

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: September 28, 2017 for the meeting of October 5, 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. The Executive Officer is pleased to announce the hiring of Craig Sanders as Deputy Executive Officer. Mr. Sanders has 28+ years of local government/planning experience in several local jurisdictions and a sound understanding of the history of local planning issues.
3. The 2017/18 First Quarter Financial Report (as of 9/26/17) is provided as **Attachment 1**.

PROJECT NOTES:

1. Staff continues to converse with the County Administration concerning the possible formation of a countywide fire protection district. The County has been exploring multiple options to control the ever increasing costs of delivering fire protection services to the unincorporated community. The County BOS is expected to continue this discussion in the near future.
2. The response period for the Oroville Region Water Study Request for Proposals (RFP) closed September 14, 2017. No responses were received. Staff has requested guidance from the City of Oroville as how it wishes to proceed (**Attachment 2**).

CALAFCO: None

LEGISLATION:

1. The latest CALAFCO Daily Legislative Report is provided as **Attachment 3**.

GENERAL NOTES:

1. Staff met with stakeholders (South Feather Water and Power Agency, Lake Oroville Area Public Utility District, Supervisor Connelly, Community members) on September 14, 2017 to discuss options for providing low cost public water connections to the disadvantaged community of Palermo to address water quality concerns. Public sewer access is also a high priority as septic systems are a major contributor to water quality, but funding for such sewerage remains

elusive. Given the availability of potable water served by SFWPA, a plan to connect households to public water is a far more feasible approach to address the water quality concern.

APPLICATION ACTIVITY

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<i>Project Status As of September 28, 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 under review
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

- Attachments: 1. 2017/18 First Quarter Financial Report (as of 9/26/17)
 2. September 20, 2017 letter to City of Oroville - Water Study
 3. CALAFCO Daily Legislative Report - September 28, 2017

**Butte Local Agency Formation Commission
FY 2017-18 Budget Review**

		2017-18				
		Budget	Special Projects	Total	Budget 9/26/2017	Budget % of Adopted
Funding Sources						
441000	Interest	5,000.00	-	5,000.00	-	0.00%
441001	Unrealized Gain/Loss*	2,320.00	-	2,320.00	1,286.57	
453006	Other Govt Revenue (Cities)	271,967.00	-	271,967.00	271,968.00	100.00%
453008	Other Govt Revenue (County)	271,967.00	-	271,967.00	271,968.00	100.00%
453008	Other Govt Revenue (Special Districts)	60,438.00	-	60,438.00	60,310.00	99.79%
454000	Other-In-Lieu Revenue	-	-	-	2.00	
462005	Charges for Services	26,580.00	-	26,580.00	5,600.00	21.07%
473000	Miscellaneous Revenue	6,000.00	-	6,000.00	1,980.00	33.00%
473000	Miscellaneous Revenue (SOI Trust Fund)	20,000.00	-	20,000.00	-	-
Total Funding Sources		664,272.00	-	664,272.00	613,114.57	92.30%
Expenditures						
511000	Regular Help Wages	323,257.00	-	323,257.00	66,525.73	20.58%
511010	Extra Help Wages	-	-	-	923.32	
512010	ER PERS	29,038.00	-	29,038.00	5,051.48	17.40%
512035	PERS EPMC	7,525.00	-	7,525.00	7,236.00	96.16%
513000	Health Insurance	59,000.00	-	59,000.00	12,849.41	21.78%
513010	Basic Life	106.00	-	106.00	16.99	16.03%
513020	LTD Department Heads	786.00	-	786.00	287.88	36.63%
513030	State Unemployment Insurance	644.00	-	644.00	-	0.00%
515000	FICA & Medicare	24,730.00	-	24,730.00	4,633.52	18.74%
516000	Employee Assistance Program	336.00	-	336.00	-	0.00%
516001	Flex Spending Fees	30.00	-	30.00	8.25	27.50%
516002	Other Benefits (SDI)	2,827.00	-	-	517.89	
516004	EE PERS	22,628.00	-	22,628.00	3,963.75	
516010	Cash Back Payments	6,067.00	-	6,067.00	1,166.55	19.23%
523000	Telephone Charges	3,102.00	-	3,102.00	520.10	16.77%
523010	Fax, Pagers & Cell Phones	840.00	-	840.00	140.00	16.67%
525020	Janitorial	500.00	-	500.00	-	0.00%
526010	Insurance: Outside Purchase	4,600.00	-	4,600.00	4,465.36	97.07%
531000	Associations Memberships	5,200.00	-	5,200.00	3,266.44	62.82%
533030	Small Office Equipment	5,000.00	-	5,000.00	530.89	10.62%
534000	Consultants	65,936.00	-	65,936.00	10,671.50	16.18%
534005	Claims Administration	2,300.00	-	2,300.00	2,237.75	97.29%
534020	Data Processing	6,680.00	-	6,680.00	1,670.00	25.00%
535000	Legally Required Publications	2,000.00	-	2,000.00	593.01	29.65%
536000	Equipment: Rent and Lease	300.00	-	300.00	-	0.00%
537000	Building: Rent and Lease	14,500.00	-	14,500.00	3,547.80	24.47%
539001	Special Departmental Expense	3,500.00	-	3,500.00	957.82	27.37%
540010	Vehicle Expense Reimbursement	11,040.00	-	11,040.00	1,840.00	
540020	Travel/Transportation	11,000.00	-	11,000.00	2,170.00	19.73%
541000	Electricity/Water/Sewer/Gas	4,800.00	-	4,800.00	1,008.07	21.00%
580010	Appropriation Contingency	30,000.00	-	30,000.00	-	0.00%
101001	Appropriation for Reserve	16,000.00	-	16,000.00	-	0.00%
Total Expenditures		664,272.00	-	661,445.00	136,799.51	20.68%

* Unrealized gain/loss is based on cash @ years' end and is a requirement of audited financial statements. Figure is booked and reversed in new year.



BUTTE LOCAL AGENCY FORMATION COMMISSION

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September 20, 2017

Mayor Dahlmeier and City Council
c/o Don Rust, Acting City Administrator
1735 Montgomery Street
Oroville, CA 95965

Re: Oroville Region Water Study

Dear Mr. Rust:

As requested by the Oroville City Council, the Butte Local Agency Formation Commission (LAFCO) directed its staff to administer the process of preparing a study of the potable water providers in the Oroville region. The City deposited \$30,000 with LAFCO to complete the study.

LAFCO Staff convened the stakeholders (City of Oroville, South Feather Water and Power Agency, Thermalito Water and Sewer District, CalWater, Lower Oroville Water Rates) to develop a scope of work and request for proposals (RFP) for this effort. The RFP was circulated to five firms recommended by the stakeholders with no proposals being received. Indications are that the RFP was broad in scope and could not be adequately addressed for the funds available.

As the City of Oroville made the request of LAFCO to administer the study (not to exceed the funds available to them), I am requesting the City's guidance on how it may wish to proceed at this point. Please let me know if I can be of any further assistance to you or the City Council.

Sincerely,

Steve Lucas

Stephen Lucas
Executive Officer

cc: LAFCO

CALAFCO Daily Legislative Report as of Thursday, September 28, 2017

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[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](#)

Introduced: 2/17/2017

Last Amended: 9/8/2017

Status: 9/26/2017-**Enrolled and presented to the Governor** at 3 p.m.

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](#)

Introduced: 3/20/2017

Last Amended: 7/20/2017

Status: 9/12/2017-Enrolled and presented to the Governor at 2:30 p.m.

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](#)

Introduced: 2/15/2017

Last Amended: 7/17/2017

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.