST</b>

David H. West, Chair



Jurg Heuberger, Executive Officer