MEMORANDUM

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 sewering 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

<table>
<thead>
<tr>
<th>File</th>
<th>Applicant</th>
<th>Project Name</th>
<th>Date Application Received</th>
<th>Certificate of Filing</th>
<th>Certificate of Hearing Date</th>
<th>Certificate of Completion Date</th>
<th>SBE Submittal Date</th>
<th>Additional Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-06</td>
<td>Butte County</td>
<td>CSA No. 114 - Expansion of Powers</td>
<td>02/02/11</td>
<td>N/A</td>
<td>pending</td>
<td>N/A</td>
<td>N/A</td>
<td>Incomplete - On Hold</td>
</tr>
<tr>
<td>15-17</td>
<td>Chico</td>
<td>Chapman Annexation No. 1</td>
<td>04/17/15</td>
<td>05/17/15</td>
<td>07/02/15</td>
<td>To be Recorded 7/2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-18</td>
<td>Chico</td>
<td>Mulberry Annexation No. 1</td>
<td>04/17/15</td>
<td>05/17/15</td>
<td>07/02/15</td>
<td>To be Recorded 7/2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17-04</td>
<td>Chico</td>
<td>MSR-SOI Plan Update</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Waiting for SBOE acknowledgement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17-06</td>
<td>PID</td>
<td>SOI Amend &amp; Neal Rd Annexation</td>
<td>10/31/16</td>
<td>11/22/16</td>
<td>01/05/17</td>
<td>07/17/17</td>
<td>08/09/17</td>
<td>Waiting for SBOE acknowledgement</td>
</tr>
<tr>
<td>17-07</td>
<td>LAFCO</td>
<td>Mosquito - MSR/SOI Plan Update</td>
<td>N/A</td>
<td>N/A</td>
<td>08/03/17</td>
<td>N/A</td>
<td>N/A</td>
<td>Contd to Oct. 5, 2017</td>
</tr>
<tr>
<td>17-10</td>
<td>Chico</td>
<td>Burnap Ave Annexation No. 06</td>
<td>02/07/17</td>
<td>04/04/17</td>
<td></td>
<td></td>
<td></td>
<td>ON HOLD- Incomplete</td>
</tr>
<tr>
<td>17-11</td>
<td>Oroville</td>
<td>Oroville Region Domestic Water Study</td>
<td>N/A</td>
<td>N/A</td>
<td>03/02/17</td>
<td>N/A</td>
<td>N/A</td>
<td>In progress- RFP under review</td>
</tr>
<tr>
<td>18-01</td>
<td>Chico</td>
<td>Ext. of Services - 2008 Meier Dr</td>
<td>07/13/17</td>
<td>N/A</td>
<td>09/07/17</td>
<td>N/A</td>
<td>N/A</td>
<td>Approved</td>
</tr>
<tr>
<td>18-02</td>
<td>Chico</td>
<td>Esplanade Annexation No. 29</td>
<td>07/07/17</td>
<td>08/01/17</td>
<td>09/07/17</td>
<td></td>
<td></td>
<td>Continued to Oct. 5, 2017</td>
</tr>
</tbody>
</table>

### Funding Sources

<table>
<thead>
<tr>
<th>Source Type</th>
<th>Budget</th>
<th>Special Projects</th>
<th>Total</th>
<th>9/26/2017</th>
<th>% of Adopted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>441000 Interest</strong></td>
<td>5,000.00</td>
<td>-</td>
<td>5,000.00</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>441001 Unrealized Gain/Loss</strong></td>
<td>2,320.00</td>
<td>-</td>
<td>2,320.00</td>
<td>1,286.57</td>
<td></td>
</tr>
<tr>
<td><strong>453006 Other Govt Revenue (Cities)</strong></td>
<td>271,967.00</td>
<td>-</td>
<td>271,967.00</td>
<td>271,968.00</td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>453008 Other Govt Revenue (County)</strong></td>
<td>271,967.00</td>
<td>-</td>
<td>271,967.00</td>
<td>271,968.00</td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>453008 Other Govt Revenue (Special Districts)</strong></td>
<td>60,438.00</td>
<td>-</td>
<td>60,438.00</td>
<td>60,310.00</td>
<td>99.79%</td>
</tr>
<tr>
<td><strong>454000 Other-In-Lieu Revenue</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td><strong>462005 Charges for Services</strong></td>
<td>26,580.00</td>
<td>-</td>
<td>26,580.00</td>
<td>5,600.00</td>
<td>21.07%</td>
</tr>
<tr>
<td><strong>473000 Miscellaneous Revenue</strong></td>
<td>6,000.00</td>
<td>-</td>
<td>6,000.00</td>
<td>1,980.00</td>
<td></td>
</tr>
<tr>
<td><strong>473000 Miscellaneous Revenue (SOI Trust Fund)</strong></td>
<td>20,000.00</td>
<td>-</td>
<td>20,000.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Funding Sources</strong></td>
<td>664,272.00</td>
<td>-</td>
<td>664,272.00</td>
<td>613,114.57</td>
<td>92.30%</td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Budget</th>
<th>Special Projects</th>
<th>Total</th>
<th>9/26/2017</th>
<th>% of Adopted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>511000 Regular Help Wages</strong></td>
<td>323,257.00</td>
<td>-</td>
<td>323,257.00</td>
<td>66,525.73</td>
<td>20.58%</td>
</tr>
<tr>
<td><strong>511010 Extra Help Wages</strong></td>
<td>-</td>
<td>-</td>
<td>923.32</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>512010 ER PERS</strong></td>
<td>29,038.00</td>
<td>-</td>
<td>29,038.00</td>
<td>5,051.48</td>
<td>17.40%</td>
</tr>
<tr>
<td><strong>512035 PERS EPMC</strong></td>
<td>7,525.00</td>
<td>-</td>
<td>7,525.00</td>
<td>7,236.00</td>
<td>96.16%</td>
</tr>
<tr>
<td><strong>513000 Health Insurance</strong></td>
<td>59,000.00</td>
<td>-</td>
<td>59,000.00</td>
<td>12,849.41</td>
<td>21.78%</td>
</tr>
<tr>
<td><strong>513010 Basic Life</strong></td>
<td>106.00</td>
<td>-</td>
<td>106.00</td>
<td>16.99</td>
<td>16.03%</td>
</tr>
<tr>
<td><strong>513020 LTD Department Heads</strong></td>
<td>786.00</td>
<td>-</td>
<td>786.00</td>
<td>287.88</td>
<td>36.63%</td>
</tr>
<tr>
<td><strong>513030 State Unemployment Insurance</strong></td>
<td>644.00</td>
<td>-</td>
<td>644.00</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>515000 FICA &amp; Medicare</strong></td>
<td>24,730.00</td>
<td>-</td>
<td>24,730.00</td>
<td>4,633.52</td>
<td>18.74%</td>
</tr>
<tr>
<td><strong>516000 Employee Assistance Program</strong></td>
<td>336.00</td>
<td>-</td>
<td>336.00</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>516011 Flex Spending Fees</strong></td>
<td>30.00</td>
<td>-</td>
<td>30.00</td>
<td>8.25</td>
<td>27.50%</td>
</tr>
<tr>
<td><strong>51602 Other Benefits (SDI)</strong></td>
<td>2,827.00</td>
<td>-</td>
<td>2,827.00</td>
<td>517.89</td>
<td></td>
</tr>
<tr>
<td><strong>51604 EE PERS</strong></td>
<td>22,628.00</td>
<td>-</td>
<td>22,628.00</td>
<td>3,963.75</td>
<td></td>
</tr>
<tr>
<td><strong>51610 Cash Back Payments</strong></td>
<td>6,067.00</td>
<td>-</td>
<td>6,067.00</td>
<td>1,166.55</td>
<td>19.23%</td>
</tr>
<tr>
<td><strong>523000 Telephone Charges</strong></td>
<td>3,102.00</td>
<td>-</td>
<td>3,102.00</td>
<td>520.10</td>
<td>16.77%</td>
</tr>
<tr>
<td><strong>523010 Fax, Pagers &amp; Cell Phones</strong></td>
<td>840.00</td>
<td>-</td>
<td>840.00</td>
<td>140.00</td>
<td>16.67%</td>
</tr>
<tr>
<td><strong>525020 Janitorial</strong></td>
<td>500.00</td>
<td>-</td>
<td>500.00</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>526010 Insurance: Outside Purchase</strong></td>
<td>4,600.00</td>
<td>-</td>
<td>4,600.00</td>
<td>4,465.36</td>
<td>97.07%</td>
</tr>
<tr>
<td><strong>531000 Associations Memberships</strong></td>
<td>5,200.00</td>
<td>-</td>
<td>5,200.00</td>
<td>3,266.44</td>
<td>62.82%</td>
</tr>
<tr>
<td><strong>533030 Small Office Equipment</strong></td>
<td>5,000.00</td>
<td>-</td>
<td>5,000.00</td>
<td>530.89</td>
<td>10.62%</td>
</tr>
<tr>
<td><strong>534000 Consultants</strong></td>
<td>65,936.00</td>
<td>-</td>
<td>65,936.00</td>
<td>10,671.50</td>
<td>16.18%</td>
</tr>
<tr>
<td><strong>534005 Claims Administration</strong></td>
<td>2,300.00</td>
<td>-</td>
<td>2,300.00</td>
<td>2,237.75</td>
<td>97.29%</td>
</tr>
<tr>
<td><strong>53420 Data Processing</strong></td>
<td>6,680.00</td>
<td>-</td>
<td>6,680.00</td>
<td>1,670.00</td>
<td>25.00%</td>
</tr>
<tr>
<td><strong>535500 Legally Required Publications</strong></td>
<td>2,000.00</td>
<td>-</td>
<td>2,000.00</td>
<td>593.01</td>
<td>29.65%</td>
</tr>
<tr>
<td><strong>536000 Equipment: Rent and Lease</strong></td>
<td>300.00</td>
<td>-</td>
<td>300.00</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>537000 Building: Rent and Lease</strong></td>
<td>14,500.00</td>
<td>-</td>
<td>14,500.00</td>
<td>3,547.80</td>
<td>24.47%</td>
</tr>
<tr>
<td><strong>53901 Special Departmental Expense</strong></td>
<td>3,500.00</td>
<td>-</td>
<td>3,500.00</td>
<td>957.82</td>
<td>27.37%</td>
</tr>
<tr>
<td><strong>540010 Vehicle Expense Reimbursement</strong></td>
<td>11,040.00</td>
<td>-</td>
<td>11,040.00</td>
<td>1,840.00</td>
<td></td>
</tr>
<tr>
<td><strong>540020 Travel/Transportation</strong></td>
<td>11,000.00</td>
<td>-</td>
<td>11,000.00</td>
<td>2,170.00</td>
<td>19.73%</td>
</tr>
<tr>
<td><strong>541000 Electricity/Water/Sewer/Gas</strong></td>
<td>4,800.00</td>
<td>-</td>
<td>4,800.00</td>
<td>1,008.07</td>
<td>21.00%</td>
</tr>
<tr>
<td><strong>580010 Appropriation Contingency</strong></td>
<td>30,000.00</td>
<td>-</td>
<td>30,000.00</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>101000 Appropriation for Reserve</strong></td>
<td>16,000.00</td>
<td>-</td>
<td>16,000.00</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>664,272.00</td>
<td>-</td>
<td>661,445.00</td>
<td>136,799.51</td>
<td>20.68%</td>
</tr>
</tbody>
</table>

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* 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.
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
**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
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
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.