

**BUTTE LOCAL AGENCY FORMATION COMMISSION**  
**Minutes of October 6, 2011**

**1. CALL TO ORDER**

Chair Leverenz called the meeting to order at 9:00 a.m., on October 6, 2011, in the Butte County Board of Supervisors Chambers, 25 County Center Drive, Oroville, California.

**1.1 Roll Call**

Present: Commissioners Larry Duncan (Special District), Mark Sweany (Special District), Jerry Fichter (City), Steve Lambert (County) and Chair Carl Leverenz (Public);  
Alternate Commissioner Greg Steel (Public)

Absent: Commissioners Bill Connelly (County), Scott Lotter (City), Alternate Commissioners Kim Yamaguchi (County) and Loren Gill (Special District)

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 September 8, 2011**

**Commissioner Fichter made a motion to approve the consent agenda with noted change on page 2 of the minutes. The motion was seconded by Commissioner Duncan.**

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

**AYES:** Commissioners Duncan, Sweany, Fichter, Lambert and Chair Leverenz  
**NOES:** None  
**ABSENT:** Commissioner Scott Lotter and Alternate Commissioner Kim Yamaguchi  
**ABSTAINS:** None

**3. NOTICED PUBLIC HEARINGS –**

**3.1 11-06 MS – Review and Consideration of the Public Review Draft Municipal Service Review Update and Sphere of Influence Plan for County Service Area No. 114 - Chico Urban Area Nitrates**

Alternate Commissioner Yamaguchi arrived at this time.

Steve Betts, LAFCO Deputy Executive Officer, presented a Power Point presentation. Steve Betts stated CSA 114 – Chico Urban Area Nitrates has never had a Municipal Service Review or a Sphere of Influence Plan update. Steve Betts stated the County of Butte has submitted an application to LAFCo for an expansion of powers for this County Service Area. That application has been deemed incomplete by LAFCo staff. Before the expansion of powers request can be reviewed by the Commission, a Municipal Service Review and Sphere of Influence Plan must be reviewed and approved by the Commission.

Chair Leverenz stated as he understands it the parcels to be removed are those areas that are not anticipated to grow that would trigger a nitrate issue.

Steve Betts stated most of the parcels are in the Bidwell Park area or are zoned for agricultural uses and are not expected to have development and the properties are within the CSA sphere only.

There was discussion on the intent of the expansion of powers application that was received.

Commissioner Duncan asked if the property owners to be removed from the CSA have been paying the assessment fees.

Steve Betts stated no, as they are not in the district. These are parcels that are undeveloped lands in the CSA 114 Sphere of Influence only and not within the district boundary.

Commissioner Duncan asked if nitrates come from grazing animals.

Commissioner Yamaguchi stated the issue here is the nitrate concentrations coming from older septic systems that are not being maintained. If you have a properly maintained septic system and you are testing it, then you won't have those problems. It is only when you have long term mismanagement of that system and they don't deal with it – then you have the problems. The older communities tend to have the most problems.

Chair Leverenz stated the hot spots in Chico are urban areas that have existed for over a 100 years.

Chair Leverenz opened this item to the public for comment.

Jennifer Macarthy, Community & Economic Development Manager for Butte County, stated she has been overseeing the CSA 114 project on the County's behalf. She wanted to state LAFCo staff did a great job on the MSR. This is an extremely complicated project and it is the second largest sewer project in the state of California. It is being used as a model around the state. Jennifer Macarthy questioned Determination 3.6-2 that addresses the possible need to reassess the governing structure of CSA 114, indicating that the County is responsible for the management of CSA 114 and the complexities that are noted are actually related to the agreement for financing with the state revolving loan fund. The County oversees CSA 114 and is responsible only for the planning and the engineering related to sewerage.

Jennifer Macarthy indicated that Determinations 3.6-3 and 3.6-4 that addressed errors in the parcel data base and assessments would be corrected by the County, noting that

when the CSA was first put together there was no such thing as GIS and the mapping was done at the time with the best technology available.

Chair Leverenz closed the public portion of the hearing.

**Commissioner Duncan made a motion to approve the CEQA Exemption, the Draft Municipal Service Review Update and the Sphere of Influence Plan with one noted modification as set forth in the staff report. The motion was seconded by Commissioner Sweany.**

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

**AYES:** Commissioners Duncan, Yamaguchi, Sweany, Fichter, Lambert and Chair Leverenz  
**NOES:** None  
**ABSENT:** Commissioner Scott Lotter  
**ABSTAINS:** None

#### **4. REGULAR AGENDA**

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

##### **4.2 11-07 – City of Chico Master Extension of Sewer Services** *(continued from September 8, 2011)*

A status update was given by Executive Officer Steve Lucas. The letter agreement for interim connections was counter signed on September 16<sup>th</sup> and became effective on that date. LAFCo staff has received two calls related to this process, both wanting to hook up to sewer offering no objections to signing the covenant. The next step is to move towards the Master Agreement that effectively meets the Commission's concerns that these areas will eventually be annexed. There is still the issue of whether or not the covenant will be a part of that final agreement, and then an annexation plan that stipulates some time mechanism. LAFCo staff prepared a draft annexation plan for review. Steve Lucas went over the cost to date for LAFCo staff working on this project. Steve Lucas stated all staff involved: City, County and LAFCo have worked very sincerely on moving towards a solution and he is confident we will get there; it is just going to take some additional time.

Chair Leverenz stated as he understands it the City is processing this agreement through its committee structure and ultimately to the City Council and hopefully when it gets to the point where the committees are trying to hammer out the various issues that the City invites LAFCo staff to be involved so that there is full communication.

Fritz McKinley, Building and Development Services Director for the City of Chico, stated they do have [sewer] connections being made and some covenants being forwarded over to LAFCo. The City had the local government committee meeting yesterday and the annexation agreement was discussed.

Commissioner Sweany asked if Mr. McKinley had a best guess timeline to get the annexation agreement before the City Council.

Fritz McKinley stated six months to a year is his best guess.

Commissioner Duncan asked how many connections have there been so far.

Fritz McKinley stated in the 1S area there were seven connections, some in the City and some in the County.

Chair Leverenz asked if the City has started construction.

Fritz McKinley stated the [sewer] mains have been under construction for quite some time and hopefully they will complete that before the end of the year. In some of the areas, they are now testing the lines and now some of those connections can be made.

Commissioner Yamaguchi stated diplomacy costs dollars. He is glad there is a timeline because his concern relates to quickly having these property owners hooked up and annexed so the County is not providing the dual services that are being provided until there is a full annexation.

Commissioner Fichter asked if the City of Chico was advised of the additional billable hours and if they were given an approximate figure that they were going to be billed.

Steve Lucas stated no, not specifically. In this particular case we knew it was going to be a very complicated project. We didn't have an estimate, staff asked the City for an initial deposit and everything else was time and materials billing.

**No action was taken on this item.**

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

**6. REPORTS AND COMMUNICATION**

**6.1 Executive Officer's Report –**

Steve Lucas stated the CALAFCO Executive Officer has asked him if he would be interested in serving a two year term as a Deputy Executive Officer for CALAFCO.

Chair Leverenz stated he felt it would be beneficial not only to Steve Lucas but also a benefit to the Commission in a sense that when you participate in organizations like this you learn from other people's mistakes.

Commissioner Yamaguchi asked if Steve Lucas knows how much travel is involved.

Steve Lucas stated there is a fixed schedule of meetings every year mostly meeting in Sacramento and CALAFCO does provide a stipend of \$2000.00 to cover the expenses.

Chair Leverenz stated if anyone has any concerns they need to voice them.

Commissioner Yamaguchi stated Mr. Lucas has a better handle on his workload than any Commissioner. He knows Mr. Lucas is capable but it depends on the workload if he wants to do it.

Steve Lucas stated staff met with the Town of Paradise regarding their efforts to develop a limited sewer collection system for their commercial core area. Town staff explained some of the options that may be available; one of them including using the Tuscan Ridge Golf Course, another one is to use the City of Chico Sewer Plant, making an arrangement through a JPA of some sort, or possibly forming a special district. Steve Lucas stated there are growth inducement issues to consider.

Commissioner Yamaguchi stated the County General Plan does not consider the Skyway corridor as an area for major growth. The County has zoned that area agricultural and that is a large area that is not going to be impacted by subdivisions. Should the Town of Paradise have success in regards to this pipeline going down that way, the County wants to make sure that hook ups would be available for the existing developments.

There was discussion as to the possibility of Wal Mart possibly going into that area.

The City of Oroville is expected to submit applications to initiate the annexation of seven islands within the City of Oroville. Sutter Extension Water District (SEWD) has discussed submitting an application for a reorganization that includes a detachment of territory from Butte Water District and annexation to SEWD. Staff agreed Butte LAFCO will be the lead agency on this since we have all the data and background.

A financial update was provided.

## **6.2 Correspondence – None**

## **7. ADMINISTRATION – None**

## **8. ADJOURNMENT**

There being no further business, the meeting was adjourned at 9:52 a.m. to the November 3, 2011 regularly scheduled meeting.

## **LOCAL AGENCY FORMATION COMMISSION**



---

**By: Stephen Lucas, Executive Officer**

Minutes prepared by Joy Stover, Commission Clerk