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: March 27, 2017 for the meeting of April 4, 2017

ADMINISTRATION:

1. The terms of two (2) Special District seats (Lando, McGreehan) will end May 2017 and a third special district seat (Duncan) is currently vacant. The Executive Officer requested nominations on February 1 and we received one nomination for the “regular” Enterprise distinct seat (Steve Onken-LOAPUD) and three nominations for the regular enterprise and alternate district seats (Tom Lando-CARPD, Scott Fowler-FRPRD, Al McGreehan-PRPD). The nomination results and ballot have been sent to each district for consideration and are attached for information (Attachment 1). We are hopeful to rally a quorum (21of 41) of districts on the first run!

PROJECT NOTES:

1. Staff has begun the process of updating the Mosquito and Vector Control District Municipal Service Review and preparing the associated Sphere of Influence Plans for each of the three districts (Butte County, Durham, and Oroville). Staff met with the District managers on January 9, 2017, to discuss the process and questionnaires that will be used to collect data. Staff received a tour of the Butte County MVCD facilities in both Oroville and Chico by the District Manager on February 16, 2017 and Durham MAD on April 3. Staff also met with City of Oroville to seek any comments concerning the Oroville MAD and with the Butte County Public Health Department to discuss public health considerations when evaluating the districts. An administrative draft MSR/SOI Plan should be ready for review by the districts in April with the public review draft available sometime in May.

CALAFCO:

1. Much has transpired in a short period of time as of late with respect to the Little Hoover Commission (LHC) report on special districts and LAFCOs, as well as the recent Assembly Local Government Committee (ALGC) oversight hearing on the evolution of healthcare districts and LAFCO. The attached CALAFCO Bulletin (Attachment 2) provides an update on events to date. The LHC has a great potential to drive future LAFCO functions and regulatory powers and early indications are that LAFCOs will be tasked with a stronger oversight role in district functions and existence. CALAFCO is looking for volunteers to work on gathering information (in order to create educational material) and to create an outreach plan for the LHC Commissioners to be implemented in short order. Your Executive Officer has agreed to assist in this effort and Commissioner/CALAFCO Boardmember Connelly will also play a role.

2. CALAFCO Staff has begun outreach recruiting for a special district commissioner from the Northern Region LAFCOs to complete the term of a vacated North Region CALAFCO Board seat. If no Northern region commissioner is appointed by the full CALAFCO Board, the seat is open at large throughout the state until the next election in October 2017.
**LEGISLATION:**

1. **AB 464** - CALAFCO has agreed to sponsor only one standalone bill this year to make necessary corrections to GC56653 (plans for services) as proposed by Butte's Legal Counsel. Assemblyman Gallagher authored AB 464 which is currently awaiting a hearing date in the Assembly Local Government Committee. Staff will be preparing a letter of support from Butte LAFCo.

**GENERAL NOTES:**

1. Staff has received inquiries from individuals researching the formation of a 1) Groundwater Management District and 2) a sanitary sewer district in the Paradise area. These are only preliminary discussions to date.

**APPLICATION ACTIVITY**

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<tr>
<th>File</th>
<th>Applicant</th>
<th>Project Name</th>
<th>Date Application Received</th>
<th>Certificate of Filing</th>
<th>LAFCO Certificate Hearing Date</th>
<th>Certificate of Completion</th>
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**Attachments:**

1. Special District Election Memo and Ballot
2. CALAFCO Bulletin - Little Hoover Commission
TO: Butte County Special Districts  
    Butte County Special District Association

FROM: Stephen Lucas, Executive Officer  
      Jill Broderson, Management Analyst

SUBJECT: Nomination Results for Special District Members on LAFCO

DATE: March 22, 2017

Nominations Requested

On February 1, 2017, the Butte Local Agency Formation Commission called for nominations for the following seats:

- One (1) Special District Regular “Enterprise” Member. This seat has been vacated mid-term with the remaining term to expire May 31, 2019.

- One (1) Special District Regular "Non-Enterprise" Member. The term for this seat is four years and will begin June 1, 2017 and expire in May 31, 2021.

- One (1) Special District Alternate Member, either "Enterprise" or "Non-Enterprise". The term for this seat is four years and will begin June 1, 2017 and expire in May of 2021.

Nominations Received

The nomination period closed on Friday, March 10, 2017 and the following nominations were received.

Only one (1) nomination for the Special District Regular "Enterprise" Member was received from the Lake Oroville Area Public Utility District Board of Directors nominating District Director, Steven C. Onken. Pursuant to Government Code Section 56332, this candidate shall be deemed selected, with no further proceedings. Mr. Onken's term will commence June 1, 2017 and expire in May of 2019.

Three (3) nominations were received for both the Special District Regular "Non-Enterprise" Member and Special District Alternate "Enterprise" or "Non-Enterprise" Member:

- Tom Lando, Director, Chico Area Recreation & Park District ("Non-Enterprise").
- Scott Kent Fowler, Director, Feather River Recreation & Park District ("Non-Enterprise").
- Al McGreehan, Director, Paradise Recreation & Park District ("Non-Enterprise").
Therefore, the Butte Local Agency Formation Commission is conducting an election for:

- One (1) Special District Regular "Non-Enterprise" Member; and
- One (1) Special District Alternate Member, either "Enterprise" or "Non-Enterprise".

The term for each seat is four years and will begin June 1, 2017 and expire in May 2021.

PLEASE NOTE:
1. The nominee with the highest total number of votes will be deemed the "Regular" member and the nominee with the second highest total number of votes will be deemed the "Alternate" member.

2. Should any nominee decline the position elected to, the nominee with next highest number of votes will be advanced to that seat.

Instructions:

1. Votes shall be made by official action of the Districts' Board of Directors.

2. Ballots shall be certified by the signature of the Chair, or an alternate District Board Member chosen by the Districts' Board for the purpose of signing the attached ballot AND counter-signed by the Districts' General Manager/Secretary of Board.

3. Ballots shall be returned no later than 4:00 p.m. on Friday, May 19, 2017. Ballots postmarked after the closing date will not be accepted.

4. Districts may submit their ballots one of the following ways:

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<th>Certified Mail</th>
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<td><a href="mailto:slucas@buttecounty.net">slucas@buttecounty.net</a></td>
<td>Stephen Lucas</td>
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<td>Executive Officer</td>
</tr>
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<td>Butte LAFCO</td>
</tr>
<tr>
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5. District ballots returned by electronic mail shall be scanned copies of the original signed certified ballot.

6. If you do not have a District Board meeting scheduled within this time frame, a special meeting shall be scheduled in order to submit a valid ballot.

In order for the election to be valid, a quorum (21) of districts must complete and return their ballots. Otherwise, the process will repeat until such time we receive ballots from a majority of the districts. This is an important ballot, as your Special District LAFCO Commissioner will be making decisions on budget issues, policies and projects that may have a direct impact on your district. Please participate in this election and submit your vote.

Should you have any questions, please feel free to contact myself or Jill Broderson, Management Analyst at your convenience.

Attachment
## 2017 ELECTION BALLOT

### Special District

**Regular "Non-Enterprise" Member and Alternate Member**

There are three (3) nominations for the Special District *Regular* "Non-Enterprise" Member position. Please vote for up to **two** nominees by marking the corresponding box. You may also vote for a write-in candidate.

- [ ] Scott Kent Fowler - Feather River Recreation & Park District
- [ ] Tom Lando - Chico Area Recreation & Park District
- [ ] Al McGreehan - Paradise Area Recreation & Park District

□ ____________________________  ____________________________

*Write in Candidate*  *Name of District*

### PLEASE NOTE:

1. The nominee with the highest total number of votes will be deemed the "Regular" member and the nominee with the second highest total number of votes will be deemed the "Alternate" member.

2. Should any nominee decline the position elected to, the nominee with next highest number of votes will be advanced to that seat.

### Certification of Ballot

________________________  ____________________________
District Board Chair or Designee  District Manager/Secretary of the Board
CALAFCO BULLETIN
Update of Little Hoover Commission and Assembly Local Government Committee Oversight Hearing on Healthcare Districts
March 14, 2017

Little Hoover Commission

As a follow up to the hearings and workshops held in 2016 (August, October and November) by the Little Hoover Commission (LHC) on special districts and LAFCos, the LHC staff compiled a draft report for the Commission’s consideration and adoption at their February meeting. During the February 23, 2017 business meeting, LHC staff presented a draft report to the Commission. Their staff worked closely with the Commission Chair on their recommendations, which were also shared with CALAFCO (although the draft report was not made public). In summary, they included many of CALAFCO’s recommendations identified in our August testimony. For example: (1) The Legislature should curtail a growing practice of introducing and passing bills that override existing LAFCo processes and authority; (2) Streamline the process for LAFCos to dissolve inactive districts; (3) Consider fixed terms for LAFCo Commissioners (to avoid random removal); (4) Update the principal act for HCDs; and (5) Require HCDs to create community needs assessments, annually report their progress of meeting those needs, and file all reports with LAFCo for inclusion in MSRs.

Several of the LHC Commissioners expressed concern that their staff’s recommendations were too “status quo” and they desired something a bit more radical be done. Sentiments ranged from the most radical, which was to suggest putting the livelihood of districts to a vote of the people every ten years, to questioning what the actual problem is that the Commission is trying to solve. Others expressed a belief there are too many special districts, and others believe LAFCos are not doing enough in terms of oversight and management of many of the districts and therefore another oversight entity needs to be created. Ultimately there was no agreement among the Commission on how to move forward. As a result, the final report was tabled and another hearing is to occur in the fall (no date specified).

Since that meeting, CALAFCO met with LHC staff as well as their Chair and Vice Chair (both meetings were also attended by CSDA). We heard directly the general concerns of the Commission (from the Chair and Vice Chair’s perspective), and were afforded the opportunity to clarify facts and data presented in our written testimony. Further it allowed us to share steps CALAFCO is taking proactively to address some of what we identified in our written testimony as opportunities for the future. We were encouraged to reach out directly to the Commissioners. Simultaneously, LHC staff will be receiving feedback from the Commission as to the specific issues they want to further discuss/review in the upcoming hearing.

CALAFCO is preparing a written response to the Commission in light of the outcome of the February 23 meeting and as a result of our meeting with the Commission Chair, Vice Chair and staff. (CSDA and their San Diego Chapter both issued letters to the Commission as a result of the February 23 meeting. However since CALAFCO was not present at the meeting, we needed to wait until we met with the Chair and Vice Chair to respond in writing.) Further, CALAFCO is convening a small working group to help shape outreach and education efforts to all LHC Commissioners, including the Legislators appointed to the Commission. This educational effort will go beyond what was contained in our written testimony last year and delve into current efforts as well as tell the story of actual LAFCo actions. Your response to CALAFCO’s pending request for information will be critical for us being able to tell an accurate story.

We will continue to be engaged with LHC staff and monitor any further developments coming from the LHC’s business meeting on March 23.

1215 K Street, Suite 1610, Sacramento, CA 95814
Voice 916-442-6336  Fax 916-442-6335
www.calafo.org
ALGC Oversight Hearing on Healthcare Districts

On March 8, 2017 the ALGC held an oversight hearing on evolution of healthcare districts (HCDs). Following an overview of healthcare districts by Carolyn Chu of the Legislative Analyst Office (LAO) and an overview of the LAFCo connection by Michael Colantuono (Colantuono, Highsmith & Whatley), the Committee was presented with five case studies. Three were from hospital districts, each with a different model (Tahoe Forest HCD, Grossmont HCD and Del Puerto HCD) and two were from LAFCos (Contra Costa and Sonoma). The case studies were followed by a brief period of public comment.

After telling their individual stories, all three district representatives expressed their sentiments about LAFCo. These included their feeling that LAFCo was the correct entity to conduct the MSRs of HCDs and their understanding of the need for these reviews; an encouragement for modification of the review process to allow MSRs to better serve stakeholders (suggestions included standardized questions specific to HCDs that also allowed for local circumstances and conditions to be considered); and greater resources for LAFCos to be more effective in the review and oversight of HCDs (and all other types of districts).

The two LAFCo representatives (Commissioner Don Tatzin, Contra Costa LAFCo and Executive Officer Mark Bramfitt, Sonoma LAFCo) shared their Commission’s direct experience with the Mt. Diablo HCD merger with the City of Concord and the recent detachment of part of the Palm Drive HCD, respectively. In their compelling testimony, they conveyed the challenges Commissions face in making the difficult decision to reorganize a district. It was also made clear that while LAFCo may not be the appropriate entity to determine how a hospital should be run and exactly what their money should be spent on, they are the proper entity to review general finances, governance, boundaries and the other factors currently authorized by the Legislature and considered by LAFCo.

Questions from Committee members included what should be done with districts that repeatedly fail to respond to LAFCo’s request for information; what may be better questions for inclusion in the MSR preparation process; what the liability is for district board members in non-responsive situations; how the revenue and expenses can be tracked and accounted for in the situations for which the district is unresponsive; and what is needed for LAFCOs to do the work required, especially with respect to non-responsive districts.

**CALAFCO now has the rare opportunity to take proactive action and work with the ALGC Chair and staff. Now is the time for us to consider what is needed for LAFCos to meet desired statutory requirements. What needs to change with respect to LAFCos and HCDs? While CALAFCO is working with CSDA and the Assoc. of CA Healthcare Districts, it is critical that we also act independently.**

CALAFCO is putting together a small group to lead this effort that will include one (1) CALAFCO Board member and five (5) LAFCo staff and/or commissioners. If you are interested in participating please contact Executive Director Pamela Miller.