MEMORANDUM

TO: Local Agency Formation Commission
FROM: Stephen Lucas, Executive Officer
SUBJECT: Agenda Item 6.1 - Executive Officer’s Report
DATE: March 28, 2019 for the meeting of April 4, 2019

ADMINISTRATION:

1. The Special District regular non-enterprise Commissioner seat is vacant and subject to election. Staff circulated a ballot to the special districts for a second sixty day period with a closing date of May 3, 2019. As of the date of this report, twelve (12) ballots have been returned, far short of the 21 ballots required to obtain a quorum. During the interim period Special District alternate member McGreehan will fill the vacated seat.

2. Special District (Enterprise) Commissioner Kiely’s term will expire May 2019 and this position is currently open for nominations which are due by April 12, 2019.

3. The County Information Systems Department has completed our transition from our onsite server and partnering with the County IS to host our data on their system via a virtual server connection. This combined with our recent internet upgrade to high speed cable (Comcast) will provide increased internet speeds useful for large data GIS file sharing, increased security and cloud storage of data.

PROJECT NOTES:

The following proposals are currently being considered:

- Durham Irrigation District Municipal Service Review and Sphere of Influence Update.
- Agriculture Groundwater Users of Butte County - Proposed formation of California Water District (Landowner voter district) to serve agricultural lands roughly north of Durham to the Tehama County line and west of SR99 to the Sacramento River.
- Thermalito Sewer and Water District - Sphere of Influence Amendment and Annexation of the clay pits recreation area southeast of the Oroville airport along Larkin Road.
- Oroville Mosquito Abatement District - Dissolution and Annexation of territory to Butte County Mosquito and Vector Control District.
- County of Butte - Expansion of Powers for CSA 164 to add fire protection services.
- City of Chico - Annexation of 411 acre north Chico area roughly bound by Eaton Road, Burnap Avenue, Lassen Avenue and SR99.
- South Feather Water and Power Agency - MSR/SOI Update and comprehensive annexation plan to address domestic water services to the Palermo area and other areas.
- Lake Oroville Public Utility District - Annexation of 50 acre/130 home Garden Oaks Subdivision located on southeast corner of Lincoln Blvd. and Ophir Road.
- Update to LAFCO service extension policy concerning consideration of exemptions under GC56133 which is currently being done by the Executive Officer.

CALAFCO: None
LEGISLATION: The CALAFCO Legislative Committee has tentatively approved a number of items for the Omnibus Bill (non-controversial clean-up) as well as standalone legislative proposals. The CALAFCO North Region/Butte LAFCO is represented by Commissioner Connelly, Executive Officer Lucas and Legal Counsel Browne.

- One of the Omnibus items was to clarify that all out-of-agency service extension requests considered under GC 56133 fall under the exclusive authority of LAFCOs, including whether a service extension is exempt from LAFCO review. This item was dropped by the Assembly Local Government Committee staff as it generated some opposition from special districts.

- The primary standalone legislative proposal (AB 1253) is once again to seek funding for Local agency formation commissions: grant program – Requires the Strategic Growth Council to establish and administer a grant program (Upon Appropriation in a future budget) for the payment of costs associated with certain studies and actions including certain dissolutions, consolidations, and other organization and reorganization actions performed by Local Agency Formation Commissions, provided that these actions are limited to those providers serving disadvantaged communities. The Bill passed out of the legislature last year but was vetoed by the Governor as the $2 million asked was not funded through the annual budget. This year Senator Anna Caballero has agreed to once again carry this legislation for CALAFCO as a budget appropriation. Staff has submitted a letter of support from Butte LAFCO for this legislation (Attachment 1).

- The primary multi-year "big ticket" legislative effort will be to begin the conversation about revising protest provisions in CKH. This will involve both reorganizing the current law (CKH) to consolidate all provisions in a single section and to consider changes to protest thresholds. The Executive Officer is a part of a small committee to begin this arduous process.

- AB 430 - Gallagher (Attachment 2) proposes to streamline the permitting of housing units in all of Butte County by allowing for a ministerial review process that would not be subject to CEQA. The bill has not yet received an analysis by the Assembly staff and is scheduled to be heard in the Assembly Natural Resources Committee on April 8, 2019. Staff will follow this bill and provide updates and will prepare a letter of support when appropriate.

GENERAL NOTES: None

APPLICATION ACTIVITY:

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<th>File</th>
<th>Applicant</th>
<th>Project Name</th>
<th>Date of Application Received</th>
<th>Certificate of Filing Date</th>
<th>LAFCO Hearing Date</th>
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Project Status As of Mar. 28, 2019
CAMP FIRE RECOVERY UPDATE

1. Regional Population and Transportation Study

BCAG’s request for additional funding to prepare a Post Camp Fire Regional Population and Transportation Study was granted by Caltrans and is expected to proceed in July 2019. The regional population and transportation study will look at regional population, housing, employment, and traffic data for pre (2018) and post (2020) Camp Fire time periods. In addition, the study will develop several scenarios for the 2030 time period based on existing research, empirical data, and existing policies available at the time of study development. The purpose of the study will be to inform the 2024 RTP/SCS and various land use, transportation, and housing plans and projects beyond the “best available” data used in development of the 2020 RTP/SCS. All work activities will be coordinated with BCAG’s Transportation Advisory Committee (TAC) and Planning Director’s Group (PDG).

2. The Butte County Clerk Recorder has prepared a Voter Registration Fact Sheet for Voters Affected by the Camp Fire (Attachment 3)

3. Assembymember Gallagher has requested (Attachment 4) that Budget Committee No. 4 on State Administration consider a proposal for a one time appropriation of $21,693,203 from the General Fund to the Paradise Irrigation District to cover the next three years of operations and maintenance.

Camp Fire Outreach Log (3/1/20/19 - 3/27/19)

3/20/19 Met with Sup. Teeter to discuss governance and service delivery issues on the Ridge related to special districts, specifically cemetery districts who have difficulty appointing directors.

3/27/19 Had a conversation with Robert Bean, Paradise resident and public health nurse who represents a group of citizens who are very concerned about the governance of Paradise as it manages the recovery efforts. He requested LAFCO involvement and indicated he would submit a written concern.
The Honorable Robert Rivas
California State Assembly
State Capital Room 5158
Sacramento, CA 95814

Subject: Support of AB 1253

Dear Assemblymember Rivas:

The Butte Local Agency Formation Commission (LAFCo) joins the California Association of Local Agency Formation Commissions (CALAFCO) in support of Assembly Bill 1253 which establishes a five-year pilot program of grants to LAFCOs to conduct studies that address known service and governance concerns related to disadvantaged communities which will promote greater efficiencies in the delivery of local government services. The grant program would be administered by the Strategic Growth Council and sunset on December 31, 2025.

Since their creation by the Legislature in 1963, LAFCOs have enjoyed no state funding while their regulatory role and responsibilities substantially increased. LAFCOs are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives are difficult to meet under current funding mechanisms. As a result, much needed LAFCo activities are sometimes delayed or rejected.

In August 2017, the Little Hoover Commission published a report on special districts and their oversight by LAFCOs, which contained several recommendations directly related to LAFCo. One recommendation was for the Legislature to provide one-time grant funding to pay for specified LAFCo activities, particularly to incentivize LAFCos or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes. The proposed grant funding would assist Butte LAFCO in the evaluation of deficient sewer and potable water services in the south Butte County area which meets the criteria of a disadvantaged unincorporated community (DUC).

Thank you for authoring this important piece of legislation. Please feel free to contact me should you have any questions about Butte LAFCo’s position.

Sincerely yours,

Steve Lucas
Executive Officer

Cc: Senator Robert Hertzberg, co-author, email: Freddie.Quintana@sen.ca.gov
Senator Anna Caballero, co-author, email: Adriana.Zorio@sen.ca.gov
Pamela Miller, Executive Director, CALAFCO
Butte LAFCO
AB 430 Camp Fire Housing Assistance Act

SUMMARY

AB 430 would help provide housing relief for Camp Fire victims by allowing housing developments that meet specified criteria to utilize a streamlined ministerial process at the local level that will speed up approval of the project.

ISSUE BACKGROUND

The Camp Fire, which started in Butte County on November 2018, is the most destructive and deadliest fire in State history. The fire displaced 50,000 people from the communities of Paradise, Concow, and Magalia and destroyed almost 20,000 buildings.

It will take years for these communities to rebuild and, in the meantime, evacuees need to be able to find stable housing. While some will choose to rebuild, others will try to find permanent housing in surrounding areas. However, the Camp Fire destroyed 14% of Butte County's housing stock, exacerbating the housing crisis in the area and making it difficult for many of these families to find affordable housing. The rental market vacancy rate, which was around three percent before the fire, fell to nearly zero percent after the fire. Many evacuees have resorted to buying trailers or RVs, renting individual bedrooms, or leaving the area completely.

It is essential to build more housing in the county to make up for the massive housing loss from the Camp Fire and to allow evacuees the ability to stay in the area where they have jobs, family, and community ties.

Current law allows some housing projects to be permitted by city or county planning staff ministerially, requiring only an administrative review process to ensure they are consistent with the existing general plan and zoning rules. However, most large housing projects, such as what is needed in Butte County, would not qualify for a ministerial process under current law.

SOLUTION

AB 430 will authorize housing developments in Butte County to utilize a streamlined ministerial process at the local level if they meet qualifying criteria.

The bill does not encourage urban sprawl, because it requires that the development be located in a city that is designated as an urban area or urban cluster. Additionally, the project must be consistent with zoning standards and the city’s general plan.

The bill also disqualifies projects that have major detrimental environmental impacts by excluding projects that are located in coastal zones, floodplains and floodways, prime farmland, and lands identified for conservation, among others.

SUPPORT

None on File

OPPOSITION

None on File
Voter Registration Fact Sheet for Voters Affected by the Camp Fire

Candace J. Grubbs, Butte County Clerk-Recorder/Registrar of Voters wants to help voters who have been impacted by the Camp Fire understand how to update your Voter Registration record.

When voting, your residence address determines the contests that appear on your official ballot. Your mailing address is where we mail your voting materials, which is important because election mail cannot be forwarded to you, it is returned back to us. You may only be legally registered in one county.

See below for situations and actions to take regarding your Voter Registration.

1. **Displaced Voters who intend to rebuild and return to affected address**
   If you have temporarily moved, but plan to return, you can continue to use the address of your fire affected property for voting. Give us your mailing address so you continue to receive election mail. If you are not already voting by mail, you may wish to sign up and receive a ballot in the mail for future elections.
   - Call 530-538-7761 or toll free within Butte County 800-894-7761
   - In person, County Clerk-Recorder Hall of Records, 155 Nelson Avenue, Oroville
   - E-mail: elections@buttecounty.net
   - Mail: 155 Nelson Avenue, Oroville CA 95965-3411

2. **Displaced Voters who do not plan to return to affected address**
   You need to change your address. You may do this in one of the following ways:
   - Re-register online at https://registertovote.ca.gov, or;
   - Call 530-538-7761 or toll free within Butte County 800-894-7761
   - In person, County Clerk-Recorder Hall of Records, 155 Nelson Avenue, Oroville

3. **Displaced Voters who have not decided on whether to return or move**
   If you have not made a decision at this time, you can continue to use the address of your fire damaged property for voting. Give us your mailing address so you continue to receive election mail. If you are not already voting by mail, you may wish to sign up and receive a ballot in the mail for future elections.

   When you decide whether you will stay or leave, update your Voter Registration record at that time.
   - Call 530-538-7761 or toll free within Butte County 800-894-7761
   - In person, County Clerk-Recorder Hall of Records, 155 Nelson Avenue, Oroville
   - E-mail: elections@buttecounty.net
   - Mail: 155 Nelson Avenue, Oroville CA 95965-3411

4. **Displaced Voters who may have already updated your Voter Registration at DMV or made a Change of Address through the Post Office**
   You may want to check your voter registration status online. https://voterstatus.sos.ca.gov/

   Review the items above to determine which situation best fits you. If an update is needed, you can do one of the following:
   - Call 530-538-7761 or toll free within Butte County 800-894-7761
   - In person, County Clerk-Recorder Hall of Records, 155 Nelson Avenue, Oroville
   - E-mail: elections@buttecounty.net
   - Mail: 155 Nelson Avenue, Oroville CA 95965-3411
   - Re-register online at https://registertovote.ca.gov

03/21/2019
March 1, 2019

Assemblymember Jim Cooper
Budget Subcommittee No. 4 on State Administration
State Capitol, Room 6025
Sacramento, CA 95814

Re: Request for Budget Subcommittee 4 to Hear Proposal on Paradise Irrigation District

Dear Chairman Cooper:

We respectfully request that the Budget Subcommittee No. 4 on State Administration hear a proposal for a one-time appropriation of $21,693,203 from the General Fund to the Paradise Irrigation District (PID) to allocate toward the District’s operations and maintenance costs over the next three fiscal years. PID is a special district providing water service to the town of Paradise. PID was hit hard by the Camp Fire in 2018 and faces a significant reduction in operating capital for the next few years (see attachments). Although PID currently has approximately $3 million held in reserves, it anticipates facing insolvency in less than 6 months without State action.

The district has explored funding opportunities to address damaged infrastructure and water quality issues, however, no funding avenues are currently available for maintenance and operations costs. Even though the district currently serves a smaller population, PID’s cost of service is mostly (over 95%) fixed.

Providing a short-term funding solution to allow the district to develop long-term funding models will ensure that the residents returning to Paradise will not have to worry about access to clean, safe drinking water. Backfilled revenues by the State ensure that the men and women who work for and service the District – the majority of whom were also affected by the fire – will be able to maintain their employment and provide a measure of economic stability to the region.

Respectfully,

James Gallagher
Assemblyman, 3rd District

Encl. 1- PID Background
Encl. 2- PID Revenue Needs
Encl. 3- PID Operating Expenses

Cc:
Assembly Member Chiu, State Capitol Room 4112
Assembly Member Lackey, State Capitol Room 2174
Revenue Backfill Request

Background

Paradise Irrigation District (PID) is a local public agency formed in 1916 and operating under Division 11 of the California Water Code. It is governed by a five-member elected Board of Directors and has powers and purposes attendant to a government agency. PID serves only drinking water to the homes and businesses within the Town of Paradise, despite its “irrigation” name.

Before the November 8, 2018 Camp Fire, PID provided drinking water to approximately 10,500 customer connections. Today, approximately 1,500 connections remain; however, only about 700 of those connections are active given various reasons, including damage to PID’s infrastructure and use limitations given water quality concerns.

Revenue Backfill Request – $21,693,203.00

The unprecedented Camp Fire has left PID in financial crisis without enough revenue to meet ongoing operational expenses. The cost to replace and repair PID’s infrastructure will be addressed through FEMA/CalOES and PID’s insurance provider. The State’s recent approval of a three-year property tax backfill for Butte County (AB 72, February 13, 2019) does not address PID’s financial crisis because its revenue is predominantly (+90%) derived from customer fees, not property taxes. The attached revenue worksheet shows PID’s budgeted revenue for operations and resulting shortfall totaling $21,693,203.00. Like AB 72, PID’s backfill request would be appropriated this fiscal year and then prorated out over a total of three fiscal years.

PID’s Operational Costs Are Mostly Fixed

PID’s cost of service is mostly (over 95%) fixed, meaning its cost to store, treat and deliver water to 1 customer connection is roughly the same as it is for 10,500 connections. PID’s operational expenses do not decrease because it is serving water to fewer connections. The attached cost worksheet shows PID’s budgeted costs pre-Fire and post-Fire in greater detail.

Parallel Processes – PID in the Future

PID recognizes that its financial challenges will likely extend beyond the requested three-year backfill. For that reason, it is actively analyzing ways to address its financial situation so that it can be positioned to reliably serve drinking water to the residents and businesses of Paradise in the future. Current concepts being discussed include PID wholesaling treated water through more expansive regional intertie projects or deliveries to water users to help achieve groundwater sustainability under the Sustainable Groundwater Management Act. PID will also be at the forefront of efforts to harden its water system to make it more resilient to the threat of climate change and the reality of larger and more dangerous wildfires.

The requested three year backfill is essential to keep PID solvent and to afford it time and resources to address this unprecedented catastrophe.