

MINUTES - MARIN LOCAL AGENCY FORMATION COMMISSION

On March 11, 2004, the regular meeting of the Marin Local Agency Formation Commission was held at the San Rafael Council Chambers, 1400 Fifth Avenue, San Rafael. Chairperson Blanchfield called the meeting to order at 7:03 p.m.

ROLL CALL

Commissioners Present: Susan Adams (7:15)
Jeffry Blanchfield
Barbara Heller
George C. Quesada
Dennis J. Rodoni
Jeffrey Slavitz

Absent: Annette Rose

Alternate Commissioners

Present but not seated: None

Staff present: Peter Banning, Executive Officer
Dory Miller, Clerk to the Commission

1. **Public Comment** - None

NOTICE OF APPLICATION (Information Only)

2. New application(s) have been received for the following proposals:
Annexation of the Lands of Soruco to Novato Sanitary District (File #1253)
Annexation of the Lands of Levine to Marin Municipal Water District (File #1254)

CONSENT CALENDAR ITEM(S)

3. **Regular Meeting Minutes, February 12, 2004**
4. **Financial Report - February 2004**

Commissioners Heller and Quesada abstained from the minutes, therefore there was no quorum to approve the Minutes of the February 12, 2004 meeting. This item was postponed to the next regular meeting on April 8, 2004.

M/S Rodoni – Slavitz to approve the consent calendar.

Approved unanimously.

AGENDA ITEM(S)

5. Annexation of the Lands of Daniels to Novato Sanitary District (File #1192)

The Executive Officer reported that the applicant was requesting reduction in the fee for his resubmitted application for reorganization including annexations to the City of Novato and the Novato Sanitary District. Previously the application had been for annexation only to Novato Sanitary District.

The original application was filed before the Commission adopted policy on resubmittal of inactive proposals.

Since the earlier proposal had been expanded to include annexation to the City of Novato, staff recommended that the Commission grant the applicant a reduction equal to 50% of the LAFCO fee for the original application. The fee estimate for the resubmittal was \$2800, which would be reasonable for processing the expanded proposal.

Dietrich Stroeh of CSW/Stuber-Stroeh Engineering Group, representing the applicant, addressed the Commission with the history of the application and agreed with staff's recommendation.

M/S Quesada – Heller to accept staff recommendation for a fee reduction for resubmittal of the application.

Approved unanimously.

BUSINESS ITEM(S)

6. Southern Marin Sewer Service Alternatives Study

The Executive Officer reported that this item was continued from the February meeting to allow the Policy Committee to examine the precedent set by joint funding of the Southern Marin Sewer Alternatives Study by LAFCO and affected agencies. The alternative would be for LAFCO to fund the entire study cost of \$75,000 with costs affecting the coming fiscal year's budget.

The Executive Officer reported that the Policy Committee met at the LAFCO office on March 1, 2004. After discussing LAFCO's role in performing special studies and the use of those special studies, the Policy Committee concluded that the Commission should retain management control over the studies for which it had program responsibility and that the procedures should accommodate outside contributions only when those contributions would be applied to additional areas of study over and above LAFCO responsibilities.

Staff presented a draft policy for the Commission's consideration which stated that LAFCO would conduct its own studies of local government services and structure, as it deemed necessary, and fund the studies through its regular budget. The policy also stated that, if other local governments requested LAFCO to undertake related studies, LAFCO would consider their relevance to LAFCO's program needs to determine appropriateness for funding by LAFCO or whether the requesting agencies would be responsible for additional costs.

Another provision of the draft policy stated that, if extended study was required to provide adequate information for review of an application, study costs would be charged to the applicant. This would include requests for sphere of influence amendment which fall outside LAFCO's regular schedule for periodic review.

Staff had revised the Request For Proposals for the Southern Marin Sewer Alternatives Study to reflect the provisions of the proposed policy. The revised draft was attached to the staff report.

Although financial support for the study had been pledged by half of the affected agencies, staff recommended that the Commission adopt the draft policy recommendations of the Policy Committee and fund the Southern Marin Sewer Service Alternatives Study from its own resources. Staff stated that the Commission's acceptance of this recommendation would affect the proposed budget for the upcoming year to be discussed with agenda item #7, FY 2004-5 Budget and Work Plan, later in the meeting.

The staff recommendation also included authorizing staff to distribute the Request For Proposals to possible consultants and to take other actions to initiate the process for the study.

Commissioner Heller inquired about a tentative list of consultants for the study. The Executive Officer replied that LAFCO had a partial list of possible firms. The Request For Proposals has been redrafted so that an engineering firm was not necessarily preferable and general multipurpose management-consulting firms would also be able to accomplish the study objectives.

Commissioner Heller requested clarification on the purpose of the Study Committee. The Executive Officer responded that the Study Committee would be composed of representatives of all the affected agencies. The purpose of the committee would be to advise and work with LAFCO and the consultants on study alternatives.

In response to a question pertaining to participation of the affected agencies and the contribution of funds, the Executive Officer explained the proposed policy had no incentive for an agency to contribute funds. Chairman Blanchfield added that an interested agency could contribute funds to the study for a specialized issue that would be beyond LAFCO's scope. Commissioner Adams further stated, that during the Policy Committee meeting, it was determined that LAFCO must meet its responsibilities whether or not all of the agencies participated. With the draft policy, LAFCO had full control of the direction the study would take. Agencies contributing funds would not have authority over the direction of the study. It was also discussed during the Policy Committee meeting that, if any agency wanted to proceed ahead of LAFCO's scheduled work plan, that agency would be obligated to fund the requested study.

M/S Adams - Slavitz to adopt the staff recommendation on proposed policy for funding of special studies and to distribute the Request for Proposals for the Southern Marin Sewer Alternatives Study.

Approved unanimously.

The Commission directed the Executive Officer to draft a letter to the five agencies that agreed to provide funding for the Study with an explanation of the new policy.

7. **FY 2004-5 Budget and Work Plan**

The Executive Officer reported that staff met with the Budget Committee on February 24, 2004, to prepare a draft budget for review by the Commission. The budget proposal reviewed and recommended by the members of the Committee was a "status quo" budget containing no significant service level or other staffing changes from the previous year. The draft budget had the following assumptions:

- Application fee revenues would return to the \$35,000 level.
- A reserve of \$35,000 would be maintained. Year-end balances in excess of that amount were projected at \$22,000 which would be appropriated as revenue to reduce cost to the contributing agencies.

- Attendance at the Annual Conference, to be held in Orange County in September, would be limited to four.
- The cost of the Southern Marin Sewer Alternatives Study would be funded from within the current year's budget, with the contributions from affected agencies totaling \$37,750. The budget proposed by the Budget Committee contained no funds for the study.

The work program associated with the budget proposal showed the four broad program areas maintained by the Commission: administration, proposal processing, special studies, and communications. These activities, mandated by the Cortese-Knox-Hertzberg Act and the Commission's strategic plan, were categorized to show the estimated allocation of time and costs for these activities.

In accordance with the Commission's adopted policies and procedures, the Budget Committee and staff recommended that the Commission approve the preliminary budget proposal, direct staff to circulate the proposed to the affected agencies and continue consideration of the budget at the May 8th meeting for final adoption.

The impact of the policy adopted during agenda item #6 governing funding of special studies the impact was not included in the status quo budget, therefore cost allocation to the County, Cities and special district would increase to implement the new policy.

Chairman Blanchfield requested a breakdown of funding and the phasing for the special studies. The Executive Officer responded the Southern Marin Sewer Alternative Service Study should be implemented immediately. \$75,000 would be needed for the consultant contract. Encumbered funds in the current fiscal year budget was approximately \$60,000, including all of the reserves in excess of \$35,000 plus other released encumbrances from other sources. The consultant services proposed for the coming fiscal year would be \$45,500: \$25,000 for San Rafael Sphere of Influence Study, \$5,000 for the strategic planning workshop and \$15,500 for the balance of required funds for the Southern Marin Sewer Alternatives Study. With the new policy implemented, the \$22,000 from reserves appropriated to revenue to reduce the net cost to the contributing agencies would not be available since LAFCO was undertaking the cost of the entire study. As a result, agency contributions would increase by 23.2% compared to last year's budget instead of 9.5%.

Commissioner Heller requested information on the apportioned amount assigned to each agency. Staff responded that the Auditor-Controller utilizes the data prepared by the State Controller's Office to calculate allocations of obligation as outlined in the Cortese-Knox-Hertzberg Act. Staff would contact the Auditor-Controller's office to obtain the most recent formulas and prepare a sample apportionment for the proposed budget for FY 2004-5.

Commissioners discussed various options and budget cuts that could lessen the impact of special studies on the budget and requested a schedule of special studies that need to be completed within the next five years with "ballpark" cost estimates. The Executive Officer stated that the San Rafael area was next planned service review and sphere of influence update study, followed by the Ross Valley area (which could be done in phases), then a study of water service countywide. After that, LAFCO would have some discretion whether or not to study in detail the hospital district or the resource conservation district, whose services have little relationship to their boundaries.

The Commission decided to continue the budget item for the next regularly scheduled meeting on April 8th. Staff was directed to prepare two budget scenarios: one with both the Southern Marin Sewer Alternatives Study and San Rafael Sphere of Influence Study funded in FY2004-05 and the second stretching the San Rafael Study into FY2005-06. Also, staff was asked to identify a five-year schedule to fulfill LAFCO requirements and legislative mandates. Included in the scenarios would be the allocations of funds from last years budget to each of the different agencies. The scenarios would be distributed to contributing agencies and be posted on LAFCO's website.

COMMISSIONERS' REPORTS

None

EXECUTIVE OFFICER'S REPORT

9. Progress Reports

The Executive Officer added the following items to his written report:

- Staff had attended a series of meetings with the County Planning Department, Public Works Department and the Town of Tiburon regarding Paradise Drive. Discussions included the Commission's dual annexation policy, development proposals in the unincorporated area, and the proposed expansion of sewer collection facilities by Sanitary District #5 (Tiburon) in the unincorporated area.

- The Steering Committee had considered transfer of responsibility from the Marin Telecommunications Agency to a newly-created organization that would administer a wide variety of joint powers agreements.
- Staff met with Bob Brown, Planning Director for San Rafael, to discuss the San Rafael sphere of influence update.
- The new brochure was at the printer and would be available soon.
- Staff met with the Grand Jury to answer questions on LAFCO programs and policy.

ADJOURNMENT

M/S Adams - Slavitz to adjourn.

Approved unanimously.

The meeting was adjourned at 8:47 p.m. The next regular LAFCO meeting was scheduled for Thursday, April 8, 2004.

Respectfully submitted,

PETER V. BANNING, Executive Officer

ATTEST:

JEFFRY BLANCHFIELD, Chairperson