

**BUTTE LOCAL AGENCY FORMATION COMMISSION
Minutes of April 4, 2017**

1. Call to Order

Chair Leverenz called the meeting to order at 9:00 a.m., April 4, 2017, in the Butte County Board of Supervisors Chambers, 25 County Center Drive, Oroville, California.

1.1 Roll Call

Commissioners Present: Scott Lotter (City), Al McGreehan (Special District-Alternate) Bill Connelly (County), Tom Lando (Special District), Steve Lambert (County) and Chair Carl Leverenz (Public).

Alternate Commissioner Present: Greg Steel (Public)

Absent: Commissioner Linda Dahlmeier (City) and Alternate Commissioners Larry Wahl (County-Alternate) and Bruce Johnson (City)

Others Present: Stephen Lucas, LAFCO Executive Officer
Stephen Betts, LAFCO Deputy Executive Officer
Jill Broderson, LAFCO Management Analyst
Joy Stover, LAFCO Commission Clerk
P. Scott Browne, LAFCO Legal Counsel

2. Consent Agenda

2.1 Approval of the Minutes of March 2, 2017

2.2 Acceptance of Independent Auditor’s Report and Financial Statements for Fiscal Year ending June 30, 2016

Chair Leverenz asked if there were any changes, corrections or questions about either of these items. None stated.

Commissioner Lando made a motion to approve the consent agenda. The motion was seconded by Commissioner McGreehan.

The motion was carried by the following roll call vote:

- AYES:** Commissioners Lotter, McGreehan, Connelly, Lando, Lambert and Chair Leverenz
- NOES:** None
- ABSENT:** Commissioner Dahlmeier
- ABSTAINS:** None

3. NOTICED PUBLIC HEARINGS

3.1 Review and Consideration of Proposed Budget for FY 2017/18

Jill Broderson, LAFCO Management Analyst stated the budget committee met on March 16, 2017. All special districts, county and cities were invited to comment and no responses were received. Staff initially included a 2% increase, but the budget committee requested a 3% increase with 1% to be appropriated for reserves. This added approximately another \$6000 to the member agencies contributions.

Chair Leverenz opened this item to the public for comment. No responses received.

Commissioner Lotter made a motion to approve the Proposed Budget for FY 2017/18, transmit to affected agencies and continue this item to the next LAFCO meeting for final adoption. The motion was seconded by Commissioner Lando.

The motion was carried by the following roll call vote:

AYES: Commissioners Lotter, McGreehan, Connelly, Lando, Lambert and
Chair Leverenz
NOES: None
ABSENT: Commissioner Dahlmeier
ABSTAINS: None

4. REGULAR AGENDA

4.1 Items Removed from the Consent Agenda – None

4.2 Special District Risk Management Authority Board of Directors 2017 Election 2017

Commissioner McGreehan asked if historically LAFCO has ever had a representative on this board and what is the function of the board.

Chair Leverenz stated when Butte LAFCO went independent; we became part of the process.

Jill Broderson stated Butte LAFCo has worker's compensation and property liability coverage through this agency's programs and because of that Butte LAFCO members are eligible to sit on the Board of Directors. Jill stated she believes there have been LAFCO representatives on this board in the past, but not from Butte County.

It was decided Butte LAFCo would not submit a nomination and no action was taken.

4.3 Discussion Item Only – City of Chico Request for Comment on a Tentative Annexation Proposal

Steve Lucas, LAFCO Executive Officer stated this is a discussion item only, so the comments coming from individual commissioners are just your personal observations as this is not the Commission offering any collective decision or direction. The report is fairly detailed in terms of how we got to be at this point. From a LAFCo perspective,

annexation of an area being developed with urban uses, complies with our policies. From an annexation standpoint, this would be a logical annexation. This is a sales tax generator of great proportion to the City right now which would ultimately transfer to the County should the annexation not occur.

Chair Leverenz opened this item for comments from the public.

Mark Wolfe, Community Development Director for the City of Chico stated he is here to answer any questions the Commission might have and also to express the City's support of this proposed annexation. This is an area that is well within the City of Chico's sphere of influence and has been for a long, long time. We are looking forward to the Commission's support for this annexation.

Chair Leverenz asked where the sewer line is currently.

Mark Wolfe stated the sewer line is presently within The Esplanade and it extends up towards where Nord Hwy comes in. The City, as a part of its Sewer Master Plan, funded through our development impact fees, has a special project for an extension of that sewer up the Esplanade, pretty much to the southerly terminus of the proposed development site for the auto dealership.

Chair Leverenz asked if the proposed sewer line would go to where Garner Lane cuts across or beyond that.

Mark Wolfe stated it would go just a little bit south of where Garner Lane intercepts with The Esplanade.

Chair Leverenz asked if the proposed area that is listed as Sunset Hills would be served by sewer.

Mark Wolfe stated they could be served by that sewer. It depends upon their ultimate design for development of that property. The line will eventually come up Esplanade but not much farther along Garner and if the sewer line gets basically to the southerly terminus of this proposed development site; that may be enough to service that property as well.

Chair Leverenz stated he is concerned if you are going to annex an area, we would like to see urban services and make sure all the parcels that area going to be annexed will have access to the sewer.

Mark Wolfe stated the City doesn't necessarily look to see that we have city funded sewer in front of every property before it is annexed and it is not uncommon to have properties annexed prior to the sewer line.

Chair Leverenz stated from a LAFCo perspective, we want to see urban services for the urban areas. Chair Leverenz stated he would like to make sure that the sewer is available if it can be by extending it an extra 100 feet or whatever it would take to make sure that parcel would have access. LAFCo is supposed to create logical boundaries technically speaking a logical boundary would be all the way up to where the freeway runs into The Esplanade.

Mark Wolfe stated it is not the City's practice to install the entire sewer for private development throughout Chico. The project that we have in our CIP is to open the door to

this area. As properties come in to develop they would be required to connect to the sewer as necessary and extend it across their frontage distance to allow lateral.

Chair Leverenz stated his concern relates back to where we are with for instance the Chapman/Mulberry area, which of course is on hold. Obviously sewers are in that area. One of the mandates now that Legislation has put on LAFCo is to not allow Cities to cherry pick. As far as the public is concerned, there are so many islands and other areas that ought to be annexed and serviced than this one. Chair Leverenz stated he is not opposed to this project but as a matter of policy, as a practical matter, I think that clearly the City jumped on this to the detriment perhaps of areas that maybe those project monies could have been used closer in for infill.

Mark Wolfe stated he has to respond for the record and for the benefit of the Commissioners; the City has historically had an extremely aggressive program for the county island areas. We have annexed dozens and hundreds perhaps over the last twenty of so years. We have been very, very aggressive within that front.

Commissioner Connelly stated how about a five year annexation for this project and phase this one in so the County can recover the money they are out of pocket for processing those. If you can't annex Chapmantown for 5 years, why do you want to annex a car dealership? Is it because of the \$400,000?

Commissioner Lando asked what the timing for the construction of Courtesy Motors is.

Jim Stevens, with NorthStar Engineering and a representative for the applicant, stated currently the applicant auto dealership is on property that they don't currently own. They have lease agreements through the end of this year with six month extensions. Right now as it stands, without further modification of the lease agreement, June 30, 2018 they have to be off the property. This is the goal the construction schedule is geared to and hopefully sewer extension is geared to as well, provided they are successful with the annexation.

Commissioner Lando stated he agrees with the Chairman that going all the way up to the freeway makes sense. He understands the perspective of the sales tax issue, but clearly this is cherry picking and it does seem like the City ought to extend sewer up to serve those areas. He likes the idea of taking a date into the future for the effective date of the annexation. It might be fair to both parties.

Chair Leverenz stated as it sits now, the applicant would have to install a wastewater treatment system if they are not able to hook up to sewer.

Jim Stevens stated the applicant is currently pursuing an onsite treatment plant solution. We have initial concurrence from the State Water Board to allow our design to go forward. Obviously in the long term, a sewer solution would be better for maintenance and efficiency. The client wants to follow both tracks currently.

Chair Leverenz stated he understands and would support hooking up the project up as soon as they can get the sewer there.

Commissioner Lotter asked if the County requires that the onsite system be in place before they start construction of the facility.

Jim Stevens stated no, it has to be in place before they open.

There was discussion on how quickly the sewer line could be installed and ready.

Commissioner Connelly stated the County does everything right, we make sure all rational growth goes in the city limits but without reward. This is actually a cherry picking deal. They weren't going to extend the sewer there for several more years until they found out they were losing \$400,000 to the County. The County processes the permits at a loss as we feel it is good to stimulate economic development. We are not even being offered compensation from the loss. The County would like to see the Chapman/Mulberry area annexed sooner than later. We can't keep doing the right thing and being punished for it. The City should be nice and offer to give the County more money. The County doesn't want to stop the car dealership, nobody would benefit that way.

Commissioner Lambert stated we all live within the County. He would like to see a revenue sharing agreement with this project in perpetuity. He stated the current tax sharing agreement with the City of Chico is from the 1980's.

Commissioner Connelly stated LAFCO, at a state level, should get more involved in the revenue sharing agreements when they is annexations like this in the future.

There was discussion on the existing tax sharing agreement in place from the 1980's.

Commissioner McGreehan asked how many of the potentially affected property owners are aware of this proposed annexation.

Mark Wolfe stated he thinks maybe all of them or at least the majority of them.

Commissioner McGreehan asked if property owners farther north are aware of this.

Casey Hatcher, Economic Development Manager for Butte County, stated they have had a little bit of contact with property owners north of this project, specifically the Down Range property, and there hasn't been a great interest in annexation from those property owners. Specifically as improvements have been made for onsite systems and there is a lack of a desire to connect to the sewer systems. There has been some interest expressed from the Sunset Hills Golf Course and that is why it was included in the boundary.

Steve Lucas stated, for clarification, he is hearing that the annexation is favorable & desirable to occur, that the Commission would be willing to extend sewer services in advance of annexation to allow the development of the dealership and that ultimately an effective annexation date would be set down the road so that the County could recover some of its costs.

Chair Leverenz asked what happens to the existing environmental review that was done with the County.

Steve Lucas stated in order to move forward, one way would be for the County to expand its review to include annexation as one of the potential project components or when the City submits its annexation proposal it would then make an environmental finding to comply for the annexation proposal.

Commissioner Connelly stated doesn't this have to require CEQA as a sewer is growth inducing.

Mark Wolfe stated the City of Chico does have a General Plan EIR that includes annexations consistent with our General Plan to be within the scope of that document. What he would envision in connection with this annexation is just a finding that this annexation is within the scope of the project that is defined in our General Plan EIR.

Commissioner Lando stated this is not your normal annexation and it is going to be contentious and the City may need to go forward.

Scott Browne, LAFCO Counsel, stated he wanted to make it clear this is just a discussion and any actual decision and any determination by the Commission will be at a future public hearing.

Commissioner McGreehan stated he feels Steve Lucas gave a good synopsis of the comments that were heard individually, but this was just a discussion only and we can't convey that there's consensus coming from the Commission as a whole.

Commissioner Lambert stated he still feels there should be ongoing revenue sharing and not just a specific period of time as services from the County go on forever.

5. Public Comment on Items not on the Agenda - None

6. Reports and Communications

6.1 Executive Officer's Report

Commissioner Lando stated he needs to leave to attend another meeting but wanted to know if it is a state law that the selection of a special district representative requires a quorum of the special districts.

Steve Lucas stated yes, a quorum is required of all the Special Districts in order to appoint a LAFCO representative.

Commissioner Lando left the dais at 9:33 a.m.

Steve Lucas summarized the Executive Officer's report and gave an update to the meetings attended and scheduled for the Mosquito and Vector Control District Municipal Service Review.

Commissioner Connelly stated some special districts, like hospital districts, collect a fee but do not provide a service.

There was discussion regarding special districts collecting fees and providing no services and how LAFCO can be involved.

Commissioner McGreehan asked if Steve Lucas is aware of Neil McCormick and the CA Special Districts Association (CSDA).

Steve Lucas stated CSDA is very involved in many of the same actions that LAFCO is.

There was discussion regarding possibly having to cancel the May meeting as the Executive Officer will be out of state.

6.2 Correspondence – None

7. ADMINISTRATION – None

8. ADJOURNMENT.

There being no further business, the meeting was adjourned at 9:48 a.m. to the Thursday, May 4, 2017 regularly scheduled meeting.

LOCAL AGENCY FORMATION COMMISSION



By: Stephen Lucas, Executive Officer

Minutes prepared by Joy Stover, LAFCO Commission Clerk