

**BUTTE LOCAL AGENCY FORMATION COMMISSION**  
**Minutes of November 3, 2011**

**1. CALL TO ORDER**

Chair Leverenz called the meeting to order at 9:00 a.m., on November 3, 2011, 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 (Special District) and Greg Steel (Public)

Absent: Commissioner Mark Sweany (Special District) and Alternate Commissioners Kim Yamaguchi (County) and Ann Schwab (City)

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

**2. CONSENT AGENDA**

**2.1 Approval of the Minutes of October 6, 2011**

**Commissioner Fichter 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 Duncan, Connelly, Fichter, Lambert and Chair Leverenz

**NOES:** None

**ABSENT:** None

**ABSTAINS:** Commissioner Lotter and Alternate Commissioner Gill

**3. NOTICED PUBLIC HEARINGS – None**

**4. REGULAR AGENDA**

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

**4.2 11- 11 – City of Chico – Extension of Services – 1159 Forest Avenue**

Steve Betts stated the City of Chico staff anticipates the City Council adopting a resolution initiating the annexation of this parcel at their November 15<sup>th</sup> meeting. LAFCo staff anticipates that the City staff will then submit the annexation application to LAFCo and hopefully this project will be able to be put on the January 2012 LAFCo agenda.

**Commissioner Lambert made a motion to adopt resolution 09 2011/12 approving the extension of sanitary sewer services. The motion was seconded by Commissioner Fichter.**

**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 stated the Budget Committee met on October 19<sup>th</sup> with the following outcomes: 1) Evaluate the current charge out rate structure that sets an hourly rate by position and instead develop an average billing rate and bring it back on an agenda for the Budget Committee to review when appropriate. 2) Develop firmer estimates for project cost processing and require larger initial deposits. 3) Develop a specific policy acknowledging the difference between projects that have the purpose of ultimately entitling new development in contrast to projects that are clearly for the greater public good with the potential to consider reducing charges where the public interest is clearly established. 4) Develop a policy on the accumulation of reserve funding that would address the desired amount of reserves, how contributions would be applied for building reserves over a period of time, and procedures for utilizing reserve funds. There was discussion on the importance of having reserved funds to cover possible litigation costs that may arise as well as LAFCo unfunded liabilities that carried over when we separated from the County. Scott Browne shared with the Commission an action that took place in Nevada County that involved Nevada LAFCo not having a dedicated reserve fund to finance legal counsel when they were recently sued by one of their districts.

Steve Lucas stated the City of Oroville has embarked on an annexation plan and has submitted 7 annexation applications. LAFCo staff has met with representatives from the City of Oroville and the El Medio Fire Protection District for the purpose of discussing an overall strategy related to the annexation of the south Oroville area and how this impacts the overall functions of the District. Staff has offered to assist these agencies in moving forward with the goal of establishing a mutual agreement on future steps.

Commissioner Connelly stated the El Medio Fire District suffers because it has no commercial properties and they have funding problems each year. The difficulty would be if the City annexes parcels and the District gives up any of their residents that they serve they will basically lose their fees. There has to be a tipping point where El Medio either ceases to exist and the city takes it all or some other agreement.

Steve Lucas stated our primary effort is to encourage the viability of the District and have it be a feasible service provider for as long as we can until we can solve the problem.

Chair Leverenz stated every time the Commission has reviewed the El Medio District, their fiscal ability to function has always been in question because their funding stream is year to year and very problematic.

Commissioner Connelly stated the District went out to election and doubled their impact fees and that helped some. It is just that the cost of operation of the District has gone way up.

Chair Leverenz asked if there was anyone else in the audience that would like to speak.

Don Rust, Director of Planning and Development Services for the City of Oroville, stated he wanted to thank Steve Lucas and Steve Betts for working with him as they have been very helpful. The City is working through the issues and a lot of that is due to having the ability to talk to Steve Lucas and Steve Betts and he appreciates their help. There is a strategy the City is trying to move forward; first the island annexations, then the MSR/SOI update and finally the larger issue of south Oroville.

Chair Leverenz stated the Commission has been very sensitive to the issues related both to the South Oroville area and the El Medio Fire Protection District.

Steve Lucas stated he would like to discuss an overall work plan strategy in the near future. Staff would like to go over where we are at now, who's done what, what has been effective and what has not been effective.

Under legislative notes, Steve Lucas summarized as follows;

1) **AB 54 (Solorio)** Mutual Water Companies.

Chair Leverenz asked if the law (AB 54) requires LAFCo to analyze these agencies like in a MSR as far as their functioning abilities. Steve Lucas stated no, this is basically telling them if LAFCo asked for information, the water company shall provide it.

2) **SB 244 (Wolk)** Disadvantaged Unincorporated Communities.

3) **SB 187 (Lara)** State Auditor Review of High Risk Agencies.

Steve Lucas stated there is concern about agencies that have very serious fiscal issues that they have not been addressing and this allows the State Auditor to basically investigate that and ask any local government agency like LAFCo, for information related to those agencies and their fiscal state. Because LAFCo does MSRs and because the MSRs contain information about the fiscal health of an agency, there is a relationship there that might lead the State Auditor to work closer with LAFCo to identify what those issues are and if they rise to a level of high risk.

All three bills take effect on January 1, 2012.

Steve Lucas stated the audit has been initiated with Matsom and Isom and it is going to be conducted in December. Application Activity is very high at this time and staff is busy processing the increased number of projects that have come in. Steve Lucas stated he tentatively accepted the Deputy Executive Officer position with CALAFCO and confirmed the cost of travel is covered by CALAFCO by a \$2000 stipend.

## 6.2 Correspondence –

- a) October 16, 2011 Letter from D. Brinkley to the Commission concerning the City of Gridley Municipal Service Review.

Chair Leverenz stated historically LAFCO has in the past received similar letters and it has been the Commission's practice in the past to refer this back to the staff to review and determine whether or not it effects the City of Gridley's ability to provide services.

Commissioner Lotter stated he agrees with Chair Leverenz.

There was no vote taken on this item.

## 7. ADMINISTRATION – None

## 8. ADJOURNMENT

There being no further business, the meeting was adjourned at 9:36 a.m. to the December 1, 2011 regularly scheduled meeting.

## LOCAL AGENCY FORMATION COMMISSION

  

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By: Stephen Lucas, Executive Officer

Minutes prepared by Joy Stover, Commission Clerk