

BUTTE LOCAL AGENCY FORMATION COMMISSION

DRAFT Minutes of April 4, 2013

1. CALL TO ORDER

Chair Leverenz called the meeting to order at 9:00 a.m., on April 4, 2013, 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), Jerry Fichter (City) Steve Lambert (County), and Chair Carl Leverenz (Public). Alternate Commissioners Loren Gill (Alternate-Special District).

Absent: Alternate Commissioners Ann Schwab (City), Greg Steel (Public) and Larry Wahl (County).

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

2. CONSENT AGENDA

2.1 Approval of the Minutes of March 7, 2012

2.2 Employment Agreement for Executive Officer

Chair Leverenz asked if anyone had any questions, wanted any changes made or wanted either of these items removed from the Consent Agenda. None stated.

Commissioner Connelly made a motion to approve the Consent Agenda. The motion was seconded by Commissioner Lambert.

The motion was carried by the following vote:

AYES: Commissioners Lotter, Duncan, Connelly, Gill, Fichter, Lambert and Chair Leverenz

NOES: None

ABSENT: None

ABSTAINS: None

3. NOTICED PUBLIC HEARINGS

3.1 Review and Consideration of Proposed Budget for FY 2013/14

Steve Lucas stated the budget subcommittee met and the recommendation of the committee was unanimous to move forward with the budget presented today. The highlights of the budget relate to the ongoing ability to continue with the furlough program to meet our budgetary needs. After five years of having no increases for any of the member agencies, there is a proposed 10% increase. There is a one time line item for an office expense that is a payment for updating our server.

Jill Broderson stated the budget is a total reduction by 4% this year.

Chair Leverenz asked if this budget has been sent out to all member agencies for review. This was confirmed by Jill Broderson. Chair Leverenz asked if we have received any written responses to this year's budget. It was confirmed no written responses have been received related to the budget.

Commissioner Lotter stated maybe we should fund an equipment replacement fund. It was agreed next year's budget subcommittee will review to establish an equipment replacement fund.

Chair Leverenz opened this item to the public. No comments received. The public portion was closed.

Commissioner Fichter made a motion to approve the review of the proposed budget for fiscal year 2013/14. The motion was seconded by Commissioner Duncan.

The motion was carried by the following roll call vote:

AYES: Commissioners Lotter, Duncan, Connelly, Gill, Fichter, Lambert and Chair Leverenz

NOES: None

ABSENT: None

ABSTAINS: None

4. REGULAR AGENDA

4.1 Items Removed from the Consent Agenda – None

4.2 13-10 – City of Chico – Extension of Services – 1109 Stewart Avenue

Steve Lucas stated sewer connections were made prior to coming to LAFCo for approval. Simultaneously building permits were taken out to construct several duplexes on the site, and that was done through the County building department. One of these duplexes is substantially built, and connected to the city sewer service. Building permits were issued inadvertently on this property without the understanding that LAFCo would need to approve the connections. The City of Chico, the County and the land owner would ultimately like to see LAFCo approve the sewer connection and allow that new construction to move forward.

Staff has provided options for the Commission to consider. Staff believes the most appropriate option would be to allow the extensions to occur conditioned upon an annexation application being made within a fixed period of time so we can be certain the annexation will actually be initiated.

Chair Leverenz stated the law which requires LAFCo approval is consistent with our LAFCo policies. In that, any new development that is going to use services of a district or city should be part of that district or city. This is a good example of where you are increasing density in population which would need additional services, such as police and fire protection. Recommendation number two would cover a solution, but then we are faced with a timeframe dilemma that will work for the City of Chico.

Commissioner Connelly asked LAFCo counsel if LAFCo could give the City a time limitation for annexation.

Scott Browne stated yes, it is up to LAFCo.

Chair Leverenz stated he understands legally we could condition this with a reasonable amount of time.

Steve Lucas stated preferably this annexation would be done through an island annexation process to expedite the process and keep costs down. However the island annexation provision is set to expire at the end of 2013, unless changed by the legislature.

Commissioner Lotter stated six months would give the City time, doesn't stick the land owner with having to initiate the annexation himself, and it puts it on the City to initiate the annexation.

Chair Leverenz opened this item to the public for comments.

Dan Ostrander, property owner, stated he submitted a letter to the Commission that is attached to the staff report. He believes all agencies acted in good faith in this whole process, he just doesn't want to be the ramming rod for what's going on between the City, the County and LAFCO. If he doesn't get this approved right away, it is going to be an extreme hardship to him.

Chair Leverenz stated the recommendation from the staff is to approve the existing connections and add a condition to force the City to apply for annexation of this parcel.

Mark Wolfe, Planning Services Director for the City of Chico, stated the City submitted this application in an effort to try to work through this problem. The City agrees with the staff report. In this case there were some missteps that created a difficult situation for LAFCo to deal with. We have taken steps to ensure we won't be in that position in the future. The City does have an interest in assuring that over time we do eliminate county islands, as that is the best form of governance for a municipal setting like the City of Chico. Right now the City is looking at the Stewart Avenue annexation area and trying to determine the potential fiscal impacts of annexation at some point in the future. So far as the timeline is concerned, the City is happy to talk with LAFCo more in depth regarding annexation at the conclusion of the fiscal impact analysis. The City has concerns about making sure we can continue to provide services at the same level that the rest of the city residents receive.

Chair Leverenz stated he understands mistakes can be made, but this particular issue of the City hooking up people to the sewer has been an ongoing issue for the better part of 10 years. There doesn't appear to be a real sincere effort on the part of the City to correct this issue. The fiscal impact analysis has been ongoing for quite some time with no end in sight. This Commission wants to be fair to the City but we have to be honest to our obligation that if there is going to be urban development, then it needs to be done within the City.

Mark Wolfe, stated he feels Chair Leverenz has touched on something that is a great concern to him both personally and professionally. He sees a need for improved accountability on the City's part and improved relationship with LAFCo staff and this Commission. We need to work with LAFCo to implement the City's General Plan and he understands Chair Leverenz's point and he doesn't disagree with as to the history. He is concerned about a hard deadline for the City to annex any particular area in advance of the fiscal impact analysis of that annexation. The target date for the fiscal impact analysis is set for the end of this month.

Chair Leverenz asked Steve Lucas if it is possible to annex only the Ostrander parcel and the adjoining parcel rather than annexing the whole island.

Steve Lucas stated this island area represents a Disadvantaged Unincorporated Community (DUC) area. LAFCo State Law and Policy states any annexation that is initiated, if it qualifies under the DUC law that entire island area needs to come forward. An application could be made separately for 1) the Ostrander parcel and the adjoining parcel as one application; and 2) the rest of the island area as a separate application. They can be reviewed separately and one can fail and one can succeed.

Commissioner Connelly stated this is a very inefficient way to provide services for the County and it is very costly to the County. In all fairness people should have some sort of vote in where they shop, go to school and work. The area should be annexed and he doesn't think LAFCo should divide it off.

Commissioner Duncan asked Mr. Wolfe what amount of time would be acceptable to the City.

Mark Wolfe stated there isn't a number in his mind; it is more a point in time that an annexation is not going to fiscally impact the city and the current level of service already being provided. The City has some pretty serious budgetary concerns. Typically these types of areas don't "pay for themselves".

Tim Snellings, Development Services Director for Butte County, stated the City had some problems with the permit process with this parcel and the County also had some errors in their system. The County will do better in the future to make sure the County doesn't issue permits for any new development requiring sewer connection by placing restrictions on all areas within the Nitrate Area.

Commissioner Connelly asked what the staff recommends for a reasonable amount of time to allow for the annexation application to be submitted.

Steve Lucas stated six months would give the city or landowner the time to get that application filed and have it processed to a point where the law would be covered.

Commissioner Lotter made a Motion of Intent to approve the extension of services as listed under Option No. 2 on the staff report, to both the existing house and the new duplex, and LAFCo is to receive and application for annexation within six months and bring this item back for the May 2, 2013 LAFCo meeting. The motion was seconded by Commissioner Duncan.

The motion was carried by the following roll call vote:

AYES: Commissioners Lotter, Duncan, Connelly, Gill, Fichter, Lambert and Chair
Leverenz

NOES: None

ABSENT: None

ABSTAINS: None

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

6. **REPORTS AND COMMUNICATION**

6.1 **Executive Officer's Report –**

Steve Lucas summarized the Executive Officer's report and added the CALAFCO proposed legislation AB453 (Mullen) to make LAFCOs eligible for Sustainable Communities Planning Grants was heard on April 3, 2013 and passed with a 7 to 1 vote.

6.2 **Correspondence – None**

7. **ADMINISTRATION.**

8. **ADJOURNMENT**

There being no further business, the meeting was adjourned at 9:36 a.m. to the **Thursday, May 2, 2013** regularly scheduled meeting.

LOCAL AGENCY FORMATION COMMISSION

By: **Stephen Lucas, Executive Officer**

Minutes prepared by Joy Stover, Commission Clerk