

**BUTTE LOCAL AGENCY FORMATION COMMISSION**  
**DRAFT Minutes of December 4, 2014**

**1. CALL TO ORDER**

Chair Leverenz called the meeting to order at 9:00 a.m., on December 4, 2014, in the Butte County Board of Supervisors Chambers, 25 County Center Drive, Oroville, California.

**1.1 Roll Call**

Present: Commissioners Scott Lotter (City), Larry Duncan (Special District), Bill Connelly (County), Tom Lando (Special District), Steve Lambert (County) and Chair Carl Leverenz (Public). Alternate Commissioners John Busch (City), Wes Gilbert (Special District) and Greg Steel (Public).

Absent: Commissioner Linda Dahlmeier (City). Alternate Commissioner Larry Wahl (County).

Others Present: Stephen Lucas, LAFCO Executive Officer  
Stephen Betts, LAFCO Deputy Executive Officer  
Joy Stover, LAFCO Commission Clerk  
Scott Browne, LAFCO Legal Counsel

**2. CLOSED SESSION**

The Commission convened at 9:01 a.m. to closed session.  
The Commission reconvened at 9:10 a.m.

Chair Leverenz stated the Commission unanimously authorized staff and LAFCo counsel to commence litigation to bring the City of Chico into compliance regarding the sewer hookups.

**3. CONSENT AGENDA**

**3.1 Approval of the Minutes of November 6, 2014**

Chair Leverenz asked if anyone wanted any corrections or changes to the minutes. None stated.

**Commissioner Lotter made a motion to approve the consent agenda. The motion was seconded by Commissioner Lando.**

**The motion was carried by the following vote:**

**AYES:** Commissioners Lotter, Duncan, Connelly, Lando, Busch, Lambert and Chair Leverenz

**NOES:** None

**ABSENT:** None

**ABSTAINS:** None

**4. NOTICED PUBLIC HEARINGS**

**4.1 11-22 – Review, Consideration and Adoption of the Public Review Draft Municipal Service Review Update and Sphere of Influence Plan Update for the City of Oroville**

*(Continued from the November 6, 2014 Meeting)*

Steve Betts provided a PowerPoint presentation highlighting the determinations, identifying SOI boundary areas on the maps and providing updates to the draft document. The City of Oroville is proposing to designate two areas as Special Study areas which includes the Kelly Ridge area and the Palermo area. These areas are substantially developed with residential uses at a fairly high level of development. The Special Study area designation recognizes that the City of Oroville may be the logical provider of increased services to these areas in the future. The City of Oroville has agreed to the Special Study designation.

The City of Oroville is proposing to add 1,104 parcels, totaling approximately 9,838 acres, to the City's Sphere of Influence (SOI). The City is also proposing to remove 276 parcels, totaling approximately 2,734 acres, from their SOI.

The City's existing Municipal Service Review (MSR), which was approved by the Commission in 2009, has been updated. The MSR determined that the City experienced recent financial difficulties due to the downturn in the economy and the loss of Redevelopment Agency funds.

Chair Leverenz stated it is clear that the City has not been collecting the level of development fees that they should be. Given the issues with the El Medio Fire District and the multitude of providers of service in the proposed South Oroville annexation, maybe the City should give some serious thought to developing some type of public safety district in the City of Oroville that would provide a stable source of funding for police and fire protection.

There was further discussion regarding the status of the police/fire services and the wastewater collection for the City of Oroville.

Commissioner Connelly stated the proposed Sphere of Influence (SOI) is not a 10 or 20 year horizon, it is more like a 60 to 80 year horizon and can the Commission approve this large of a SOI?

Steve Betts states the Commission can take whatever action they desire and can shrink the SOI down if they feel it is not logical for the City of Oroville to have such a large SOI.

Steve Lucas stated this is what the Commission started with in 1985 when the original SOI was created. There were expectations over the years based on that original starting point. We inherited that and made some adjustments. Part of this gradual process was to pull the Kelly Ridge area out and make it a Special Study area, acknowledging that the Kelly Ridge area is probably not likely to demonstrate need of city services in that time period. Times have changed since 1985 and now the Palermo area has a significant ground water and septic removal problem. So we added that area in as a Special Study area. The SOI is open to the Commission's discretion.

Commissioner Connelly asked if it is illegal to approve a larger SOI, even though it may take 50 or 60 years.

Steve Lucas stated it is the Commission's choice to make.

Chair Leverenz stated part of the problem was the growth prediction of over 2% isn't consistent with the actuality of just 1%.

Steve Lucas stated one of the mitigations that affects the outcome of the MSR and SOI determination is the ability of the City of Oroville to provide services. By reducing the SOI you also reduce the impact and the need to mitigate those impacts. The City could ask for less and they would have been required to demonstrate the ability to provide less. This SOI staying large puts them on the hook to provide services for a larger area. It does create a situation where if you reduce the SOI, you reduce the footprint which reduces the impacts. This would be an alternative to what is proposed.

Steve Betts stated the MSR will be updated to include the newly adopted budget numbers for the City of Oroville, but the changes were not significant and did not warrant changing any of the determinations.

Steve Lucas stated one of the driving influences in looking at the SOI for the City of Oroville and the potential reduction of their SOI, was looking at the fact that the majority of this urban area is mixed between the City and the County; is largely developed; has three separate sewer service providers and SC-OR; a separate water service provider and the El Medio Fire Protection District. We took the position that over time, ultimately it's better for the City to grow into those areas and provide the services to the extent they can, rather than try to have the City and County mesh that on a regular basis, which creates inefficiencies and duplicative services.

Commission Connelly stated he is really happy to see that the residents he represents in Palermo as a County Supervisor will be included in any plan. It is the wrong thing to do to avoid that area. There is a correlation to going out on Highway 70 and bringing in Rio Del Oro and the potential for businesses along Highway 70, between that and Palermo. Part of what is missing is that there needs to be a contiguous boundary in the Thermalito area. LAFCo should not consider adding any more parcels to an island in that area. Oroville's biggest issue is their sewer districts. As for police and fire, Oroville has made decisions on what they pay their police and fire personnel and the fact is they are not underpaid. They are a better paid police department in the area. El Medio has the potential to be something great or it can be taken over. We should have an open mind about what happens with El Medio and he agrees a police and fire administration should be looked into. We should not advocate for taxes. He doesn't feel LAFCo should get into that fight.

Commissioner Lambert asked why the City of Oroville would want the State Wildlife area within the SOI of the City.

Chair Leverenz stated in the foreseeable future it will probably stay State land, but if the State ever decides they don't want that ground anymore, then the logic is that it should be in the City.

Don Rust, Community Development Director for the City of Oroville, stated he wanted to thank the LAFCo staff for helping the City staff walk through this problem as it has been an issue since the City adopted the General Plan back in 2009. He stated when he got on board, this was one of the issues that were discussed. The first phase was to work on the islands. In 2011 we annexed 6 or 7 of the islands that were submitted to LAFCo. We have a couple more to work through. The sales tax increase issue is not very popular and if the economy improves the City may not even move forward with an increase.

Don Rust stated the City is talking about contracting with other agencies for police and fire. They are looking to run the numbers to see what is feasible. Combining the police and fire services seems to be a model that is working. The development impact fees issue is currently in a study. Development impact fees are extremely low and may in fact prevent development from coming to Oroville. The impact fees need to be appropriate as it affects your infrastructure and developers look at your infrastructure when they are looking to develop. The issue with the El Medio Fire department will pan out in the future, whether by contract between the two agencies, a JPA or a merger of the two agencies. Mr. Rust stated this year the City Council just budgeted one million dollars to improve the sewer service further. The City of Oroville is working with the State Parks Dept. and DWR to create some kind of a facility at the Forebay. The State Wildlife area was included in case the State decides they no longer want the park, the best place for it is in the City and to remain a park with the same uses. The City and the Feather River Recreation and Park District have a better working relationship than has been in years. Together they are in the process of preparing a Park, Trail and Open Space Master Plan that was started in 2009 and not finished. The City looks forward to completing this update to the MSR and SOI.

**Commissioner Lando made a motion to approve staff's recommendation including adopting resolution No. 07 2014/15 as stated in of Option 1 on the Staff Report. The motion was seconded by Commissioner Duncan.**

**The motion was carried by the following roll call vote:**

**AYES:** Commissioners Lotter, Duncan, Connelly, Lando, Busch, Lambert and Chair Leverenz

**NOES:** None

**ABSENT:** None

**ABSTAINS:** None

**5. REGULAR AGENDA**

**5.1 Items Removed from the Consent Agenda – None**

**5.2 Update Concerning Approval of Sewer Service Extension and Annexation Agreement with the City of Chico.**

*(Continued from the November 6, 2014 Meeting)*

Mark Wolfe, Community Services Director for the City of Chico, here to answer any questions the Commission may have.

Chair Leverenz stated it is fair to say the Commission was disappointed that the City leadership did not see fit to adopt the [annexation] Agreement as the Commission felt it was negotiated in good faith.

Mark Orme, City Manager for the City of Chico, stated he wanted to highlight the ability for Steve Lucas and himself to get to know each other more over that past number of months. He is going to recommend the City discuss this item in closed session at their upcoming meeting, as he feels it is important that they discuss it. There was a change in the City Council recently and to give the benefit to the new City Council, it is obvious that we should bring this item for further discussion.

No Action was taken on this item.

**6. PUBLIC COMMENTS NOT ON THE AGENDA - None**

**7. REPORTS AND COMMUNICATION**

**7.1 Executive Officer's Report**

Steve Lucas summarized the Executive Officer's Report and under project notes he added that the Mooretown Rancheria has now officially asked that the tribal lands be annexed into the El Medio Fire Protection District. LAFCo updated the MSR for El Medio and it looks like with those determinations it has made that push.

Commission Connelly stated this is a good thing for the tribe as well. The firefighters are now training for wildfire suppression so they can combine and cross train with the tribe and have an engine available there.

Steve Lucas stated the Buzztail Community Services District has agreed to sell their water resources to the Del Oro Water District and is going to submit an application to LAFCo to divest the District from their water powers.

**7.2 Correspondence – None**

**8. ADMINISTRATION – None**

**9. ADJOURNMENT**

There being no further business, the meeting was adjourned at 10:17 a.m. to the next LAFCo meeting to be held on Wednesday, **January 7, 2014** at 9:00 a.m.

**LOCAL AGENCY FORMATION COMMISSION**

---

**By: Stephen Lucas, Executive Officer**

Minutes prepared by Joy Stover, Commission Clerk