

BUTTE LOCAL AGENCY FORMATION COMMISSION

DRAFT Minutes of September 4, 2014

1. CALL TO ORDER

Chair Leverenz called the meeting to order at 9:00 a.m., on September 4, 2014, in the Butte County Board of Supervisors Chambers, 25 County Center Drive, Oroville, California.

1.1 Roll Call

Present: Commissioners Larry Duncan (Special District), Tom Lando (Special District), Linda Dahlmeier (City) and Chair Carl Leverenz (Public). Alternate Commissioner Greg Steel (Public).

Absent: Commissioners Scott Lotter (City), Bill Connelly (County) and Steve Lambert (County). Alternate Commissioners Wes Gilbert (Special District), John Busch (City) and Larry Wahl (County).

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

1.2 Recognition of Service -

- Commissioner Jerry Fichter
- Alternate Commissioner Ann Schwab

Commissioner Dahlmeier made a motion to approve the resolutions of commendation for Jerry Fichter and Ann Schwab. Commissioner Lando seconded the motion. The motion carried by unanimous vote.

Jerry Fichter stated she wanted to thank the Commission as this has been a real education and she has appreciated working with everyone.

2. CLOSED SESSION

The Commission adjourned to closed session at 9:11 a.m. and reconvened at 9:40 a.m. Chair Leverenz stated there was no reportable action taken.

3. CONSENT AGENDA

3.1 Approval of the Minutes of August 7, 2014

Chair Leverenz asked if anyone wanted any corrections or changes to the minutes. None stated.

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

The motion was carried by the following vote:

AYES: Commissioners Duncan, Lando, Dahlmeier, and Chair Leverenz

NOES: None

ABSENT: Commissioners Lotter, Connelly and Lambert

ABSTAINS: None

4. NOTICED PUBLIC HEARINGS – None

5. REGULAR AGENDA

5.1 Items Removed from the Consent Agenda – None

5.2 Update Concerning Approval of Sewer Service Extension and Annexation Agreement with the City of Chico.

Steve Lucas went over possible future steps forward should no Agreement be approved. Such steps may include: 1) Evaluate our current policies and practices related to the out of agency service provisions, 2) Address the current fee structure and possibly return to full-cost recovery filing fees, 3) Consider updating the MSR/SOI for the City of Chico and 4) Consider imposing a moratorium on any annexation other than within existing islands for developed properties until the MSR/SOI is updated. The outcome of the MSR/SOI will have a direct impact on the City of Chico's ability to annex future properties into the City.

Chair Leverenz stated as a citizen of the City of Chico he would be very disappointed with the City if they do not take action favorably with this Agreement as it is an Agreement that will save the City a substantial amount of money. LAFCo cannot continue to financially subsidize the City of Chico's annexation issues, as far as sewer hookups to the detriment of the other LAFCO members. We should go back to a full cost recovery. If the Agreement is not signed, the Commission needs to tell the City of Chico that the Commission may need to take a look at the City's MSR and question if they have the financial ability to provide services to any new areas.

There was discussion on the reduced rate set by LAFCO for the extension of sewer services, the continuation of the reduced rate and the loss of LAFCO revenue for the illegal sewer connections in the Chico area.

Chair Leverenz stated he feels if the Annexation Agreement is not signed, the Commission intends to collect the fees that would have been collected if the City had done the connections legally.

Scott Browne, LAFCO Counsel, stated he believes the Commission has the full legal authority to collect the fees that should have been paid at the time the connections occurred.

Commissioner Lando made a motion to authorize staff to prepare and send a letter to the City of Chico, alerting them that if the Agreement is not executed, it would be the Commission's intent, in addition to any other remedies we might have, to seek original costs of the applications for the 62 unauthorized applications. The motion was seconded by Commissioner Duncan.

The motion passed by unanimous vote.

It was agreed to keep this item on the next agenda for update purposes.

5.3 15-05 – City of Chico – Extension of Services – 1438 Fetter Street

Steve Betts stated staff has received the signed annexation agreement and covenant for this project.

Commissioner Dahlmeier made a motion to adopt Resolution No. 04 2014/15 approving the extension of sanitary sewer services. The motion was seconded by Commissioner Duncan.

The motion was carried by the following roll call vote:

AYES: Commissioners Duncan, Lando, Dahlmeier and Chair Leverenz

NOES: None

ABSENT: Commissioners Lotter, Connelly & Lambert

ABSTAINS: None

5.4 11-22 – City of Oroville – Sphere of Influence Update

Steve Betts stated there is no formal action requested at this time as this is on the agenda as an information item to let the Commission know staff is preparing the Oroville Sphere of Influence (SOI). Staff is requesting comments only at this time. Staff is preparing the Municipal Service Review and Sphere of Influence Plan Update in house. The City has provided a deposit towards the processing of this project. Steve Betts went over the areas as shown on the map attached to the staff report that are proposed to be added to the existing SOI and the areas the City is proposing to remove from their existing SOI. The Kelly Ridge & Palermo areas would be designated as “Special Study” areas and annexation would not be possible until the City applies to remove the special designation.

There was discussion on the area proposed for the new golf course near Lake Oroville and it was noted the proposed area is outside the City’s SOI.

Steve Lucas stated the SOI for the City of Oroville has been extraordinarily large since the day it was adopted in 1985. The SOI should reflect the area the agency realistically expects to grow.

Commissioner Dahlmeier stated Don Rust has been working hard on this and LAFCo staff has been outstanding to work with.

Don Rust, Community Development Director for the City of Oroville, stated it has been great working with Mr. Lucas and Mr. Betts and they are on board with City staff in going forward in this process. Don Rust stated staff is working with LAFCo staff on many other issues including annexation of South Oroville and he really appreciates conversations with LAFCo staff, advice from them and all that the LAFCo staff does for the City. The City is looking forward to completing this process with LAFCo staff.

Commissioner Duncan wanted to know the cost the City of Oroville is going have to pay for the preparation of the Sphere of Influence Update.

Steve Betts stated the City paid a \$20,000 deposit and the total cost has not been determined yet. There has been a lot of LAFCo staff time devoted to the preparation so far.

No Action was taken on this item. The Draft Public Review document will be brought before the Commission on a future agenda.

5.5 AB54 – Profiles of Mutual Water Companies in Butte County

Jill Broderson gave a brief history of Assembly Bill 54 and stated the purpose of the bill is to increase information and transparency requirements for mutual water companies. The legislation requires mutual water companies to submit a map to LAFCo depicting the boundary of the area the company serves and when requested, provide information which may be used in LAFCO initiated studies such as MSRs. With assistance from the County Environmental Health Dept. and the Drinking Water Div. of the State Dept. of Public Health, LAFCo staff identified 13 mutual water companies in Butte County. Eleven of the mutual water companies responded to the survey sent to them. Staff prepared a report which includes maps prepared by the LAFCO GIS consultant, and this report will be maintained and updated as new information is received, by Butte LAFCO. Staff will also provide digital file copies of the report to each identified mutual water company.

Chair Leverenz asked if by staff preparing the report and the Commission accepting it, does that satisfy the legislative requirements.

Jill Broderson states yes, it does satisfy the requirements.

Commissioner Duncan asked who is paying for the report.

Steve Lucas stated Butte LAFCo is.

Commissioner Dahlmeier asked if the residents didn't have the mutual water companies, how they would get their water. It was stated by private wells most likely.

6. PUBLIC COMMENTS NOT ON THE AGENDA

Bill Bynum, a resident of the City of Oroville and a committee member of the "Friends of Southside", stated the committee has collected a total of 151 signatures so far and will continue to collect more. He stated he has read the Feasibility Study that came out in June and he noticed some LAFCo quotes that were included in the Study which are issues that still exists today. He would like to keep this in the forefront.

Commissioner Dahlmeier stated she is on the annexation committee and they have an upcoming meeting scheduled on Oct. 7th, 2014. It is about the health of the community and this area does look like a part of the City, it needs to be part of the City and the City is going to do everything they can to make this area a part of the City.

Allen Young asked if the Kelly Ridge area is taken out of the City of Oroville SOI, and identified as a Special Study area, what is the process for putting that area back into the City's SOI?

Chair Leverenz stated Kelly Ridge started out as its own county development and is currently self-sufficient and they have no demand currently to be part of the City of Oroville. At some point, if there's a need for city services, it can then be reviewed for annexation at that time.

7. REPORTS AND COMMUNICATION

7.1 Executive Officer's Report

Steve Lucas summarized the Executive Officer's Report and provided an update to the upcoming 2014 CALAFCO Conference in Ontario.

7.2 Correspondence – None

8. ADMINISTRATION – None

9. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:46 a.m. to the next LAFCo meeting to be held on Thursday, **October 2, 2014** at 9:00 a.m.

LOCAL AGENCY FORMATION COMMISSION

By: Stephen Lucas, Executive Officer
Minutes prepared by Joy Stover, Commission Clerk