

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

SAN BERNARDINO CITY COUNCIL CHAMBERS
300 NORTH D STREET, FIRST FLOOR, SAN BERNARDINO

REGULAR MEETING OF APRIL 15, 2015

9:00 A.M. – CALL TO ORDER – FLAG SALUTE

ANNOUNCEMENT: Anyone present at the hearing who is involved with any of the changes of organization to be considered and who has made a contribution of more than \$250 in the past twelve (12) months to any member of the Commission will be asked to state for the record the Commission member to whom the contribution has been made and the matter of consideration with which they are involved.

CONSENT ITEMS:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of March 18, 2015 and Special Meeting of March 2, 2015 (Tour of Water Conservation Facilities)
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Month of March 2015 and Note Cash Receipts

PUBLIC HEARING ITEMS:

4. Consent Items Deferred for Discussion
5. Consideration of: (1) CEQA Statutory Exemption for LAFCO 3174 and (2) LAFCO 3174 – Service Review for Water Conservation within the Valley Region (***To be continued to May 20, 2015 Hearing***)
6. Preliminary Budget Review for Fiscal Year 2015-16 to include:
 - a. Proposed Budget for Fiscal Year 2015-16
 - b. Proposed Amendments to Policy 202 Compensation, Section B Salary Ranges and Section E One-time Incentives to Reflect County Exempt Compensation Plan Changes

DISCUSSION ITEMS:

7. Status Report on Conditions Imposed on LAFCO 3157 – Sphere of Influence Establishment for County Service Area 120 (***To be continued to May 20, 2015 Hearing***)

INFORMATION ITEMS:

8. Legislative Update Report
9. Executive Officer's Oral Report
10. Commissioner Comments
(This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.)
11. Comments from the Public
(By Commission policy, the public comment period is limited to five minutes per person for comments related to items under the jurisdiction of LAFCO.)

The Commission may adjourn for lunch from 12:00 to 1:30 p.m.

In its deliberations, the Commission may make appropriate changes incidental to the above-listed proposals.

Materials related to an item on this Agenda submitted to the Commission or prepared after distribution of the agenda packet will be available for public inspection in the LAFCO office at 215 N. D St., Suite 204, San Bernardino, during normal business hours, on the LAFCO website at www.sbclafco.org, and at the hearing.

Current law and Commission policy require the publishing of staff reports prior to the public hearing. These reports contain technical findings, comments, and recommendations of staff. The staff recommendation may be accepted or rejected by the Commission after its own analysis and consideration of public testimony.

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE ABOVE PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE LOCAL AGENCY FORMATION COMMISSION AT, OR PRIOR TO, THE PUBLIC HEARING.

The Political Reform Act requires the disclosure of expenditures for political purposes related to a change of organization or reorganization proposal which has been submitted to the Commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures presented to the electorate (Government Code Section 56700.1). Questions regarding this should be directed to the Fair Political Practices Commission at www.fppc.ca.gov or at 1-866-ASK-FPPC (1-866-275-3772).

A person with a disability may contact the LAFCO office at (909) 383-9900 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

**ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF MARCH 18, 2015**

REGULAR MEETING

9:00 A.M.

MARCH 18, 2015

PRESENT:

COMMISSIONERS: Jim Bagley
Kimberly Cox, Vice-Chair
James Curatalo, Chair
Steve Farrell, Alternate
Robert Lovingood
Acquanetta Warren, Alternate
Diane Williams

STAFF: Kathleen Rollings-McDonald, Executive Officer
Paula de Sousa, LAFCO Legal Counsel
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Rebecca Lowery, Clerk to the Commission
Joe Serrano, LAFCO Analyst

ABSENT:

COMMISSIONERS: Larry McCallon
James Ramos
Janice Rutherford, Alternate
Sunil Sethi, Alternate

STAFF: Clark Alsop, Legal Counsel

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION
COMMISSION – CALL TO ORDER – 9:06 A.M. – SAN BERNARDINO CITY COUNCIL
CHAMBERS**

Chairman Curatalo calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

Chairman Curatalo requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There are none.

CONSENT ITEMS – APPROVE STAFF RECOMMENDATION:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of January 21, 2015

2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Months of January and February 2015 and Note Cash Receipts

LAFCO considered the items listed under its consent calendar, which includes a Visa Justification, the Executive Officer expense report and staff report outlining the staff recommendations for the reconciled payments. Copies of each report are on file in the LAFCO office and are made part of the record by their reference herein.

Executive Officer Kathleen Rollings-McDonald states that an update to her expense report has been placed at each Commissioner's place.

Commissioner Lovingood moves approval of the consent calendar, second by Commissioner Warren. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, Warren, Williams. Noes: None. Abstain: None. Absent: McCallon (Ms. Warren voting in his stead), Ramos.

PUBLIC HEARING ITEMS:

ITEM 4. CONSENT ITEMS DEFERRED FOR DISCUSSION

No items deferred for discussion.

ITEM 5. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3185 AND (2) LAFCO 3185 – SPHERE OF INFLUENCE EXPANSION FOR THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND REDUCTION FOR THE CREST FOREST FIRE PROTECTION DISTRICT

Chairman Curatalo opens the public hearing for LAFCO 3185.

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3185, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The item has been advertised in a newspaper of general circulation as required by law.

Ms. McDonald says that the sphere of influence expansion is part of a two-step process to provide for the continuing fire protection, emergency response and ambulance services to the Crestline community. She says that the Board of Directors of the Crest Forest Fire Protection District adopted a resolution initiating an application to expand the sphere of influence for the San Bernardino County Fire Protection District to include the territory of the independent Crest Forest Fire Protection District.

Ms. McDonald says that staff is requesting that the Commission determine that the proposal presented for sphere of influence amendment does not require a service review as provided for in Government Code Section 56430 as the review in LAFCO 3127 completed in December 2010 has not substantially changed.

Ms. McDonald says that staff has reviewed the factors of consideration as required for any sphere of influence change and says that the approval of the sphere of influence expansion will move forward existing County General Plan goals related to fire protection and emergency response. She says for present and probable need for public facilities and service in the area, that staff has reviewed the documents and that through the completion of the companion annexation proposal, the community will continue to receive the fire protection and emergency response services they have received in the past; for present capacity of public facilities and adequacy of public services that the agency provides, the sphere of influence amendment will allow for the fire protection and emergency response services to continue through the completion of the reorganization process and that the final factor, the existence of any social or economic communities of interest, the retention of fire protection and emergency response services will assure the critical long term economic viability of the area.

Ms. McDonald says the Commission is the lead agency on this item and that the Commission's environmental consultant has reviewed the proposal and has determined that the reorganization is statutorily exempt from CEQA.

Ms. McDonald reviews staff recommendation and asks for approval of the proposal.

Chairman Curatalo asks for comments from the public; there are no comments. Chairman Curatalo closes the public hearing.

Commissioner Lovingood moves approval of staff recommendations for LAFCO 3185, second by Commissioner Cox. There being no opposition, the motion passes unanimously with the following vote Ayes: Bagley, Cox, Curatalo, Lovingood, Warren, Williams. Noes: None. Abstain: None. Absent: McCallon (Ms. Warren voting in his stead), Ramos.

ITEM 6. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3186 AND (2) LAFCO 3186 – REORGANIZATION TO INCLUDE DISSOLUTION OF THE CREST FOREST FIRE PROTECTION DISTRICT AND ITS SERVICE ZONE PM-A, ANNEXATION TO THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS MOUNTAIN SERVICE ZONE, AND SERVICE ZONE PM-1 AND FORMATION OF FIRE SERVICE ZONE PM-4

Chairman Curatalo opens the public hearing for LAFCO 3186.

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3186, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The item has been advertised in a newspaper of general circulation as required by law.

Ms. McDonald gives a historical background of the Fire District and says that in 2010 the Commission conducted its state-mandated service review for the Crest Forest community of the Mountain region which included a discussion of the Crest Forest Fire Protection District. The report included a discussion of the financial constraints being experienced by the District such as revenue reductions and cost increases which were placing the agency in deficit spending. LAFCO staff at that time questioned the District's

long-term ability to fund its services without an increase in revenue. She says that in response to the analysis of the District's financial position, in 2012 the Board of Directors determined that the District needed to ask its voters to approve a special parcel tax district-wide to maintain service levels and allow for the hiring of a Fire Chief as required by law. The special tax failed and the district looked at other options and chose to contract with County Fire for fire services in the district. At the May 2013 hearing, the Commission determined that the contract for service between County Fire and the Crest Forest FPD was exempt from the provisions of Government Code Section 56133 (SC#376) since the area was outside the sphere of influence of County Fire. This allowed for the two agencies to finalize the contract agreement which was signed by the District in June 2013 and by County Fire in July 2013.

Ms. McDonald says that at the close of the first fiscal year of operation, the District began to look at the potential service reductions that would be necessary pursuant to the contract as the cost for contract administration and the payment schedule agreed to in the contract for supplemental retirement payments were affecting the boots on the ground aspect of the contract. In discussion with County Fire Administration, the County Administrative Office, and the District it was determined that the best course of action was to annex the territory to County Fire and dissolve the Crest Forest FPD. She reviews the maps of the area on the overhead.

Ms. McDonald says that in discussion with LAFCO staff regarding filing the application, it was determined that the reorganization would require several elements in order to complete the changes necessary for transition. First, the District service area would be annexed to the County Fire and its Mountain Service Zone, Next the formation of a new Service Zone to reflect the area of the Crest Forest FPD Service Zone PM-A to allow for transfer of the special tax to supplement paramedic funding. Finally, the area of the Crest Forest FPD Service Zone PM-1 was to be annexed to the existing County Fire Service Zone PM-1.

Ms. McDonald says that at the time the application was submitted, LAFCO staff was of the understanding that there was an existing contract between the Crest Forest FPD and the San Bernardino County Employees Retirement Association (SBCERA) to repay the retirement obligations of the transferred Crest Forest FPD employees. Based upon this understanding, the proposal was circulated for review and comment with the formation of a new Service Zone FP-7 as an element of the consideration to isolate this debt. She says that during the processing of the application it was learned that the contractual relationship related to the supplemental payments outlined in the service contract for unfunded retirement purposes was between County Fire and the District, not the SBCERA. Therefore, there is no requirement to create the Zone since there is no contractual obligation to be addressed with SBCERA.

Ms. McDonald reviews the Commission's determination related to boundaries, Land Use, Financial and Service Considerations and Environmental. She says that for the boundaries, based upon the review of this proposal, it is staff's position that LAFCO 3186 provides for a definite and certain boundary as required by LAFCO law for all the affected successor agencies and newly formed Service Zone.

Ms. McDonald says that for Land Use, the review and approval of the proposal will have no direct effect on the land use designation assigned by the County and that SCAG has

adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5 and that approval of this proposal will have no direct impact on those determinations.

Ms. McDonald says that for Service Considerations, the approval of the reorganization will provide for a continuing delivery of fire protection, emergency medical response and ambulance serve to the Crest Forest community at or close to levels delivered in the past and that staff supports the reorganization as modified in the report.

Ms. McDonald says that for environmental considerations, that staff has provided the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, with the application materials and responses provided by the Crest Forest Fire Protection District and the San Bernardino County Fire Protection District. She says that Mr. Dodson has reviewed this proposal and has indicated that it is his recommendation that the reorganization is statutorily exempt from the California Environmental Quality Act (CEQA)

Ms. McDonald says that the Commission will need to address the terms and conditions that are required to effectuate the change, specifically, the terms and conditions that will address the transition of service, transfer of obligations, discussion of assignment of special taxes and more. She says that staff is recommending that the effective date be set as no earlier than July 1, 2015 to allow for a clean break in financial and contractual operations and allow for a clean audit trail.

Ms. McDonald says that conditions will need to be applied to transfer operations, facilities, and debt to the Mountain Service Zone for continued operation and that approval of the transfer of debt will need to be conditioned in a manner to protect the bond holders as required by State law and to address questions discovered regarding transferability of the Certificate of Participation contract and for the Station 30 special permit with the U.S. Forest Service.

Ms. McDonald says that a condition of approval is proposed that will defer completion of the change of organization until the signed documents are submitted to LAFCO and that the assignment of appropriation limit amounts (Gann Limit) have been reviewed and that staff has determined that the separate appropriation limit for the PM-A special tax approved by vote in 1991 has not been separately set each year as required by law. She says that staff has developed the calculation necessary to determine the rate to be assigned to the newly formed SBCFPD Service Zone PM-4.

Ms. McDonald says that a number of specific conditions are needed to accommodate the dissolutions, annexations and assumption of service. She reviews the full range of conditions and staff recommendations, as noted in the staff report and says that the Certificate of Completion shall be held in abeyance until all conditions have been met. She asks that the commission also approve staff's request to provide individual notice to the registered voters in the proposal area.

Ms. McDonald says that approval of the set of actions outlined in the report by the Commission will place the matter in the hands of the registered voters of the Crest Forest community to determine the success or failure of this proposal.

Chairman Curatalo says that Crest Forest Fire is a dedicated agency.

Commissioner Bagley asks for the number of registered voters in the proposal area. Ms. McDonald says that the number is approximately 6,000. Commissioner Bagley questions County Fire's ability to pay for the unfunded liability assumed, to which Ms. McDonald says that County Fire has other means to help offset the unfunded liability and help with costs.

Commissioner Bagley says that the Commission has a responsibility to the people with regard to the unfunded liability. Ms. McDonald says that the recent changes in PEPR and the two tier level plan will affect the unfunded liability issues as well.

Commissioner Cox says she is pleased that the district is taking the best course of action for the community.

Commissioner Lovingood says that the district's liability has been well addressed and that the recommendations presented are the best solution.

Commissioner Farrell asks about EOA 10; Ms. McDonald says that EOAs cannot be changed by LAFCO and that the sphere of influence for Crest Forest will be eliminated, but EOA 10 will be covered.

Chairman Curatalo asks for comments from the public; there are no comments. Chairman Curatalo closes the public hearing.

Commissioner Cox moves approval of staff recommendations for LAFCO 3186, amended to include the individual noticing of registered voters in the proposal area, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following vote Ayes: Bagley, Cox, Curatalo, Lovingood, Warren, Williams. Noes: None. Abstain: None. Absent: McCallon (Ms. Warren voting in his stead), Ramos.

DISCUSSION ITEMS:

ITEM 7. STATUS REPORT ON RIM OF THE WORLD RECREATION AND PARK DISTRICT COMPLIANCE WITH CONDITIONS IMPOSED BY LAFCO ON ITS SERVICE REVIEW/SPHERE OF INFLUENCE UPDATE

(It is noted that Commissioner Lovingood and LAFCO Legal Counsel de Sousa leave the dais.)

Michael Tuerpe, Project Manager presents the staff report for the status on the Rim of the World Recreation and Park District, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Mr. Tuerpe says that at the July 2010 hearing the Commission completed its service review for the Rim of the World Recreation and Park District and that the Commission identified a number of financial issues which prompted it to question the District's financial solvency at that time. He says that as part of the resolution the Commission made determinations on the service review, which included four conditions that require ongoing monitoring of the District.

He says that three of the four conditions have been met previously leaving a single item for ongoing monitoring, that of the monitoring of the District's finances and governance.

Mr. Tuerpe that the District's revenues are steady and that the expenditures are rising. He reviews the budgets and audits of the District and says that the District continues to work toward resolving its financial reporting and management issues and that staff believes that many of the questions and concerns identified by the Commission are being addressed.

(It is noted that Commissioner Lovingood returns to the dais.)

Mr. Tuerpe says that staff is asking the Commission extend the monitoring of the District for one additional year.

Karen Reams, General Manager, Rim of the World District, says that the District has improved and that they are currently looking at joint use contracts. She says that new staff and board members are aware of the District's goal to comply with the Commission's recommendations.

Commissioner Warren moves approval of staff recommendations, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following vote Ayes: Bagley, Cox, Curatalo, Lovingood, Warren, Williams. Noes: None. Abstain: None. Absent: McCallon (Ms. Warren voting in his stead), Ramos.

(It is noted that LAFCO Legal Counsel de Sousa returns to the dais.)

ITEM 8. STATUS REPORT ON CONDITIONS IMPOSED ON LAFCO 3157 -- SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3157, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here

Ms. McDonald says that at the October 22, 2014 LAFCO hearing, the Commission adopted its resolution, Resolution No 3190, related to the sphere of influence establishment for County Service Area (CSA) 120 and that included within that resolution were conditions imposed on its sphere establishment.

She states that in anticipation of the Commission's consideration of this status report, staff requested that the County Special Districts Department submit an outline of progress on the conditions imposed. In response to that request a letter, dated March 6, 2015, was received by LAFCO staff just days before the staff report needed to be published and distributed to the public. She says that in order to provide LAFCO staff and its Special Legal Counsel the ability to fully evaluate the positions now taken by the County and its Special Districts Department as outlined in its letter, staff is recommending that the status report be continued to the April 15, 2015 hearing.

Commissioner Williams asks if the County had agreed to the recommendations prior to its adoption. Ms. McDonald responds that staff held discussions with the County, and a question was raised regarding the implementation of the conditions, but no formal request for changes was received prior to its adoption.

Commissioner Williams moves approval of staff recommendation to continue the item to the April 15, 2015 Hearing, second by Commissioner Lovingood. There being no opposition, the motion passes unanimously with the following vote Ayes: Bagley, Cox, Curatalo, Lovingood, Warren, Williams. Noes: None. Abstain: None. Absent: McCallon (Ms. Warren voting in his stead), Ramos.

ITEM 9. LEGISLATIVE UPDATE REPORT

Executive Officer Kathleen Rollings-McDonald presents the Legislative staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald says that she has been participating as the Chair of the subcommittee of the CALAFCO Legislative Committee, to rewrite the statues related to disincorporation within the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and that Assemblyman Chad Mayes agreed to sponsor the bill. She says that she, along with CALAFCO, members of the Assemblyman's staff and representatives from CSAC, League of Cities, Urban Counties Caucus, CSDA and RCRC (Rural Counties Representatives of California) have been meeting as a stakeholders group to work through questions on the bill, address amendments, and to better understand the process which has not been used since 1972.

Ms. McDonald says that questions still remain about final language for the bill, however, support for the concept and updating the process has been received from all the participants. It is anticipated that the bill will be heard in the Assembly Local Government Committee in early April after the Legislature returns from its spring recess. She says that staff recommends that the Commission adopt a support position for AB 851 and direct staff to forward a letter outlining this position to CALAFCO, the Assemblyman and to the San Bernardino County Legislative Delegation.

Ms. McDonald says that there are two bills in the Legislature related to revisions to Government Code Section 56133 -- AB 402 (Dodd) and SB 239 (Hertzberg). She says that SB 239 is currently considered a spot bill referring to this section of LAFCO law, but it is understood that the sponsorship of this change is from the Professional Firefighters Association seeking union representation during these contract negotiations. Staff is recommending that the Commission take a watch position on this bill. Staff will keep the Commission apprised of any changes to the language during the processing.

Ms. McDonald says that AB 402 proposes to make changes in the out-of-agency service contract provisions contained within Government Code Section 56133 to provide for a mechanism to authorize service outside the sphere of influence of an agency when deemed appropriate. She says that this question has been one which San Bernardino LAFCO has sought clarification for more than 9 years due to the condemnation of private utilities by public agencies. She says that she has been involved in the drafting efforts in order to provide a mechanism to address local issues. She says that Assemblyman Dodd, from Napa, has introduced a bill taking its direction from the last set of revisions from 2013 for Government Code Section 56133, but excluding some of the language which was included to provide safeguards in the process in keeping with the Commission's directives.

Ms. McDonald says that staff recommends that the Commission take the position to support AB 402 if amended to include the specific discussion of language addressing the condemnation of private utilities, such as private or mutual water companies or electric utilities.

Ms. McDonald says that with regard to AB 448 (Brown) and SB 25 (Roth) – Local Government Finance: Vehicle License Fee (VLF) Adjustments; SB 25 again attempts to restore the VLF funding for newly incorporated cities post 2004 which addresses only those four cities in Riverside County which incorporated between 2004 and July 1, 2011 leaving unresolved the loss of funding for a future incorporation. She says AB 448 is intended to address the loss of funding for those inhabited annexations which occurred between 2004 and the future. This directly affects the City of Fontana (32 islands) as well as the Cities of Upland, Montclair, San Bernardino, Loma Linda and Victorville and is the same language as last year's AB 1521 (Fox).

She says that staff is recommending that the Commission adopt a support position for both AB 448 and SB 25 and direct staff to forward a letter outlining this position.

Ms. McDonald says that the CALAFCO sponsored omnibus bill has not yet been published as it is being prepared and presented to the Assembly Local Government Committee. Staff will provide information on that bill as soon as it is received.

Commissioner Lovingood moves approval of staff recommendation to take recommend positions on AB 851, AB 402, AB 448 and SB 25, second by Commissioner Warren. There being no opposition, the motion passes unanimously with the following vote Ayes: Bagley, Cox, Curatalo, Lovingood, Warren, Williams. Noes: None. Abstain: None. Absent: McCallon (Ms. Warren voting in his stead), Ramos.

ITEM 10. EXECUTIVE OFFICER'S REPORT:

Executive Officer Kathleen Rollings-McDonald presents the oral executive officer's report. She says that on March 2, 2015 staff, members of the Commission, and others participated in a tour of the Chino Basin Water Conservation District, the College Heights Basin, and the spreading grounds the San Bernardino Valley Water Conservation District. She says that the tour was very informational and that the attendees were able to view operations of both Districts and was well worth the time and effort.

Ms. McDonald says the City of Adelanto is without a City Manager and Finance Manager, and it has been reported that at the end of June will have no money and will start July 1, 2015 with a deficit of 5 million dollars. She says that this issue is of great concern to staff but there is nothing that can be done other than to wait and see what develops and be ready to address the issue. She says that the County is also aware and staff has discussed the fact that in the event of a disincorporation, the Commission is required to guarantee the bond holders and creditors.

Ms. McDonald says that at each Commissioner's seat is a copy of a letter submitted to staff from the Pioneer Town Property Owners Association in Pioneertown requesting the Commissions help to review their concerns with San Bernardino County Special Districts Department and County Service Area 70, Zone W-4 regarding the delivery of

supplemental water.

Commissioner Williams says that the tour of the Conservation Districts was very informative, the presentations were great and very useful.

Commissioner Bagley says that the tour of the Conservation Districts was a good opportunity and that he would like to see more such tours going forward. Ms. McDonald says that as staff moves forward in the Service Reviews, more opportunities will be made available to the Commission to participate in similar tours.

Commissioner Lovingood asks for information regarding specifics on the Districts; Ms. McDonald says that those details and information will be provided to the Commission during the Service Review presentations later in the year.

ITEM 11. COMMISSIONER COMMENTS

Commissioner Farrell asks about the status of the Incorporation Study for Rim of the World; Ms. McDonald says that Staff is moving forward in collecting information and will begin its discussions and review to complete a preliminary feasibility report and present it to the Commission and Second District.

ITEM 12. COMMENTS FROM THE PUBLIC

No Comments

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION
THE HEARING IS ADJOURNED AT 10:45 A.M.**

ATTEST:

REBECCA LOWERY
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

JAMES CURATALO, Chairman

**DRAFT MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION DRAFT
FOR SAN BERNARDINO COUNTY**

**SPECIAL MEETING OF MARCH 2, 2015
TOUR OF WATER CONSERVATION DISTRICT FACILITIES**

SPECIAL MEETING

9:30 A.M.

MARCH 2, 2015

PRESENT:

**COMMISSIONERS: Jim Bagley Diane Williams
Robert Lovingood**

**STAFF: Kathleen Rollings-McDonald, Executive Officer
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Rebecca Lowery, Clerk to the Commission**

GUESTS:

**On tour: Kati Ooten Parker, President, Chino Basin Water Conservation District
Kathryn Besser, Manager of External Affairs, Inland Empire Utilities Agency
Christina Taylor, District Representative, Board of Supervisors,
Second District
Andy Silva, Representative, County Administrative Office
Richard Corneille, President,
San Bernardino Valley Water Conservation District
Daniel Cozad, General Manager,
San Bernardino Valley Water Conservation District
Eunice Ulloa, General Manager, Chino Basin Water Conservation District
Melody McDonald, Vice President,
San Bernardino Valley Water Conservation District**

**At CBWCD Facility: Jeff Veenema, Chino Basin Water Conservation District
Liane Veenema, Community Outreach and Education Coordinator,
Chino Basin Water Conservation District
Dr. Hanif Gulmahamad, Board Member, Chino Basin Water Conservation District
Al Yoakum, Board Member, Chino Basin Water Conservation District
Andy Campbell, Deputy Manager of Planning & Environmental Compliance,
Inland Empire Utilities Agency
Jason Marseilles, Senior Associate Engineer, Technical Services,
Inland Empire Utilities Agency**

**At EVWD Facility: Karin Cleary-Rose, San Bernardino Valley Water Conservation District
Jeff Beehler, San Bernardino Valley Water Conservation District**

9:30 A.M. The Commissioners, Staff and Guests on the tour board the Charter bus at the LAFCO parking lot and travel to the Chino Basin Water Conservation District office in Montclair.

**CALL TO ORDER – 10:12 A.M. - AT CHINO BASIN WATER CONSERVATION DISTRICT OFFICE
BOARD ROOM**

Executive Officer Kathleen Rollings-McDonald calls the special session of the Local Agency Formation Commission to order. Ms. McDonald says that the purpose of the special meeting is to tour the water

DRAFT MINUTES FOR SPECIAL MEETING OF MARCH 2, 2015
TOUR OF WATER CONSERVATION DISTRICT FACILITIES DRAFT

conservation districts and get a picture of the region to better understand the area needs for the April service review on conservation districts.

TOUR OF WATER CONSERVATION AND RECHARGE FACILITIES
CHINO BASIN WATER CONSERVATION DISTRICT, 4594 SAN BERNARDINO STREET, MONTCLAIR

(Materials provided included document entitled "CBWCD Facilities Tour March 2, 2015" and PowerPoint presentations on facilities and educational programs, copies available at LAFCO office and on website)

Kati Ooten Parker, President, Chino Basin Water Conservation District, welcomes the Commission and introduces those in attendance.

Eunice Ulloa, General Manager, Chino Basin Water Conservation District, presents information regarding the history of the district and conveys information regarding the programs available to the public. She says that the Qualified Water Efficient Landscaper (QWEL) approved a professional certification program for irrigation system. She says that the District offers these educational programs to home owners to help promote sustainability. She says the programs include landscape workshops, landscape irrigation audits; weather based irrigation controllers; mulch and compost giveaways.

Jeff Veenema, Technical Writer, Chino Basin Water Conservation District, gives an overview of the CBWCD and the programs and services that they provide. He says that the building and parking lot of the Water Conservation Center were built with ecological enhancements. The Center was built with Eco-Revelatory enhancements, rainwater collection capabilities, an educational facility, an environmentally aware design and hosts a myriad of educational materials in their lobby.

Ms. Ulloa says that the District provides educational programs for students in grades K through 12 and that transportation to the education facility is provided to those who attend school within the District's boundaries at no charge and that students outside of the District's boundaries are welcome to attend the educational facility but must provide their own transportation.

The Commission, staff and guests take a tour of the District's building and gardens, grounds and the educational center.

Leanne Veenema, Community Outreach and Education Coordinator, Chino Basin Water Conservation District, gives an overview of the Districts Educational Programs. She says that about 4,300 students are scheduled to visit the District through the end of May. She presents samples of the activities that the students utilize and says that the District's website also has educational information for the teachers. She highlights the annual earth day event and the School Poster Contest.

The Commission, staff and guests take a tour of the District's Montclair #4 percolation basin.

Dave Schroeder, Conservation Specialist II, Chino Basin Water Conservation District, provides information regarding the district garden and the District's percolation basin.

(It is noted that Commissioner Lovingood excuses himself from the rest of the tour.)

11:15 A.M. – 12:00 P.M. THE COMMISSION BREAKS FOR LUNCH

TOUR OF THE CHINO BASIN WATER CONSERVATION DISTRICT FACILITY; COLLEGE HEIGHTS BASIN, CORNER OF ARROW ROUTE AND MONTE VISTA AVENUE, MONTCLAIR

Dave Schroeder, Conservation Specialist II, Chino Basin Water Conservation District, provides information regarding the College Heights Basin. Andy Campbell, Deputy Manager of Planning & Environmental Compliance for IEUA, provides a demonstration of the inflatable dam showing the controls for operation.

DRAFT MINUTES FOR SPECIAL MEETING OF MARCH 2, 2015
TOUR OF WATER CONSERVATION DISTRICT FACILITIES DRAFT

TRAVEL TO THE EAST VALLEY WATER DISTRICT OFFICE, 31111 GREENSPOT RD, HIGHLAND, TO VIEW SPREADING GROUNDS OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

(Materials provided was document entitled "SBVWCD Facilities Tour March 2, 2015", copies available at LAFCO office and on website)

Richard Corneille, President, San Bernardino Valley Water Conservation District, welcomes the Commission and reads the San Bernardino Valley Water Conservation District's mission statement and says that the district has received an award from Special Districts and has the lowest rate for recharge.

Daniel Cozad, General Manager, San Bernardino Valley Water Conservation District, presents the information regarding the district and reviews the maps of the District's facilities and wash plans. He also reviews the district's strategic plan.

Ruth Villalobos, of Ruth Villalobos and Associates and Geary Hund, U. S. Fish and Wildlife Service, reviewed progress of the "Wash Plan".

TOUR SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT SANTA ANA SPREADING GROUNDS, GENERALLY LOCATED ON GREENSPOT ROAD, HIGHLAND

Daniel Cozad, General Manager, San Bernardino Valley Water Conservation District, provides a walking tour of the Santa Ana Spreading Grounds and related information.

TOUR MILL CREEK BASINS, THE ENTRANCE TO THE SANTA ANA RIVER TRAIL OFF GARNET STREET, MENTONE

Daniel Cozad, General Manager, San Bernardino Valley Water Conservation District, provides a walking tour of the site and information regarding the Mill Creek Basins.

COMMISSIONER COMMENTS

No Comments

COMMENTS FROM THE PUBLIC

No Comments

RETURN TO THE LAFCO OFFICE AT 215 NORTH D STREET, WITH NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION THE HEARING IS ADJOURNED AT 3:27 P.M.

ATTEST:

REBECCA LOWERY
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

KATHLEEN ROLLINGS-MCDONALD, Executive Officer

**LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

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DATE: **APRIL 6, 2015**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**



**SUBJECT: AGENDA ITEM #2 – APPROVAL OF EXECUTIVE OFFICER’S
EXPENSE REPORT**

RECOMMENDATION:

Approve the Executive Officer’s Expense Report for Procurement Card Purchases for March 2015 as presented.

BACKGROUND INFORMATION:

The Commission participates in the County of San Bernardino’s Procurement Card Program to supply the Executive Officer a credit card to provide for payment of routine official costs of Commission activities as authorized by LAFCO Policy #4(H). Staff has prepared an itemized report of purchases that covers the billing period of February 23, 2015 through March 22, 2015.

It is recommended that the Commission approve the Executive Officer’s expense report as shown on the attachments.

KRM/rcl

Attachments



**COUNTY OF SAN BERNARDINO
PROCUREMENT CARD PROGRAM**

MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number [REDACTED]		Cardholder Kathleen Rollings-McDonald			Billing Period 2/23/15 to 3/22/15		
Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
2-24	H & L Charter	1	Charter Bus for Commission Tour	Tour of Conservation Water Districts	605.00	R	Y
2-26	Storetrieve	2	Monthly Payment	Record and Storage Management	47.52	R	N
2-27	Southwest	3	Air Fare – Rollings-McDonald	CALAFCO Disincorporation Meeting	402.70	R	N
3-2	Best Best & Krieger LLP	4	Registration – Lowery	Guide to Public Law Training	75.00	R	N
3-3	Panera Bread	5	Meal – for Commission Tour	Tour of Conservation Water Districts	289.73	R	Y
3-10	Thompson West	6	Monthly Payment	Law Library Updates	169.92	R	N
3-11	H & L Charter	7	Charter Bus for Commission Tour	Tour of Conservation Water Districts	132.50	R	Y
3-12	Sitoea Long Island	8	Cab Fare – Rollings-McDonald	CALAFCO Disincorporation Meeting	39.00	R	N
3-12	Park N Fly	9	Parking Fee – Rollings-McDonald	CALAFCO Disincorporation Meeting	19.50	R	N
3-13	PayPal - Victorville	10	Registration – Tuerpe & Martinez	High Desert Water Summit	22.48	R	N
3-13	Hyatt Hotel - Sacramento	11	Hotel – Rollings-McDonald	CALAFCO Disincorporation Meeting	392.87	R	Y
3-16	Storetrieve	2	Monthly Payment	Record and Storage Management	47.52	R	N

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

Cardholder (Print & Sign) Kathleen Rollings-McDonald <i>Kathleen Rollings-McDonald</i>	Date 4/6/15
--	-----------------------

Approving Official (Print & Sign) James Curatalo, Chairman	Date 4/15/15
--	------------------------

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DATE : APRIL 7, 2015



FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #3 - RATIFY PAYMENTS AS RECONCILED FOR
MONTH OF MARCH 2015 AND NOTE REVENUE RECEIPTS

RECOMMENDATION:

Ratify payments as reconciled for the month of March 2015 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the periods of March 1 through March 31, 2015.

Staff is recommending that the Commission ratify the payments for March 2015 outlined on the attached listings and note the revenues received.

KRM/rcf

Attachment

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF MARCH 2015 PAYMENTS PROCESSED						
VOUCHER DOCUMENT ID	ACCOUNT	NAME	WARRANT NUMBER	WARRANT DATE	AMOUNT	
PV8908335	2905	INLAND EMPIRE PROPERTIES	3243727	3/9/2015	\$	4,226.62
PV8908336	2444	MJS ALARM CORP	3243677	3/9/2015	\$	102.00
PV8908337	2445	CITY OF SAN BERNARDINO	8615894	3/9/2015	\$	300.00
PV8908338	2400	BEST BEST & KRIEGER	3243585	3/9/2015	\$	1,753.80
PV8908339	2305	LOS ANGELES LAFCO	8615965	3/9/2015	\$	83.00
PV8908340	2305	DAISY WHEEL RIBBON CO	3245257	3/30/2015	\$	1,438.95
PV8908341	2905	INLAND EMPIRE PROPERTIES	3245309	3/30/2015	\$	4,226.62
PV8908342		NOT YET PROCESSED				
PV8908343	2400	BEST BEST & KRIEGER	3245245	3/30/2015	\$	2,513.32
PV8908344	2941	CALAFCO	8617796	3/11/2015	\$	275.00
TOTAL					\$	14,919.31
MONTH OF MARCH 2015 INTERNAL TRANSFERS PROCESSED						
JVIB 08062037D	2037	FEBRUARY 2015 PHONE		3/6/2015	\$	203.49
JVIB 08062038D	2038	FEBRUARY 2015 LONG DISTANCE		3/6/2015	\$	7.80
JVIB 08062043B	2043	ELECTRONIC EQUIPMENT MAINTANANCE		3/9/2015	\$	250.44
JVATXRT14020	2308	CAL-CARD PAYMENT FOR MARCH		3/27/2015	\$	2,243.74
JVPURRT13020	2310	INTER-OFFICE MAIL		3/6/2015	\$	8.20
JVPURRT13022	2310	INTER-OFFICE MAIL		3/6/2015	\$	155.80
JVPURRT13027	2310	PRESORT FLATS - MAIL		3/6/2015	\$	49.50
JVPURRT13029	2310	PACKAGING - MAIL		3/6/2015	\$	28.46
JVPURRT13031	2310	1ST CLASS PRESORT POSTAGE		3/6/2015	\$	177.66
JVPURRT13032	2310	1ST CLASS POSTAGE		3/6/2015	\$	6.74
JVIB 08062410AC	2410	FEBRUARY 2015 DATA PROCESSING		3/6/2015	\$	1.96
JVIB 08062410AG	2410	FEBRUARY 2015 DATA PROCESSING		3/6/2015	\$	152.31
JVIB 08062410AL	2410	FEBRUARY 2015 DATA PROCESSING		3/6/2015	\$	0.38
JVIB 08062410E	2410	FEBRUARY 2015 DATA PROCESSING		3/6/2015	\$	28.08
JVIB 08062410Q	2410	FEBRUARY 2015 DATA PROCESSING		3/6/2015	\$	154.51
JVIB 08062410U	2410	FEBRUARY 2015 DATA PROCESSING		3/6/2015	\$	65.98
JVIB 08062410Y	2410	FEBRUARY 2015 DATA PROCESSING		3/6/2015	\$	154.58
JVIB 08062420J	2420	FEBRUARY 2015 ISD OTHER IT SERVICES		3/6/2015	\$	87.66
JVIB 08062421F	2421	FEBRUARY 2015 ISD DIRECT		3/6/2015	\$	674.69
JV890RT13465	2445	ROV LAFCO 3181 INV 2348		3/17/2015	\$	540.64
TOTAL					\$	4,992.62


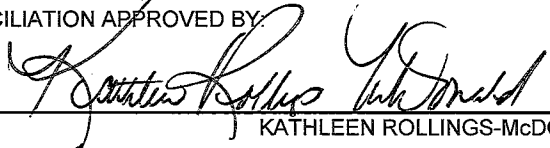
MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF MARCH 2015 CASH RECEIPTS

DEPOSIT			DEPOSIT	
DOCUMENT ID	ACCOUNT	DESCRIPTION	DATE	AMOUNT
CR890A09908	9545	INDIVIDUAL NOTICE	3/3/2015	\$ 700.00
CR890A09908	9555	LEGAL FEES	3/3/2015	\$ 1,150.00
CR890A09908	9660	ENVIRONMENTAL FEES	3/3/2015	\$ 750.00
CR890A10839	9660	ENVIRONMENTAL FEES	3/25/2015	\$ 50.00
CR890A09908	9800	LAFCO FEES	3/3/2015	\$ 8,776.00
CR890A10839	9800	LAFCO FEES	3/25/2015	\$ 775.00
TOTAL				\$ 12,201.00

MONTH OF MARCH 2015 INTERNAL TRANSFERS RECEIVED

TRANSFER			TRANSFER	
DOCUMENT ID	ACCOUNT	NAME	DATE	AMOUNT
		NONE		
TOTAL				\$ -

 REBECCA LOWERY, Clerk to the Commission	4/7/2015 DATE
RECONCILIATION APPROVED BY:  KATHLEEN ROLLINGS-McDONALD, Executive Officer	4/7/2015 DATE

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DATE: APRIL 8, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager



TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #5: LAFCO 3174 – Service Review for Water
Conservation within the Valley Region

RECOMMENDATION:

Staff recommends that the Commission continue LAFCO 3174 - Service Review for Water Conservation in the Valley Region to the May 20, 2015 hearing.

BACKGROUND:

On Friday, April 3, 2015, staff learned that the required posting of the Notice of Hearing for LAFCO 3174 -- Service Review for Water Conservation within the Valley Region was not done correctly. The Notice of Hearing is required by law to be advertised and posted 21 days in advance of a hearing. After conferring with LAFCO's Legal Counsel, it was determined that the matter should be continued to the May 20 hearing, which will allow for correction of this issue through re-advertisement and re-posting of the matter.

Therefore, staff is recommending that the Commission continue LAFCO 3174 to the May 20, 2015 hearing.

KRM/MT

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: APRIL 8, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager

TO: LOCAL AGENCY FORMATION COMMISSION



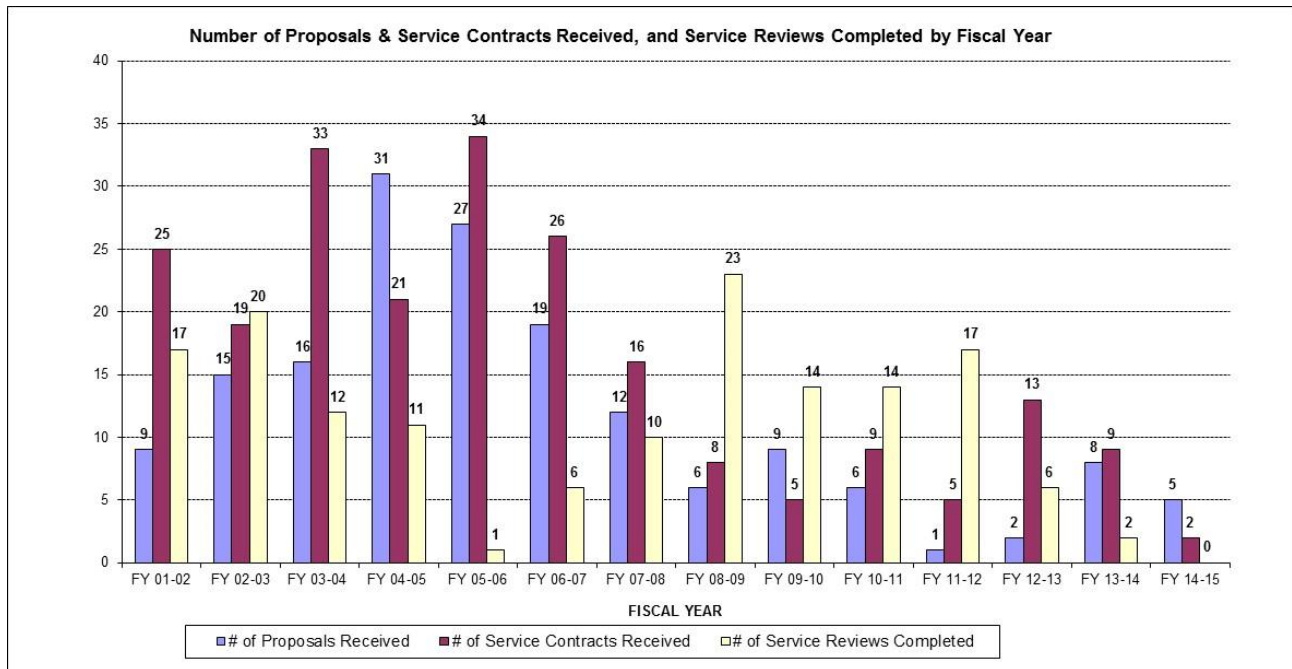
SUBJECT: AGENDA ITEM #6 –Review of Proposed Budget for Fiscal
Year 2015-16

BACKGROUND:

LAFCO staff is presenting the preliminary budget for Commission consideration. The past year has been one in which LAFCO staff views the corner being turned on proposal activity so that we are optimistic about a more active future. This being said, the bankruptcy of San Bernardino continues which may yet impact the services this Commission receives for conducting its hearings and maintaining its video hearing log; other cities are in financial straits that may yet come to the Commission for discussion, and some districts are still suffering from reduced revenues from the post-recession foreclosure activity and a corresponding reduction in service. LAFCO staff has prepared a budget which includes a small increase in apportionment (2%) since our smaller agencies remain constrained in their ability to fund a larger Commission cost. So this is the scenario we begin the State mandated process outlined in Government Code Section 56381 to establish our budget for the upcoming fiscal year; one of cautious optimism.

Staff began the required budget review by considering potential changes to the Schedule of Fees, Deposits and Charges and determined that no additional changes for Fiscal Year 2015-16 would be proposed; therefore no action will be required from the Commission.

Next, staff began addressing the ability to fund the Commission's ongoing operations and looked to the possibility of moving the staff office as directed by the Commission at the March hearing. During this same period, staff became aware of changes being proposed to the Exempt Compensation Plan for the County, which is mirrored by the Commission's Human Resource Policies and Benefit Plan. Staff continues to be encouraged by the proposal activity for the current year as it bodes well for the upcoming fiscal year. The chart which follows shows the positive increase that has taken place to date:



The largest expenditure category for the Commission is its personnel costs and those will continue to climb due to increases in retirement payments required by the San Bernardino County Employees Retirement Association (SBCERA). The LAFCO employer required retirement contribution rate increased in the current year to 29.91% of earnable compensation and will increase in FY 15-16 to 33.31%. This is an increase over the preceding ten years of 86%.

The forecast rate for FY 16-17 is 33.58%, an additional increase of 0.27%, which signals a leveling off of the rates to address fund losses from the recession. In addition, staff has outlined for the Commission the division the employer share retirement rates into normal cost (those which provide for current employee obligations) and the Unfunded Actuarial Accrued liability (repayment of losses from the recession). The chart which follows identifies these divisions for the past two years and projects them through 2035. This information is based upon a snapshot in time and will fluctuate from year-to-year but provides for an illustration of the Commission’s obligation.

LAFCO - EMPLOYER CONTRIBUTION SCHEDULE							
FISCAL YEAR	LAFCO Employer Contribution Rate			LAFCO Employer Contribution Cost			
	SALARY	NORMAL COST	UAAL	TOTAL	NORMAL COST	UAAL	TOTAL
2013				0.00%			
2014				0.00%			
2015	335,453	11.67%	18.24%	29.91%	39,147	61,187	100,334
2016	351,785	12.83%	20.48%	33.31%	45,134	72,046	117,180
2017	348,907	13.10%	20.48%	33.58%	45,707	71,456	117,163
2018	354,148	12.97%	20.48%	33.45%	45,933	72,530	118,463
2019	487,401	11.98%	20.48%	32.46%	58,391	99,820	158,210
2020	488,161	10.60%	20.48%	31.08%	51,745	99,975	151,720
2021	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2022	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2023	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2024	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2025	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2026	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2027	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2028	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2029	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2030	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2031	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2032	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2033	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2034	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
2035	488,161	9.19%	20.48%	29.67%	44,862	99,975	144,837
TOTAL					\$ 869,263	\$ 1,776,693	\$ 2,645,956
NOTES:							
Salary frozen at 2020, the first full year of the EO with no contract EO overlap							
Salary does not include leave cashouts, which are included in LAFCO budget projections							
Normal Cost frozen at 2021, SBCERA projections through this year							
UAAL frozen at 2015, SBCERA projections through this year							

It is currently anticipated that the Commission will receive six (6) proposals for jurisdictional change during the upcoming Fiscal Year, a return to a more normal year of application activity. However, the bulk of the Commission's activities will remain in the arena of addressing the second round of Service Reviews and Sphere Updates, as required by statute. The continuing State mandates to address disadvantaged unincorporated communities, additional requirements to address infrastructure deficiencies and potential consolidations have and will continue to affect the service review process. State law does not allow for charging fees for these types of reviews so only direct costs will be recovered for the processing of sphere of influence updates as necessary.

Attachment #1 to this report provides the Budget Spreadsheet for Fiscal Year 2015-16 with a forecast for FY 2016-17 and FY 2017-18 and the narrative description of the budget. Staff has chosen to expand the forecasting for an additional year to identify

significant changes which are on the horizon for the Commission. Those are the end of the lease at the current staff office and the desire to change locations (FY 2016-17) and the recruitment of a permanent LAFCO Executive Officer (FY 2017-18).

Staff has requested that the County Auditor-Controller apportion the net costs for LAFCO operations to the County, Cities/Towns and Independent Special Districts based upon the proposed budget target of \$882,117, or \$294,039 per category. This represents a 2% increase from the prior year. Any changes to the budget information presented at this hearing may impact this determination. Once the proposed budget is adopted, the apportionment information will be provided as a part of the materials forwarded to the County, Cities/Towns and Independent Special Districts for their review and comment as required by Government Code Section 56381. The allocation information is included as Attachment #2 for Commission information.

The proposed budget is more fully outlined below and on the Budget Spreadsheet and Budget Narrative included as attachments to this report. Staff believes that the actions outlined for the upcoming Fiscal Year will provide for the efficient operations of the Commission's office, will maintain reserve accounts established to cover potential and/or future costs, and will maintain the apportionments to entities required to fund Commission operations.

SALARIES AND BENEFITS **WORKLOAD CONSIDERATIONS**

FISCAL YEAR 2014-15

Staffing levels for Fiscal Year 2013-14 include five full-time positions, and the contract for the Executive Officer position. Up until March of 2015, there were no significant changes to discuss in the Salaries and Benefits categories for the Commission. However, the Board of Supervisors has adopted changes to the Exempt Compensation Plan which has an effect on the Commission as it mirrors this Benefit Plan for its employees. While the County Ordinance has numerous changes, two directly affect compensation during the current fiscal year: (1) a one-time incentive payment of \$1,750 for each full-time employee and (2) the addition of a new top step (Step 12) in the salary schedule and the addition of new substeps preceding the current Step 1. Implementation of Item 1 is anticipated to occur in May 2015 at a cost of \$8,750 for the five regular employees and one employee will advance to the new Step 12 after completion of a performance evaluation (\$212). Staff does not anticipate the need to utilize contingency funding for these new expenses as the Salary Reserve Account (1000) has a balance of \$9,000 to fund any Replacement Benefit Plan payments required. No cost is identified for the replacement benefit, so these funds are available to accommodate this increase.

The specific language changes for the Human Resources policies are for Section 202 Compensation under the Policy Sections as follows:

Section B is amended to read as follows:

...

B. Effective April 18, 2015, the following shall be the salary ranges for LAFCO positions (*Added June 16, 2011; Amended May 16, 2012; October 22, 2014; April 15, 2015*):

Position	Hourly Range	Annual Range
Executive Officer	As determined by the Commission	
Assistant Executive Officer	\$36.72 to \$50.56	\$76,378 to \$105,165
Project Manager	\$28.71 to \$39.54	\$59,717 to \$82,243
LAFCO Analyst	\$20.41 to \$28.07	\$42,453 to \$58,386
Clerk to the Commission/Office Manager	\$21.42 to \$29.45	\$44,554 to \$61,256
Administrative Assistant	\$17.63 to \$24.23	\$36,670 to \$50,400

Each salary range shall have 14 steps. The spread between steps shall be approximately two and one-half percent (2.5%). The salary schedule shows the hourly and approximate annual rate for each step in the salary range. The annual rates are computed on the basis of full-time employment.

Section E is added related to the One-time Incentive Pay to read as follows:

Section (E) – One Time Incentive Pay

- (A) Incentive. SB LAFCO agrees to pay eligible employees a one-time incentive up to \$1,750, to be paid in one payment.
- (B) Eligibility. In order to be eligible for the one-time incentive:
 - (1) An employee must be employed on April 18, 2015; and,
 - (2) Be in paid status in pay period 10 of 2015. Employees not in paid status in pay period 10 of 2015 shall receive the one-time incentive upon return to paid status. Employees who do not return to paid status shall not be eligible for the one-time incentive.
 - (3) An eligible employee who is part-time or job-sharing shall be eligible for a prorated one-time incentive based on regularly scheduled hours.
 - (4) An employee who has separated from SB LAFCO employment for any reason prior to pay period 10 or 2015 shall not be eligible to receive the one-time incentive.
- (C) Payment. SB LAFCO agrees to pay eligible employees a one-time incentive up to \$1,750, to be paid in one payment, subject to withholdings. The one-time incentive shall be payable in pay period 10 of 2015.

- (D) Special Provisions. Prior to the payment of the one-time incentive, eligible employees may make an election, in writing, to opt-out of receiving the incentive and defer the payment until a later date provided, however, such payment shall not be eligible to be paid later than one year from pay period 10 of 2015. Employees who opt-out and do not make a designation to receive the payment by March 19, 2016 shall have the one-time incentive automatically paid out in pay period 8 of 2016. Employees who have opted-out and separate from SB LAFCO employment, and have not yet received the one-time incentive, shall have the incentive automatically paid out upon separation.

The estimated year-end expenditures for salaries and benefits are \$679,197, which is \$10,038 below the budgeted amount.

FISCAL YEAR 2015-16

The Salaries and Benefits categories for Fiscal Year 2015-16 include the funding for five positions, payment of step increases, an increase in retirement costs and the contract Executive Officer position.

Additional workload responsibilities include the Executive Officer's participation as a member of the CALAFCO Legislative Committee and on conference and workshop planning committees. The upcoming year will also include the labor intensive discussion with the stakeholder groups regarding the service reviews for the Valley region.

Fiscal Years 2016-17 and 2017-18

As is the Commission's practice, a forecast for Fiscal Year 2016-17 has been provided but staff has provided an additional year of forecasting due to impending changes in other areas of the budget. These forecasts include the maintenance of the contract Executive Officer (contract terminates in September 2018), five full-time staff positions with salary increases anticipated in the current compensation plan, including increased retirement costs. All full-time employees are anticipated to be at the Tier 1 rate for retirement benefits for forecasting (all current employees are Tier 1). The full costs for salaries and benefits represents an increase in FY 2016-17 of \$43,425 over FY 2014-15 and in FY 2017-18 of \$54,219 over FY 2014-15. Beyond this change, the forecast for this Fiscal Year carries forward proposed staffing levels, existing practices and anticipated workloads.

SERVICES AND SUPPLIES

FISCAL YEAR 2014-15

For the current year, the Commission began its implementation of the second round of Service Reviews through completion and launching its Fiscal Indicators program and the commencement of the regional service reviews, beginning with water conservation, and habitat conservation to be followed by water and wastewater. The Services and Supplies categories are estimated to have expenditures of \$302,234 at year-end. This is \$74,650

below the budgeted amount; however, the computer infrastructure costs anticipated for the current budget (\$20,000) has been deferred to FY 2015-16. No budget amendments are proposed at this time in these categories.

In the Services and Supplies categories two items of significance occurred during the current fiscal year:

1. Staff has completed and launched the Fiscal Indicators program on the website and has begun using this data in its second round service reviews. Now the program will shift to the maintenance phase, where annually updates to the audit information will be requested and posted. At this time, information for the 2012-13 and 2013-14 audit has been requested to update the program.
2. At the January hearing staff identified the need for additional funding for take over of the computer system infrastructure due to the pending relocation of the final County Department from 215 North D Street. That move has now been postponed to September 1, 2015 so that the switch over will occur in next fiscal year, with a corresponding transfer of the \$20,000 to next year's budget.

The balance of the Services and Supplies categories anticipate the maintenance of all other current activities.

The Commission continued to outsource much of its geographic technology needs with the County's Geographic Information Management System (GIMS), its environmental processing through its contract with Tom Dodson and Associates, and the maintenance of computer systems to the County's ISD.

FISCAL YEAR 2015-16

Staff is recommending a total Services and Supplies budget of \$323,280, a decrease of \$53,604 from Fiscal Year 2014-15 budgeted amount. In reference to the expense categories within the overall Services and Supplies section, staff is proposing development of the ongoing educational programs for special districts in our county, completion of the balance of the regional service reviews for the Valley, and assumption of management of our computer infrastructure carried forward into the Fiscal Year (\$20,000). On balance the budget appropriations provide for maintenance of current levels of support for on-going activities.

Economic and workload indicators show a new, and mostly optimistic, level in jurisdictional change for the upcoming fiscal year. However, the second round of service reviews and sphere of influence updates continue to be processed for the Valley region utilizing a stakeholders group for the municipal service types: water (retail, wholesale, and reclamation), wastewater treatment, fire protection, law enforcement and quality of life (parks, resource conservation, streetlighting, and roads [maintenance, street sweeping, detention basin]), and others which may be determined by the Commission. The stakeholders group will assist staff in addressing the service review factors and assist staff in the gathering and review of information. It is anticipated that this type of approach will allow for discussions about the potential for shared services by agencies and will be staff

time intensive at the outset with limited service and supply needs. Staff anticipates that there will be limited service and supply costs until preparation of the final reports for presentation to the Commission.

At the time this proposed budget is being presented to the Commission, continuation of the Video Production arrangement with the City of San Bernardino is anticipated, but there is the need to address a potential change in the housing of these video recordings for accessibility on the Commission’s website. The budget includes appropriation authority to look at other options for this service. In addition, software updates and new software to allow for manipulation of large pieces of data for service reviews are included in the appropriation authority request.

FISCAL YEARS 2016-17 and 2017-18

Based upon the approval of the staff recommendations for FY 2015-16, it is anticipated that a 2% consumer price index increase will be applied to those categories sensitive to such changes for purchases and the maintenance of the other existing levels of service in FY 2016-17 and FY 2017-18. In addition, the staff office lease will end June 30, 2017 so funding is shown for accommodating a move to a new facility as directed by the Commission previously. Those costs are estimated at this time to be \$47,000. In FY 2017-18 the recruitment process for a permanent LAFCO Executive Officer will be undertaken with an estimated cost of \$15,000.

REVENUES

FISCAL YEAR 2014-15

As identified earlier in this report, while staff has historically lamented the trend of lower submission of proposals for change of jurisdiction, for FY 2014-15 we are happy to report a more robust filing of applications and commensurate revenues. The chart below identifies the proposal activity for the current fiscal year:

Activity	Budget	Thru March		Projected	
		No.	% of Budget	No.	% of Budget
Proposals	6	5	83%	6	100%
Service Contracts - Development	1	0	0%	0	0%
Service Contracts - Admin (E.O.) approval	4	2	50%	3	75%
Protest Hearing Deposits	6	4	67%	5	83%

Staff estimates that year-end totals for all proposal activities will be at 132% of budgeted appropriation. The total revenue (fees and deposits) received from the six applications

submitted during the year is \$69,811 and for the six service contracts is \$10,750. In addition, approximately \$8,000 in cost recovery has taken place during the year.

FISCAL YEAR 2015-16

Information gleaned from economic forecast reports and local economists as reported in media publications indicates that the Inland Empire continues in its jobs recovery. Based upon the activities of FY 2014-15, staff anticipates that proposal filings for the upcoming Fiscal Year will hold steady. In order to remain conservative in revenue projections, staff anticipates the submission of six proposals next year at the basic fee level, for fee revenue of \$58,475. The chart below identifies staff's projections for the upcoming year:

Activity	FY 2014-15 PROJECTED YEAR END	FY 2015-16 BUDGET
Proposals	6	6
Service Contracts - Development Related	0	1
Service Contracts - Admin approval	3	4
Protest Hearing Deposits	5	5

Interest income remains low as earnings rate remain depressed. All reserve accounts will be carried forward from the prior year and an estimated \$157,824 in other fund balance is anticipated to be carried forward from FY 2014-15 into FY 2015-16.

The staff is recommending a 2% increase in the apportionment for the upcoming year, the first increase since 2010-11. The apportionment process will take place pursuant to the provisions of Government Code Section 56381 and is administered by the County Auditor. Staff has requested that the Auditor provide for the distribution, pursuant to statute and the alternative funding formula for Special Districts, included as Attachment #2. Per adopted Commission policy, the amount identified at this hearing will be the apportionment required as of July 1, 2015. At the time the Unaudited Year-End report is presented to the Commission, staff will determine the actual carryover and make recommendation for any further actions, if necessary.

The apportionment presented in the budget materials is \$882,117. This complies with the provisions of Government Code Section 56381(a) for at least maintaining the prior year funding.

Revenues consisting of interest, mandatory contributions, and fee revenues are estimated to be \$1,100,911. Refunds from Prior Years, Miscellaneous Charge, and Carryover including all reserve accounts increases brings total anticipated revenues to \$1,617,596.

FISCAL YEAR 2016-17 and 2017-18

Revenues forecasts for FY 2016-17 builds upon the continuing health of the local economy anticipating an increase in proposal activity for an increase in Fees and Deposits of \$28,975 over Fiscal Year 2015-16. The forecast for FY 2017-18 maintains the increased level of activity with an estimate of a 2.5% increase in fees that year for a revenue increase of \$30,450 over FY 2016-17. The chart below compares the proposal activity forecast for FY 2015-16 to that proposed for FY 2016-17 and FY 2017-18:

Activity	15-16	16-17	17-18
Proposals	6	8	8
Service Contracts - Develop.	1	2	3
Service Contracts - Admin	4	5	6
Service Review Deposits	0	0	0
Protest Hearing Deposits	5	7	7

The anticipated apportionment increases by \$25,053 to a total of \$904,170 in FY 2016-17 and to \$926,775 in FY 2017-18, a 2.5% increase in each year. While it is proposed that the apportionment increase, staff will point out that it remains less than the apportionment in FY 2010-11.

RESERVES AND CONTINGENCIES

The staff is proposing the maintenance of reserves and a contingency amounts as outlined by Commission policy. The General Reserve is by policy set at a minimum of \$200,000; however, the amount was at \$300,000 in FY 2014-15. The reduction provides for adequate coverage in the event of litigation not funded through the legal counsel indemnification policy. The amounts presented for Fiscal Year 2015-16 are:

Account 6025 – General Reserve/Litigation	\$291,007
Account 6030 – Compensated Absences Reserve	\$ 83,329
Account 6010 – Net Pension Liability Reserve	\$ 82,750

In addition, staff is recommending a contingency of \$105,501 (Account 6000) which represents 10% of expenditures, within the suggested range of between 5-10% of expenditures. Should the use of these dollars be required, it will take an action by the Commission to transfer monies into the appropriate expenditures series.

CONCLUSION:

The information contained in this report outlines and discusses the budget considerations before the Commission which provides for the following determinations required by Government Code Section 56381 to be made:

ACCOUNT TYPE	FY 2014-5 ADOPTED BUDGET	FY 2015-16 PROPOSED BUDGET
SALARIES AND BENEFITS	\$ 689,235	\$ 731,729
SERVICES AND SUPPLIES	\$ 376,884	\$ 323,280
RESERVES AND CONTINGENCIES	\$ 516,685	\$ 562,587
SUBTOTAL	\$1,582,804	\$1,617,596
FEE REVENUE AND GENERAL REVENUE	\$ 717,983	\$ 735,479
NET COST	\$ 864,821	\$ 882,117

It is the staff's position that the expenditures and revenue items outlined in this report will provide for fulfillment of the Commission's ongoing core obligations for processing of proposals and fulfilling State mandates. If the Commission supports the staff's position, it is recommended that, pursuant to the provisions of Government Code Section 56381, the Commission adopt the Proposed Budget as outlined and direct staff to forward this document to the County, the Cities and Towns, and the Independent Special Districts for their review and comment. Staff is also recommending that the final hearing for adoption of the budget be scheduled for May 20, 2015 at which time the comments of the public and agencies the Commission serves will be considered.

RECOMMENDATION:

The staff recommends that the Commission take the following actions:

- 1) Adopt the proposed changes to Human Resources Policy 202 amending Section B Salary Ranges to reflect new step increases and adding Section E One-time Incentive Pay reflect County Exempt compensation Plan Change as follows:

...

B. Effective April 18, 2015, the following shall be the salary ranges for LAFCO positions (*Added June 16, 2011; Amended May 16, 2012; October 22, 2014; April 15, 2015*):

Position	Hourly Range	Annual Range
Executive Officer	As determined by the Commission	
Assistant Executive Officer	\$36.72 to \$50.56	\$76,378 to \$105,165
Project Manager	\$28.71 to \$39.54	\$59,717 to \$82,243
LAFCO Analyst	\$20.41 to \$28.07	\$42,453 to \$58,386
Clerk to the Commission/Office Manager	\$21.42 to \$29.45	\$44,554 to \$61,256
Administrative Assistant	\$17.63 to \$24.23	\$36,670 to \$50,400

Each salary range shall have 14 steps. The spread between steps shall be approximately two and one-half percent (2.5%). The salary schedule shows the

hourly and approximate annual rate for each step in the salary range. The annual rates are computed on the basis of full-time employment.

...

Section (E) – One Time Incentive Pay

- (A) Incentive. SB LAFCO agrees to pay eligible employees a one-time incentive up to \$1,750, to be paid in one payment.
 - (B) Eligibility. In order to be eligible for the one-time incentive:
 - (1) An employee must be employed on April 18, 2015; and,
 - (2) Be in paid status in pay period 10 of 2015. Employees not in paid status in pay period 10 of 2015 shall receive the one-time incentive upon return to paid status. Employees who do not return to paid status shall not be eligible for the one-time incentive.
 - (3) An eligible employee who is part-time or job-sharing shall be eligible for a prorated one-time incentive based on regularly scheduled hours.
 - (4) An employee who has separated from SB LAFCO employment for any reason prior to pay period 10 of 2015 shall not be eligible to receive the one-time incentive.
 - (C) Payment. SB LAFCO agrees to pay eligible employees a one-time incentive up to \$1,750, to be paid in one payment, subject to withholdings. The one-time incentive shall be payable in pay period 10 of 2015.
 - (D) Special Provisions. Prior to the payment of the one-time incentive, eligible employees may make an election, in writing, to opt-out of receiving the incentive and defer the payment until a later date provided, however, such payment shall not be eligible to be paid later than one year from pay period 10 of 2015. Employees who opt-out and do not make a designation to receive the payment by March 19, 2016 shall have the one-time incentive automatically paid out in pay period 8 of 2016. Employees who have opted-out and separate from SB LAFCO employment, and have not yet received the one-time incentive, shall have the incentive automatically paid out upon separation.
- 2) Determine that there are no amendments for the Schedule of Fees, Charges and Deposits for Fiscal Year 2015-16;
 - 3) Adopt the Proposed Budget for Fiscal Year 2015-16, presented by staff;
 - 4) Direct staff to forward the adopted Proposed Budget, as may be modified at this hearing, to all the independent special districts, cities, and the County for their

comment pursuant to Government Code Section 56381.

- 5) Schedule a public hearing for May 20, 2015 for the formal adoption of the Final Budget for Fiscal Year 2015-16.

KRM:

Attachments:

1. Proposed Budget -- Spreadsheet and Narrative Related to Individual Accounts and Activity Chart
2. Estimated Apportionment Distribution for City/Town and Special District Costs

**Proposed Budget -
Spreadsheet and Narrative
Related to Individual Accounts and
Activity Chart**

Attachment 1

FISCAL YEAR 2015-16

ACCT. #	ACCOUNT NAME	ACTUAL	ACTUAL	ACTUAL	ACTUAL	FINAL	PROJECTED	PRELIMINARY	FORECAST	FORECAST
		YEAR-END	YEAR-END	YEAR-END	YEAR-END	BUDGET	YEAR-END	FY 15-16	FY 16-17	FY 17-18
		FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 14-15	BUDGET	OFFICE MOVE	EO RECRUIT
	SALARIES AND BENEFITS									
1010	Regular Salary, Cell Phone, and Bilingual	\$ 429,049	\$ 372,803	\$ 379,028	\$ 408,248	\$ 437,522	\$ 434,476	\$ 457,725	\$ 459,746	\$ 467,867
1030	Merit Incentive (Auto)	14,039	14,600	14,600	15,062	14,881	16,354	14,881	14,600	14,600
1035	Overtime		802	1,028	361	-	154			
1045	Termination Payment	33,687					-			
1110	General Member Retirement	77,173	59,328	70,512	81,993	99,625	101,418	115,531	116,340	117,635
1130	Survivors Benefits	111	93	81	160	178	238	245	241	241
1135	Indemnification - General	42,314	14,397	15,538	16,641	20,163	20,634	20,163	19,782	19,782
1200	Employee Group Insurance (Health Subsidy)	8,480	29,005	35,599	41,141	50,040	46,556	63,950	62,743	62,743
1205	Long-Term Disability	986	858	883	994	1,099	1,079	1,127	1,129	1,146
1207	Vision Care Insurance	634	589	589	759	837	822	837	822	822
1215	Dental Insurance & Health Subsidy	322	1,846	1,701	1,466	1,557	1,529	1,557	1,527	1,527
1220	Psychological Services	41					-			
1222	Short-Term Disability	1,124	1,044	2,728	3,312	3,658	3,590	3,744	3,747	3,800
1225	Social Security Medicare	4,453	4,723	4,728	5,128	5,637	5,560	5,790	5,848	5,961
1235	Workers' Compensation	4,101	2,091	2,644	1,573	4,782	2,788	4,911	4,945	5,030
1240	Life Insurance & Medical Trust Fund	4,603	3,814	4,415	4,546	5,289	4,836	5,593	5,564	6,238
1305	Other (Medical Reimbursement Plan)	3,498	2,585	2,600	2,600	6,920	2,840	6,920	6,820	6,820
1310	Indemnification	25,760					-			
1314	457/401a Defined (LAFCO Contribution)	1,737	1,289	1,327	1,451	1,650	1,622	1,691	1,695	1,720
1315	401k Contribution	22,854	19,671	21,037	22,983	26,400	25,952	27,063	27,112	27,522
1000	Salary Reserve	-	-	-	-	9,000	8,750			
	TOTAL SALARIES & BENEFITS	\$ 674,965	\$ 529,536	\$ 559,037	\$ 608,417	\$ 689,235	\$ 679,197	\$ 731,729	\$ 732,660	\$ 743,454
	Staffing (Full time equivalent units)	4.5	4.5	4.5	4.5	5.5	5.5	5.5	5.5	5.5
	SERVICES AND SUPPLIES									
	Services:									
2037	COMNET Charge (ISF)	\$ 2,552	\$ 2,872	\$ 2,590	\$ 2,532	\$ 2,874	\$ 2,524	\$ 2,828	\$ 2,885	\$ 2,943
2038	Long Distance Charges	72	58	74	86	120	91	120	122	125
2040	Relocation Charges - Phone Service	-	-	-	-	10,000	-	18,200	15,000	-
2041	Phone Service/Outside Company	483	447	304	366	5,540	647	540	551	562
2043	Electronic Equipment Maintenance	-	-	-	140	-	498	9,180	9,180	9,364
2075	Membership Dues	7,846	7,870	8,089	8,324	8,515	8,509	8,447	8,615	8,788
2076	Tuition Reimbursement	-	341	-	1,100	2,000	100	2,000	2,040	2,081
2080	Publications	2,038	2,399	3,000	2,054	3,600	3,040	3,395	3,463	3,532
2085	Legal Notices	12,822	14,648	5,193	9,223	26,000	18,743	21,000	21,420	21,848
2110	Fleet Management Requisition Charges				304					
2115	Computer Software	4,590	3,222	2,825	6,427	3,346	3,850	8,435	6,401	6,529
2125	Inventoriable Equipment	17,944	2,070	3,252	-	17,500	4,660	-	-	-
2195	Reimbursement Services and Supplies	-	-	-	4,304	-	-	-	-	-
2245	Other Insurance	50	7,045	6,998	7,074	7,012	7,128	7,078	7,219	7,364
	Supplies:									
2305	General Office Expense	6,313	5,842	8,710	11,621	19,391	7,844	9,232	38,516	8,687
2308	Credit Card Clearing Account	-	1,126	(288)	(85)	-	2,895	-	-	-
2310	Postage - Direct Charge	8,551	8,972	5,373	12,352	10,662	15,069	12,912	13,170	13,434
2315	Records Storage	668	661	940	581	570	570	570	582	593
2323	Reproduction Services	2,455	730	102	870	-	1,562	-	-	-
2335	Temporary Services	-	-	16,965	13,311	-	-	-	-	-

FISCAL YEAR 2015-16

ACCT. #	ACCOUNT NAME	ACTUAL	ACTUAL	ACTUAL	ACTUAL	FINAL	PROJECTED	PRELIMINARY	FORECAST	FORECAST
		YEAR-END	YEAR-END	YEAR-END	YEAR-END	BUDGET	YEAR-END	FY 15-16	FY 16-17	FY 17-18
		FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 14-15	BUDGET	OFFICE MOVE	EO RECRUIT
	Consultant & Special Services:									
2400	Prof & Special Service (Legal Counsel)	29,198	24,758	21,903	24,048	36,800	26,453	29,300	29,886	30,484
2405	Auditing	7,611	6,932	8,372	7,527	11,799	11,125	11,868	12,105	12,347
2410	Data Processing	5,106	6,212	6,630	7,142	7,611	7,575	7,565	7,716	7,871
2414	Application Development Maintenance				-	-	-	-	-	-
2415	COWCAP	39,230	18,772	9,219	6,053	6,308	6,308	-	6,000	6,000
2420	ISD Other IT Services	189	206	244	344	1,008	753	701	715	730
2421	ISD Direct	2,035	1,690	739	1,772	12,800	10,412	9,180	9,364	9,551
2424	Mgmt & Tech (Environmental Consultant)	11,988	8,078	8,853	15,339	9,800	13,018	9,300	9,486	9,676
2444	Security Services	405	408	408	578	408	408	408	416	424
2445	Other Prof (Commission, Surveyor, ROV)	28,304	41,878	44,593	32,275	46,196	49,047	47,428	50,376	69,344
2449	Outside Legal (Litigation & Special Counsel)	58,334	-	5,050	2,909	10,000	3,956	-	-	-
2450	Application Development Support	-	-	10,499	19,709	17,500	216	1,500	1,530	1,561
2460	GIMS Charges	13,530	10,524	10,500	11,877	14,600	14,150	14,180	14,464	14,753
	Lease/Purchases:									
2895	Rent/Lease Equipment (copier)	7,800	7,678	4,235	2,610	4,800	5,541	6,180	6,180	6,180
2905	Office/Hearing Chamber Rental	49,317	55,438	48,859	53,576	51,270	51,219	52,741	54,323	55,410
	Travel Related Expenses:									
2940	Private Mileage	4,549	6,579	4,760	5,135	6,418	3,048	4,394	4,482	4,572
2941	Conference/Training	3,458	4,215	5,363	4,225	7,950	6,077	6,850	6,987	7,127
2942	Hotel	2,411	5,692	5,482	5,264	5,486	6,372	5,850	5,967	6,086
2943	Meals	597	1,214	743	923	1,900	1,088	1,900	1,938	1,977
2944	Car Rental	-	589	1,247	653	500	191	150	153	156
2945	Air Travel	1,305	1,915	1,954	4,241	2,400	2,270	5,650	2,448	5,747
2946	Other Travel	248	438	677	1,061	600	579	600	612	624
	Other Charges:									
5012	Services Out (Staples)	1,190	1,098	1,480	4,146	3,600	4,698	3,600	3,672	3,745
	TOTAL SERVICES & SUPPLIES	\$ 333,189	\$ 262,639	\$ 265,938	\$ 291,993	\$ 376,884	\$ 302,234	\$ 323,280	\$ 357,985	\$ 340,211
TOTAL EXPENDITURES		\$ 1,008,153	\$ 792,176	\$ 824,975	\$ 900,410	\$ 1,066,119	\$ 981,431	\$ 1,055,009	\$ 1,090,645	\$ 1,083,665
	RESERVES									
6000	Contingency					\$ 87,356		\$ 105,501	\$ 109,065	\$ 108,367
6010	Net Pension Liability Reserve					56,432		82,750	109,068	135,386
6025	General Reserve					300,000		291,007	260,893	294,876
6030	Compensated Absences Reserve					72,897		83,329	87,495	91,870
TOTAL CONTINGENCIES & RESERVES						\$ 516,685	\$ -	\$ 562,587	\$ 566,521	\$ 630,499
TOTAL APPROPRIATION		\$ 1,008,153	\$ 792,176	\$ 824,975	\$ 900,410	\$ 1,582,804	\$ 981,431	\$ 1,617,596	\$ 1,657,166	\$ 1,714,164

FISCAL YEAR 2015-16

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 10-11	ACTUAL YEAR-END FY 11-12	ACTUAL YEAR-END FY 12-13	ACTUAL YEAR-END FY 13-14	FINAL BUDGET FY 14-15	PROJECTED YEAR-END FY 14-15	PRELIMINARY FY 15-16 BUDGET	FORECAST FY 16-17 OFFICE MOVE	FORECAST FY 17-18 EO RECRUIT
	CONTRIBUTION REVENUES									
	Use of Money:									
8500	Interest	\$ 6,569	\$ 3,992	\$ 4,009	\$ 3,066	\$ 4,000	\$ 3,626	\$ 4,000	\$ 4,500	\$ 5,500
	Mandatory Contribution from Governments:									
8842	Local Government -- For FY 2015-16 apportionment to County, Cities, and Independent Special Districts of approximately \$294,039 each	1,033,911	933,639	903,000	864,822	864,821	864,822	882,117 2% increase	904,170 2.5% increase	926,775 2.5% increase
	Fees and Deposits (Current Services):									
9545	Individual Notice	5,100	1,238	4,402	11,200	4,900	2,400	4,900	7,000	8,250
9555	Legal Services	9,782	4,733	5,934	8,625	7,475	4,193	7,475	10,350	11,450
9655	GIMS Fees	6,845	2,710	1,255	3,235	2,400	3,895	2,400	3,200	6,000
9660	Environmental	7,996	3,313	10,171	12,580	4,950	7,509	4,950	6,900	9,950
9800	LAFCO Fees	47,287	20,758	33,004	99,656	38,750	59,274	38,750	59,000	80,250
	Total Fees and Deposits	77,010	32,751	54,765	135,296	58,475	77,271	58,475	86,450	115,900
	TOTAL CONTRIBUTION REVENUES	\$ 1,117,490	\$ 970,382	\$ 961,774	\$ 1,003,185	\$ 927,296	\$ 945,719	\$ 944,592	\$ 995,120	\$ 1,048,175
	OTHER REVENUES									
9910	Refunds from Prior Year Revenue	\$ (7,462)	\$ (2,027)	\$ 1,401	\$ 1,761	\$ (2,000)	\$ (2,472)	\$ (2,000)	\$ (2,000)	\$ (2,000)
9930	Miscellaneous Revenues	463	517	1,652	3,578	1,500	10	495	1,459	1,468
9970	Carryover of Ongoing Projects			33,056			16,510			
9970	Carryover from Prior Year, Unassigned		145,730	108,937	223,425	192,736	250,087	157,824	100,000	100,000
	TOTAL CONTRIBUTION REVENUES	(7,000)	144,220	145,046	228,765	192,236	264,135	156,319	99,459	99,468
	TOTAL REVENUES	1,110,491	1,114,602	1,106,820	1,231,949	1,119,532	1,209,854	1,100,911	1,094,579	1,147,643
	RESERVES FROM PRIOR YEAR, as of July 1									
9970	Contingency	122,658	35,197	41,507	84,730	99,872	99,872	87,356	105,501	109,065
9970	COWCAP Reserve (not active)			56,000	46,780	46,780	46,780			
9970	Net Pension Liability Reserve							56,432	82,750	109,068
9970	General Reserve	79,811	124,108	180,000	200,000	250,000	250,000	300,000	291,007	260,893
9970	Compensated Absences Reserve			62,003	66,620	66,620	66,620	72,897	83,329	87,495
	TOTAL RESERVES FROM PRIOR YEAR	\$ 202,469	\$ 159,305	\$ 339,510	\$ 398,130	\$ 463,272	\$ 463,272	\$ 516,685	\$ 562,587	\$ 566,521
	TOTAL REVENUE AND RESERVES	\$ 1,312,959	\$ 1,273,907	\$ 1,446,330	\$ 1,630,079	\$ 1,582,804	\$ 1,673,126	\$ 1,617,596	\$ 1,657,166	\$ 1,714,164
	Note: Spreadsheet utilizes the cash basis of accounting and does not include accrual/reversal data which do not affect fund balance.									

NARRATIVE FOR FY 2015-16

PROPOSED BUDGET

SALARIES AND BENEFITS

1000 SERIES

FY 2014-15

Salaries and Benefits (1000 series) for FY 2014-15 was budgeted at \$689,235 for 5.5 positions: one Contract Executive Officer (limited to 960 paid hours per year), Assistant Executive Officer, Project Manager, Clerk to the Commission/Office Manager, Analyst, and Deputy Clerk. During March of 2015 amendments to the Exempt Compensation Plan were approved by the County. LAFCO mirrors this County compensation plan; therefore, five employees will be provided a one-time \$1,750 bonus and the salary ranges will be increased by three steps, two sub-step 1 salary ranges and one new step 12. This will affect one employee during this fiscal year. Even with these changes, year-end expenditures for the 1000 series are estimated to be \$679,197, \$10,038 under budget.

FY 2015-16

For Fiscal Year 2015-16 the staffing is anticipated to be maintained from the prior year – a contract Executive Officer, and regular employees of an Assistant Executive Officer, Project Manager, LAFCO Analyst, Clerk to the Commission/Office Manager and Administrative Assistant.

No cost-of-living change has been identified by the County for the upcoming fiscal year. Therefore, since the Commission has adopted the County Exempt Compensation Plan as its own no salary increase has been included.

As the Proposed Budget Spreadsheet identifies, FY 2015-16 budgets a total expenditure of \$731,729, an increase of \$42,494 over the prior year budget. This includes the step changes in salary appropriate for staff members, budgeting full participation for all benefits for 26.5 pay periods, and the retirement rate increase of 11.4%.

FY 2016-17 and FY 2017-18

The forecast for FY 2016-17 and 2017-18 includes the payment of the standard 26 pay periods under the same staffing structure as the prior year, step increases as appropriate for staff members. The projections for retirement rates stabilize beginning in 2016-17 with an increase by 0.81% and a 0.13% reduction in FY 2017-18. The forecast is for \$732,660, in FY 2016-17 an increase of \$931 over the proposed budget for FY 2015-16 and \$743,454 in FY 2017-18.

**LINE ITEM ACCOUNTS FOR SALARIES AND
BENEFITS FOR FISCAL YEAR 2015-16**

Regular Salary – Account 1010: \$457,725

Salaries are calculated at 26.5 pay periods for five positions and the contract for the Executive Officer, the contract benefits granted for the Executive Officer's portable communication allowance (cell phone and iPad connections \$2,446) and bilingual payments for the Clerk to the Commission and LAFCO Analyst positions (\$2,385). Cash out amounts included in this line item account for annually declared vacation/holiday leave cash outs (estimated at \$9,963). The salaries by position are:

Executive Officer (contract)	\$104,640
Assistant Executive Officer	97,718
Project Manager	80,246
LAFCO Analyst	48,006
Clerk to the Commission	55,536
Administrative Assistant	50,400

BENEFITS

For employee benefits, LAFCO mirrors the County's Exempt Compensation Plan as identified in the LAFCO Benefits Plan and contracts with the County to administer the benefits for its employees. Benefit allocations are calculated at 26.5 pay periods for the regular LAFCO positions and only the car allowance benefit for the Executive Officer, except where identified otherwise.

Merit Incentive (Car) – Account 1030: \$14,881

The LAFCO Benefit Plan allocates to the Executive Officer \$561.54 per pay period for car allowance. The contract with the Executive Officer provides for the payment of this benefit.

Termination Payment – Account 1045: \$0.00

The LAFCO Benefit Plan provides that at separation from LAFCO service, employees are required to contribute the cash value of their unused sick-leave to the Retirement Medical Trust Fund at the rate of 75% of the cash value of the employee's unused sick leave hours. Should such occur revenues would be transferred from the Compensated Absence Reserve account for payment.

General Member Retirement – Account 1110: \$115,531

Calculation for the payment of the LAFCO (employer) retirement contribution is based upon the rate of 33.31% of salaries paid. All employees are calculated at the Tier I rate. The retirement rate increases from the FY 2014-15 contribution rate of 29.91%, an increase of 11.4%. However, SBCERA projects the rate to stabilize then decrease, with subsequent annual changes through FY 2020-21 of 0.81%, -0.39%, -2.96%, -4.25%, and -4.54%.

Survivor's Benefits – Account 1130: \$245

The cost is calculated at approximately \$1.85 per employee per pay period; an increase from \$1.34.

Indemnification General – Account 1135: \$20,163

This account allocates the funding necessary to cover additional employee retirement payments pursuant to the provisions of the LAFCO Benefits Plan. This amount has been reduced through the exclusion of the seven percent match of earnable compensation. However, a retirement benefit of \$152.17 employee per pay period is included in this plan.

Employee Group Insurance (Health Insurance Subsidy) – Account 1200: \$63,950

This account allocates a Medical Premium Subsidy in an amount that has been augmented to include the dollars from the Flexible Benefit Plan. The subsidy is paid only toward coverage chosen by the employee. If costs are less than amounts identified, no residual dollars are provided to the employee. The budget anticipates coverage for all employees as: employee plus two or more dependents at \$482.64 per pay period.

Long Term Disability – Account 1205: \$1,127

This cost is calculated at 33 cents per \$100 of base pay.

Vision Care Insurance – Account 1207: \$837

This cost is calculated at \$6.32 per employee per pay period.

Dental Insurance and Health Subsidy – Account 1215: \$1,557

This account allocates the Dental Premium Subsidy of \$9.46 per employee per pay period that, when combined with the Medical Subsidy, would offset the cost of out-of-pocket dental expenses charged to eligible employees.

Short Term Disability and Family Medical Leave Overhead – Account 1222: \$3,744

LAFCO employees are provided with short-term disability by contract with the County at a cost of 1.04% of salaries per pay period. In addition, the administrative cost for the Family Medical Leave is calculated at \$1.41 per pay period for each regular employee and includes the contract Executive Officer.

Social Security Medicare – Account 1225: \$5,790

For employees entering LAFCO service after 1985, contribution to the federal Social Security Medicare system is mandatory. The cost is calculated for five positions and the contract Executive Officer at the rate of 1.41% of base compensation.

Worker's Compensation – Account 1235: \$4,911

This account is for worker's compensation insurance. LAFCO purchases this insurance through the Special District Risk Management Authority (SDRMA), a joint powers authority. The charge is not increasing from the prior year and is estimated to be \$1.07 per \$100 of salaries and Commissioner stipend payments.

Life Insurance and Medical Trust Fund– Account 1240: \$5,593

This account contains costs associated with term life insurance (\$1.80 per pay period per employee), variable life insurance (based upon employee elections, \$815), and contributions to the Retirement Medical Trust Fund (based upon years of service, \$4,539).

Other (Medical Reimbursement Plan) – Account 1305: \$6,920

This account is for the Commission's matching payment toward an Exempt Medical Reimbursement Plan for employees of up to \$40 per employee per pay period and the Healthy Lifestyles membership up to \$324. Staff estimates full utilization of this benefit by five employees.

Deferred Compensation – Account 1314: \$1,691

LAFCO matches employee contributions to the 457 savings plan of the County up to ½% of the employee's base salary. The appropriation anticipates full participation by five employees in this plan.

401(k) Contribution – Account 1315: \$27,063

LAFCO matches employee contributions to the 401(k) savings plan of the County up to 8% of the employee's base salary. The appropriation anticipates full participation by the five full-time employees.

SERVICES AND SUPPLIES
2000 AND 5000 SERIES

FY 2014-15

For FY 2014-15, Services and Supplies were budgeted at \$376,884 and are estimated to be 80% expended at the year-end for a total of \$302,234. Items of note during this Fiscal Year are:

- The Commission approved \$20,000 for communications infrastructure related to the County's Workforce Development Department move from the building where the LAFCO office is located. This relocation affects LAFCO because our communications infrastructure (telephone and internet/email/county internal databases) extend from that department's infrastructure. The infrastructure burden will now be placed upon LAFCO, which means that LAFCO will have to purchase and lease equipment and pay for all direct services. The move was originally anticipated for May, but is now occurring in September. Therefore, the funding for this project will carry forward into FY 2015-16.
- The Executive Officer is the Chair of the CALAFCO Legislative Subcommittee on Disincorporation. This has necessitated additional travel to Sacramento and sites to review the proposed legislation with stakeholders and others. CALAFCO has provided for up to \$1,000 in travel costs to be reimbursed to the Commission.
- Fiscal Indicators program is available on the LAFCO website with the final piece going live on March 31, 2015.
- The Rim of the World preliminary feasibility study contract was approved in September 2014 and it is currently anticipated that will be completed in June with presentation to the Commission and the Second District in July and the communities thereafter.
- The special study for the Daggett, Newberry, and Yermo Community Services Districts was completed.
- The service review for Water Conservation in the Valley Region is anticipated for presentation to the Commission in May.
- The special study for the Morongo Valley Community Services District is anticipated for presentation to the Commission in June.

FY 2015-16

The total budgeted amount for Services and Supplies for FY 2015-16 is \$323,280, which is an increase of roughly \$21,000 from the 2014-15 estimated year-end. The following policy items are included:

- Funding of \$20,000 related to the infrastructure improvements required due to the County's move from the building where the LAFCO office is located will carry forward into 2015-16.
- Currently, archive videos of LAFCO hearings are available on the website of the City of San Bernardino's government and public access television station. During the term of this contract this service has been provided at no cost to LAFCO. Due to the reorganization of this activity by the City, it may no longer support the hosting of other agencies on the station's website. For budgeting purposes, \$4,000 is budgeted to continue this service with an outside company and staff is reviewing its options.
- As a part of the special study for the Daggett, Newberry, and Yermo Community Services Districts, LAFCO arranged for the Special Districts Risk Management Authority (SDRMA) to conduct local training on board governance. The training held in March 2014 provided access to resources that some of the districts may not have had otherwise. The event was well attended with about 50 representatives. The Commission expressed its intent to build upon this educational pursuit and continue to provide governance training for the government agencies within the County.

In that vein, staff has developed an education program for the coming year with the California Special Districts Association (CSDA) and the Institute for Local Government (ILG) which anticipates the conduct of two to three classes per year. CSDA has indicated that it would not charge to conduct the training, and ILG has identified a cost of \$2,300. The budget includes \$2,300 to provide the flexibility needed to accommodate the choice of classes to provide.

- Fiscal Indicators program will add the data for audit years 2012-13 and 2013-14 for viewing on the LAFCO website by July.

In addition, the workload related to jurisdictional change applications is increasing from the recession years. Staff is estimating that the upcoming year will have six proposals for jurisdictional change along with its state mandated obligation to perform service reviews.

FY 2016-17 and FY 2017-18

Services and Supplies for FY 2016-17 are projected at \$357,985. It anticipates a slight increase in activity to include the submission of eight proposals for the year; natural contract increases for legal counsel and office lease payments, and maintenance of current activities.

The office lease terminates on June 30, 2017, and it is the position of the Commission to move to another location. Staff estimates that the move will cost \$47,000 identified as follows:

- \$15,000 – Work performed by County ISD to relocate the technology infrastructure.

- \$30,000 – Purchasing new office furniture. On a per unit basis, the costs are comparable to those recently incurred by two County departments.
- \$2,000 – Moving company

In FY 2017-18 forecast includes the \$15,000 for the recruitment process for a permanent Executive Officer and a continuing 2.0% increase for those items sensitive to consumer price index increases.

**LINE ITEM ACCOUNTS FOR SERVICES AND
SUPPLIES FOR FISCAL YEAR 2015-16**

SERVICES

Comnet Charge – Account 2037: \$2,828

Comnet is the County's telephone system. Charges for use of this system are \$29.46 per line per month. LAFCO utilizes eight phone lines: seven telephones and one fax/answering machine.

Long Distance Charges – Account 2038: \$120

Long distance activity is estimated at \$10 per month based on historical long-distance charges.

Relocation Charges– Account 2040: \$18,200

LAFCO will become responsible for its own internet infrastructure due to the County's Workforce Development Department moving out of the building where the LAFCO office is located. County ISD charges for installation of hardware and relocation of lines in order for LAFCO to remain on the County system are estimated at \$18,200, per quote from County ISD.

Phone Service/Outside Company – Account 2041: \$540

The use of phone service outside the County system (Verizon) is required by the security alarm company to ensure proper monitoring for the LAFCO office. The monthly phone charge is \$45 per month.

Electronic Equipment Maintenance – Account 2043: \$9,180

In addition to one-time costs related to the County moving out of the building where the LAFCO office is located, monthly charges of \$765 is budgeted to lease a switch from County ISD to have access to the internet, County intranet, and telephone via a fiber line.

Membership Dues – Account 2075: \$8,447

This account is for membership in professional associations. Dues are estimated to be \$7,428 for CALAFCO and \$1,019 for California Special Districts Association.

Tuition Reimbursement – Account 2076: \$2,000

Pursuant to the LAFCO Benefits Plan, employees can be reimbursed for up to \$1,000 for approved tuition, course/seminar or degree related expenses, and membership dues in

professional organizations. This appropriation provides for full participation by two employees.

Publications – Account 2080: \$3,395

This account anticipates costs for updates to the California Legislative Codes, California Environmental Law pamphlets, and other publications and/or updates utilized by either staff or the Commission and the monthly California Planning and Development Newsletter at a cost of \$238 per year. As a cost savings measure, the Commission has participated in a contract with West's Publishing Customer Loyalty program to receive updated pocket parts to the California Annotated Code.

Legal Notices – Account 2085: \$21,000

The budget figure accommodates the advertising needs for maintenance of a ten hearing schedule. The processing of service reviews for the region will require an eighth-page display ad in general newspapers and when advertisement is authorized in-lieu of individual landowner and/or registered voter notice for changes of organization.

Computer Software – Account 2115: \$8,435

The account accommodates the charges for purchases of new software programs, access to online programs, and annual updates of existing programs.

Purchases of new Adobe suite software for the LAFCO Analyst position will incur a one-time cost of \$1,406. Access to online programs will incur a cost of \$3,755 for access to: (1) ESRI's online mapping and (2) a new online program, Paxata, to parse spreadsheet data (\$3,255 annually). The spreadsheet program will assist in analyzing fire response data in the service review for fire protection in the Valley Region as well as other large data reviews. This program will be reevaluated for inclusion in subsequent budgets. Annual updates of existing programs total \$3,273 and include digital archiving software for LAFCO to maintain its records in perpetuity per Government Code Section 56382, upgrade to the current Adobe Acrobat for all other employees, and Microsoft annual license.

Inventoriable Equipment – Account 2125 -- \$0

There are no major equipment purchases budgeted for the year.

Other Insurance – Account 2245: \$7,078

This account is for property liability insurance (liability and damage), general liability, public officials and employee errors and omissions, personal liability for board members, employment practices liability, employee benefits liability, employee dishonesty coverage, and auto liability. LAFCO purchases this insurance through the Special District Risk Management Authority, a joint powers authority. SDRMA has provided notification that it intends not to raise rates for the upcoming year.

SUPPLIES

General Office Expense – Account 2305: \$9,232

This account is utilized for expenses to run the office such as office supplies and non-inventoriable items. General expenses include ink for the color printer, paper, petty cash reimbursement, annual fire inspection fee, and office supplies. The upcoming year anticipates the purchase of a Microsoft Surface for the LAFCO Analyst position (\$900). Additionally, LAFCO utilizes the County's contract with Staples and these expenses are budgeted in Account 5012 (Staples) with only the administrative surcharge included in this line item.

Credit Card Clearing Account - Account 2308: \$0

This is a clearing account for use of the credit card issued to the Executive Officer. All charges on the card will be posted to this account temporarily with charges then transferred to the appropriate accounts (2941 through 2946). At year's end, this account will have no expenditures.

Postage – Direct Charge – Account 2310: \$12,912

The shift to have placement of the staff reports and attachments and notices on CD has reduced overall postage costs. The estimated postage cost for the year is \$10,800 for 10 hearings. Calculations for receipt and delivery of interoffice mail including special pick-ups are \$2,112 as outlined in the County's Internal Service Rates.

Records Storage – Account 2315: \$570

Government Code Section 56382 mandates LAFCO to maintain its records in perpetuity. The cost for storage is estimated to be \$570 annually.

Reproduction Services – Account 2323: \$0

This account is for reproduction activity outside of the LAFCO office (County Printing Services, Kinkos, etc.). The shift made to have the staff reports and attachments and notices on CD and available online have reduced printing costs; therefore no costs are anticipated for the coming year.

CONSULTANT AND SPECIAL SERVICES

Professional and Special Service (Legal Counsel) – Account 2400: \$29,300

The existing contract for LAFCO legal counsel allows an annual rate based on the local consumer price index for the previous year for urban consumers not to exceed five percent and rounded up to nearest dollar; \$225 per hour is the estimate for Fiscal Year 2015-16. All legal counsel costs, with the exceptions of administrative charges and the staff workshop are reimbursable under the Commission's existing fee policy. Payments made for costs recoverable are deposited into Revenue Account 9555. (Litigation and outside legal counsel costs are charged under Account 2449 below.) LAFCO also participates in Best, Best, & Krieger's conflict of interest program which has an annual charge of \$3,300.

Auditing – Account 2405: \$11,868

The Commission is in the fourth year of a four year audit contract at a cost of \$8,500. Additionally, LAFCO Legal Counsel charges for the preparation of the response to the audit which is paid from this account (estimated at \$243). Beginning in FY 2014-15 SBCERA is required to determine the unfunded liability for its participants and by legislative action can charge for fulfilling that requirement. SBCERA has notified its participating agencies that the cost for compliance is estimated to be \$3,125 billed in January of 2016.

During FY 2015-16 a new RFP for audit services will need to be circulated. At this time it is understood that the CALAFCO Southern Region/CCL will be circulating an RFP for a joint audit proposal.

Data Processing – Account 2410: \$7,565

LAFCO contracts with the County Information Services Department for technology related services. This account is for technology infrastructure (internet, email, security, etc.) and reporting from the County payroll system. The budget utilizes a monthly average of \$630.

COWCAP – Account 2415: \$0

This is the first year that there are no costs identified in the County Wide Cost Allocation Plan (COWCAP), this would be for services performed in FY 2013-14 but charged in FY 2015-16. COWCAP costs include technology charges-emerging technologies, use of County Purchasing, and processing of payments and payroll through the County Auditor which are charged to LAFCO pursuant to existing agreements.

ISD Other IT Services – Account 2420: \$701

This account is for charges by the County Information Services Department for the Executive Officer's portable communication device (smart phone and tablet) connection to County e-mail servers and computers and Assistant Executive Officer and Project Manager for connection of tablets. Portable communication device cost is \$14.61 per month per device.

ISD Direct – Account 2421: \$9,180

LAFCO contracts with the County Information Services Department for technology related services. This account is for maintenance of the local area network of computers, printers, and servers. Beginning in FY 2014-15, the County charges a flat monthly charge by device rather than by service call activity. The monthly charge is \$85 per device for nine devices.

Environmental Consultant – Account 2424: \$9,300

The Commission contracts with an independent consultant, Tom Dodson and Associates, for the environmental assessment associated with its proposals. Anticipated costs are for environmental analysis of out-of-agency service contracts, proposals, sphere of influence updates and service reviews, and for other environmental determinations. All environmental consultant costs are billable under the Commission's existing fee schedule. Payments made for cost recovery are deposited into Revenue Account 9660.

Security Services – Account 2444: \$408

Costs for maintaining the security alarm system and monitoring are \$102 paid quarterly.

Other Professional Services – Account 2445: \$47,428

This account is for professional services to process proposals and items on the hearing agendas and includes the anticipated costs for the County Surveyor (\$200 per hour) and Registrar of Voters (\$270.32 per hour). Commissioner stipend payments for attendance at hearings, the costs associated with the August workshop, and the costs for the Commission's designated representative to CCL and the CALAFCO Board of Directors are provided in this account. This account also includes the costs anticipated for the County Auditor to bill for the apportionments for the Cities, Independent Special Districts and the County (\$3,654).

Currently, archive videos of LAFCO hearings are available on the website of the City of San Bernardino's government and public access television station. This service has been provided at no cost to LAFCO during the term of the current contract. Due to the reorganization of this activity by the City, the City may no longer support the hosting of other agencies on the station's website. For budgeting purposes, \$4,000 is budgeted to continue this service with an outside company to be determined at a later date.

As a part of the special study for the Daggett, Newberry, and Yermo Community Services Districts, LAFCO arranged for the Special Districts Risk Management Authority (SDRMA) to conduct local training on board governance. The training held in March 2014 provided access to resources that the districts may not have had otherwise and was attended by 50 representatives. The Commission expressed its intent to build upon this educational pursuit and continue to provide governance training for the special districts within the County. Staff has developed an education program for the coming year with the California Special Districts Association (CSDA) and the Institute for Local Government (ILG) and is proposing to provide three seminars during the fiscal year. CSDA has indicated that it would not charge to conduct the training, and ILG has identified a cost of \$2,300.

It is anticipated that there would be sufficient resources available if any member of the Commission wished to participate in one of the CALAFCO University courses available during the year.

Outside Legal – Account 2449: \$0

This account is for legal services conducted through special contract for either litigation or when a conflict of interest waiver is not granted. For proposals not initiated by the Commission, the applicant agrees to indemnify the Commission against legal costs.

System Development – Account 2450: \$1,500

LAFCO contracts with the County Information Services Department for technology related services. This account is for specialized support for the LAFCO website to include maintenance of the site, its mapping page, and Fiscal Indicators page.

GIMS Charges – Account 2460: \$14,180

LAFCO contracts with the County Information Services Department for technology related services. This account is for generation and maintenance of digitized maps. Costs for this account include paper maps generated (\$180), Aerial Imagery through Google Earth subscription (\$3,500) and Street Network Subscription (\$10,500).

LEASE/PURCHASES

Rent/Lease Copier – Account 2895: \$6,180

This account accommodates the contract for the copier rental at an estimated \$515 per month, based upon activity.

Office/Hearing Chamber Rental – Account 2905: \$52,741

The monthly lease payment for the staff office for 2015-16 will be \$4,353.42, a contracted 3% increase over the prior year for a total expense of \$52,241. This account also includes the rental charge for the Commission's hearings at \$50 per hearing for ten hearings (\$550).

TRAVEL RELATED EXPENSES

Private Mileage – Account 2940: \$4,394

This account is currently dedicated for Commissioners and staff private auto mileage, excluding the Executive Officer.

Conference/Training – Account 2941: \$6,850

This account is for attendance charges related to conferences and training courses for staff as directed by the Executive Officer. The costs include CALAFCO or CCL training, clerk and analyst training, attendance at the CALAFCO annual conference by Commissioners and staff (currently estimated at seven Commissioners and three staff), and staff participation at the CALAFCO Staff workshop. The Annual Conference will be hosted by Sacramento LAFCO and staff workshop by Los Angeles LAFCO. The budget anticipates attendance of all staff at the staff workshop at Universal City which would include closing the staff office for three days.

Hotel – Account 2942: \$5,850

This account is for hotel charges for Commissioners and staff at the CALAFCO annual conference (scheduled for the Hyatt Regency at the State Capital for seven Commissioners and three staff), CCL meeting attendance, staff participation at the staff workshop in Universal City (six staff), CALAFCO Legislative Committee participation, Assistant Executive Officer participation as CALAFCO Deputy Executive Officer for the Southern Region and any other overnight stays on LAFCO business.

Meals – Account 2943: \$1,900

This account is for Commissioner and staff meal charges related to the CALAFCO annual conference, CALAFCO Board hearings, CCL meeting attendance, staff workshop, CALAFCO Legislative Committee participation, and other travels.

Car Travel – Account 2944: \$150

This account is for car rental by Commissioners or staff.

Air Travel – Account 2945: \$5,650

This account is for air travel for Commissioners and staff. The costs identified are for the Executive Officer's travel due to membership on the CALAFCO Legislative Committee,

Commissioner participating on CALAFCO Board of Directors, and travel to the Annual Conference in Sacramento.

Other Travel – Account 2946: \$600

This account is for miscellaneous travel charges such as parking and taxi charges. The estimated cost for taxi services for the CALAFCO annual conference, staff workshop, and other travels.

OTHER CHARGES

Staples – Account 5012: \$3,600

LAFCO utilizes the County's contract with Staples for general office supplies and these expenses are budgeted in Account 5012 (Staples).

CONTINGENCIES AND RESERVES

Contingency (General) – Account 6000: \$105,501

The amount for this account has been set at 10% of total expenditures. Although the funds in this account are not anticipated for use, funds could be used for unexpected activity. Any transaction affecting the contingency funds requires Commission action to transfer the funds to the appropriate line item for expenditure.

Reserves – Net Pension Liability -- Account 6010: \$82,750

In October 2014, the Commission converted the COWCAP reserve to the Net Pension Liability Reserve due to the lack of COWCAP activity and the need to account for its unfunded pension liabilities. Currently, the reserve contains \$56,432. The most recent estimate (as of June 30, 2013) of the LAFCO share of the retirement pool's unfunded liability is \$582,793. Amortizing this out 20 years results in an annual contribution of \$26,318.

The Net Pension Liability will be calculated each year by SBCERA, and the amortization of this liability less the portion included in the annual employer share will have to be annually evaluated by LAFCO as part of the budget. It is hoped that this reserve plus Contingency would cover pension liability should the legislature dissolve LAFCOs throughout the State.

Reserves – General – Litigation – Account 6025: \$291,007

The Commission indicated that it would set aside a fund designated for use for general purposes to include litigation. Commission policy is \$200,000 for this reserve. The amount allocated for FY 2015-16 is \$291,447.

Reserves – Compensated Absences – Account 6030: \$83,329

The Commission has an established policy of setting aside reserves for the compensated absences payable as of the first pay period in April. The amount identified above represents five full-time staff positions and excludes the contracted Executive Officer.

REVENUES

FY 2014-15

The chart below shows the budgeted and the estimated year-end balances for the accounts that comprise the Fee categories, accounts that are sensitive to activity levels. By year's end, staff estimates fee revenue receipts \$35,894 above budget amounts. The chart below outlines the Revenue Categories:

Fee/Deposit Category	Budget	Estimated Year-End
Individual Notice	\$ 4,900	\$ 2,400
Legal Services	\$ 7,475	\$ 4,193
GIMS Fees	\$ 2,400	\$ 3,895
Environmental Deposits	\$ 4,950	\$ 7,509
LAFCO Fees	\$ 38,750	\$ 59,274
Total Fee Revenue	\$ 58,475	\$ 77,271

As shown in the chart below, activity for which LAFCO receives fees and deposits is projected to exceed total expectations, except under the Service Review category. The anticipated activity for the year includes the following:

Activity	Budget	Thru March		Projected	
		No.	% of Budget	No.	% of Budget
Proposals	6	5	83%	6	100%
Service Contracts - Development	1	0	0%	0	0%
Service Contracts - Admin (E.O.) approval	4	2	50%	3	75%
Protest Hearing Deposits	6	4	67%	5	83%

FY 2015-16

As noted in other portions of this narrative, FY 2015-16 is anticipated to continue a normal submission count for proposal activity. This reflects the information conveyed that most sectors of the local economy have strong predictions for the upcoming year. Staff is encouraged by this news and the positive turns that the current Fiscal Year have shown. However, even with this good news staff is retaining a conservative estimate for application filings for the upcoming year.

Activity	FY 2015-16 BUDGET
Proposals	6
Service Contracts - Development Related	1
Service Contracts - Admin approval	4
Protest Hearing Deposits	5

Revenues consisting of interest, mandatory apportionment contributions (2% increase from prior year), and fee revenue are estimated to be \$944,592. Refunds from Prior Years,

Miscellaneous Charges, and Carryover increase revenues to a total of \$1,100,911. Including Reserves from Prior Year adds \$516,685, for a grand total of \$1,617,596.

REVENUE FORECAST FOR FISCAL YEAR 2016-17 AND FISCAL YEAR 2017-18

The forecast included for Fiscal Year 2016-17 assumes an increase in activity levels and an increase in apportionment of net costs by 2.5% in each of the forecast years to \$904,170 in 2016-17 and \$926,775 in 2017-18. The following chart compares the proposed budget in FY 2015-16 to FY 2016-17 and FY 2017-18.

Activity	15-16	16-17	17-18
Proposals	6	8	8
Service Contracts - Develop.	1	2	3
Service Contracts - Admin	4	5	6
Service Review Deposits	0	0	0
Protest Hearing Deposits	5	7	7

LINE ITEM REVENUES FOR FISCAL YEAR 2015-16

Interest – Account 8500: \$4,000

LAFCO participates in the County’s interest pool and is apportioned interest receipts quarterly. Interest earned will be similar to the prior year which remains low due to the lower interest percentage paid.

Mandatory Contribution from Governments (Local Government) – Account 8842: \$882,117

Government Code Section 56381 requires that the net costs for LAFCO be apportioned equally to the County, the Cities, and the Independent Special Districts within the County. The apportionment to the County, Cities, and Independent Special Districts is \$294,039 each. The County Auditor will be required to apportion this amount on July 1, 2015 pursuant to the requirements of law and Commission policies.

Pursuant to Government Code Section 56381(a), the proposed and final budget at a minimum shall be equal to the budget adopted for the previous fiscal year unless the commission makes certain determinations. As outlined in the Proposed Budget staff report, the continuation of the Contract Executive Officer coupled with reductions in other costs has allowed for the continued maintenance of the lower required apportionment payments. The apportionment amount identified will be sufficient to cover the costs for the upcoming fiscal year including the maintenance of the Commission required reserves.

CURRENT SERVICES/FEES

The deposits and fees for calculating revenues in this category utilize the existing Schedule of Fees, Deposits, and Charges (no changes are proposed at this time). Cost recovery for proposals and service contracts is not addressed in the budget due to its speculative nature.

Individual Notice – Account 9545: \$4,900

This account is for landowner and registered voter notification requirements. This deposit is applied to six proposals and one development-related service contract less refunds.

Legal Services – Account 9555: \$7,475

This account is for deposits for legal services are calculated at \$1,150 for proposals and \$575 for service contracts requiring a hearing.

GIMS Fees – Account 9655: \$2,400

This account is for receipt of revenue to recover the costs associated with the County's digital maps for sphere or boundary changes, maintenance and updates. The activity is estimated to include completion of six proposals.

Environmental Deposits – Account 9660: \$4,950

This account is for deposits for environmental review processing are calculated at \$750 for proposals and \$450 for service contracts requiring a hearing.

Other (LAFCO Fees) – Account 9800: \$38,750

Revenues in this account are based on anticipated activity and calculated at the lowest LAFCO filing fee of \$5,000 and Protest Hearing deposit of \$1,000.

OTHER REVENUES

Refunds from Prior Year – Account 9910: (\$2,000)

This account refunds deposits submitted by applicants less costs incurred for activity which carry over from one year to another.

Miscellaneous Revenues – Account 9930: \$495

This account is for revenues received for duplication of CDs, DVDs, paper copies, and other miscellaneous receipts.

Carryover from Prior Year – Account 9970: \$157,824

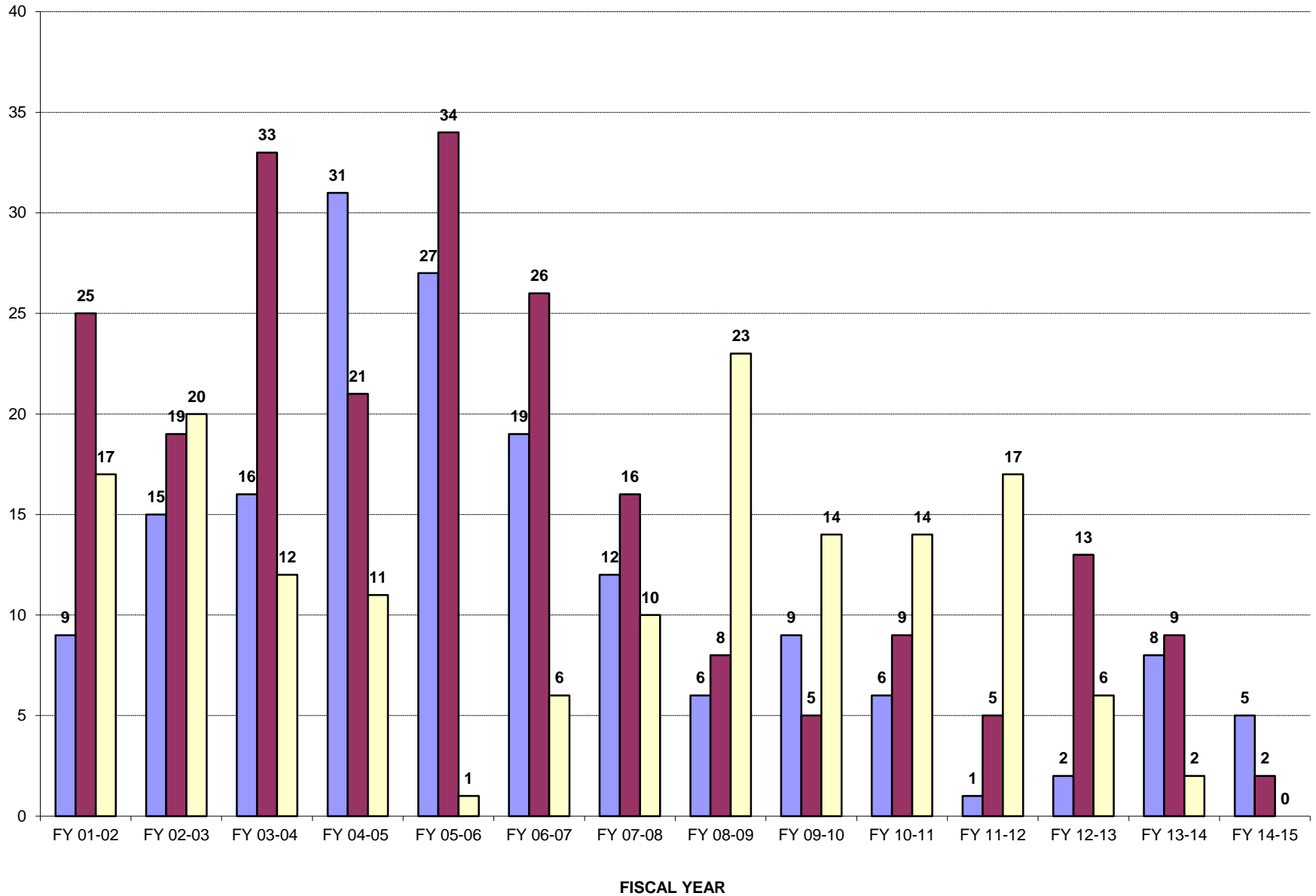
A total of \$157,824 is anticipated to carryover from FY 2014-15 to FY 2015-16 as unassigned funds. This amount will be used to balance the budget and lower the apportionment costs to the local governments.

RESERVES FROM PRIOR YEAR, as of July 1, 2015

All of the Commission's reserves are anticipated to carryover from FY 2014-15 to FY 2015-16 as follows:

• Contingencies	\$ 87,356
• Net Pension Liability Reserve	56,432
• General Reserve – Litigation	300,000
• Compensated Absences Reserve	72,897
• TOTAL	\$ 516,685

Number of Proposals & Service Contracts Received, and Service Reviews Completed by Fiscal Year



■ # of Proposals Received
 ■ # of Service Contracts Received
 ■ # of Service Reviews Completed

Through March 2015

**Estimated Apportionment
Distribution for
City/Town and Special District Costs**

Attachment 2

LAFCO Cost Allocation
 County of San Bernardino Allocation
 PY 2015-2016

	<u>Amount</u>	<u>Percentage of Total Cost</u>
County of San Bernardino		
Total LAFCO Cost	\$ 882,177.00	100.00%
County of San Bernardino Allocation (1/3)*	\$ 294,059.00	33.33%
Total San Bernardino County Allocation	\$ 294,059.00	33.33%

Note:

* Per LAFCO Funding Election, County of San Bernardino pays third of total LAFCO cost.

* Total LAFCO Apportionment for FY 2015-16 is \$882,177 (by letter dated March 5, 2015)

City	Total Revenues FY 11-12	LAFCO Allocation	Allocation Percentage
Adelanto	\$ 13,532,422.00	\$ 2,065.03	0.70%
Apple Valley	\$ 46,153,218.00	\$ 7,042.92	2.40%
Barstow	\$ 27,891,454.00 *	\$ 4,256.20	1.45%
Big Bear Lake	\$ 38,704,783.00 *	\$ 5,906.30	2.01%
Chino	\$ 103,639,800.00	\$ 15,815.29	5.38%
Chino Hills	\$ 78,818,103.00	\$ 12,027.53	4.09%
Colton	\$ 110,341,756.00	\$ 16,838.00	5.73%
Fontana	\$ 166,804,043.00 *	\$ 25,454.06	8.66%
Grand Terrace	\$ 7,616,001.00	\$ 1,162.19	0.40%
Hesperia	\$ 74,556,877.00 *	\$ 11,377.28	3.87%
Highland	\$ 24,155,303.00	\$ 3,686.07	1.25%
Loma Linda	\$ 23,909,765.00	\$ 3,648.60	1.24%
Montclair	\$ 36,782,914.00	\$ 5,613.02	1.91%
Needles	\$ 6,151,413.00	\$ 938.70	0.32%
Ontario	\$ 325,482,281.00	\$ 49,668.12	16.89%
Rancho Cucamonga	\$ 152,425,452.00 *	\$ 23,259.91	7.91%
Redlands	\$ 100,445,863.00	\$ 15,327.90	5.21%
Rialto	\$ 84,342,576.00	\$ 12,870.56	4.38%
San Bernardino	\$ 251,449,111.00	\$ 38,370.78	13.05%
Twentynine Palms	\$ 11,232,933.00	\$ 1,714.13	0.58%
Upland	\$ 78,568,594.00	\$ 11,989.46	4.08%
Victorville	\$ 127,506,571.00 *	\$ 19,457.33	6.62%
Yucaipa	\$ 25,114,227.00	\$ 3,832.40	1.30%
Yucca Valley	\$ 11,384,278.00	\$ 1,737.22	0.59%
	\$ 1,927,009,738.00	\$ 294,059.00	100.00%

Allocation is based on Cities revenues extracted from Fiscal Year 2011-12 tables published on the State Controller's website (www.sco.ca.gov). Fiscal Year 2012-13 was not available as of 3-9-2015.

* Cities with subsidiary districts. Subsidiary districts are excluded from the special district distribution and revenue added to the City (confirmed for FY 2015-16 by email dated March 10, 2015)

- Barstow Fire Protection District (City of Barstow)
- Big Bear Lake Fire Protection District (City of Big Bear Lake)
- Fontana Fire Protection District (City of Fontana)
- Hesperia County Water District (City of Hesperia)
- Hesperia Fire Protection District (City of Hesperia)
- Rancho Cucamonga Fire Protection District (City of Rancho Cucamonga)
- Victorville Water District (City of Victorville)

District Name	Total Revenues*	LAFCO Cost	Allocation
	FY 11-12	Allocation	Percentage
Apple Valley Fire Protection	\$ 7,091,742.00	\$ 10,000.00	3.40%
Apple Valley Foothill County Water	\$ 140,579.00	\$ 38.06	0.01%
Apple Valley Heights County Water	\$ 227,801.00	\$ 61.67	0.02%
Arrowbear Park County Water	\$ 1,059,776.00	\$ 286.89	0.10%
Baker Community Services	\$ 614,051.00	\$ 166.23	0.06%
Barstow Cemetery	\$ 315,073.00	\$ 85.29	0.03%
Barstow Heights Community Services	\$ 58,505.00	\$ 15.84	0.01%
Bear Valley Community Healthcare	\$ 19,174,816.00	\$ 1,500.00	0.51%
Big Bear Airport	\$ 2,631,901.00	\$ 712.48	0.24%
Big Bear City Community Services	\$ 10,302,439.00	\$ 10,000.00	3.40%
Big Bear Municipal Water	\$ 4,449,548.00	\$ 1,204.52	0.41%
Big River Community Services	\$ 171,248.00	\$ 46.36	0.02%
Bighorn-Desert View Water Agency	\$ 1,450,112.00	\$ 392.56	0.13%
Chino Basin Water Conservation	\$ 1,427,977.00	\$ 386.57	0.13%
Chino Valley Independent Fire	\$ 27,502,745.00	\$ 20,000.00	6.80%
Crestline Lake Arrowhead Water Agency	\$ 4,324,599.00	\$ 1,170.71	0.40%
Crestline Sanitation District	\$ 3,694,615.00	\$ 1,000.17	0.34%
Crestline Village Water	\$ 2,865,920.00	\$ 775.84	0.26%
Cucamonga Valley Water District	\$ 77,697,749.00	\$ 30,000.00	10.20%
Daggett Community Services	\$ 269,060.00	\$ 72.84	0.02%
East Valley Water	\$ 28,879,439.00	\$ 20,000.00	6.80%
Helendale Community Services District	\$ 2,898,021.00	\$ 784.53	0.27%
Hesperia Recreation and Park	\$ 5,101,705.00	\$ 10,000.00	3.40%
Hi-Desert Memorial Healthcare District	\$ 60,723,968.00	\$ 1,500.00	0.51%
Hi-Desert Water District	\$ 10,222,754.00	\$ 10,000.00	3.40%
Inland Empire Resource Conservation	\$ 1,244,802.00	\$ 336.98	0.11%
Inland Empire Utilities Agency	\$ 94,896,165.00	\$ 30,000.00	10.20%
Joshua Basin Water	\$ 5,071,473.00	\$ 10,000.00	3.40%
Juniper-Riviera County Water	\$ 265,954.00	\$ 72.00	0.02%
Lake Arrowhead Community Services	\$ 14,382,954.00	\$ 10,000.00	3.40%
Mariana Ranchos County Water	\$ 474,775.00	\$ 128.53	0.04%
Mojave Desert Resource Conservation	\$ 73,447.00	\$ 19.88	0.01%
Mojave Water Agency	\$ 35,120,602.00	\$ 20,000.00	6.80%
Monte Vista Water	\$ 15,350,770.00	\$ 10,000.00	3.40%
Morongo Valley Community Services	\$ 673,815.00	\$ 182.41	0.06%
Newberry Community Services	\$ 253,096.00	\$ 68.52	0.02%
Phelan Pinon Hills Community Services District	\$ 5,049,723.00	\$ 10,000.00	3.40%
Rim of the World Recreation and Park	\$ 1,192,973.00	\$ 322.95	0.11%
Running Springs Water	\$ 5,217,926.00	\$ 10,000.00	3.40%
San Bernardino Mountains Community Hospital	\$ 16,424,906.00	\$ 1,500.00	0.51%
San Bernardino Valley Municipal Water	\$ 60,121,055.00	\$ 30,000.00	10.20%
San Bernardino Valley Water Conservation	\$ 1,330,373.00	\$ 360.15	0.12%
Thunderbird County Water	\$ 205,331.00	\$ 55.59	0.02%
Twentynine Palms Cemetery	\$ 234,697.00	\$ 63.53	0.02%
Twentynine Palms County Water	\$ 5,955,442.00	\$ 10,000.00	3.40%
West Valley Mosquito and Vector Control	\$ 2,455,637.00	\$ 664.77	0.23%
West Valley Water District	\$ 17,402,623.00	\$ 10,000.00	3.40%
Yermo Community Services	\$ 278,197.00	\$ 75.31	0.03%
Yucaipa Valley Water	\$ 23,663,250.00	\$ 20,000.00	6.80%
Yucca Valley Airport	\$ 28,882.00	\$ 7.82	0.00%
Totals	\$ 580,665,011.00	\$ 294,059.00	100.00%

All data in this worksheet are extracted from Fiscal Year 2011-12 Special Districts revenues tables published on the State Controller's website.

Fiscal Year 2012-13 was not available as of 3-9-2015.

- On March 28, 1995, Hi-Desert Memorial Hospital's name was changed to Hi-Desert Memorial Healthcare District.

- By the Resolution No. 2003-10-8, Cucamonga County Water District name changed to Cucamonga Valley Water District.

- Allocation is the same as previous year (from FY 2011-12 revenues) except:

Added \$174,699 Fire Protection Revenue for Arrowbear Park County Water District (it was not included in previous year's allocation by error)


Added \$279,763 Waste Disposal Revenue for Baker Community Services District (it was not included in previous year's allocation by error)

Crest Forest Fire Protection District (Total Revenue: \$4,524,268) was removed from the group by LAFCO's request

**LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

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www.sbclafco.org

DATE : **APRIL 6, 2015**



FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

**SUBJECT: AGENDA ITEM #7 – Status Report on Conditions Imposed on LAFCO
3157 - Sphere of Influence Establishment for County Service Area 120**

RECOMMENDATION:

Staff recommends that the Commission continue the status report regarding the conditions imposed on LAFCO 3157—Sphere of Influence Establishment for County Service Area 120—to the May 20, 2015 hearing.

BACKGROUND:

At the March 18, 2015 LAFCO hearing, the Commission continued discussion of the status report regarding the conditions imposed on LAFCO 3157, the sphere establishment for County Service Area (CSA) 120, to the April Commission hearing date. LAFCO staff made this request in order to provide staff and its Special Legal Counsel the ability to fully evaluate the response letter received from the County Special Districts Department regarding the conditions imposed through approval of LAFCO 3157.

However, the Commission's Special Legal Counsel for LAFCO 3157, Holly Whatley from Colantuono, Highsmith & Whatley, PC, cannot be present at the April 15 hearing due to a prior commitment. Therefore, staff is recommending that the status report for LAFCO 3157 be continued to the May 20, 2015 hearing.

KRM/sm