

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: October 20, 2017 for the meeting of November 2, 2017

ADMINISTRATION:

1. The Special District election saga continues. The third 60 day ballot extension closed September 22, 2017 with no change in ballot returns. A fourth 60 day ballot extension notice has been circulated with a closing date of November 17, 2017. We have received 17 ballots to date, 4 short of a quorum (21). **This election will not be valid until 21 ballots are received.**
2. Our auditor, KCOE Isom, will be conducting LAFCOs annual audit for FY 2016/17 the week of Monday, November 13, 2017. Financial Statements, along with the Annual Auditor's Report are anticipated to be ready for the Commission's review and acceptance at its January meeting.

PROJECT NOTES:

1. Staff continues to converse with the County Administration concerning the possible formation of a countywide fire protection district.
2. Staff has met with the acting City Administrator to discuss different options for Oroville Region Water Study. One option is to simplify the scope of the Study and focus on the "what is" (fact based) rather than the "why is" which is far more subjective and open to varying interpretation. The goal is to provide a document that the general public can easily read and understand in order to effectively participate in future community discussions.
3. Staff had positive discussions with the Chico City Manager and will be meeting with him and his lead staff in the coming weeks to develop a plan for the annexation of the north Chico islands. It is the Executive Officer's expectation that an annexation plan will be agreed upon by the end of the year and annexation applications will begin in 2018.
4. Staff has initiated a Municipal Service Review and Sphere of Influence Update for the eight (8) drainage and reclamation providers in Butte County. Staff has begun meeting with district managers and is currently collecting and evaluating new data since the last MSR was conducted.

CALAFCO:

1. Staff and Commissioner/CALAFCO Boardmember Connelly attended the CALAFCO Annual Conference the last week of October and will provide an update on the Board of Directors voting, Awards, session topics and CALAFCO Board actions.

LEGISLATION:

1. The latest CALAFCO Daily Legislative Report is provided as **Attachment 2**. The legislative year is coming to a close and activity will pick back up in earnest in the new year.

GENERAL NOTES: None

APPLICATION ACTIVITY

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<i>Project Status As of October 24, 2017</i>								
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
15-17	Chico	Chapman Annexation No. 1	04/17/15	05/17/15	07/02/15			To be Recorded 7/2020
15-18	Chico	Mulberry Annexation No. 1	04/17/15	05/17/15	07/02/15			To be Recorded 7/2020
17-04	Chico	MSR-SOI Plan Update		NA		NA	NA	Letter agreement Oct. 2015
17-06	PID	SOI Amend & Neal Rd Annexation	10/31/16	11/22/16	01/05/17	07/17/17	08/09/17	Waiting for SBOE acknowledgement
17-07	LAFCO	Mosquito - MSR/SOI Plan Update	N/A	N/A	08/03/17	N/A	N/A	Cont'd to Oct. 5, 2017
17-10	Chico	Burnap Ave Annexation No. 06	02/07/17		04/04/17			ON HOLD- Incomplete
17-11	Oroville	Oroville Region Domestic Water Study	N/A	N/A	03/02/17	N/A	N/A	In progress - RFP sent/No responses
18-01	Chico	Ext. of Services - 2008 Meier Dr	07/13/17	N/A	09/07/17	N/A	N/A	Approved
18-02	Chico	Esplanade Annexation No. 29	07/07/17	08/01/17	09/07/17			Continued to Oct. 5, 2017
18-03	LAFCO	Drainage Districts - MSR/SOI Plan Update	N/A	N/A	pending	N/A	N/A	In progress

- Attachments: 1. Letter to City of Chico re: North Chico Annexation Plan
2. CALAFCO Daily Legislative Report - October 19, 2017



BUTTE LOCAL AGENCY FORMATION COMMISSION

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October 18, 2017

Mark Orme, City Manager
City of Chico
411 Main Street
P.O. Box 3420
Chico, CA 95927

Re: North Chico Annexations

Dear Mark:

During the recent hearings concerning the North Esplanade Annexation proposal, the City again indicated its desire to commence with a plan to annex remaining unincorporated islands in the north Chico area. The area is generally bound by Eaton Road to the north, Burnap Avenue to the east, SR99 to the west and Lassen Avenue to the south. This desire on the part of both LAFCO and the City is consistent with and supports, the Sewer Service Extension and Annexation Agreement between the two agencies executed in 2015.

While preliminary annexation plan discussions have occurred, we respectfully request that the City staff and LAFCO staff meet in earnest to develop and implement an annexation plan for the north Chico area and other related territory.

Thank you for making this issue a priority and for working hard to improve the conversation between our agencies. I look forward to your response and getting started on this next chapter of community building.

Sincerely,

Steve Lucas

Stephen Lucas
Executive Officer

cc: LAFCO

CALAFCO Daily Legislative Report as of Thursday, October 19, 2017

[AB 464](#) ([Gallagher R](#)) Local government reorganization.

Current Text: Chaptered: 7/10/2017 [Text](#)

Introduced: 2/13/2017

Last Amended: 3/14/2017

Status: 7/10/2017-**Approved by the Governor**. Chaptered by Secretary of State - Chapter 3, Statutes of 2017.

Summary:

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

Attachments:

[CALAFCO Letter Requesting Governor Signature](#)

[CALAFCO Letter of Support April 2017](#)

Position: Sponsor

Subject: Annexation Proceedings

CALAFCO Comments: This bill makes a fix to Gov. Code Sec. 56653 based on the court finding in the case of The City of Patterson v. Turlock Irrigation District. The court found that because the services were already being provided via an out of area service agreement, the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending/future annexation for a territory that is already receiving services via an out of area service agreement will not be in jeopardy. As amended, corrections were made to: 56653(b)(3) reading "proposed" rather than "provided", and in Government Code Section 56857 an exemption added pursuant to Public Utilities Code Section 9608 for territory already receiving electrical service under a service area agreement approved by the Public Utilities Commission pursuant to Public Utilities Code Section 9608.

[AB 979](#) ([Lackey R](#)) Local agency formation commissions: district representation.

Current Text: Chaptered: 9/1/2017 [Text](#)

Introduced: 2/16/2017

Last Amended: 5/15/2017

Status: 9/1/2017-**Approved by the Governor**. Chaptered by Secretary of State - Chapter 203, Statutes of 2017.

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides for the selection of representatives of independent special districts on each local agency formation commission by an independent special district selection committee pursuant to a nomination and election process. This bill would additionally require the executive officer to call and hold a meeting of the special district selection committee upon the adoption of a resolution of intention by the committee relating to proceedings for representation of independent special districts upon the commission pursuant to specified law.

Attachments:

[CALAFCO Request Governor Signature August 2017](#)

[CALAFCO Sponsor/Support Letter April 2017](#)

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This bill is co-sponsored by CALAFCO and CSDA. As amended, the bill amends code Sec. 56332.5 to streamline the process of seating special districts on LAFCo by mirroring current statute 56332 (the process for electing special district representatives into the special district seats). Keeping the process voluntary, it allows for voting by mail whether or not the district wants to have special districts represented on LAFCo. Further, it will allow for the consolidation of that question with the independent special district selection committee appointment to a countywide redevelopment agency oversight board pursuant to Health and Safety Code 34179 (j)(3).

AB 1361 (Garcia, Eduardo D) Municipal water districts: water service: Indian tribes.

Current Text: Enrolled: 9/19/2017 [Text](#)

Status: 10/3/2017- **Approved by the Governor. Chaptered by Secretary of State - Chapter 449, Statutes of 2017.**

Summary:

The Municipal Water District Law of 1911 provides for the formation of municipal water districts and grants to those districts specified powers. Current law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Current law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. This bill would authorize a district to apply to the applicable local agency formation commission to provide this service of water to Indian lands, as defined, that are not within the district.

Attachments:

[CALAFCO Oppose letter 09 01 17](#)

[CALAFCO Oppose letter 07 12 17](#)

Position: Oppose

Subject: Water

CALAFCO Comments: As amended, this bill allows water districts to provide service to an Indian tribe's lands that are not within the district boundaries without going through the current statutory process of approval by the local agency formation commission (LAFCo). Amendments were taken by the author during the Senate Governance and Finance Committee hearing July 19 that include LAFCo's ability to apply certain terms and conditions to the application by the water agency and limits the land to be served to lands in trust. However, CALAFCO still has a number of concerns and will continue to work with the author and sponsor.

AB 1725 (Committee on Local Government) Local agency formation.

Current Text: Enrolled: 9/7/2017 [Text](#)

Status: 9/28/2017-**Approved by the Governor. Chaptered by Secretary of State - Chapter 353, Statutes of 2017.**

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified. The act defines various terms for these purposes, including the term "contiguous," which the act defines as territory adjacent to territory within the local agency. This bill would instead define "contiguous" as territory that abuts or shares a common boundary with territory within a local agency.

Attachments:

[CALAFCO Letter Requesting Governor Signature](#)

[CALAFCO Letter of Support April 2017](#)

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This is the annual Omnibus bill. The bill makes only minor, non-substantive technical changes to CKH.

SB 37 (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 5/26/2017-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. **SUSPENSE** FILE on 5/25/2017)(May be acted upon Jan 2018)

Summary:

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017–18 fiscal year

and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Attachments:

[CALAFCO Support Letter Feb 2017](#)

Position: Support

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: This bill is identical to SB 817 (Roth, 2016), SB 25 (Roth, 2015) and SB 69 (Roth, 2014) with the exception of the chaptering out language included in the 2016 version (which addressed the companion bill AB 2277 (Melendez, 2016)). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2017/18 year for cities that incorporated between 1-1-2004 and 1-1-2012.

SB 448 (Wieckowski D) Local government: organization: districts.

Current Text: Chaptered: 9/27/2017 [Text](#)

Status: 9/27/2017-Signed by the Governor

Summary:

Current law requires a report of an audit of a special district's accounts and records made by a certified public accountant or public accountant to be filed with the Controller and the county auditor of the county in which the special district is located within 12 months of the end of the fiscal year or years under examination. This bill would instead require special districts defined by a specified provision to file those audit reports with the Controller and special districts defined by another specified provision to file those audit reports with the Controller and with the local agency formation commission of either the county in which the special district is located or, if the special district is located in 2 or more counties, with each local agency formation commission within each county in which the district is located.

Attachments:

[CALAFCO Support Letter July 2017](#)

[CALAFCO Oppose Unless Amended Letter](#)

Position: Support

Subject: CKH General Procedures

CALAFCO Comments: As amended on July 17, this bill authorizes LAFCo to dissolve inactive districts (after determining they meet the criteria set forth in the statute) by holding one hearing, without conducting a special study and with the waiver of protest proceedings. The State Controller is required to notify LAFCo when a district is inactive. LAFCo then has 90 days to initiate dissolution, and another 90 days in which to hold the hearing to dissolve. Should the LAFCo determine the district does not meet the criteria, no dissolution occurs and LAFCo notifies the Controller the district is not inactive. Should the LAFCo determine the district does meet the criteria then it is ordered to be dissolved. The bill also requires a district to provide LAFCo with their audits at the same time they provide them to the Controller. All of our issues have been resolved with the current version and as a result our position has been changed from Oppose Unless Amended to Support.