

**BUTTE LOCAL AGENCY FORMATION COMMISSION**  
**Minutes of October 1, 2009**

**1. Call to Order**

Chair Leverenz called the meeting to order at 9:04 a.m., October 1, 2009, in the Butte County Board of Supervisors Chambers, 25 County Center Drive, Oroville, California.

**1.1 Roll Call**

Present: Commissioners Lotter, Duncan, Connelly, Gill, Frith, Dolan, and Chair Leverenz.  
Alternate Commissioner Steele

Absent: Commissioner Sweany & Alternate Commissioners Holcombe and Yamaguchi

Others Present: Stephen Lucas, LAFCO Executive Officer  
Stephen Betts, LAFCO Deputy Executive Officer  
Joy Stover, LAFCO Commission Clerk  
Marsha A. Burch, LAFCO Legal Counsel Representative

**2. Consent Agenda**

**2.1 Approval of the Minutes of September 3, 2009**

**2.2 Sphere of Influence Trust Funds – Transfer Request.**

Approve and authorize a transfer of funds in the amount of \$43,200.51 from Sphere of Influence Fees (Fund No. 1001, Account No. 1011308) to Sphere of Influence Fees (Fund No. 7970, Account No. 4711308).

**Commissioner Lotter moved to approve the consent agenda, seconded by Commissioner Frith, and the motion carried by the following roll call vote:**

**AYES:** Commissioners Lotter, Duncan, Connelly, Gill, Frith, Dolan and Chair Leverenz  
**NOES:** None  
**ABSENT:** None  
**ABSTAINS:** None

**3. NOTICED PUBLIC HEARINGS –**

**3.1 SP-56 – Review and Consideration of the Public Review Draft Municipal Service Review for Wastewater Service Providers – Oroville Region.**

Steve Betts, LAFCo Deputy Executive Officer, thanked the SC-OR member entities for providing LAFCo staff with the information needed to prepare the MSR. Steve Betts presented a Power Point presentation summarizing the draft MSR.

Chair Leverenz requested clarification on the City of Oroville's annual fee increase of 13% and the issue of Oroville having to approve increases on an annual basis. There was discussion on the status of the City of Oroville's Sewer Master Plan. Steve Betts stated the Sewer Plan has not been updated at this time and the City anticipates adopting the updated plan by the end of the year.

Commissioner Connelly stated he believes the City of Oroville is only allowed to raise the sewer fees on an annual basis based on a conversation he had with the Vice-Mayor. Commissioner Connelly stated I&I is a current rate-payers' problem but there is a proposal that will require new development to correct I&I and shouldn't that be an option for new development to correct I&I and pay for plant expansion.

Steve Betts stated one of staff's recommendations was to have SC-OR create an I&I offset program so when a new development comes in they can either make improvements themselves to the existing sewer system or provide funds to the entity to fix the I&I.

Commissioner Connelly asked if it is a requirement and Steve Betts stated not at this but staff's recommendation is that SC-OR have a program in place.

Chair Leverenz opened the hearing to the public.

John Peace, Oroville Economic Development Corporation (OEDCO) stated he is with the organization that petitioned the LAFCo Commission to look into this problem about a year ago. John Peace wanted to comment that he has seen an increase of cooperation between the SC-OR member entities and the LAFCo staff. John Peace said the OEDCO Board addressed the staff recommendations at their last Board meeting and it was met with mixed reactions and they noted there was no timeline in which to implement the changes stated in the draft MSR.

Chair Leverenz went over the limitations LAFCo has in forcing changes as recommended in the draft MSR. Chair Leverenz stated LAFCo can make recommendations in the MSR but LAFCo cannot force any changes. Chair Leverenz stated LAFCo staff and Steve Betts in particular did a great job internally in working with these entities and produced a nice snap shot of what the problems are and what is there. Chair Leverenz stated this document will become important if the City of Oroville, LOAPUD or Thermalito Water & Sewer District wants to increase their Sphere of Influence or annex, as this document becomes critical and is what is going to enforce the timeline. LAFCo can use this MSR in reviewing upcoming projects.

Ray Sousa, manager of the SC-OR treatment plant, wanted to voice his appreciation for the preparation of the draft MSR. Ray Sousa said to implement the changes it will take time and he encourages the LAFCo staff to stay involved. Ray Sousa said their operating permit is issued by the Regional Water Control Board and their permit is based on the JPA [Joint Powers Agreement] and any changes to the JPA could affect their permit. There was discussion on SC-OR obtaining more authority from the member entities and how that could affect the member entities.

Commissioner Frith asked when the operating permit is due to be reissued. Ray Sousa stated SC-OR should receive the draft permit in January and the operating permit in July 2010 and until they receive the draft permit they do not know what to expect.

Rick Walls, senior civil engineer with the City of Oroville Public Works Dept., stated he is in managerial charge of the collection system and he wanted to address the sewer rate increase comment that was made. Rick Walls stated the City's Sewer Code does not allow the City of Oroville to have consecutive charge rate increases and they are currently researching with their City Attorney and plan on amending their Sewer Code in the near future.

Jayne Boucher, Thermalito Water & Sewer District, stated he wanted to commend the LAFCo staff on the preparation of the MSR. Jayme Boucher stated they recognize they have deficiencies in their system and they put a capital improvement program in place to address those issues. Jayme Boucher stated he thinks they have the key players to make this happen without a consolidation.

Chair Leverenz closed the public portion of the hearing.

Commissioner Connelly stated he appreciates the LAFCo staff's efforts, the three member entities coming together and the comment made about having a timeline.

Commissioner Frith noted that in the determination section 2.7 Land Uses, the amount of EDU's listed in the document varies and this needs to be corrected to be a true number.

Commissioner Lotter stated the member entities shouldn't lose site of the fact that their permit is out there and they need to get on this as the Regional Water Control Board is merciless. Commissioner Lotter stated it is not fair to one entity if they are dealing with their I&I issues and another entity is not.

Steve Lucas stated the four points on the conclusion appear to be positive steps to move forward and staff could be directed to prepare a draft memorandum of agreement that would outline the four points. This is something aside from the adoption of the document that could be provided to clarify exactly what the LAFCo expectations are and perhaps provide some timelines. Steve Lucas stated this document could be provided for the November meeting.

**Commissioner Connelly made a motion to direct the staff to come back next month for the final MSR adoption as well as the document relating to implement the conclusions. The motion was seconded by Commissioner Lotter.**

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

<b>AYES:</b>	Commissioners Lotter, Duncan, Connelly, Gill, Frith, Dolan and Chair Leverenz
<b>NOES:</b>	None
<b>ABSENT:</b>	None
<b>ABSTAINS:</b>	None

### **3.2 SP-51 – Review and Consideration of the Final Draft Municipal Service Review for the City of Oroville.**

Steve Lucas, LAFCO Executive Officer, went over additional comments staff received and the related changes requested.

Commissioner Duncan made a motion to approve the Staff Report Option 1: Approve Resolution No. 06 2009/10 adopting the Final MSR as amended, finding that the MSR is accurate and deliberate in its evaluation of the identified services provided by the City of Oroville and that the proposal is not subject to the California Environmental Quality Act pursuant to CEQA Guidelines §15262 since the project only involves feasibility or planning studies for possible future actions. The motion was seconded by Commissioner Connelly.

The motion carried by the following roll call vote:

**AYES:** Commissioners Lotter, Duncan, Connelly, Gill, Frith, Dolan, and Chair  
Leverenz  
**NOES:** None  
**ABSENT:** None  
**ABSTAINS:** None

**4. REGULAR AGENDA**

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

**5. Public Comment on Items not on the Agenda – None**

**6. Reports and Communications**

**6.1 Executive Officer's Report**

Steve Lucas, LAFCo Executive Officer, summarized the Executive Officer's Report and stated Commissioners Connelly, Steele and Duncan will attend the CALAFCO Conference and Commissioners Connelly and Duncan have decided to run for a seat on the CALAFCO Board.

There was discussion on CALAFCO establishing a regional structure for the statewide Association.

Steve Lucas mentioned the Walmart project that is in front of the Town of Paradise and staff has prepared comments to submit. Steve Lucas stated he would like to put this project on the agenda for November 5, 2009. Steve Lucas stated the project is within the Sphere of Influence for the Town of Paradise but it is not within the Sphere of Influence for the Paradise Irrigation District. The Commission agreed this could be put on the November agenda.

**6.2 Correspondence – None**

**7. ADMINISTRATION – None**

**8. ADJOURNMENT**

There being no further business, the meeting was adjourned at 10:15 a.m. to the November 5, 2009 regularly scheduled meeting.

**LOCAL AGENCY FORMATION COMMISSION**



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**By: Stephen Lucas, Executive Officer**

Minutes prepared by Joy Stover, LAFCO Commission Clerk