
COMMISSIONERS

CITY
Maria Nava-Froelich, Chair
CITY
Javier Moreno, Vice-Chair
COUNTY
Michael W. Kelley
COUNTY
Ryan E. Kelley
PUBLIC
David H. West



ALTERNATES

CITY
Robert Amparano
COUNTY
Jesus E. Escobar
PUBLIC
Jose Landeros

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EXECUTIVE OFFICER
Jurg Heuberger, AICP, CEP

LEGAL COUNSEL
Steve Walker

MINUTE SUMMARY OF THE LAFCO HEARING

March 23, 2023

8:30 a.m.

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

VOTING COMMISSIONERS PRESENT: Maria Nava-Froelich, Chair
Michael W. Kelley
Javier Moreno, Vice-Chair
David H. West
Ryan E. Kelley **arrived at 9:15 am**

ALTERNATE COMMISSIONERS PRESENT: NONE

ABSENT: NONE

STAFF PRESENT: Jurg Heuberger, Executive Officer
Julie Carter, Accountant
Paula Graf, Sr. Analyst
Lori Zinn, Clerk / Analyst

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

1. Roll Call
2. Pledge of Allegiance
- 3A. Elections of Officers for 2023
 - i. Election of Chair
 - ii. Election of Vice Chair

Motion by Commissioner West to elect Commissioner Froelich as Chair and Commissioner Moreno as Vice-Chair

MOTION: WEST
AYES: FROELICH, MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: NONE
ABSENT: RYAN E. KELLEY
4. Approval of Consent Items:
 - 4A. Minutes from December 1, 2022

Motion by Commissioner West to approve item 4A.

MOTION: WEST
AYES: MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: FROELICH
ABSENT: RYAN E. KELLEY

4B. Project Report update

Motion by Commissioner Michael Kelley to approve item 4B.

MOTION: MICHAEL KELLEY
AYES: FROELICH, MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: NONE
ABSENT: RYAN E. KELLEY

5. Public Comments

Salton City Service District Resident Lillian Garcia spoke about a few issues, one being about all the violations of the discharge of the wastewater facilities in the Imperial County.

Commissioner Michael Kelley asked Lillian Garcia what were the Regional Water Quality Control Board's ramifications for a violation of the fluent being discharged into the rivers? She did not know what it was.

ANNOUNCEMENTS

6A. Announcements by the Commissioners

Commissioner Michael Kelley briefly discussed his recent trip to Sacramento as part of CALAFCO to work on a strategic plan, in which those results will be coming out to all LAFCOs in the near future.

Commissioner Froelich let everyone know that Governor Newsom was in the City of Calipatria on March 20th for the State of the County event, that there was a League of Cities meeting & dinner this evening in the City of Westmorland, that she continues to work on the SCAG, and that lots of good positive things are happening behind the scenes.

6B. Announcements by the Executive Officer

- i. **Welcome Commissioner Ryan E. Kelley**
- ii. **Commissioner Castillo – Appreciation Award**
- iii. **CALAFCO Staff Workshop**
- iv. **2023 Meeting Dates & Calendar of Events**

Executive Officer Mr. Heuberger welcomed Ryan E. Kelley, the new Commissioner on this Board, who represents one of the seats for the two seats on the County appointment side.

Former Commissioner Raymond Castillo was presented with an appreciation award for dedicated services as Commissioner to the Imperial County LAFCO from 2011 through 2022.

Executive Officer Mr. Heuberger gave an appreciation to Paula and Lori for assisting and being on some of the panels for the presentations of the CALAFCO Staff Workshop coming up in April.

Executive Officer Mr. Heuberger let everyone know that in their packets were the meeting dates and calendar events for this year.

DISCUSSION/ACTION/DIRECTION(S)

7. Discussion/Action/Direction regarding a County Wide Healthcare District, either as an expansion of Pioneer's Memorial Healthcare District or as a "new" District.

Executive Officer Mr. Heuberger provided an update regarding the possible County Wide Healthcare District. The CEO of the Calexico Wellness Center and El Centro City Manager made comments.

The Commission discussed the item, but no action was taken.

8. Discussion/Action/Direction regarding an update on the Imperial Irrigation District (IID Governance Study).

Executive Officer Mr. Heuberger provided an update on the Imperial Irrigation District Study. The draft report is in review and will be provided to everyone within the next two weeks.

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

Executive Officer Mr. Heuberger provided an update on the Salton Community Service District. The Salton Community Service District Interim General Manager & Finance Officer and two residents made comments.

The Commission discussed the item, but no action was taken.

10. Discussion/Action/Direction regarding an update on the Building Renovation(s) and associated accounting Balance Transfer Request.

Executive Officer Mr. Heuberger asked for a budget adjustment to our current year's budget by transferring approximately \$72,000 from our reserves for building renovations.

The Commission discussed the information provided in the Executive Officer's Report and took the following action.

Motion by Commissioner West to approve the Balance Transfer as requested.

MOTION: WEST
AYES: FROELICH, RYAN E. KELLEY, MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: NONE
ABSENT: NONE

11. Discussion/Action/Direction regarding an update on the Master Tax Sharing Study, and acceptance of final study.

Executive Officer Mr. Heuberger provided an update on the Master Tax Sharing Study.

The Commission discussed the item, but no action was taken.

12. Discussion/Action/Direction on a policy to complete mandated Service Area Plans/Municipal Service Reviews.

Executive Officer Mr. Heuberger gave everyone a refresher on what LAFCO's policy is for the Service Area Plans/Municipal Service Reviews.

The Commission discussed the item, but no action was taken.

13. Discussion/Action/Adoption of the Draft Budget for Fiscal Year 2023-2024.

Executive Officer Mr. Heuberger presented the proposed draft budget for next year.

The Commission discussed the information provided in the Executive Officer's Report and took the following action.

Motion by Commissioner Kelley to approve the draft budget for fiscal year 2023-2024

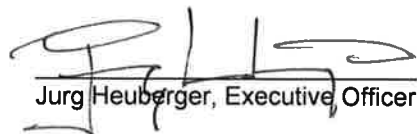
MOTION: MICHAEL KELLEY
AYES: FROELICH, RYAN E. KELLEY, MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: NONE
ABSENT: NONE

EXECUTIVE SESSION ITEM(S)

14. Public Employee Performance Evaluation (Gov't Code § 54957) ⇒ Title: Executive Officer

Legal Counsel Steve Walker stated this item was discussed and no action was taken.

Maria Nava-Froelich, Chair


Jurg Heuberger, Executive Officer

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TRANSCRIPT OF THE LAFCO HEARING

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ALTERNATE COMMISSIONERS PRESENT:

NONE

ABSENT:

NONE

STAFF PRESENT:

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Julie Carter, Accountant
Paula Graf, Sr. Analyst
Lori Zinn, Clerk / Analyst

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

1. Roll Call

2. Pledge of Allegiance

- 3A. Elections of Officers for 2023**
i. **Election of Chair**
ii. **Election of Vice Chair**

Commissioner West - It is now time for the elections of the officers, of the election of the Chair and the Vice Chair. I would like to do that in one motion. We tend to follow the guideline that we do it in rotation, and this works fine for everyone. Maria Froelich is the Vice-Chair, so I would like to entertain a motion that she will become Chair, and Mr. Javier Moreno, it is his time to become, so he will become the Vice-Chair.

Commissioner Kelley - I will second that motion Mr. Chairman.

Motion by Commissioner West to elect Commissioner Froelich as Chair and Commissioner Moreno as Vice-Chair

MOTION: WEST
AYES: FROELICH, MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: NONE
ABSENT: RYAN E. KELLEY

Commissioner West - I would like to now turn the meeting over to Miss Froelich.

Commissioner Froelich - Thank you very much. First, I want to thank the Commissioners for allowing me the opportunity to be Chair of Imperial County LAFCO. I want to congratulate Mr. West for a wonderful job that he has always done when he is the Chairman and as Commissioner. I congratulate Mr. Vice-Chair, Javier Moreno, from the City of Calexico. With that said, I am going to make a warm welcome to all of you for being here, and the people on Zoom, thank you.

4. Approval of Consent Items:

****Approval of the consent items were split, due to Commissioner Froelich being absent on December 1, 2022****

4A. Minutes from December 1, 2022

Motion by Commissioner West to approve item 4A.

MOTION: WEST
AYES: MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: FROELICH
ABSENT: RYAN E. KELLEY

4B. Project Report update

Motion by Commissioner Michael Kelley to approve item 4B.

MOTION: MICHAEL KELLEY

AYES: FROELICH, MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: NONE
ABSENT: RYAN E. KELLEY

5. Public Comments

Salton City Service District Resident Lilian Garcia - I am going to refuse to give up my address as it is confidential. My name is Lilian Garcia. Good morning Chair, Commissioners, and public. Again, my name is Lilian Garcia, and I have tirelessly advocated for the environmental & justice within the southern border of Calexico to the Salton Sea. One great concern we have is the discharge of the wastewater facilities within the County of Imperial, which all except for the Salton Community Service District does not discharge as they have ponds. As many of you shall be aware your duty is to approve the Service Area Plans that the Special Districts and Cities submit to you. I will briefly state and provide a letter which most of you should have, that I requested from the Colorado River Basin Regional Water Quality Control Board Region Seven. The total of notice of violations from January 1, 2013 to December 31, 2022 are as follows: City of Brawley - 37, City of Calexico - 48, Seeley County Water District - 159, Seeley County Water District WDR - 5, City of Westmorland - 17, City of Calipatria - 21, City of El Centro - 5, City of El Centro WDR - 1, City of El Centro IGP - 6, Heber Public Utility District - 10, City of Holtville - 159, City of Imperial - 50, Niland Sanitary District - 74, and Niland Sanitary District WDR - 1. A total of 593 notices of violations. I am still asking myself how the Service Area Plans are passed every three to five years without addressing such? LAFCO's responsibility online states that the Commission's efforts are directed to seeing that services are provided efficiently and economically. I respectfully ask all Commissioners to request the EO to explain why this has been unaddressed for so long. Not only has there been negligence on his behalf, but also the lack of respect for all our communities, including the Communities within the West Shores. I will continue to advocate for a better quality of life for all our communities. I also bring to your attention Mr. Heuberger, he was very disrespectful towards two board members within the Salton Community Service District, one is here, Miss Sierra, and the other one is Mr. Flores, in which he was very disrespectful. He is reported, and I am going to ask the Commissioners to please look into this. Thank you for your time.

Commissioner Michael Kelley - Quick question for you before you go. What are the Regional Water Quality Control Board's ramifications for a violation of the fluent being discharged into the rivers?

Salton City Service District Resident Lilian Garcia - I do not understand, they give up the notice of violations in the work. For an example as I think with the City of Calexico, they had violations and they can do like say instead of giving the money to the Waterboard, they can literally do as a supplemental environmental project, meaning they can keep the money, but they have to do a project with it either within the City or they can address their concerns with the wastewater plant. But I am not here for that today. I am here because the Service Area Plans are being approved, and you are supposed to be making sure that they are providing the services efficiently and economically. This has caused a nuisance within the Salton Sea and the communities that are being affected are from Salton City to Desert Shores.

Commissioner Froelich - Thank you, Miss Garcia for the information provided.

Salton City Service District Resident Lilian Garcia - You're welcome.

ANNOUNCEMENTS

6A. Announcements by the Commissioners

Commissioner Michael Kelley – A few weeks ago, I traveled to Sacramento as part of CALAFCO to work on a strategic plan. We came up with some good ideas to reduce the mission statement to something a little more viable, not a long, long mission statement. We had some good ideas to assist all LAFCOs throughout the State to complete their responsibilities. It was a good training session. The results of that strategic plan will be coming out to all LAFCOs in the near future.

Commissioner Froelich - Governor Newsom was in the outskirts of the City of Calipatria on March 20th. I want to thank the State of the County for allowing their State of the County to take place in the City of Calipatria. It was very nicely coordinated. We will have a League of Cities meeting and dinner this evening in the City of Westmorland. I want to share that I continue to work on the SCAG regarding different projects that have taken place. I serve on the Transportation Policy Committee as well as the Regional. There are a lot of good things happening behind the scenes. A lot of the work that SCAG is doing on housing & economic development and transportation policy affects the Imperial County Region in positive ways.

6B. Announcements by the Executive Officer

i. Welcome Commissioner Ryan E. Kelley

Commissioner Froelich - Mr. Ryan Kelley is on his way and we will welcome him when he gets here.

Executive Officer Mr. Heuberger - As you indicated, Mr. Ryan Kelley is the new Commission member appointed by the Board of Supervisors to take one of the slots of the two seats on the Commission. When he gets here we can duly welcome him.

****Commissioner Ryan E. Kelley arrived at 9:15 am****

Executive Officer Mr. Heuberger - I mentioned at the beginning, the new Commissioner on this Board is Ryan Kelley, who represents one of the seats for the two seats on the County appointment side. So welcome, Ryan. We now have two Kelley's, so we will have to start either nicknaming them or referring to them by their first name. So, we cannot just say Mr. Kelly anymore.

Commissioner Ryan E. Kelley - Thank you. I would also say that there is some sheet music my brother bought years ago. It was about 120 years ago in Chicago. It says, if you knock the E out of Kelley, Kelly will knock the hell out of you. I do see that my name is misspelled a few times, there is a missing E, but there is no physical altercation.

ii. Commissioner Castillo – Appreciation Award

Executive Officer Mr. Heuberger - We would like to give an appreciation to the former Commissioner, Mr. Ray Castillo, who is here. I would like the Chair and the Commission to award a plaque and a thank you to Mr. Castillo.

Commissioner Froelich - Mr. Castillo, we have here an appreciation award. We want to thank you for the hard work and the service that you gave to LAFCO during your time, not only here in LAFCO but in the County. With that said, if you come on up here, we have an award for you.

Commissioner Michael Kelley - Ray come on up here.

Commissioner Froelich - In appreciation for dedicated services of the Commissioner to LAFCO Imperial County, Ray Castillo from 2011 through 2022, thank you very much.

Executive Officer Mr. Heuberger - Ray, I want to thank you for all the help that you have provided us with the Commission and to Staff and LAFCO and of course in my prior life as County Planning Director. It has been a pleasure working with you in the past and I hope you will have a good retirement and enjoy it. Thank you.

Former Commissioner Raymond Castillo - It was quite an education being with LAFCO. You always hear about LAFCO, and I served as City Council in El Centro and did not realize the significance of the Agency. It is so important because LAFCO is the key that controls the growth or no growth in this County. I am very proud to have been part of LAFCO and associated with LAFCO and all the members, good friends. You know, I am not leaving, I am not going anywhere, I am still around here in the valley. I will run into all of you. Hopefully, the next part of my profession will be involved in real estate, which it is, and hopefully with new development and bring more development to this County. It is just another phase of life for me. I am not ready to retire yet, got a way to go. It is a pleasure working with all of you. I especially enjoyed going to our annual meetings in different areas of the State, and so I will miss that. Thank you for working with me, and I will be seeing you all around.

Commissioner Froelich - Thank you for your service, and we are going to miss you.

Commissioner Moreno – Ray, I have known you for many decades, and I appreciate your service and your mentorship. I was here about two years ago, and when I came you were already here. I really appreciated you. I know you are not going anywhere because you are still active, and I appreciate everything you do for service and community. Thank you.

Commissioner Michael Kelley - Ray, we go back a long, long way. We started our employment career together, way back in the early seventies.

Former Commissioner Raymond Castillo – It was 1968.

Commissioner Michael Kelley – While in college I was loading Coca Cola on the trucks at Coca Cola, and Ray was on the bottling lines. We became Colleagues, both working at Probation and Corrections. Then came together again as members of the Imperial County Board of Supervisors, and we had a very successful tenure there with your input and your knowledge. I know you have done a good job for yourself and for the Community. I wish you all the prosperous luck, health, and longevity that anybody could ask for. Congratulations.

Commissioner West - Ray, good to see you. Enjoyed working with you for the last 11 years and hope the best for you my friend.

Former Commissioner Raymond Castillo - It is amazing how time flies, time goes by so fast. These twelve years are like a blur and with two years of COVID even more of a blur, but I am glad we are beyond that. I run into Steve all the time, Attorney working within the various Cities, City attorney. Of course, Jurg, former County Planner and you have been working in Government for quite a while.

Executive Officer Mr. Heuberger - Been awhile.

Former Commissioner Raymond Castillo - And like me, you cannot seem to retire.

Commissioner Froelich - Again, we wish you the very best.

Former Commissioner Raymond Castillo - Okay, thank you, and I will be seeing you all.

Commissioner Froelich - Thank you so much for your service. We will be seeing you. Thank you very much.

iii. CALAFCO Staff Workshop

Executive Officer Mr. Heuberger - The CALAFCO Staff Workshop is coming up in April, and we are sending our Staff to that meeting. In fact, as always, Paula and Lori are both working with the CALAFCO Staff, assisting and being on some of the panels for the presentations. They are actively participating, and I appreciate that.

iv. 2023 Meeting Dates & Calendar of Events

Executive Officer Mr. Heuberger - You have in your packet the meeting dates and calendar events, so that you can plan your calendars for the rest of the year.

DISCUSSION/ACTION/DIRECTION(S)

7. Discussion/Action/Direction regarding a County Wide Healthcare District, either as an expansion of Pioneer's Memorial Healthcare District or as a "new" District.

Executive Officer Mr. Heuberger - Briefly, sometime back, Mr. Ryan Kelley did approach me with the concept of creating a County Wide Health Care District. There was a meeting with the members of the Pioneer Board, the El Centro Regional Medical Center, and the Heffernan Healthcare District to discuss the potential. At that meeting, the Pioneer District did submit a resolution of intent to form an expanded District or new Healthcare District. The County Board, and there is two Board members here, they can certainly correct me, but the County Board did offer to fund or assist in the funding of a fiscal impact analysis that we would need if we were to proceed with the formation or the expansion of a Healthcare District. They had asked me originally what that would cost, I had really no idea, so I based it on what we paid for the Tax Sharing Agreement. I said \$200,000, subsequently the Consultant we were dealing with said it would be under \$100,000. But the County Board did offer to assist in the endeavor of a fiscal impact analysis. Since then, not much has happened. The El Central Regional Medical Center had a joint meeting yesterday with the Pioneer and the Heffernan Boards. My understanding was that it was all done in Executive Session, so there is nothing on which I can report. I continue to work with the different entities. I did just this morning, agree to meet with the El Centro Interim

City Manager to discuss a bit more about the El Centro Regional Medical Center. I did have a long conversation with Mr. Sorenson, who is the Executive Director for the Pioneer's Healthcare District, about 10 days or two weeks ago, and he provided me with some information as well. At this point in time, we do have an application, but we are not moving it forward very quickly. During the meeting that we did have, where everybody was present, there seemed to be some urgency indicating that this needed to be done ASAP. But El Centro also voiced concerns that they would potentially go through a legislative approach rather than the LAFCO approach. Perhaps Mr. Ryan Kelley can add some context to it that I am not familiar with.

Commissioner Ryan E. Kelley - Thank you, Mr. Heuberger. The only thing I would add is that it was a sense of urgency at the time in early February. The forecast was immediate and of concern. I know that conditions have changed in the standing for El Centro Regional and our choices or priorities have moved in a different direction. The County in its participation is here to help and just waiting to be asked to provide assistance. The Board voted to support and provide funding for a financial feasibility study through the LAFCO process. Pioneer's did submit a resolution to LAFCO to initiate that conversation. As I entered this meeting today, I have no understanding of where the ball is going to land.

Commissioner Michael Kelley - Mr. Heuberger, this proposed legislation by Assemblyman Garcia, should it go through, wouldn't it still require LAFCO's input?

Executive Officer Mr. Heuberger - That's my understanding, yes, but I am not that familiar with it. The legislation I saw and what I was told, was simply a placeholder at the time. I have not seen anything since. I am not familiar with the latest, or if there are later changes to what we originally saw. The original legislation, as you are all familiar with, is some verbiage that says I am going to do something, but it really does not say anything. It looked like it was just a placeholder bill, so that if they did decide to go that way, as you know, there are timelines. In my view, it would still be a LAFCO issue in the end. All Special Districts are formed under some Government code section, so it just depends on what type of District.

El Centro City Attorney Elizabeth Martin - Madam Chair, I did not mean to interrupt the LAFCO Director, when you are ready, I am Elizabeth Martin, the City Attorney for El Centro. I can provide you with some additional information about what the legislation that Assemblymember Garcia is proposing would look like. Mr. Heuberger, I am sorry, I did not mean to interrupt you. That is one of the reasons that Mr. Cesena asked to meet with the LAFCO Executive Director. What Eduardo Garcia is proposing will look like the special legislation done for Desert Medical Center in the Coachella Valley. It is a legislative extension of a hospital district. It does come to LAFCO. I do not have a copy of that with me, but I can send it to your Executive Director later today. I only learned this yesterday. We believe that if we can all work together that this approach will work to satisfy all interests here. This District we also think, as our letter to you says, needs to include Heffernan. If we have some time here, we would like to try again as we did on this Tax Sharing issue to work with LAFCO, with Pioneer's, and with the Heffernan group, to see a way forward through this legislative process, which for us works because of the nature of ECRMC. If you have questions, I can try to answer them. This again is the purpose of the meeting with the Executive Director next week.

Commissioner Froelich - I have a question for you. Did Assemblymember Eduardo Garcia give a timeline on when that legislation would be ready in either a draft form or ready to be presented to the County?

El Centro City Attorney Elizabeth Martin - He may have given one, I do not know it, from what I have seen, the language is not yet in print. It is a placeholder as was indicated, but I know that he intends to move it forward in this legislative session. It may be that the language is still with the Legislative Council.

Commissioner Froelich - One final question, if you know or has he shared with you, would it be one new County Wide District in the legislation he is proposing?

El Centro City Attorney Elizabeth Martin - I do not know that I would call it new, but that is probably good in legal terms, but probably as an overall description, yes, it would be a County Wide District. It does, as I will point out, as written require a vote of the people.

Commissioner West - I was interested in that you chose the legislative process instead of going through LAFCO, because once you become a Special District you still must work with LAFCO. You could have gone ahead and processed your application through LAFCO instead of going through the Legislative District. The legislation process tends to try to go around LAFCO, which is why Governor Brown put this in effect in the fifties. The idea was that LAFCO could be independent, giving independent and correct information. So that we would not have Cities upon Cities and would not have Districts trying to take over other Districts, which is the reason LAFCO was formed. Just making this comment for you, I do not really request an answer, but, you know, it is interesting that you chose to go through that realm.

Commissioner Moreno – This question is for Mr. Heuberger. What is the future for Heffernan Healthcare District in terms of which way this goes?

Executive Officer Mr. Heuberger - Well, our first meeting, our only actual meeting where all the parties were present, did include Heffernan. We have made it clear that if LAFCO is asked to look at this and either create a County Wide District or some version of it, it would in effect include all three entity's input. That does not mean that any one entity has veto powers, because that would be this Commission that has to make the decision. As the City Attorney just mentioned, the bottom line to all of this, even if this Commission were to approve a new Healthcare District tomorrow, it still goes to a public vote. There are several steps that need to be taken. What I expressed to the group to start with, and Ryan was there, was we really cannot start this process, nor can El Centro, or special legislation, without looking at the fiscal side of this. Because that is the problem right now, both hospitals are not flush with money, in fact the opposite, they have some severe financial constraints. The idea in the discussion was how do we look at this from the standpoint of this Community having a decent Health Care System of some type, whether it is a County Wide District or however you want to look at it, at a reasonable cost. We cannot start that process, just making assumptions without knowing what the costs are, what the costs will be, how it will be managed, and all those things. That is why I had originally said, let us do a fiscal impact analysis, because you are going to need that to go to vote anyway. You are not going to be able to go out there and convince people that their taxes should go up 10% for a new Health Care District, if you cannot justify it, nobody is going to vote for it. It is going to be tough anyway, right? That is why I said let us do a fiscal analysis. That is why the Board of Supervisors stepped up to the plate and said we are willing to help with some funding, because it is going to cost, we are guessing \$100,000, maybe a lot less, I do not know. We need to work out a scope. But I did not want to put a scope out there to a consultant without having the three main players involved in that scope of work, because I talked to the Consultant, even to start the study, we need financial

data from those three entities. Now, as you well know, the Heffernan District is flush with money, they have the opposite problem, but I would suspect that they are not eager just to give the money away without having some say in the process, right? That is why I think it is important for the three parties to come together. We have offered to work with them. We have offered to work through the process and explain it. I think after talking to the Interim City Manager of El Centro today, that it is a good first step. Mr. Sorenson, who is the Pioneer's Health Care District Manager, called me, we set up a long conference call, and again, he wanted me to walk him through the process of LAFCO. How does it work? What will happen? What are the steps? And I think that is what we are going to do with the City of El Centro, explain the process, just as the City Attorney mentioned.

Commissioner Moreno - Mr. Heuberger, has the Heffernan Memorial District Board of Directors, or at least the CEO, or their manager contacted the City of Calexico and explained all this, on what is going on? Have they reached out to them?

Executive Officer Mr. Heuberger - To the city?

Commissioner Moreno - Yes.

Executive Officer Mr. Heuberger - Your City Manager is sitting there, I am going to defer to her, because I do not want to speak for her.

Commissioner Moreno - I think it is important because they do receive money through measures in Calexico, so it is important they engage with them.

Executive Officer Mr. Heuberger - I think one of the things that Ryan brought up in that meeting, which we all I think really need to pay attention to, if this effort goes forward, it is going to be critical that there be this outreach. We even talked about forming a committee to where you would have representatives from the Cities, from the various entities throughout the County. It's going to take a lot of information and a lot of public outreach, as the citizens that will ultimately be asked to increase their own taxes are going to have a lot of questions. The best way to do that is if the City of Holtville has a representative that they can go to and say, hey, what is going on?

Commissioner Froelich - Did you want to make any comment Ms. Esperanza? No, okay. It appears that we need to continue working behind the scenes before we take any action on it.

Executive Officer Mr. Heuberger - I am hopeful that after next week's meeting with El Centro, we can get the group together again, go through the dialogue, and get Assemblyman Garcia involved to kind of share with us how this approach would work.

Commissioner Froelich - I think we should maintain the neutrality until all the stakeholders come together and come to some agreement, so that it does not seem like the County is overtaking or LAFCO is trying to overreach.

Executive Officer Mr. Heuberger - We are totally neutral in this process.

Commissioner Ryan E. Kelley - I would like to express neutrality. I have heard some statements, so I cannot remain silent. The County at the roundtable was trying to coordinate the most expedient way of putting some stability into our healthcare. We had an agreement with Heffernan, with El Centro, and with Pioneer's. We had a conversation with LAFCO. We were

balancing between legislative and local process, which was going to get us to an actual position that we could share with the public and create a committee that had representation of all the areas, not just El Centro, or Heffernan, or Pioneer's, but Holtville, Imperial, Seeley, Heber, and Ocotillo. Unfortunately, a change of direction occurred. The County agreed to put money forward towards a financial feasibility study. El Centro decided that they did not want to pass through the County on a feasibility done by LAFCO and are choosing to try to do one with funding through El Centro Regional. I just want to make that clear that we are still here to help. We are neutral, we are trying to help, and it feels like the hand got slapped back as we reached out to help.

Commissioner West - Sometimes things happen, and people do not like it, but it is for the good. This I think has been a good thing because it has forced the areas to come together. In reading some of the comments here, that Mr. Heuberger gave, I thought it was interesting. I served on the hospital board in 1995 and in the late nineties. I was on the hospital board when the City Council disbanded the hospital board. The local City Council came out and got businesspeople such as me and asked us if we could find out what was going on and fix it. We did, we spent about a year, I know myself and the rest of them there. We spent about 15-20 hours a week of our own time, sometimes six o'clock in the morning on the meetings. We also tried at that time for the two hospitals to work together. The personalities on each hospital board would get into it and it never happened. There was a study done in the nineties, it was the citizens of El Centro that required a study to be done, about selling the hospital at that time. I remember a young man when he was young, well he is my age now. He may have passed away. Mr. Ron Hull put that study together, it came back about three inches thick, and it said to do something with the hospital. The Board did not agree, neither did the City Council and so it was not done. My friends, that was 1995 I believe, and even then we said it cannot be sustained alone, neither hospital. There will come a time when it cannot be done. We are now here. It is time for the Imperial County to get together and make this happen. We need a system that is equitable for all the citizens in the Imperial County. We need to take down these walls, quit trying to be the north & the south and fight. Get this thing done. LAFCO is independent to do this, this is what we do. LAFCO is independent to run these studies and make these things happen. Now whether the rest of the County wants that to be done or not, I mean as citizens of different organizations, it is foolish for them not to do it. That is my opinion. Thank you.

Executive Officer Mr. Heuberger – We will keep you posted on any further process. I am meeting with different people and hopefully we will get together.

Commissioner Froelich - You'll reach out also to the assemblymember Edwardo Garcia?

Executive Officer Mr. Heuberger - Sure.

CEO Blanca Morales from the Calexico Wellness Center - Hi, my name is Blanca Morales. I am with the Calexico Wellness Center, CEO, in the City of Calexico. I have two things that I want to mention, and I agree with Mr. West. We cannot work in silos anymore. I have been here for five years. We have done a great job working with other organizations and the Community. There are two things I want to go over. One thing I want to share with the LAFCO Board here, that in 2015 there was a report done for the Heffernan Healthcare District. There were options for the Heffernan Healthcare District to work with different Districts. One of them was the City of Calexico. The City of Calexico lost their hospital in 1998. At that time, there was a 17,000 people population. We now have 40,000 and still no hospital. In the City of Calexico, the paramedics and the fire department are our hospital on wheels. They have two ambulances, we are limited. We see these patients. By the time these patients come to us, they do not make it. Now that El

Centro Regional is having a crisis, a financial crisis, now we are not doing good, as that is our closest Hospital. Are they going to make it to Brawley? They are also not assisting any newborns. So, that is one thing that I would like you to consider. The second thing I would like you to consider is allowing me to do a presentation. I have 38 years of experience in healthcare. I have worked with a lot of hospitals from Cedar Sinai to Stanford University in the nineties. They still have the same problems. Technology is now here; it has gotten much better as far as workflow. But there are three areas of revenue that are being missed in the El Centro Regional Medical Center. This is something that is my expertise and my partner's expertise. One, right now they are not capturing or reporting supplemental data, so that they can get more money from health plans. Second, is collaborating with the Community clinics with an MOU for uncompensated care, so that will be revenue. Third, we need to increase the unique lives of patients. I would like to ask if I can be on your next agenda to do a presentation on how we can bring revenue to both hospitals and bring the other CBOs as well. We depend on the hospitals, as that is where our patients get admitted, whether they are pre op, or they are coming in through the emergency room.

Executive Officer Mr. Heuberger - Please submit the data and we will put it in.

CEO Blanca Morales from the Calexico Wellness Center - Okay. Thank you.

8. Discussion/Action/Direction regarding an update on the Imperial Irrigation District (IID Governance Study).

Executive Officer Mr. Heuberger - For the benefit of everybody here, as you know, the State of California Assemblyman Mays passed or tried to pass two legislative items requiring the Riverside LAFCO and the Imperial LAFCO to do a study on how the IID should be governed. His proposal started off originally, that we add three board members to the IID Board of Directors, which failed to pass the legislature. The second bill did pass, it was structured that we do a joint study between the two LAFCOs. That bill then got vetoed by the governor. However, the Governor vetoed it because the bill did not allow enough time for the LAFCOs to do the study. Not that he disagreed with the study, rather that he did not think we had enough time, so he vetoed it. But then he turned right around and put \$500,000 in the budget, directing us to go ahead and do the study anyway, but with more time. We had a lot of time. It took us almost a year to negotiate with the State of California, on how that funding would be transmitted to us. Both the Executive Officer in Riverside, Gary Thompson, and myself, made it very clear that we would not start this process until we have the money, because neither one of us could afford to hire a consultant for \$500,000 and then be on the hook, not knowing when the state would pay us. We ultimately got the State to agree to terms on how they would pay us, which they are. We hired a consultant, and the Consultant has done a lot of outreach. Most of you should have been contacted at some point. The Consultant did a lot of outreach, worked with IID staff, worked with a lot of Communities in the Coachella Valley, worked with Communities here, and has prepared a draft report. The state did put a deadline on us, that by March 31 we must have a draft report for public review. We are on our third review and internal review of that this week. We hope to have it done by Monday, then we will release it, and send each of you a copy of that report. The intent of that report was to come up with various options of not so much how the IID is governed, but how the Coachella Valley residents that are serviced by IID power had more of a voice and how they were supplied with electrical services. There is a range of options which includes additional board members, but it also includes, in fact, establishing a subset district for example and some other things. We have also worked very closely with the Coachella Valley Energy Committee, which

was established by IID. We have met with them at their regular meetings, and they have provided a lot of input. We did meet with IID staff and management. The biggest concern that the IID had at the start of this was that this study could not in any way affect how the IID governed the waterside of their operations, only the power side. We will be reporting back to you, and we will be providing you with a draft within the next two weeks.

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

Executive Officer Mr. Heuberger - As you recall, last August, your commission took action to initiate the process to potentially and I want to emphasize the word potentially, to dissolve the Salton Community Service District. This was a result after numerous meetings, and input. After that, they hired an Interim General Manager, which did not work out. Then they hired another General Manager that resigned and then following that, they appointed a person that was already on their staff to be the active General Manager. We have been working with the staff at the Salton Community Service District with the Interim General Manager, and more recently with a group headed by Toby Roy to get funding for their sewer system upgrades and try to get them into various forms of compliance that they need to do. This whole thing started when the district unilaterally decided to stop providing fire protection services and that resulted in the county having to step in. That was when we became involved and really started looking at the internal affairs of the district more than we normally would have. Long story short, we have been favorably impressed by how the current staff has turned around their operations. We are working with them; we are also working with Toby Roy and her associates in trying to make sure that they get this funding. There was also an analysis that was done about the sewer rates that was headed up by the W. Royce group to determine what the rate should be. They came out with a report on that, that will be going to a prop 218 vote as required for the residents to have a say in what their rates will be. It is critical to the district that they do have a rate increase because as you know, funding agencies will not provide grant funds or any other funds unless the district or any entity can show that their operation will then be viable and able to operate the system following any upgrades. We are working with the district and with Toby Roy's group. They are heading Prop 218, we are not. We have received some comments from the public that the prop 218 votes should go to a neutral third party rather than to the District Staff, but that's not how things operate. It is headed by the Agency that is asking for a rate increase.

Commissioner Michael Kelley - Well, that's good news then.

Executive Officer Mr. Heuberger - I want to commend the current staff. I also want to thank David Dale who is here, he stepped into the breach there for a little while and got things turned around quite a bit, then with everybody pulling together, the majority of a lot of the people out there pulling together. There is a good chance that we will not be heading in the direction of dissolving, but we will not know that until certain things pass.

Commissioner Michael Kelley - Is there now a harmonious relationship within the confines of the Board of Directors there?

Executive Officer Mr. Heuberger - I would rather not address that.

Interim General Manager Emmanuel Ramos of Salton Community Service District - My name is Emmanuel Ramos, Interim General Manager for the Salton Community Service District. First, I want to thank LAFCO Mr. Heuberger for letting us try to get in the right direction for Salton City. It has been hard work but with the staff that we have right now we are trying to comply with everything that we need to

make sure Salton City stays in service. We want to make sure that we let you know that there are a few things that are going on in Salton City, where we are working with grants for parks, right now for Desert Shores Park. We are in the design process. As Mr. Heuberger said we are going through prop 218, which should be ready for March 31st. We are going to be sending all the fliers out before March 31st. Another thing that is happening over here on March 15, 2023, two proposals were presented to the Board of Directors for accounting firms to conduct a fiscal year audit for 2021, 2022, and 2023. The Board chose O'Connor & Company. We are making sure we work to show transparency to our community. That is all I have. Thank you.

Executive Officer Mr. Heuberger - Madam Chair. I want to show my appreciation to Mr. Ramos because he has been really working hard with us, so I appreciate his help, thank you.

Salton City Resident Pam Eckert - Hi, my name is Pam Eckert, and I am a resident here in Salton City. I do have just a couple of questions. What is going to happen to the district if it dissolves? Does LAFCO have any backup plan?

Executive Officer Mr. Heuberger - If the District were to be dissolved by this Commission and only this Commission has that authority, then the backup would be that another Agency would step in and take it over, in this case that would be the County of Imperial. We have been working very closely with the County of Imperial, with their staff, with their Executive Officer, and with their Public Works Director to make sure that if that were to happen, that they were on board and prepared.

Salton City Resident Pam Eckert - Okay. Back in 2016 through 2021, the residents incurred a 72% increase over from 2014 to 2021. Now it is just two years later, and they are asking for an additional 30%. As you know, the average median income here in Salton City is about \$34,000. By the end, if this proposition goes through, what they are proposing with this rate increase, the residents will be paying \$980 a year for sewer service. Has LAFCO looked into other cost cutting measures within the district, or even the possibility, because there is only a small percentage of the residents that are supporting this huge sewer system? There are like 1955 residents, just under two thousand that are incurring the largest increase. What is LAFCO's perception on that or has anyone looked at this drastic increase?

Executive Officer Mr. Heuberger - Yes Mamm. We are working with Toby Roy and her group and the District Staff. We do recognize that rate increases are not a popular item, but they are a necessity if the operation of the system as you know needs to continue. Please do not take this as a threat, but even if the county were to take it over, they would have to look at the same issues as to whether or not rate increases were necessary. There was an independent rate study done that determined what the rate should be in order to procure enough funds to continue the operations at the level that it needs to be. It is not LAFCO's decision as to what those rates should be. Our obligation is to make sure that there are sufficient funds coming into the district for the long term so that they can remain a viable District. If we decide not to dissolve the district, we must be able to show that the district has the resources, not only the financial, but other resources that they can continue to operate the system. The granting agencies or the funding agencies, however you want to look at them, they are also looking at this, and they will not fund a District or City or any other Agency, if after they have given the grant funds to that Agency, there's not sufficient funds to continue the operation. It is an unfortunate situation, but I will also note that the \$980 is well in line with what other areas Agencies are charging for sewer, so it is not out of line, it is an increase I agree.

Salton City Resident Pam Eckert - Okay, so over that 10-year period, it will be like a 164% increase. There is such a small number of residents, we have about 18,000 plus lots that are undeveloped, and some of them are paying like a standby fee. Their increases went up like \$2 a year versus ours is

hundreds of dollars. Do you know why the huge difference in percentage, why that deficit is not spread out a little more fairly? I know they are just on standby, but all those lines still must run by those properties. They are not even incurring the cost of inflation rate that is going up. Why the big injustice with that? Because right now with us all paying that sewer direct charge, the district is taking in over \$2 million annually, which I think is a fair amount of money for this small Community. I am just curious why the huge difference? We are going to be incurring like 164% and the lots are going to be under 10% over this whole period of rate increase going through.

Executive Officer Mr. Heuberger - Mamm, I do not really want to get into the details of the rate study because that is not something we conducted. My understanding was, and Emmanuel can address it better than I can, but I understand there were public workshops or public meetings to discuss the rate increases in the prop 218 process, and that is really where you need to ask the question, to the team that did the rate Study.

Salton City Resident Pam Eckert - Okay, so LAFCO does not oversee any of that and does not have any impact as far as the increases? Am I understanding that?

Executive Officer Mr. Heuberger - We cannot dictate what the rate increases, if any, shall be. We must look at it, at the end, to see if there are sufficient funds being generated to continue a viable operation. The bottom line is, if after all this process, they go through and prop 218 passes or does not pass, if there are not enough funds to run the district, then LAFCO is going to have a problem allowing the district to continue to operate. We do not want to be in that boat. I think the Commission has made it clear that while we did provide notice that we would dissolve them, that we would rather they get their act together and become an operational District. Our charge in the end is to decide whether they can continue to be an operational District. Unfortunately, that does take money and in some cases, it takes a rate increase. Even if the County were to step in, if we dissolve the District, the County will have the same problem. They would look at it and we have done this in other areas, we have done this in the Niland Sanitary district where we dissolved the district and then the County came in and did a prop 218 and ended up raising the rates.

Salton City Resident Pam Eckert - I question what Niland what was paying? One of the properties was a little over \$700 on an annual basis, and that is after the County took over. I was just curious if the County has put together any type of price that we would know if it would be beneficial for us to go to the County? I know this is not under your jurisdiction, but I think there would be some cost savings for the Community here not having a separate office and I assume these workers would become County workers. Is there a plan that has been written up with the County that the residents could look at and say, okay, which is more beneficial and economical as well?

Executive Officer Mr. Heuberger - I do not think the County has gotten to the level that they have an actual plan and what the costs would be. You can certainly contact the Public Works Director in the Public Works Department, and he can share with you the information about the Niland District so you can get an idea of what rate changes were there. I think that will give you a better feel for it.

Salton City Resident Pam Eckert - Right, yes, and they told me about \$700 and some dollars, so to me, it is still looking like it would be cheaper than the \$980 that we are going to incur. Okay, thank you for your time. I just have those questions for you.

Commissioner Froelich - Thank you for your comments. I have a quick question. When is proposition 218 expected to pass or fail? Do you have a timeline?

Senior Analyst Paula Graf - May 17th.

Salton City Service District Resident Lilian Garcia - Good morning. Once again, my name is Lilian Garcia, and I am going to apologize to resident Pam. She did send me an email to share with LAFCO and Salton Community Service District. I am going to read her email that was sent to me, not at the beginning, but just relevant information. She is addressing this concern to me, and she states I wanted to inform you of a phone conversation I had with Christina Sutton the Finance Officer at the District back on March 7. When I learned of the increase the district was proposing I questioned her about why the increase was so drastic, and how they arrived at the 30% figure. What she told me is that the district went to LAFCO and recommended a 10% increase, and LAFCO said no. Then they tried to submit 15% and LAFCO said no again and that it still was not sufficient to solve the district's budget deficit. That is why it is so high. Makes me wonder if the district really needs the amount of money or is there pressure from LAFCO to keep the district from solvency? This is a great concern to me and there has been a lack of information to the community residents and I have addressed this to Mr. Heuberger in the past through email. I just want to state this, I am a little bit familiar with what happened in Niland, and I am sad to say like I mentioned, a lot of the wastewater facilities are not in compliance. The Salton Community Service District is eligible to seek funding from the State Water Resources Control board, and that is a goal that should be for the district at this moment and also the other Districts within the County. This to me is evident that LAFCO does have a say regarding the increase and as you are aware, Mr. Heuberger did make some statements right now contradicting what he said in this email. Thank you for your time.

Executive Officer Mr. Heuberger - I will repeat, we have never told the district that we would not accept the rate increase. I do not know where Christina came with that. What we have said is that they must get a rate study done, and that is what they did with the assistance of Toby Roy's group. They are the ones that must come up with what the rate increase should or should not be based on a technical study, whether it is 10%, 20%, or 50% is not our decision. I have never told her no; I will not accept a 10%. Why would I, if 10% is adequate, so be it, but I do not have that information until the rate study is done.

Finance Officer Christina Sutton from Salton Community Service District - Hi, good morning, my name is Christina Sutton. I am the Finance Officer here at the Salton Community Service District. To address the email that Miss Garcia just stated from Pam, several draft rate studies were presented to Mr. Heuberger to review. Based on reading those rates studies they sent us comments regarding the insufficient amount of funding that would be placed in reserves which is a red flag that indicates the district could not operate and maintain itself without having sufficient funds to be able to put in reserves. At that slight increase, it would not do any good for the district to be able to maintain itself and operate on its own. So RCAC went back and redid the numbers and in order for the district to be able to place money in the essential reserves and to be able to operate without touching reserves to pay for operating expenses. The initial increase would have to be 30%. That rate study was then sent to Mr. Heuberger to review, he emailed back, commenting that yes, that indicates that would have to be the amount of an increase for the reserves to receive funding and for the District to be able to operate without touching those reserves on a regular basis just to pay operating expenses.

Commissioner West - I want to thank everybody for coming forward. I would like to remind people that LAFCO does not arbitrarily tell any District what they must do. That is where the rate

studies come in and they must be done. LAFCO has worked with the State to get funding for different projects, whether it is water or sewer, but that does not negate the fact that District or that City or whatever, must be able to continue having enough funds to operate. Just because you get \$10 million to produce the facility or to increase the facility, you still must have the funds. One of the problems we have had in other areas, talking about a poor area, one time they told us, well can't the rest of the County pay for ours. No. It does not work that way. Each organization must take care of itself. I just wanted to bring that up because sometimes people think that someone else or the rest of the County can pay for your portion. It does not work that way, my friends. LAFCO will continue to have a high regard for all Districts, Special Districts and Cities. We will always work with those organizations to do the best job that we can, so that things are done in a proper manner.

Commissioner Michael Kelley - As LAFCO mentioned before, the Service Area Reviews are to ensure that the Community has the proper funds and the infrastructures to take care of the health, safety, and welfare of the citizens in their responsibilities: fire, police, water, sewer, infrastructure, roads, all that stuff. We oversee the proper management of the Community and that is what our responsibility is. If I am wrong Jurg correct me.

Executive Officer Mr. Heuberger - No Sir.

Commissioner Moreno - Any organization knows very well that in order to be sustainable, you need to invest in capital improvement projects. In this case, if the district is going to be able to survive, you have to have those funds available. Studies do help you; it is a roadmap to help you to get you where you want to go. If you want to continue with this, you must accept that in order to survive and sustain yourself, you have to accept the rate study and provide the services for citizens.

Commissioner Ryan E. Kelley - Just to add, I am familiar with Salton Community Service District and the troubles of small Districts in the Imperial County. It is ever increasing regulations and compliance that is an extreme burden where local authority and control over operations has been so overburdensome that these choices are having to be made. In years past, I have witnessed Winterhaven, Niland, and other Special Districts come under increasing pressure to make these changes. It is unfortunate, any help we can offer to make it adjustable and acceptable to the population, I think we should be there.

Commissioner Froelich - I have said time and time again that LAFCO, we are not in the business of wanting to dissolve the districts. We want you to succeed. However, it is important that the districts understand that we want you to be solvent, we want you to satisfy all the criteria that are necessary in order to be a healthy District. I am happy to hear that there are a lot of things going on behind the scenes and there is a lot of positive going on. When we asked Mr. Jurg Heuberger to provide technical assistance, it was never our intention for him to micromanage, but he is a professional. He has worked with many Special Districts in the past and so you know, we continue to support him working with all of you. With that said, do you need us to make a motion?

Executive Officer Mr. Heuberger - No, this is just an update.

Commissioner Froelich - Okay and so we will continue to follow this. Thank you very much.

10. Discussion/Action/Direction regarding an update on the Building Renovation(s) and associated accounting Balance Transfer Request.

Executive Officer Mr. Heuberger - Briefly, we are asking that you make a budget adjustment to our current year budget by transferring approximately \$72,000 from our reserves to offset certain things. We have had some major costs incurred as part of renovations and damage. If you have driven by the building, you saw that the awning was torn off the outside of the building. We have had some internal damage. We are also renovating part of the offices that are being rented out. Those are costs associated with owning the building. In my view, they are all more than necessary, and that is why I am authorizing to transfer that money, and we do have the money available.

Motion by Commissioner West to approve the Balance Transfer as requested.

MOTION: WEST
AYES: FROELICH, RYAN E. KELLEY, MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: NONE
ABSENT: NONE

11. Discussion/Action/Direction regarding an update on the Master Tax Sharing Study, and acceptance of final study.

Executive Officer Mr. Heuberger - As your board is aware and we have been keeping you abreast of this for well over a year. In the past several decades, there were several Master Tax Agreements between the County and the Cities for annexations. As you all know, we cannot complete an annexation process until there is a signed Tax Sharing Agreement. Several years ago, we ran into some difficulties because the tax sharing negotiations between some Cities in the County gets so protracted that it takes one or two years after we approved the annexation. Your Commission directed that we notify the Cities and the County that we would process no further annexations until they came to some terms. The result of that was the City Managers and the County Manager got together and decided that the only way they could even talk about doing a Master Agreement of any type was to have somebody do a study as to where these tax monies come from, where they go, how they are allocated, and basically the rundown of how taxes work in general. They then concluded that if any one of those City Managers or the County Manager took the lead in this, there would be the immediate suspicion that again there was a need to obtain a study, so by default, we became the Manager of the study. The Cities and the County paid for the study, but LAFCO managed the study, hired the Contractor, and did the work. We met with the City and County Managers monthly and went through this in some detail each time. Long and short of it, we came up with a draft final report that you have a copy of, and that report was accepted by the Cities and the County at the last two City and County Managers meeting. Since then, the City of El Centro has approached us, and they have asked that we take another look at a portion of that study which they feel may not be quite accurate. Rather than adopt the study today, what I would like to do is to continue this to our next meetings. I think the study's accurate, it was accepted, but I want to go the extra mile of giving the city one more chance to show that there is a problem or have the Consultant show that there is not a problem. I do not think it is an emergency item to where we must adopt it today. It does not solve the problem of the City of El Centro being able to negotiate a Tax Sharing Agreement with the County. I would like to continue this aside for one more meeting. I have agreed to sit down with the City of El Centro, the City Manager is back there, and listen to their side and I have also asked our consultant to be part of that. If there is a problem, we will

address it. If there is not a problem, we will bring it back. In the meantime, some other Cities are moving forward with negotiations with the County. It should not delay that, but I just want you to be aware of it.

Commissioner Froelich - I want to share that, I also received a phone call from the City of El Centro. But I also received a phone call from the City of Brawley wanting to share the fact that we should table it because there are still some items that are of concern. So, with that said, I wanted to see if there is a possibility of all stakeholders coming together in case some other Cities may have missed any little details.

Commissioner Michael Kelley – Ultimately, we will complete the Tax Sharing Agreement. If there is a city, let us say it is El Central or Brawley that does not agree with it, what are the ramifications of that with respect to LAFCO's position?

Executive Officer Mr. Heuberger - Our position is we want to make sure the study represents accuracy as far as the numbers and all that. I have told the City Manager from El Centro and City staff from El Centro that if after our meeting with the consultant there is no reason to adjust the report then we will move forward the way it is. If there is a reason to adjust the report then we will have to get all the Cities and the County back together again because whatever we do to this report potentially affects as Maria says, may affect the other Cities also. I want to be clear about that, that this is not just going to be a delay to accommodate El Centro. If there is in fact a reason to take another look at a portion of the study to make it more accurate, then all the Cities need to be involved. Now, regarding your specific question, Mr. Kelley, we cannot process annexations until there is an actual Tax Sharing Agreement between a particular City and the County. I understand the City of Brawley, for example, has been working with Miguel on an agreement. We are hoping to get this resolved quickly.

Commissioner Michael Kelley - But if there is no Master Tax Sharing Agreement that is authorized by all Cities and LAFCO, say just for instance the City of Imperial says we do not agree with that Tax Sharing Agreement, we do not even want to be part of it, so do it without us. What happens then, are they handled independently of the Tax Sharing Agreement?

Executive Officer Mr. Heuberger - Well, what the Cities and the County decided, we started this study based on a Master Agreement. Then we realized quickly that number one we have three large Cities, we have four small Cities, so one size may not fit all. So, we said, let's structure the study so that it can be one agreement with everybody, potentially in agreement with the three large Cities and the County and the four small Cities and the County. And then an individual Master Agreement between each City and the County. So, it has seven Master Agreements, but, each City would have to have a Master Agreement with the County before they can proceed with an annexation. So, one City cannot stop another City. If one City is prepared to move forward and can meet the terms between the County and themselves, they can move forward. If the other Cities do not like it, then they do not have an agreement, and we cannot process their applications.

Commissioner Michael Kelley - Okay, that is very clear, thank you.

Commissioner Froelich - So, in the meanwhile though, we can use the existing one?

Commissioner West - There is not one.

Commissioner Froelich - But there was some kind of format.

Executive Officer Mr. Heuberger - No, there have been no agreements for the last twelve / fifteen years. So, each annexation had to do its own tax sharing negotiations, and that is where the problem

arose. For example, in the City of Imperial, the school district wanted to annex, it took a year and a half to get that agreement signed, and there are no taxes to exchange. So, it made no sense. When your Commission adopted the policy that we would not annex in anybody else, it forced the Cities and the County to come to some terms and the study was the first step. Now that they have the numbers, they can sit down with each other, and potentially hash out an agreement, and hopefully have an agreement.

Commissioner Froelich - Some of the sentiment that was expressed to me was that it might favor, that what is being proposed here, this final study, which is a draft, might favor or give the County the upper hand, just so you will know. Then when I looked at it, there were some pages regarding options that I think are too open. It may cause a little confusion as we move along. I know that they are all going to vary.

Executive Officer Mr. Heuberger - Right, but that is the reason we agreed at the end that each City would negotiate their own tax agreement. And again, this is an informational document. This does not direct any City to sign an agreement that they do not want, they are still going to have to sit down with the County and come to terms. Another issue that keeps coming up, and in my opinion, it is not really part of the Master or any so-called Tax Agreement, is the impact fee issue. Okay, so, I know the City of El Centro and they are here, they can certainly speak to it, but they had some concerns on some of the recent annexations, and the County was asking for impact fees that were not justified or you know whatever. That is not part of this because impact fees are directly related to a project. You cannot put in a Master Tax Sharing Agreement, how to address traffic impacts to signalized intersections, because every project is different, right? So, for the most part, this is strictly a property tax issue. We will go the extra mile and give the City of El Centro an opportunity. We met yesterday or the day before, I cannot even remember now, and she is smiling back there, because we had some pretty good discussions, but we will meet with them and sit down. We have already contacted our consultant who has agreed to sit down with us, we are both good, will listen to their concerns, and then we will come back to you.

Commissioner Froelich - Right, member jurisdictions, participation, and make sure that there's some kind of physical neutrality I think is important.

Commissioner West – You do not need a motion for that do you Jurg?

Executive Officer Mr. Heuberger - No, it will be pulled for the next meeting.

El Centro City Manager Cedric Cesena - I just want to recognize Mr. Heuberger for his time and willingness to give us the time yesterday to meet us, as well as Miss Graf for being open to meet with us, and entertain our requests. We appreciate that very much. We are thankful for working together.

12. Discussion/Action/Direction on a policy to complete mandated Service Area Plans/Municipal Service Reviews.

Executive Officer Mr. Heuberger - This is a repeat of what prior Commissions have already directed, but since the Commission's membership changes and you know time goes by, people forget. As you know, the state of California under the Cortese-Knox-Hertzberg Reorganization Act requires that we do Municipal Service Reviews, which we call Service Area Plans, because we started that process before the state even mandated it. Every five years we must look at every Agency. At a minimum, every five years we must look at every Agency and they must update the Municipal Service Review. In certain instances, we do them more frequently, it is a matter of did things change, or did things happen. Case in point Salton Community Service District, things happened that we needed to look at. We try hard to notify these Agencies well in advance of their five-year limit or if we think they need to do it for other reasons. For the most part, the Agencies are cooperating, but we have had some instances where things have gotten delayed, and things have been put off. I am happy to report that in one instance with one

City we did have a meeting yesterday and they acknowledged they own it, that they just missed the date. So, they are working on it. I would like to just put a reminder out to all the Districts and the Cities, that our requirements are, our policies are, that they must do these. The alternative is, and I make that very clear in letters to them, if you don't do it, we have to do it for you, and our expensive way of doing things is more expensive than you doing it on your own. If you recall a few years ago, the IID decided that they did not have to follow those rules because they were the IID. I sent them a letter saying it would cost them \$300,000, if they did not do it, and suddenly they decided to get it done. So, this is just a refresher to everyone on what our Policy is.

Commissioner Michael Kelley - Are any Cities behind in their review?

Executive Officer Mr. Heuberger - Well, the City of El Centro is one that is behind, but they have hired a firm just recently, and they are working on it. We are working with the City of Calexico to do theirs and a couple of the smaller Cities.

Commissioner Froelich - I have a question a couple questions. Mr. Heuberger. When they are up, are they all up at the same time or cycle?

Executive Officer Mr. Heuberger - No, they are a rotation.

Commissioner Froelich - I noticed in the package that you gave us, a lot of them are pending annexation, is that because of the Tax Sharing on hold?

Executive Officer Mr. Heuberger - Yes.

Commissioner Froelich - Okay.

Executive Officer Mr. Heuberger - We by law cannot approve an annexation until there is a Tax Sharing agreement. Likewise, without having an up-to-date Service Area Plan, we should not be processing those because we do not really have the backup data to justify our decisions. But the one is a mandate by the state, which says thou shalt not approve an annexation until you have a Tax Sharing Agreement. The other one is more of a you need this document to be able to make informed decisions.

Commissioner Froelich - Two other items. There was some that said incomplete. What happens with those, and do you just pull them, give them a timeline? Then my other question is, I noticed that the Lago's District was on there, they decided to pull, correct?

Executive Officer Mr. Heuberger - Okay, so you are talking about projects now. Rancho Los Lagos was an application that we had to do a Service Area Plan and form a new District. They have since withdrawn that and they are annexing to the City of Brawley. So now we are working with the City and Rancho Los Lagos as an annexation rather than forming a new Special District.

Commissioner Froelich - Okay, I saw them included in that.

Executive Officer Mr. Heuberger - Yes, it was a project report.

Commissioner Michael Kelley - Is it 101?

Executive Officer Mr. Heuberger - It is not 101, it is Rancho Los Lagos. 101 used to be part of it, but they are not part of it, no.

Commissioner Froelich - And the ones that are incomplete, do you give them a timeline?

Executive Officer Mr. Heuberger - We notify them to please get it done. We usually ask for a draft, so they do not take it to their City Council or to their District Council without us having looked at it. The last thing I want to do is get a report that has already been blessed by everybody and then say, this is no good, I cannot accept it, because it makes everybody look bad. So, what we have worked out is an arrangement where we sit down with the city or the district with a draft and we go through it usually with their consultants present, and we point out to them hey, this does not add up, this makes no sense. Again, I will use Salton City as an example. When we got the first draft report, they had information in there about their sewer system that showed it was flowing over the top of the dikes. Well wait a minute, I know that cannot happen because Regional Board would have been in them like a ton of bricks. So, they had misinformation. So, we sat down with them and said look, and the consultant said look this is the information we were given. So, we sit down with them, and we worked with them to get those reports done so that they are accurate. The one thing I will tell you is we are going to take a much closer look at the financial side of these entities because that is where we are getting into problems.

Commissioner Froelich - My final comment to you is what comes to mind on the five-year Service Area Plans, the violations that have come to our attention, some of them are old already.

Executive Officer Mr. Heuberger - Keep in mind, we are not the dictatorial agency that is going to oversee somebody's technical violations. I will point out to you, I talked to the Regional Board, a lot of the violations that Regional Board issues are technical violations, like your report is not complete. They are not all egregious source building type violations. A lot of them are really, you did not do this report right, or you did not submit it on time, or there are some that are obviously you are violating water quality standards, things like that, but they are not all major what you call egregious violations. But again, they are their regulatory Agency. We do not control the Regional Board. We do not want to control the Regional Board. But we do work with them. Certainly, now if the Regional Board notifies us about a District. I will give you an example, years and years ago, the Heber Utility District was allowing connections to be made, and they were way beyond their capacity. Well, Heber did not tell us that, Regional Board told us that. So, the County at that time, because we oversaw building permits, put a moratorium on Heber.

Commissioner Froelich – Do you need any action on this? This is just ongoing, correct?

Executive Officer Mr. Heuberger - Yes, just information.

13. Discussion/Action/Adoption of the Draft Budget for Fiscal Year 2023-2024.

Executive Officer Mr. Heuberger - You have before you our proposed budget for next year. It is based on the prior year plus any cost increases and adjustments. As you know, under state law, we are required to adopt a draft budget and then submit that draft budget to the Cities, to the County, and to various Agencies for their input, and we do have to adopt a final budget prior to June 15 of the Year. We try to get this done early in the year because we know that for the County and the Cities that are paying for a portion of our budgets that they need to include these numbers in their budgets. So, we try to get these drafts off to them early so they can look at them and weigh in on them. I will note that we have not had a rate increase to either the Cities or the County for at least five if not six years. So, this is the first time we have made a minor adjustment to their contribution rates.

Commissioner Michael Kelley - I reviewed the budget and it is in good order, so I move for the approval of the draft budget for fiscal year 2023-2024.

Commissioner Ryan E. Kelley - I had a question regarding a statement about the draft budget. Mr. Heuberger you said there has not been a rate increase but wasn't there an impact on property? You did an assessment of all the member agencies a few years ago?

Executive Officer Mr. Heuberger - I do not understand your question.

Commissioner Ryan E. Kelley - One of the properties had a roof repair, which had a direct impact on all the member agencies?

Executive Officer Mr. Heuberger - No, we had to borrow some money for a while to cover that. Yes, if that is what you were referring to.

Commissioner Ryan E. Kelley - Right. Was it a borrowing or was it an assessment for all the member agencies?

Commissioner Froelich - Was there an adjustment at all?

Executive Officer Mr. Heuberger - No, it was just an adjustment. We have been relying on reserves. We have been fortunate to have some substantial reserves. We still do have some substantial reserves. We have been using those reserves to minimize any direct increases to the member agencies. But at some point in time, you must start looking at increases because if we do not, then suddenly you have these huge increases after a number of years, and I do not want to do that.

Motion by Commissioner Kelley to approve the draft budget for fiscal year 2023-2024

MOTION: MICHAEL KELLEY
AYES: FROELICH, RYAN E. KELLEY, MICHAEL KELLEY, MORENO, WEST
ANO: NONE
ABSTAIN: NONE
ABSENT: NONE

EXECUTIVE SESSION ITEM(S)

14. Public Employee Performance Evaluation (Gov't Code § 54957) ⇒ Title: Executive Officer

Legal Counsel Steve Walker stated this item was discussed and no action was taken.

Maria Nava-Froelich, Chair


Jurg Heuberger, Executive Officer