

4. **RESOLUTION COMMEMORATING THE 50th ANNIVERSARY OF LAFCO**

Dunia Noel, LAFCO Analyst, presented the staff report.

Motion: Hall

Second: Abe-Koga

The Commission adopted **Resolution No. 2013-03** commemorating the 50th anniversary of LAFCO's founding and honoring Santa Clara LAFCO commissioners, who over these 50 years, served on LAFCO and helped LAFCO fulfill its mandate. Said Resolution, by reference hereto, is made part of these minutes.

MOTION PASSED

AYES: Hall, Khamis, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

5. **EL CAMINO HEALTHCARE DISTRICT'S RESPONSE TO LAFCO'S RECOMMENDATIONS**

Ms. Palacherla presented the staff report.

In response to an inquiry by **Commissioner LeZotte**, Mike King, Chief Financial Officer, El Camino Healthcare District (ECHD), explained that the ECHD Board of Directors has adopted a policy to establish separate funds and approved a resolution designating the purpose and appropriate minimum amounts for each fund; however, the actual amounts in each fund were not known at that time. In response to an inquiry by **Alternate Commissioner Khamis**, Mr. King explained that most tax exempt bonds have a call date prior to which time the debt cannot be pre-paid and that the call date for the ECHD bonds is still three years out.

David Reeder, Member, ECHD Board of Directors, provided a presentation on the actions taken by ECHD to implement LAFCO's recommendations. He concluded that ECHD through its hardwork in the last two years has become more transparent and has a better governance structure as a result of the service review, and requested that the Commission formally close the service review process.

Alternate Commissioner Khamis thanked ECHD for cooperating with LAFCO staff during the service review process. **Commissioner Wilson** acknowledged the work that ECHD has done to implement the service review recommendations. She explained that the service review is an ongoing process and stated that staff will continue to monitor ECHD's progress. **Commissioner Abe-Koga** commended ECHD for its cooperation, noted the progress made, and stated that the service review process has been productive. She requested that future ECHD budgets include more detailed information similar to city budgets. **Chairperson Wasserman** complimented ECHD for obtaining the transparency certificate and noted the improvements to ECHD's governance. In response to an inquiry by **Chairperson Wasserman**, Ms. Palacherla informed that special districts must submit their budget to the County annually, whereas LAFCO is only required to conduct a service reviews once every five years. **Chairperson Wasserman** informed that the Commission will continue to monitor ECHD's progress.

Commissioner Wilson moved to approve the staff recommendation and **Commissioner LeZotte** seconded. In response to an inquiry by Chairperson Wasserman, Ms. Palacherla

advised that recommendation “a” would allow the Commission to provide direction in addition to those listed in recommendations b” and “c”. In response to a follow-up inquiry by the Chairperson regarding the necessity of the CIP, Ms. Palacherla advised that the ECHD owns a building that is rented out to the YMCA and that the ECHD has established a Capital Improvement Fund to maintain the building. In response to an inquiry by **Chairperson Wasserman** regarding recommendation “c”, Ms. Palacherla advised that the Service Review and Audit Report determined that the Corporation benefitted from receiving financial support from the district over several years and therefore was able to establish a better financial standing which allowed the Corporation to later purchase the hospital in Los Gatos. Ms. Subramanian informed that the District has been giving funds to the Hospital Corporation for uses other than property purchases. Ms. Palacherla advised that as an example, ECHD transfers revenues in excess of the Gann Limit as capital outlays to the Corporation and the District has noted that such transfers will continue to occur. **Commissioner Abe-Koga** expressed agreement with staff recommendation and stated that there is still a financial connection between the two entities since the transferred revenues maybe used by the Hospital Corporation for its own capital improvement projects.

Commissioner Hall proposed that ECHD executive level staff be required to file the same financial disclosures as those in other public agencies to ensure that there is no conflict of interest in the award of public funds.

The Commission (a) requested that the ECHD continue to make improvements to its budget document and process, adopt a Capital Improvement Plan, integrate the various fund financing decisions into the District’s budget process, and provide a copy of the District’s FY 2015 Budget to LAFCO; and (b) requested that the ECHD encourage the El Camino Hospital Corporation (Corporation) to consider how its acquisitions outside ECHD boundaries would benefit the District and its residents.

Motion: Wilson

Second: LeZotte

MOTION PASSED

AYES: Hall, Khamis, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

6. UPDATE ON IMPLEMENTATION OF RECOMMENDATIONS FROM LAFCO’S SPECIAL DISTRICTS SERVICE REVIEW REPORT: PHASE 1

Dunia Noel, LAFCO Analyst, presented the staff report.

The Commission accepted the report.

Motion: Khamis

Second: LeZotte

MOTION PASSED

AYES: Hall, Khamis, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

7. RESCIND LAFCO POLICIES ON DISCLOSURE OF POLITICAL EXPENDITURES REGARDING LAFCO PROCEEDINGS

Ms. Palacherla presented the staff report.

The Commission rescinded the LAFCO Policies on Disclosure of Political Expenditures Regarding LAFCO Proceedings.

Motion: LeZotte

Second: Hall

MOTION PASSED

AYES: Hall, Khamis, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

8. ANNUAL REPORT

Ms. Palacherla presented the staff report.

Alternate Commissioner Khamis and Chairperson Wasserman expressed appreciation to staff for their work.

The Commission accepted the 2012-2013 Annual Report (July 1, 2012 to June 30, 2013).

Motion: Khamis

Second: LeZotte

MOTION PASSED

AYES: Hall, Khamis, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

9. EXECUTIVE OFFICER'S REPORT

9.1 UPDATE ON SPECIAL DISTRICTS SERVICE REVIEW: PHASE 2

Ms. Noel presented the staff report.

9.2 UPDATE ON SPECIAL STUDY ON IMPACTS OF THE POTENTIAL DISSOLUTION OF THE SARATOGA FIRE PROTECTION DISTRICT AND ANNEXATION OF ITS TERRITORY TO SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT

Ms. Noel presented the staff report.

9.3 UPDATE REGARDING PARTICIPATION ON REGIONAL AND COUNTYWIDE ISSUES

Ms. Noel presented the staff report.

10. PENDING APPLICATIONS / UPCOMING PROJECTS

10.1 West Bay Sanitary District SOI Amendment and Annexation (830 Los Trancos Road)

Ms. Palacherla indicated that the applicant is yet to complete the application requirements.

In response to an inquiry by **Alternate Commissioner Trumbull**, Ms. Palacherla informed that the LAFCO of San Mateo County is the principal LAFCO for West Bay

Sanitary District. Ms. Palacherla informed that the District is included in the service review of sewer and wastewater districts but the review will focus on services provided to the few parcels located in Santa Clara County. **Alternate Commissioner Trumbull** stated that there are complaints regarding sewage overflow from the District.

In response to an inquiry by **Alternate Commissioner Tucker**, Ms. Palacherla advised that the Morgan Hill Urban Service Area (USA) Amendment 2012 Monterey-South of Watsonville has been continued to the October 2, 2013 LAFCO meeting.

11. **COMMISSIONER REPORTS**

12. **NEWSPAPER ARTICLES / NEWSLETTERS**

The Commission noted the CALAFCO Quarterly (July 2013).

13. **WRITTEN CORRESPONDENCE**

14. **ADJOURN**

The meeting was adjourned at 2:25 p.m. to the next meeting on Wednesday, October 2, 2013 in the Board Meeting Chambers, County Government Center, 70 West Hedding Street, San Jose, California.

Approved:

Mike Wasserman, Chairperson
Local Agency Formation Commission of Santa Clara County

By: _____
Emmanuel Abello, LAFCO Clerk