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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**

*CITY*

**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**

**February 24, 2022**

**8:30 a.m.**

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

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**VOTING COMMISSIONERS PRESENT:**

David H. West, Chair  
Maria Nava-Froelich, Vice-Chair  
Javier Moreno  
Ray Castillo

**ALTERNATE COMMISSIONERS PRESENT:** None

**ABSENT:** Michael W. Kelley

**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 Kelley absent.

**2. Pledge of Allegiance**

**3. Election of Officers**

i. Election of Chair

**Motion by Commissioner Froelich and electing Commissioner West as Chair for 2022-2023.**

**MOTION:** FROELICH  
**AYES:** FROELICH, CASTILLO, WEST, MORENO  
**ANO:** NONE  
**ABSTAIN:** NONE  
**ABSENT:** KELLEY

ii. Election of Vice-Chair

**Motion by Commissioner Froelich and electing Commissioner Froelich as Vice-Chair for 2022-2023.**

**MOTION:** FROELICH  
**AYES:** FROELICH, CASTILLO, WEST, MORENO  
**ANO:** NONE  
**ABSTAIN:** NONE  
**ABSENT:** KELLEY

**4. Approval of Consent Items:**

- 3A. Minutes from 12/16/2021
- 3B. Project Report update

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

**MOTION:** FROELICH  
**AYES:** FROELICH, CASTILLO, WEST, MORENO  
**ANO:** NONE  
**ABSTAIN:** NONE  
**ABSENT:** KELLEY

**5. Public Comments**

No public comments were received.

**ANNOUNCEMENTS**

**6A. Announcements by the Commissioners**

- i. Update on CALAFCO Executive Director
- ii. Update on other CALAFCO Board actions

Mr. Heuberger- Introduced Mitch Driskill, legal counsel filling in today for Steve Walker. The Staff Workshop that was scheduled to take place in Orange County has been cancelled. Many LAFCOs did not have an interest in attending because of COVID-19. It will cost the CALAFCO budget a significant amount of money, however, CALAFCO's Executive Director Pamela Miller is trying to reduce the financial impacts and roll over some of reservations for the next year. The LAFCO's that did register

will have their registration fees refunded. The CALAFCO Board hired an Executive Director since Ms. Pamela Miller has retired. The new ED was introduced to the LAFCOs throughout the state.

**6B. Announcements by the Executive Officer**

- i. Financial Statements FY 20/21
- ii. Calendar for 2022
- iii. Staff Workshop status update

Mr. Heuberger- The financial statements are included in the packets. We have a financial audit every year and as you know the Southern LAFCOs with the exception of San Diego LAFCO did a joint RFP and chose Davis Farr LLP as the auditing firm. A calendar of events for this year is also included in the packets.

**DISCUSSION/ACTION/DIRECTION**

**7. Discussion/Action/Direction regarding an update on the Salton Community Service District. Commission may provide further direction to the Executive Officer on additional actions or requests for information that may be necessary or desired.**

Mr. Heuberger- At the previous meeting the Commission was advised of the potential problems with the Salton Community Service District. The Interim General Manager Mr. Jim Parks is present today in the audience. This review started when the district terminated providing fire protection services. The County of Imperial stepped in and started providing service to that area. That action triggered LAFCO to notify the district of the requirement for an updated SAP/MSR. Initially the district cooperated and hired Rick Engineering to prepare the SAP/MSR. When we received the draft, it became obvious there is questionable information, not the least of which was an apparent exceedance of their sewer capacity. It does not mean that was happening but that is what is in the draft report. It also reflected some financial irregularities and we have asked for more records. The prior general manager challenged my authority and said I do not have the right to be asking for information. He decided not to be cooperative. There was an election, and three new board members were elected. There was turmoil in the election process. The general manager ultimately resigned. Mr. Parks and staff approached me to have a meeting, which we did, and additional information was requested. The district retained an outside legal counsel that is familiar with special districts and served as counsel to the SCSD previously. Counsel agreed there are substantial irregularities, but I cannot go into details because it affects both personnel and financial records. One of the previous board members resigned so there is a vacancy on the board.

SCSD Interim General Manager Mr. Jim Parks- I've been a palm farmer in Thermal for the past 22 years.

My former wife is from Columbia, and I lived in South America for several years on a mission for my church. My kids are part Columbian. What I saw as someone who has been attending church in Borrego and Salton City for ten years and wanting to plant palm trees in that area and help it grow. There are three Hispanic Americans wanting to get involved in the political process and I felt like I had to be a voice for them. I called last month as I was sitting on my tractor, and I represent the new board today. They are a balanced representation of the community. As a business guy with business overseas, I think they trust me as a guy being able to communicate and bring things together. Yes, there are some irregularities, but I do not have a dog in the political fight. The good news is the community has come together and I see positive traction with money and as someone who absolutely respects sacred funds from the taxpayers that should be invested and is now being invested in the community. There will be a dynamic shift in what we are doing up there and I have faith in our attorney and law firm. We brought in a forensic team from San Diego, and they are helping us put together our books and things that were not done in the past five years and are in disarray. We are in there until midnight still trying to put things together. We are talking to Jurg and Paula and want to earn your respect. There are some assets that we found we did not know we had. The good news is someone on the prior board made good investments in land and those holdings are going up. We are going to get an appraisal but not sell. We found more lots we own, and I think there is a significant financial boom coming and we are positioning ourselves long term to reap those rewards. Our reserves account will have half a million to a million soon. I took a \$100,000 pay cut from the previous manager because I did not come here seeking a job but to earn the communities respect and to keep the American dream alive. My Danish great-grandfather came to America and did not speak English and because of his sacrifice I see the same with the Hispanic leaders here. They are good people, and they need to be respected and learn the process. As someone who sees a great opportunity in the area and unite everyone, invest the funds into the community. I've talked to large investors and landowners, and they see the positive traction to invest in the community. I'll let the lawyers do what the lawyers do. I just wanted to come down to meet you and let you know someone cares and I think things will be alive and well up there. Thank you for giving them the opportunity. Si se puede.

Commissioner Froelich- Since your talk with the district and with the new changes, has the interim general manager been cooperate and giving you what is being asked for. We also spoke about potential increased oversight at the last meeting.

Mr. Heuberger- The interim general manager and legal counsel have been working with us. I received several e-mails from the district last night. The district is having some issues with locating records. Depending on how we end up with this process we may end up with more oversight. It will depend on the forensic audit that is being worked on and some other issues.

Commissioner Castillo- I'm a County Supervisor representing District 5, please inform your board that LAFCO is not here to take over as that is not our intentions. We are an oversight commission to make sure that everything is going right within the perimeters. The county had to take over fire responsibility in the districts area and we do not have the money and we must make a sacrifice. It is costing us money and affecting the whole county because we are having to sacrifice fire fighters from other communities to supply the fire fighters in Salton City. I've had fire fighters come up to me and ask when we will have this resolved. Let's work together, we are not here to take over, but we are here to help.

**No action taken on this item.**

**8. Discussion/Action/Direction regarding an update on Assembly Bill 1021 work in progress between Imperial and Riverside LAFCO related to IID governance.**

Mr. Heuberger- You are familiar with Assembly Bill 1021 that is sponsored by Assemblymember Mayes. Previous bills were also sponsored that did not pass. Assembly Bill 1021 was vetoed by Governor Newsom because of the time constraints but did allocate \$500,000 to do a study on the IID. We did an RFP and selected a consultant for the study. The original amount was about \$350,000. We have been meeting with the State Water Board who is handling the funding which we've been doing for the last four months. We have regular meetings having worked out 99% of the technicalities of how the money would come from the state. Initially the state said we would do the study and then get reimbursed after to which we said no. We cannot wait for the state to pay because we do not have the resources. The bill allocated the funds to go to the County of Riverside then will be transferred to Riverside LAFCO to administer. That itself caused problems because the county did not want to get involved and be responsible for \$500,000. We have now reached an agreement on how we think it should be handled and a copy of this agreement is under number 9. Where we are right now is, we met with some of the stakeholders in Coachella including the Coachella Valley Energy Commission (CVEC) that was created. Everything is being done jointly between Riverside and Imperial LAFCO. We appeared before their subcommittee to provide an update and because of that we determined there were more stakeholders that the consultant will need to visit with and involve in this process. We went back to the consultant and advised that we would need several meetings with the stakeholders and that drove the price from \$350,000 to \$450,000. We anticipate the contract to be signed by early to mid-March and a notice to proceed by early April to mid-May. We have worked with IID's General Manager Henry Martinez and with Director Hamby. Director Hamby sits on the CVEC. Once the agreement is signed, we will be making presentations to the stakeholders. This is going to take some time and several of the mayors on the CVEC asked how soon we would have a report. The Committee has been meeting routinely and coming up with what they think are some options. We told them we do not have an end date that's locked in. We want to get the study completed but not with the

definition of we will have it completed by a certain date. We told the consultant we would like to have it completed by the end of next year at the latest or sooner. We do recognize that there are about fifty stakeholder groups, and it is an unpredictable time frame. This will be a potentially controversial study and the best-case scenario might be that no one likes the study at the end.

Commissioner West- Are staff keeping billable hours.

Mr. Heuberger- Staff are keeping billable hours and will bill for expenses. We asked the state for \$250,000 up front. We have been putting together a budget.

Commissioner Froelich asked who will be completing Request for Proposal (RFP).

Mr. Heuberger- the RFP is completed, and a consultant has been selected. They have been on standby.

**No action taken on this item.**

9. **Discussion/Action/Direction regarding delegating authority to the Executive Officer to enter into an agreement with the State Water Resources Control Board to accept and expend funds related to Assembly Bill 1021.**

**Motion by Commissioner Castillo and delegating authority to the Executive Officer.**

**MOTION:** CASTILLO  
**AYES:** FROELICH, CASTILLO, WEST, MORENO  
**ANO:** NONE  
**ABSTAIN:** NONE  
**ABSENT:** KELLEY

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

Mr. Heuberger- As you know state law requires, we adopt a draft budget and provide it to the member agencies and adopt a final budget in May because our commission meeting would be after the deadline of June 15<sup>th</sup>. The proposed budget reflects no additional contributions by the two groups. The county is responsible for 50% of our budget and the seven cities collectively are responsible for the remaining 50%. We've tried to maintain a budget that is reasonable but also does not have ups and downs. We do have good reserves including several things. We do have a rental vacancy that we are working on getting rented. With that said the net increase to the county and the cities is zero. We did provide you with two options and I'll explain why that is. Option B reflects the budget with a full-time Executive Officer. That is included because I have been in this role under a contract without increases for the past years. I thought it would be wise to talk about replacing me at some point. My plan is to finish the IID study because I think it will be a challenge and I do not want to walk out.

**Motion by Commissioner Castillo and approving Option #1A, Draft Budget for Fiscal Year 2022-2023.**

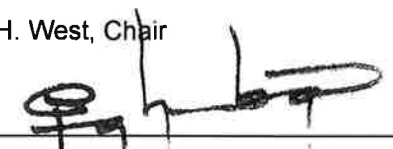
**MOTION:** CASTILLO  
**AYES:** FROELICH, CASTILLO, WEST, MORENO  
**ANO:** NONE  
**ABSTAIN:** NONE  
**ABSENT:** KELLEY

**EXECUTIVE SESSION ITEM**

**11. Anticipated Litigation Government Code Section 54956.9 (d) (4): 1 Matter**

Legal Counsel Mitch Driskill- The matter was discussed, no action taken on this item.

David H. West, Chair



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Jurg Heuberger, Executive Officer