

# MEMORANDUM

**TO:** Local Agency Formation Commission

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

**SUBJECT:** **18-07 – Butte County Resource Conservation District Municipal Service Review and Sphere of Influence Plan Update**

**DATE:** January 30, 2019, for the meeting of February 7, 2019

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## Summary / Background

The Butte County Resource Conservation District (BCRCD) was formed in 2002 for the purpose of providing resource conservation services to the unincorporated areas of Butte County. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review and update, as necessary, local agency Spheres of Influence (SOIs) (California Government Code §56425(g)). In addition, LAFCO is required to conduct a Municipal Service Review (MSR) for each agency prior to, or in conjunction with, an agency's SOI update (California Government Code §56430(a)).

Staff has prepared the BCRCD Public Review Draft MSR/SOI Plan Update and the document was made available to the public for a 21-day noticed public review period that began Thursday, January 17, 2019. As of the date of this report, no comments on the public review draft document have been received.

## Recommendation

Staff recommends that the Commission receive public comment on the BCRCD Public Review Draft MSR/SOI Plan Update, provide any comments and direction to staff, and either continue the hearing open to the Commission's meeting on Thursday, March 7, 2019, enabling staff time to consider comments should they be received or adopt **Resolution No. 07 2018/19 (Exhibit A)** approving the MSR/SOI Plan Update, subject to any changes that the Commission may direct. The Final MSR/SOI Plan Update document will include the adopting resolution and a copy of any comments received at the public hearing.

## Municipal Service Review/Sphere of Influence Plan Update Format

The Butte County Resource Conservation District MSR/SOI Plan Update document consists of an introductory chapter, an MSR/SOI Plan Update, a glossary and appendix. The document provides a complete and comprehensive review of the Butte County Resource Conservation District based on the documents and information provided by the District.

The introductory chapter includes:

- An explanation of the MSR/SOI Plan Update process and provides the statutory requirements that the Commission must follow to review and approve the MSR/SOI Plan Update; and

- A review on California Resource Conservation Districts, including the services they provide, how they are managed, and their financing structure; and
- A summary list that provides basic information about the district including recommendations/findings.

The MSR/SOI Plan Update section includes:

- A description of the services provided; and
- A detailed look at finances; and
- A map of the jurisdictional and SOI boundaries; and
- MSR/SOI determinations; and
- Findings and recommendations.

### **MSR/SOI Plan Update Determinations, Findings and Recommendations**

The MSR/SOI Plan Update contains separate MSR and SOI determinations specific to the Butte County Resource Conservation District. At the end of each section, staff prepared recommended findings and actions for the Commission.

It is important to note that while some determinations, findings and recommendations indicate a need for improvements, overall, the services that the District provides are adequate; however, given the financial and staffing issues, services are not necessarily provided in the most effective and efficient manner. Salient determinations, findings and recommendations are as follows:

#### **Financial Ability**

The District did not provide adopted budgets or independently audited financial statements as requested. The District indicated it does not prepare a comprehensive annual budget and has requested the County prepare annual audits. Staff was able to find the Districts' 2017 general purpose revenues (\$131,932) as reported in the State Comprehensive Annual Financial Report (CAFR) prepared by the State Controller's Office.

The unavailability of the District's financial documents makes it difficult for the public to assess the financial health of the agency or track the expenditure of public funds. In an additional effort to seek a reasonable understanding of the District's cash flow, LAFCO staff requested from the District, a simple, straightforward list that includes names and amounts of grants that it is currently working on, as well as, the past years. No information has been received as of the date of this report.

***MSR Determination 4.3:*** *The District shall immediately assemble and make available to the public at its office and on its website, the District's budget, financial statements and audits. All public agencies should be able to immediately produce to the public a full disclosure of its finances including at a minimum adopted budgets and financial audits.*

### **Staffing**

The District's Manager is appointed by the Board of Directors and is responsible for managing operations, services and overseeing staff. In Fiscal Year 2017-18, the District's Manager was terminated for cause by the District's Board of Directors; therefore, the District's Board Chair immediately assumed duties of the Manager.

**MSR Determination 5.2:** *The District has not reported much interaction with neighboring RCD's who have greater resources and more substantial work programs and administrative capacity. The District should consider substantial partnerships and cooperative arrangements with other RCD's or local agencies in order to maximize services.*

**MSR Determination 6.3:** *The District's Manager is appointed by the Board of Directors and is responsible for managing operations, services and overseeing staff. In Fiscal Year 2017-18, the District's Manager was terminated for cause by the District's Board of Directors; therefore, the District's Board Chair immediately assumed duties of the Manager. The District is encouraged to quickly fill the vacant District Manager position with a person who has demonstrated ability to seek and obtain contracts, grants and other much needed revenue opportunities, as well as managing District business and overseeing staff.*

### **Operational Efficiencies**

Although the District responded to LAFCO's evaluation questionnaire, it did not provide key documents or information, i.e., adopted budgets and audited financial statements, policies and procedures or bylaws as requested. Often, the inability to readily provide key agency documents and other service information is an indicator of administrative inefficiencies.

**MSR Determination 6.4:** *The District currently has a new website and continues to update the site with additional information that reflects the District's desire for transparency and encourages citizen participation. However, to provide for a better public understanding and overall transparency, the District is encouraged to post minutes in a timely fashion and to include Policies, Procedures and Bylaws.*

### **Governance Boundaries**

As reflected in the determinations, findings and recommendations, staff has identified a larger issue regarding governance boundaries that does deserve heightened attention from the Commission.

When formed in 2002, the District did not include the Butte County portion of the Vina Resource Conservation District (VRCD) which was located in the extreme northwest corner of Butte County bordering the Sacramento River and Tehama County. In 2005, the Tehama County Resource Conservation District (TCRCD) consolidated with the VRCD and annexed all the VRCD lands within Tehama County and did not address the portion of the VRCD that was located in Butte County. Butte LAFCO, at that time, requested the Tehama LAFCO and TCRCD to dissolve and annex that portion of the VRCD located in Butte County. The TCRCD chose not to follow this request and therefore, the remaining portion of the VRCD in Butte County remained but is functionally non-existent. In 2005, the District initiated discussions with Butte LAFCO to affect the annexation of the VRCD and subsequently requested Butte LAFCO to waive the associated filing fees. Butte LAFCO approved the waiver of fees; however, the District never followed through with initiating an application.

The District's current board members were unaware of the detached portion of what was once part of the VRCD, located in Butte County. However, the District's Board has since indicated that it may consider initiating annexation and that such consideration would address the potential "need" vs. "cost".

***MSR Determination 6.6:*** *It is recommended that the District initiate the annexation of the detached portion of what was once a part of the VRCD located in Butte County.*

### ***Sphere of Influence Boundaries***

Pursuant to formation documents, the District's sphere boundaries do not include incorporated territories of Biggs, Chico, Gridley, Oroville and Paradise. According to the District, it has no interest in annexing any of the incorporated territories, nor has it ever been a topic for consideration. During the MSR-SOI Update, LAFCO staff reached out to the cities and town to inquire of their interest, if any, in conservation services provided by the District. Only the City of Chico indicated a potential interest in services related to the management/maintenance of public lands such as Bidwell Park, a service currently being provided to the City under a LAFCO approved service extension contract with the District. Additionally, the District has also provided erosion control assistance to the Town of Paradise following the Camp Fire. It is reasonable to assume that the District may also extend resource conservation efforts within the remaining cities.

In order to reduce obstacles to the Districts' ability to provide services wherever needed, it would be prudent to expand the District's sphere of influence to cover the entire county. By doing this, the Commission would be reducing or eliminating the need for future service contracts to be strictly for health and safety related matters, as lands within the District's sphere can be served without such a finding.

***Recommendation:*** *Modify the existing coterminous Sphere of Influence to include all five incorporated cities, as well as, the area located in the northwest corner of Butte County that was historically apart of the Vina Resource Conservation District.*

### **Changes to the Butte County Resource Conservation District MSR/SOI Plan Update**

No public comments have been received as of the date of this report; however, comments may be received at the public hearing, which may warrant changes. If directed so by the Commission, staff will make any needed changes to the final document. Staff requests that references to a district prepared "Comprehensive Financial Annual Report (CFAR)" found in MSR Factor No. 4 on Page 18 be removed and replaced with the term "Financial Statements" as a more appropriate terminology.

### **Support/Protest**

A legal notice regarding the 21-day public review period for the Draft Butte County Resource Conservation District MSR/SOI Plan Update and notice of the February 7, 2019, Commission hearing on the MSR/SOI Plan Update was published in the *Chico Enterprise-Record* on January 17, 2019. The notice and the Draft MSR/SOI Plan were placed on Butte LAFCO's webpage as well as, the Butte County Library. The notice was also posted on Butte LAFCO's office door and at the Butte County Administration Office. As of the date of this report, no written comments have been received regarding the public review draft. A copy of the public review draft was provided directly to the district for review and comment.

### **Environmental Determination**

The California Environmental Quality Act (CEQA) requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. Butte LAFCO is the Lead Agency for environmental review for the proposed Butte County Resource Conservation District MSR and SOI Plan Update.

The Municipal Service Review for the BCRCDD is categorically exempt from the preparation of environmental review under a classification related to information gathering (Class 6 - Regulation Section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." The MSR collects data for the purpose of evaluating municipal services provided by the agency. There is no land use change or environmental impact created by such a study. There is no possibility that the MSR update will have a significant effect on the environment because there are no land use changes associated with the MSR update.

The SOI Plan Update for the BCRCDD is categorically exempt from environmental review pursuant to CEQA Guidelines Section 15061(b)(3) – General Rule Exemption, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. As a result of the SOI Plan Update, it is proposed that the district expand its SOI to include all five cities and add the area that was historically apart of the Vina Resource Conservation District located in the northwest corner of the Butte County. The changes to the SOI would not result in any new development and therefore, there are no environmental impacts.

### **CONCLUSION**

The proposal substantially conforms to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and with Butte LAFCO policy. The Executive Officer recommends approval of the Butte County Resource Conservation District MSR/SOI Plan Update as presented.

### **ALTERNATIVES FOR COMMISSION ACTION**

After reviewing this report, the Draft MSR and SOI Plan Update, and any testimony or materials that are presented, the Commission can take one of the following actions:

- OPTION 1** APPROVE the Butte County Resource Conservation District MSR/SOI Plan Update, as may be modified by the Commission, as follows:
- A. Acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, find that the Municipal Service Reviews for the Drainage and Reclamation Districts are Categorical Exempt from the provisions of CEQA under Section 15306, "Information Collection."
  - B. Acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, find that the Sphere of Influence Plans for the Drainage and Reclamation Districts are Categorical Exempt from the provisions of CEQA under Section 15061(b)(3) – General Rule Exemption.

- C. Find that the MSR/SOI Plan Update satisfies State Law.
- D. Find that the Butte County Resource Conservation District Sphere of Influence Plans are complete and satisfactory and achieve consistency with Butte LAFCO and State SOI policies and statutes.
- E. Adopt Resolution 07 2017/18 (**Attachment A**) approving the Butte County Resource Conservation District Municipal Service Review and Sphere of Influence Plan Update.
- F. Direct staff to prepare Final MSR/SOI Plan Update, which will include the adopting resolution and any comments received with regards to the public review draft MSR/SOI Plan Update.

**OPTION 2** CONTINUE this proposal to a future meeting for additional information.

**OPTION 3** DIRECT Staff to make any Commission-identified changes to the Draft MSR/SOI Plan Update and CONTINUE this proposal to a future meeting to allow time for staff to make the needed changes and return with revised draft documents for further Commission review.

**RECOMMENDED ACTION:**

Approve OPTION 1.

Attachment A: Draft LAFCO Resolution No. 07 2018/19

Exhibit A: Butte County Resource Conservation District Proposed Jurisdiction and SOI Map

**Attachment A**

**DRAFT**

**RESOLUTION NO. 07 2018/19**

**ADOPTION OF BUTTE COUNTY RESOURCE CONSERVATION DISTRICT  
MUNICIPAL SERVICE REVIEW AND WRITTEN DETERMINATIONS AND  
ADOPTION OF SPHERE OF INFLUENCE PLAN UPDATE**

**WHEREAS**, a municipal service review mandated by Government Code Section 56430 and a sphere of influence update mandated by Government Code Section 56425 for the Butte County Resource Conservation District has been conducted by the Local Agency Formation Commission of the County of Butte (hereinafter referred to as “the Commission”) in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and

**WHEREAS**, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and,

**WHEREAS**, the Executive Officer, pursuant to Government Code Section 56428 and 56430, has reviewed this proposal and prepared a report, including his recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

**WHEREAS**, a public hearing by this Commission was called for February 7, 2019, and at the time and place specified in the notice of public hearing; and

**WHEREAS**, at the hearing, this Commission heard and received all oral and written comments; the Commission considered all plans and proposed sphere of influence amendments, objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the proposal, in evidence presented at the hearing; and

**WHEREAS**, acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, the Commission finds that the Butte County Resource Conservation District Municipal Service Review and Sphere of Influence Plan Update is Categorically Exempt from the provisions of CEQA under Section 15306, “Information Collection” and under Categorically Exempt from the provisions of CEQA under Section 15061(b)(3) – General Rule Exemption, respectively; and

**WHEREAS**, Municipal Service Review determinations for the Butte County Resource Conservation District are made in conformance with Government Code Section 56430 and local Commission policy; and

**WHEREAS**, Sphere of Influence determinations for the Butte County Resource Conservation District are made in conformance with Government Code Section 56425 and local Commission policy; and

**WHEREAS**, based on presently existing evidence, facts, and circumstances considered by this Commission, including the findings as outlined above, the Commission adopts written determinations as set forth and modifies the existing coterminous Sphere of Influence to include all five incorporated cities, as well as, the area located in the northwest corner of Butte County that was historically apart of the Vina Resource Conservation District.

**NOW, THEREFORE, BE IT RESOLVED**, that pursuant to powers provided in §56425 and §56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Local Agency Formation Commission of the County of Butte adopts written determinations as set forth in the Butte County Resource Conservation District Municipal Service Review and Sphere of Influence Plan Update, dated February 7, 2019, and adopts the Butte County Resource Conservation District Municipal Service Review and Sphere of Influence Plan Update, adopted by the Commission on February 7, 2019.

**PASSED AND ADOPTED** by this Local Agency Formation Commission of the County of Butte, on the 7<sup>th</sup> day of February 2019 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINS:**

**ATTEST:**

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Clerk of the Commission

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**CARL LEVERENZ**, Chair  
Butte Local Agency Formation Commission



