

**LOCAL AGENCY FORMATION COMMISSION
MENDOCINO COUNTY**

The Local Agency Formation Commission convened a regular meeting on Monday, February 2, 2009 at 10:00 a.m. at the City of Ukiah Council Chambers, 300 Seminary Ave., Ukiah, CA.

AGENDA ITEM 1 - CALL TO ORDER / ROLL CALL

Chairman Melo called the regular meeting of the Local Agency Formation Commission of Mendocino County to order at 10:06 a.m. The following Commissioners were present and seated: Commissioners McCowen, Ruff, Rodin, Shoemaker, Kisslinger and Chair Melo. Commissioner Smith arrived at 10:09 a.m. alternate Commissioner Madrigal arrived at 10:15 a.m.

After Roll Call, Chair Melo indicated that he would go to Agenda Item 3 prior to Public Expression.

AGENDA ITEM 2 - PUBLIC EXPRESSION

Mr. Jack Shearin, a resident of Caspar South, requested the opportunity to speak and provided a petition regarding transferring the provision of water services presently being provided by the Caspar South Service Company (CSSC or Company) to the Caspar South Water District (CSWD or District) which presently provides sewer services to the community. In his statements, he indicated that under G.C. 56824.10 et seq. the CSWD must come to LAFCO for permission to raise its latent powers for the purpose of providing water to the community, if this service was to be transferred from the CSSC to the CSWD. He further indicated that the petitioners supported this transfer for reasons of efficiency and effectiveness of provision of services to the community but wanted to make sure that the process was legally accomplished; raising the latent powers of the District through the LAFCO process was therefore one of the necessary legal steps to proceeding. With Mr. Shearin were approximately 15 to 20 people from the community who were there to indicate their support for his statements and this process; there were 27 names on the submitted petition.

After clarification questions by the Commission as to the differences between the CSSC and CSWD, and upon direction of the Chair, Executive Officer McMichael provided an overview of the issues and the process of raising the latent powers of a district. With this overview, he indicated that in January 2008 at their annual community meeting he had met with the community and various board members of both agencies whereby he described the need for the District to raise its latent powers prior to assuming the provision of water services and the processes involved. He further indicated that the District had the necessary authority under their principal act to provide water and that at the time of formation of the District; the electorate had been informed that the District anticipated providing water and sewer service to the community. Therefore, he believed that water service provision was a latent power of the District and the District could proceed with the LAFCO process, if they should choose to do so. He also indicated that at the time of formation of the District, CSSC had been providing sewer and water services to the community but he did not know why only the sewer service was transferred to the District. However, he did know that because of the small size of the community, there had been increasing difficulty in finding board members for both agencies and thus having only one agency to provide both services seemed to make sense.

Executive Officer McMichael indicated that subsequent to that meeting in January of 2008, he had had some discussion with members of the District as to the procedures for initiating the latent powers process and based on that discussion and their request had developed a draft Resolution of Application for the District Board as the first step in beginning the process. However, he had not received any further communication from the District Board since sending them the draft resolution and was uncertain as to

the present intent of the District Board. He volunteered that he would send a letter under his signature to all parties re-iterating his previously provided opinion that the District must come to LAFCO to address the latent power issue and that he would be willing to assist them in accomplishing this task because he believed that this would be the best circumstance for the community.

In the course of speaking for the petitioners, Mr. Shearin had requested that the Commission send a letter over the Chair's signature to the respective board members of the two community agencies and other regulatory agencies that provided oversight of water provision indicating the need for this process. The Commission indicated that it was constrained by the Brown Act from taking such action but they did direct Executive Officer McMichael to place this item on the Commission's March agenda for their review and consideration. E.O. McMichael was further directed to notice all appropriate agencies of this agenda item.

AGENDA ITEM 3 SEATING OF NEW COMMISSIONERS—OATH OF OFFICE

Chair Melo administered the Oath of Office for Commissioners Smith, McCowen and Rodin. Immediately after completion of this ceremony Alternate Commissioner Madrigal arrived and Chair Melo administered the Oath of Office to her.

AGENDA ITEM 4 – APPROVAL/CORRECTION/ADOPTION OF MINUTES

Upon a motion by Commissioner Kisslinger, seconded by Commissioner Smith the minutes of November 3, 2008 were approved as submitted by the following vote: Ayes: Shoemaker, Ruff, Smith, Kisslinger and Chair Melo; Nays: None; Abstain: Rodin and McCowen; Absent: None

Note: At 10:30 Commissioner Rodin excused herself so as to attend a prior appointment in Willits. Alternate Commissioner Madrigal was then seated for the balance of the meeting.

AGENDA ITEM 5 –ELECTION OF OFFICERS FOR CALENDAR YEAR

Upon direction of Chair Melo, and under the requirements of the Commission bylaws, Executive Officer McMichael conducted the election process for Chair and Vice-Chair.

E.O. McMichael called for nominations for Chair. Following that call, Commissioner McCowen seconded by Commissioner Kisslinger nominated Commissioner Melo for Chair and additionally moved that nominations be closed. Following this motion a unanimous voice vote approved Commissioner Melo as Chair for this calendar year.

E.O. McMichael then called for nominations for Vice-Chair at which point, Commissioner Kisslinger seconded by Commissioner McCowen, nominated Commissioner Smith for Vice-Chair. E.O. McMichael then called for additional nominations, hearing none and upon a motion by Commissioner Kisslinger seconded by Commissioner McCowen the nominations were moved closed and the closure motion was approved by a unanimous voice vote. Following the closure vote for nominations, a unanimous voice vote approved Commissioner Smith as Vice-Chair for this calendar year.

AGENDA ITEM 6—APPOINTMENT TO COMMITTEES

Chair Melo indicated that while the Chair could make appointments to the committees, he preferred to have volunteers for appointments and that there be majority agreement as to appointments. He then indicated that the Executive Committee was required by the Commission's policy and procedures to consist of the Chair and Vice Chair plus one other Commissioner and that he was looking for volunteers. At which point, Commissioner Kisslinger indicated that he would be willing to serve again this year. It was the unanimous consensus of the Commission that this be so.

After some discussion as to the role of the Planning Committee it was unanimously agreed that Commissioners McCowen, Shoemaker and Chair Melo be on this Committee.

AGENDA ITEM 7—ANNUAL CONFLICT OF INTEREST FILINGS

Executive Officer McMichael provided copies of FPPC Form 700, Statement of Economic Interests to all present commissioners and indicated that this form needed to be filed with LAFCO by April 1, 2009.

AGENDA ITEM 8—REVIEW OF DRAFT FISCAL YEAR 2007-2008 AUDIT

Upon direction of the Chair, Executive Officer McMichael reviewed his agenda report about the draft audit, the proposed Management Discussion & Analysis, the Client Representation letter and the two Management Letters and his recommendation for proceeding to address the significant deficiencies identified in one of the Management Letters.

After extensive discussion about LAFCO overall accounting processes and the process through the LAFCO office and the County Auditor's office, Commissioner Kisslinger seconded by Commissioner McCowen moved that:

1. The MD&A was approved and that Chair Melo and Executive Officer McMichael were to sign the MD&A and Client Representation Letter and forward it to the auditor for inclusion in the Final Audit.
2. The significant deficiency items were referred to the Executive Committee for review and development of appropriate procedures with the understanding that the various points raised by the Commissioners during their discussion would be part of that review.
3. Executive Officer McMichael was directed to meet with the County Auditor and see what level of review/monitoring of the County's accounting process for LAFCO could be accomplished.
4. Executive Officer McMichael was directed to pay the final billing for the auditor for this fiscal year.

The motion was approved on the following roll call vote: Ayes: McCowen, Ruff, Smith, Shoemaker, Madrigal, Kisslinger and Chair Melo; Nays: None; Abstain: None; Absent: Rodin

AGENDA ITEM 9—REPORTS

- A. Executive Officer McMichael provided reports regarding the status of the various service reviews that he has under way and the potential for initiating additional service reviews for Irish Beach Water District, Covelo CSD and Laytonville CWD because of annexation applications.
- B. There were no reports by Commissioners

AGENDA ITEM 6—ADJOURNMENT

Having no further business, the meeting adjourned at 11:4 a.m.