

## MINUTES - MARIN LOCAL AGENCY FORMATION COMMISSION

On January 12, 2012, the regular meeting of the Marin Local Agency Formation Commission was held at the San Rafael Council Chambers, 1400 Fifth Avenue in San Rafael. Chair Blanchfield called the meeting to order at 7:10 p.m.

### ROLL CALL

Commissioners Present: Judy Arnold  
Einar Asbo  
Jeffry Blanchfield  
Carla Condon  
Barbara Heller  
Craig K. Murray  
Kathrin Sears

Alternate Commissioners  
Present: Christopher Burdick

Commissioners Absent: Dennis J. Rodoni

Staff present: Peter Banning, Executive Officer  
Candice Bozzard, Clerk to the Commission

1. **Public Comment** - No comments from the public.

### ACTION OR POSSIBLE ACTION ITEMS

#### CONSENT CALENDAR ITEM(S)

2. **Regular Meeting Minutes - December 8, 2011**
3. **Financial Reports - December 2011**
4. **Annexation of the Lands of Droubay to Novato Sanitary District (File #1305)**

Staff reported a slight correction to the draft Minutes in order to clarify the language of an action taken by the Commission on Resolution 11-11.

Commissioner Murray requested to pull the agenda item #4 from the Consent Calendar for discussion.

M/S Heller - Arnold to approve the Minutes as corrected and the December Financial Report.

Approved unanimously.

Commissioner Murray inquired about there being no failed septic system on record but it was reported on the application. Staff responded the applicant was in the process of selling the property therefore most likely had the septic system checked by a private company.

Commissioner Murray then asked about whether the other parcels in the area should be annexed at the same time. Staff responded that including those parcels without 100% property owner consent could adversely affect neighboring property owners and prolong the application process.

M/S Arnold - Sears to approve Resolution 12-01, approving the Annexation of the Lands of Droubay to the Novato Sanitary District (File (1305)).

Approved unanimously.

### **BUSINESS ITEM(S)**

#### **5. Committee Selection:**

The Commission updated committee memberships for the coming year, adding Judy Arnold as regular member and Kate Sears as alternate member of the Budget Committee.

### **PUBLIC HEARING(S)**

#### **6. Resolution to Initiate Proceedings for Consolidation of Alto, Almonte, Homestead Valley and Richardson Bay Sanitary Districts:**

Chair Blanchfield reminded the Commissioners that at the December 2011 LAFCO meeting the Commission instructed staff to prepare a resolution to initiate proceedings for consolidation of the Alto, Almonte, Homestead Valley and Richardson Bay Sanitary Districts.

The Executive Offer added to his written report that if the Commission approved the resolution initiating proceedings, staff would be required to develop proposed terms and conditions of approval prior to proceeding to a public hearing on consolidation. Staff pointed out that the draft resolution included a 45-day period to allow for consultation with the affected sanitary districts to provide input to the terms and conditions that would safeguard the rate-payers and employees of those districts. Staff emphasized that the proposed resolution did not commit the Commission to approval of consolidation nor did it invoke AB 1232 provisions to approve consolidation without a protest hearing. Staff recommended approval of the proposed resolution.

Commissioner Heller asked for a review of the consolidation process. Chair Blanchfield responded that if the Commission approved the resolution to initiate proceedings, it would begin the public hearing process on consolidation.

Commissioner Murray inquired as to a predetermined definition in Marin County of what qualifies as a “small,” single purpose special district to consider for consolidation under the Commission’s Policies, Procedures and Guidelines. Staff responded that there was no specific definition of a “small” district, but that it would be a matter for the Commission’s determination in periodic review of spheres of influence. Chair Blanchfield added that once all the information was presented, the Commission would determine whether the Commission’s policy on consolidation of special districts would apply or not. Staff indicated that a recent letter from the Office of the Legislative Analyst regarding this topic will be provided to Commissioners.

Commissioner Condon inquired if more specific language regarding sanitary district response times and cost impacts of consolidation should be included in the draft resolution. Staff replied that the proposed draft resolution included only the topics of terms and conditions of approval and that more detailed analysis of those subject areas would be addressed in the staff reports on the proposal at future public hearings if the Commission decided to initiate consolidation proceedings. Chair Blanchfield added that the potential for cost savings was an important matter to be included in future reports. Staff added that the Cortese-Knox-Hertzberg Act required LAFCO to adopt findings on cost savings if consolidation is approved.

Commissioner Heller requested staff email the Legislative Committee a copy of the report from the Legislative Analyst’s office. Chair Blanchfield agreed that it might be something for the Legislative Committee to follow.

Commissioner Asbo corrected the written report at the bottom of page 2. He stated that the districts actually have regular part-time employees, not contract employees.

Commissioner Asbo commented that the seventh (7<sup>th</sup>) “whereas” of the draft resolution should include “may” after the word “consolidation”. Therefore the sentence should read “Whereas, the reasons and potential benefits of the proposed consolidation may include economies of scale, management efficiency and local political accountability that warrant further consideration through subsequent public hearings”.

Chair then opened the hearing for public comment.

- Scott McKown, League of Women Voters – Mr. McKown stated that the League of Women Voters agreed with staff’s recommendation and urged the Commission to proceed towards consolidation.
- Kevin Reilly, Resident of Almonte Sanitary District – Mr. Reilly stated that despite the various steps in the LAFCO process, consolidation of these four districts came down to democracy. He stated that no affected resident had come forward in support of consolidation and felt that the community deserved the right to retain local governmental control.

M/S Condon – Arnold to close the public hearing.

Approved unanimously.

The Chair summarized options for the Commission to take on the draft resolution initiating consolidation proceedings.

Commissioner Murray summarized that AB 1232 came about from SASM sewage system overflows and inquired about the intent of AB 1232 in LAFCO's actions. Staff responded that the draft resolution initiating consolidation was drafted without reference to AB 1232, but that the Commission could choose, or choose not, to include AB1232 provisions in any future resolution approving consolidation.

Commissioner Asbo moved that the Commission take no action to adopt draft resolution 12-02.

The motion died for a lack of second.

The Commission discussed and revised wording details of the draft resolution including the following changes:

- The second "whereas" on page 1, change "would be most efficient" to "could be most efficient"; and
- As noted above by Commission Asbo add the word "may" after "consolidation" to the seventh "whereas" on page 1.

Commissioner Asbo requested that staff provide a sample budget and plan anticipated for the proposed consolidated sanitary district. Staff responded that this resolution was only asking for a general outline of terms and conditions and more detailed information, including budget and staffing plan, would be included in the subsequent analysis.

Commissioner Sears commented that the draft resolution covers the aspect of staffing level and employment terms and felt a more detailed budget and work program should be established by the future governing board.

Commissioners Arnold and Heller agreed with Commissioner Sears that the agency successor board of directors would need to generate its budget.

The Executive Officer addressed Commissioner Asbo's concerns stating that should the resolution be approved, staff would offer operating scenarios.

Commissioner Condon requested comprehensive detailed information to make an educated decision on whether the consolidation would be successful.

Commissioner Murray asked if on page 2, item 7 of the draft resolution regarding the establishment of rate zones, reflected testimony that the Commission had received opposing rate increases. Staff responded that this item referred to protection of the predecessor districts' accumulated reserve funds and other equity considerations rather than any potential for increase in operating revenues.

Commissioner Asbo stated that on the application questionnaire numbers 6 and 7 on page Q-1 asks if the territory was located within an island of unincorporated territory. Commissioner Asbo pointed out that there was a sliver of Alto Sanitary District that was an island inside Mill Valley. Staff responded that these application questions are to determine if the island annexation statutes affecting annexations to city boundaries should be invoked and that those provisions do not enter into consolidation of sanitary districts.

Commissioner Murray asked about the Lead Agency being Marin LAFCO. Staff responded that Marin LAFCO was the lead agency as defined under the CEQA requirements. Commissioner Murray then asked if item 5 on page Q-5 (regarding upgrading of structures and facilities) referred to AB1232. Staff responded that it did not.

M/S Heller - Arnold to approve Resolution 12-02, Resolution Initiating Proceedings for the Consolidation of the Alto, Almonte, Homestead Valley and Richardson Bay Sanitary District as outlined in the staff report including the language changes as agreed by the Commission.

Vote was taken by roll call.

Ayes: Commissioners Arnold, Blanchfield, Condon, Heller and Sears.

Noes: Commissioners Asbo and Murray.

Abstain: None

Motion passed by majority vote.

Chair Blanchfield inquired if the public hearing would be on the next agenda. The Executive Officer responded that the public hearings would not be on the next agenda. However, once the terms and conditions have been determined staff would report on the progress of the analysis. Staff noted that there would be additional expenses incurred for the analysis of this proposal.

Chair Blanchfield requested staff inform the Commission of collaborative meetings with the affected districts. The Executive Officer encouraged the Commissioners to attend.

## **COMMISSIONER REPORTS**

No Commission report.

## 7. **EXECUTIVE OFFICERS REPORT**

The Executive Officer added to his written report that the lease agreement will expire in February and the terms of the lease extension were in the process of being negotiated. Staff will present the proposed lease at the February LAFCO meeting for the Commission's consideration.

The Executive Officer also added that costs associated with the request for reconsideration of the application of the City of Sausalito to the Southern Marin Fire Protection District may not be recoverable. The request for reconsideration was based on review of retirement benefits and pension costs. The Executive Officer stated that he was not knowledgeable about the technical features of the PERS to MCERA pension plans and would need to confer with a consultant.

The Commissioners instructed staff to consult with County Counsel for information on characteristics of pension plans.

Commissioner Heller suggested staff also contact Jason Dow at the Central Marin Sanitation Agency for some insight on the matter.

**ADJOURNMENT**

M/S Murray - Condon to adjourn.

Approved unanimously.

The meeting was adjourned at 9:00 p.m. The next regular LAFCO meeting was scheduled for Thursday, February 9, 2012.

Respectfully submitted,

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PETER V. BANNING, Executive Officer

ATTEST:

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JEFFRY BLANCHFIELD, Chair