

## M E M O R A N D U M

**TO:** Local Agency Formation Commission

**FROM:** Stephen Lucas, Executive Officer

**SUBJECT:** **Agenda Item 6.1 - Executive Officer's Report**

**DATE:** March 26, 2024, for the meeting of April 4, 2024.

---

**ADMINISTRATION:**

- Staff will begin recruitment for the Commission Public Member and Alternate, as the terms expire in May 2024. Commissioner Betts and Alternate Rust will ask for re-appointment.

**PROJECT/GENERAL NOTES:**

The following items/proposals are being reviewed, discussed and/or considered at various stages.

- **Gridley Area Water Districts** - Staff continues to assist the Gridley area water/drainage districts (Biggs West Gridley Water District, Butte Water District, Reclamation District No. 833) with service issues related to development proposals in the City of Gridley and its Sphere of Influence. The issues are primarily related to mitigations for open canals that represent significant health and safety issues and increases in stormwater drainage. Both LAFCo concerns. There is also frustration with the City's processing of entitlements/projects related to early consultations with affected agencies, timely public hearing notices to affected agencies and landowners, and other irregularities. The Commission has consistently directed its Staff to assist our member agencies when appropriate and we will continue to monitor this issue and assist however we can help so as to resolve these types of issues before a LAFCo application is submitted. Staff is helping all parties develop a Letter Agreement that will outline expectations and processes necessary to ensure cooperation. Staff also facilitated an introductory meeting with the affected districts and the City's newly appointed City Administrator on January 30, 2024, which was very positive.
- **City of Biggs** – The City of Biggs in close coordination with Staff has developed a Phased Annexation Plan that outlines the City's intent to annex lands to the east of the City to enhance its exposure and opportunities along SR 99. Staff suggested the City prepare a Phased Annexation Plan. The Phased Annexation Plan (Plan) outlines four phases to pre-zone and annex approximately 520 acres adjacent to the eastern city limits. The Plan envisions that pre-zone districts will be consistent with existing General Plan designations. Current acreage within the Biggs city limits is approximately 414 acres. When fully implemented, future projects would facilitate potential development of approximately 2,380 new housing units. The City Council adopted the Plan on October 10, 2023. Staff is excited to work with our City partner on making this effort as success and continues to meet on the matter as necessary. Staff met with City staff and Supervisor Kimmelshue and Mayor Basset on February 8, 2024, to discuss a new potential annexation for commercial use along B Street.
- **Public Request** – Review of relationship between South Feather Water and Power Agency (SFWPA) and the North Yuba Water District (NYWD). At its December 7, 2023, meeting, the

Commission received information from Butte County resident Tod Hickman concerning the relationship between the SFWPA and the NYWD. Butte LAFCo is the “principal” LAFCo for the SFWPA and Yuba LAFCo is the “principal” LAFCo for the NYWD. This means that boundary, service and organization issues are handled by the principal LAFCo for each agency. Butte LAFCo has no authority to act on matters related to the services and boundaries of the NYWD.

- **City of Gridley – MSR/SOI Update** – The City has expressed an interest in updating its MSR and SOI Plan in anticipation of new development proposals being considered. Staff entered into a Letter Agreement with the City to conduct this effort, similar to agreements with the City of Chico and City of Oroville. **NEW** Staff anticipates a draft MSR for staff review sometime this summer.
- **County Service Area (CSA) Reorganization** – At its June 13, 2023, meeting, the Board of Supervisors was provided with an update on the status of the CSA program, administered by the Butte County Public Works Department. The report indicated that many CSAs within the County are severely underfunded and pursuing additional funding is difficult given the costly Prop 218 process. Ultimately, staff was given direction by the Board to coordinate with LAFCo staff to potentially dissolve or consolidate underperforming or underutilized CSAs. Staff met with County PW staff on September 27 to further discuss and will report out to the Commission of any progress.

#### **CALAFCO:**

- Staff will be attending the 2024 CALAFCO Staff Workshop in Pleasanton April 21-24, 2024.
- DEO Costa, serving on the Program Committee, has organized two sessions. One will focus on general LAFCo knowledge and one to discuss technical writing skills.

#### **LEGISLATION:**

- Indemnification authorization in CKH (SB1209). This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO. **NEW** The bill was introduced by Senator Cortese. Butte LAFCo letter of support is provided for reference.
- Financial analysis clarification (AB3277). Existing law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined. This bill will require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district *and the applicant is seeking a share of the 1% ad valorem property taxes*. By adding to the duties of a local agency formation commission, the bill would impose a state-mandated local program. **NEW** The bill was introduced by the Committee on Local Government. Butte LAFCo letter of support is included for reference.
- Government Code 56133 (Extension of Services). This is a question about should agencies be able to “self-exempt” from LAFCO consideration? This multi-year effort appears to have stiff resistance from legislative staff and partner agencies as a significant new LAFCo power.

#### **APPLICATION ACTIVITY:**

**APPLICATION ACTIVITY**

*Project Status As of March 26, 2024*

File	Applicant	Project Name	Date Application Received	Certificate of Filing	LAFCO Hearing Date	Certificate of Completion	SBE Submittal Date	Additional Comments
11-06	Butte County	CSA No. 114 - Expansion of Powers	02/02/11	N/A	pending	N/A	N/A	Incomplete - On Hold
19-12	County	CSA 158 - Mandville Park Subd. Annex	05/02/19	05/29/19	10/03/19			Approved w/ conditions - 218 Hearing
20-08	Oroville	Municipal Service Review Update (MSR)	05/20/20	N/A	05/02/24			In progress
20-09	LAFCO	Oroville Region Sewer & Water MSR	N/A	N/A	06/01/23			Completed
21-06	Landowners	Tuscan Water District Formation	02/22/21	10/01/21	12/02/21			Approved
23-02	Chico	El Monte Ave Annex. No. 1	08/16/22	09/08/22	11/03/22			Will Record 8-1-25
23-05	Chico	W East Ave Annex. No 1	08/16/22	09/08/22	10/06/22			Will Record 8-1-24
23-09	Paradise	PID - MSR Update 2022	11/15/22	n/a	02/01/24			Completed
23-12	Gridley	MSR Update 2022	01/06/23	n/a				In progress
24-01	BWD	BWG Water District - Sycamore St Detach. No	12/12/23	01/10/24	03/07/24			In progress



---

## BUTTE LOCAL AGENCY FORMATION COMMISSION

---

1453 Downer Street, Suite C • Oroville, California 95965-4950  
(530)538-7784 • Fax (530)538-2847 • [www.buttelafco.org](http://www.buttelafco.org)

March 1, 2024

Honorable David Cortese  
California State Senate  
1021 O Street, Suite 6630  
Sacramento, CA 95814

RE: ***SB 1209 (Cortese): Local agency formation commission: indemnification – SUPPORT  
Awaiting hearing – Senate Local Government Committee***

Dear Senator Cortese:

The Butte Local Agency Formation Commission (LAFCO) is pleased to support Senate Bill 1209, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO). SB 1209 would add a new section into the Government Code authorizing LAFCOs to enter into an indemnification agreement with an applicant. Counties and cities are already empowered to require indemnification, and routinely do so with respect to discretionary land-use approvals. SB 1209 would merely provide LAFCOs with the same authority.

This bill addresses a 2022 decision of the Second District Court of Appeals, which found that existing State law does not provide explicit authority to require indemnification. Absent indemnification authority - and because LAFCO funding is statutorily required in a specified ratio from the county, cities, and special districts within a county - the costs to defend litigation must be absorbed by all of LAFCO's funding agencies.

Consequently, **SB 1209** will:

- Provide LAFCO's with the ability to use a tool already in use by counties and cities;
- Prevent costs to defend litigation from being shifted to a county, its cities, and its special districts; and
- Remove the possibility that an applicant threatens litigation to coerce a desirable LAFCO determination.

Thus, for the above reasons, Butte LAFCO is in strong ***support of SB 1209***.

Yours sincerely,

*Steve Lucas*

Stephen Lucas  
Executive Officer

cc: Commission  
The Honorable Maria Elena Durazo, Chair, and Members, Senate Local Government Committee  
Anton Favorini-Csorba, Chief Consultant, Senate Local Government Committee  
Ryan Eisberg, Consultant, Senate Republican Caucus  
Rene' LaRoche, Executive Director, CALAFCO



---

## BUTTE LOCAL AGENCY FORMATION COMMISSION

---

1453 Downer Street, Suite C • Oroville, California 95965-4950  
(530)538-7784 • Fax (530)538-2847 • [www.buttelafco.org](http://www.buttelafco.org)

March 1, 2024

Honorable Juan Carrillo, Chair  
Assembly Local Government Committee  
1020 N St.  
Rm. 157  
Sacramento, CA 95814

RE: SUPPORT of AB 3277, Local agency formation commission: districts: property tax

Dear Senator Carillo,

The Butte Local Agency Formation Commission (LAFCo) is pleased to **Support Assembly Bill 3277**, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO), which makes a clarifying change to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

Under existing statute, a commission must perform a financial analysis of ad valorem property taxes when a proposal is received that includes the incorporation of a city and the formation of a district. The only purpose of the analysis is to determine how best to apportion the property taxes between the agencies. However, occasionally, an application is received in which the district waives any portion of the ad valorem taxes. In those situations, no analysis is needed for the process, yet it remains required by statute.

This bill will add language that clarifies that the performance of the financial analysis in that situation only needs to be performed in those instances where a portion of the ad valorem property taxes is being sought.

By making this minor change, **AB 3277** will apply this time-consuming process only to those applications that require it.

For the reasons noted above, Butte LAFCO **Supports AB 3277**.

Please do not hesitate to reach out with questions or concerns about our position.

Yours sincerely,

*Steve Lucas*

Stephen Lucas  
Executive Officer

cc: Commission  
Members and Consultants, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
René LaRoche, Executive Director, CALAFCO