

**Modoc Local Agency Formation Commission**

**REGULAR MEETING AGENDA**

**Website: [www.modoclafco.org](http://www.modoclafco.org)**

**Tuesday December 12, 2017 – 4:00 PM**

**City Council Chambers  
Alturas City Hall  
200 North Street, Alturas, CA 96101**

**1. Call to order / Pledge of Allegiance**

Commissioners

Alternate Members

David Allan, County Member  
Jim Irvin, City Member, Vice Chair  
T.J. Jerry Shea, Public Member  
John Dederick, City Member  
Kathie Rhoads, County Member, Chair

Richard Read, Public Member Alt.  
  
Geri Byrne, County Member Alt.  
Cheryl Nelson, City Member Alt.

LAFCO Staff

John Benoit, Executive Officer  
Scott Browne, LAFCO Counsel  
Jackie Froeming, Clerk

**2. Approval of the Agenda (Additions and Deletions)**

**3. Correspondence**

**4. Consider Minutes for August 8, 2017**

a. *Approve minutes from the October 10<sup>th</sup>, 2017 LAFCo Meeting*

**5. Public Comment**

This is the time set aside for citizens to address the Commission on any item of interest to the public that is within the subject matter jurisdiction of the Commission. For items that are on the agenda, public comment will be heard when the item is discussed. If your comments concern an item that is noted as a public hearing, please address the Commission after the public hearing is opened for public testimony. The Chair reserves the right to limit each speaker to three (3) minutes. Please understand that by law, the Commission cannot make decisions on matters not on the agenda.

**6. Ratify Claims for October 2017 and Authorize Payment of Claims for November 2017**

- a. *Approve payment of expenses for October 2017 and November 2017.*

**Other Business:**

**8. Regular meeting schedule for 2018**

- a. *Set regular meeting schedule for 2018*

**9. Discussion and Update regarding the Daphnedale CSD**

**10. Calafco Annual Conference Review**

- a. *Review conference summary*

**11. Executive Officer's Report:**

- a. *Lassen Modoc Flood Control and Water Conservation District – Service Review and Sphere of Influence Update*  
b. *Southern Cascades Service Reivew and Sphere of Influence Update*  
c. *Legislation*  
d. *Surprise Valley Healthcare District*  
e. *Upcoming Service Reviews*

**12. Commissioner Reports - Discussion**

*This item is placed on the agenda for Commissioners to discuss items and issues of concern to their constituency, LAFCO, and legislative matters.*

**13. Adjourn to the next regular meeting on February 13, 2018 (Consider change to February 27<sup>th</sup>, 2018)**

*Any member appointed on behalf of local government shall represent the interests of the public as a whole and not solely the interest of the appointing authority Government Code Section 56325.1*

*The Commission may take action upon any item listed on the agenda. Unless otherwise noted, items may be taken up at any time during the meeting.*

*Public Comment*

Members of the public may address the Commission on items not appearing on the agenda, as well as any item that does appear on the agenda, subject to the following restrictions:

- Items not appearing on the agenda must be of interest to the public and within the Commission's subject matter jurisdiction.
- No action shall be taken on items not appearing on the agenda unless otherwise authorized by Government Code Section 54954.2 (known as the Brown Act, or California Open Meeting Law).

*Public Hearings*

Members of the public may address the Commission on any item appearing on the agenda as a Public Hearing. The Commission may limit any person's input to a specified time. Written statements may be submitted in lieu of or to supplement oral statements made during a public hearing.

Agenda Materials

*Materials related to an item on this agenda submitted to the Commission after distribution of the agenda area available for review for public inspection in the Modoc County Planning Department office located at on 203 W. 4<sup>th</sup> Street, Alturas CA. [such documents are also available on the Modoc LAFCO website ([www.modoc.lafco.ca.gov](http://www.modoc.lafco.ca.gov)) to the extent practicable and subject to staff's ability to post the documents prior to the meeting]*

Accessibility

An interpreter for the hearing-impaired may be made available upon request to the Executive Officer 72 hours before a meeting.

The location of this meeting is wheelchair-accessible.

Disclosure & Disqualification Requirements

Any person or group of persons acting in concert who directly or indirectly contribute \$1,000 or more in support of or in opposition to a change of organization or reorganization that has been submitted to Modoc LAFCO must comply with the disclosure requirements of the Political Reform Act of 1974 applicable to local initiative measures to be submitted to the electorate. These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals; they may be reviewed at Government Code §§56700.1 and 81000 *et seq.* Additional information about the requirements pertaining to local initiative measures to be presented to the electorate can be obtained by calling the Fair Political Practices Commission at (916) 322-5660. A LAFCO Commissioner must disqualify herself or himself from voting on an application involving an "entitlement for use" (such as an annexation or sphere amendment) if, within the last twelve months, the Commissioner has received \$250 or more in campaign contributions from the applicant, any financially interested person who actively supports or opposes the application, or an agency (such as an attorney, engineer, or planning consultant) representing the applicant or an interested party. The law (Government Code Section 84308) also requires any applicant or other participant in a LAFCO proceeding to disclose the contribution amount and name of the recipient Commissioner on the official record of the proceeding. Contact LAFCO Staff LAFCO staff may be contacted at (530) 233-9625 or by email at [lafco@modoc.lafco.ca.gov](mailto:lafco@modoc.lafco.ca.gov) Copies of reports to the extent feasible are located on the LAFCO webpage at: [www.modoclafco.org](http://www.modoclafco.org)

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**Local Agency Formation Commission of Modoc County  
Meeting Minutes  
October 10, 2017**

**1. Call to Order/Pledge of Allegiance**

Chair Rhoads called the meeting to order at 4:00 p.m., in the City Council Chambers, Alturas City Hall. Commissioner Rhoads, Commissioner Alternate Byrne, Commissioner Dederick, Commissioner Irvin, and Commissioner Shea were present.

Public Present: Chester Robertson, Modoc County CAO and Stephanie Wellemeyer, Modoc County Auditor/Clerk

Staff Present: John Benoit, Executive Officer, Scott Browne, LAFCO Council, and Jackie Froeming, Clerk

Pledge of Allegiance

**2. Approval of Agenda (Additions and Deletions)**

Commissioner Irvin made the motion to approve the agenda; seconded by Commissioner Alternative Byrne. In favor Rhoads, Byrne, Irvin, Dederick, and Shea. Motion passed Unanimous.

**3. Correspondence**

None

**4. Consider Minutes for August 8, 2017**

Commissioner Shea requested the meeting minutes be amended to add Jean's last name which is Billodeaux under the public comment section.

Commissioner Alternate Byrne made the motion to approve the minutes as amended; seconded by Commissioner Irvin. In favor Rhoads, Byrne, Dederick, Irvin, and Shea. Motion Passed Unanimous.

**5. Public Comment**

None

**6. Ratify Claims for August 2017 and Authorize Payment of Claims for September 2017**

Commissioner Shea made the motion to approve; seconded by Commissioner Irvin. In favor, Rhoads, Byrne, Dederick, Irvin, and Shea. Motion Passed Unanimous.

**Public Hearing:**

**7. Fire Service Reviews and Sphere of Influence Updates including the Adin FPD, Fort Bidwell FPD, Alturas Rural FPD, Lake City FPD, California Pines CSD, Likely FPD, Canby FPD, Lookout FPD, Cedarville FPD, Tule Lake FPD, Davis Creek FPD, Willow Ranch FPD, Eagleville FPD, and the City of Alturas Fire Dept.**

*a. Review, Discuss and Conduct Public Hearing regarding the Fire Service Reviews and Sphere of Influence update.*

Chair Rhoads opened the Public Hearing at 4:05 PM  
The Public Hearing was closed at 4:08 PM

- b. Commissioner Shea motioned to approve LAFCo Resolution 2017-0003 and it was seconded by Commissioner Irvin approving a Service Review for Fire Services in Modoc County. In favor Rhoads, Byrne, Dederick, Irvin, and Shea  
Motion passed to approve Resolution 2017-003.
- c. Commissioner Shea motioned to approve LAFCo Resolution 2017-0004 and it was seconded by Commissioner Irvin approving a S.O.I. update for fire agencies in Modoc County. In favor Rhoads, Byrne, Dederick, Irvin, and Shea.  
Motion passed to approve Resolution 2017-004.

**Other Business:**

**8. Discussion and possible action regarding the Daphnedale CSD – Discussion of options regarding the CSD.**

Executive Officer Benoit and Commissioners discussed options regarding the Daphendale Community Services District (CSD). The alternatives include the following:

- 1) Annexation to the City - creating a subsidiary district which is a City Council controlled district. These districts can include 70% unincorporated areas and 30% incorporated areas.
- 2) Creating a CSD with the Board of Supervisors being the Board of Directors for the CSD.
- 3) Converting the CSD to a County Service Area (CSA).
- 4) Creating a JPA between the City, the County, and the CSD Board.
- 5) The City can form a Municipal Subsidiary District (MSD), which is the recommendation of Executive Director Benoit.
- 6) The State can send out a letter making LAFCo the enforcement agency.

LAFCo Counsel was available to answer questions during this discussion and also talked about a new law that which affects Community Services Districts (CSD). The law basically states if districts do not file the proper forms with the State Auditor they will make them an inactive district and request LAFCo dissolve the district. It was determined that Commissioner Dederick will present the MSD option at the next City Council meeting scheduled for October 17, 2017 and report back. Scott Browne is willing to talk with the City's attorney regarding the situation and answer questions.

**9. Consider appointment of Jennifer Stephenson as the LAFCo Deputy Executive Officer for Modoc LAFCo.**

Commissioner Dederick made the motion for a minute order appointing Jennifer Stephenson as the Deputy Executive Officer and it was seconded by Commissioner Shea. In favor Rhoads, Byrne, Dederick, Irvin, and Shea. Motion passed Unanimous.

**10. Executive Officer's Report:**

*a. Lassen Modoc Flood Control and Water Conservation District -*

LAFCo is working on the service review. Executive Officer is looking at the options for either dissolving or empowering the district. The financials will be given to John Benoit next week from Lassen County and he requested that Stephanie Wellemeyer send him the financials for Modoc County. He will be coming up with some sphere options which will be discussed at a future meeting. Commissioner Rhoads spoke on behalf of Modoc County regarding the records that have been removed. The Modoc County constituents want their records and do not have access. Executive Officer Benoit will look into where the records are located, go through the records, and work on getting access for Modoc County Constituents. Scott Browne asked about what is happening with the Groundwater and there was a brief discussion. Lassen and Modoc County have both formed GSA's and have to meet, conform, discuss, and coordinate with one another especially regarding the basin that is shared. There have been discussions between the entities regarding a memorandum of understanding (MOU) but at this time that has not happened.

*b. Surprise Valley Healthcare District –*

The status of this CSD is unknown at this time. Originally they were going to file for bankruptcy and now it looks like they are resending that idea and are contracting with a company to run the hospital. There is still a lot of outstanding debt but they are making an effort.

*c. Legislation of significance and Little Hoover Commission Final Report –*

The Little Hoover Commission is a political force in Sacramento and California. They have put out a final report on legislation items with their recommendations. The full report is available on the LAFCo website. Executive Officer Benoit discussed and provided an overview on some of the recommendations provided in this report.

**11. Commissioner Reports – Discussion**

None

**12. Adjourn to the next regular meeting on December 12, 2017**

There being no further business to come before this Commission; Commissioner Shea made the motion to adjourn the meeting; seconded by Commissioner Irvin. All present were in favor. The Meeting was adjourned at 5:12 PM.

# Modoc Local Agency Formation Commission

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## CLAIMS

for

October and November 2017

### Ratify and Authorize the following Claims

Nov 1, 2017	Staff Services October 2017	\$ 3,281.98
Oct 10, 2017	Commission Stipend Oct 10, 2017	\$ 500.00
Oct 10, 2017	Legal Services Browne	\$ 2,000.00
Dec 1, 2017	Staff Svcs November 2017	\$ 1,259.00
	<b>TOTAL:</b>	<b>\$ 7,040.98</b>

**DATED:** Dec 11, 2017

**APPROVED:** Dec 11, 2017

\_\_\_\_\_  
**Kathie Rhoads, Chair or Jim Irvin, Vice-Chair**  
**Modoc Local Agency Formation Commission**

**Attest:**

\_\_\_\_\_  
**John Benoit**  
**Executive Officer**

Modoc LAFCo  
Expenditures and Revenue  
FY 2017-2018

Item	File Scanning 4210	Memberships 4420	copies 4210	postage 4211	Communications 4221	Office Exp. 4210	Counsel 4008	staff Svcs 4004	Clerk Costs 4006	Notices and Public 4380
<b>Total Budgeted 2017-2018</b>	\$ 3,000.00	\$ 899.00	\$ 800.00	\$ 300.00	\$ 1,000.00	\$ 400.00	\$ 2,000.00	\$ 36,000.00	\$ 720.00	\$ 600.00
Calafco Dues 2017-2018		\$ (899.00)	\$ (95.86)			\$ (43.35)				
Staff Svcs July 2016								\$ (1,000.00)		
Comm Stipend Aug 8, 2017 meeting				\$ (27.72)				\$ (1,000.00)		
Staff Svcs August 2017			\$ (12.00)		\$ (90.22)			\$ (1,000.00)		
Modoc Record Lgl notice Fire SO1 #55135					\$ (52.26)				\$ (120.00)	
Staff Svcs October 2017										
Browne ending 10.15.17 Legal Costs			\$ (24.00)	\$ (7.00)	\$ (119.61)			\$ (1,500.00)		\$ (75.00)
Comm Stipend for Oct 10, 2017 Meeting							\$ (2,000.00)			
Staff Svcs. November 2017								\$ (1,259.00)		

<b>Total Expenditures to date</b>	\$ -	\$ (899.00)	\$ (131.86)	\$ (34.72)	\$ (331.62)	\$ (43.35)	\$ (2,000.00)	\$ (5,759.00)	\$ (240.00)	\$ (75.00)
<b>Total Budget Remaining</b>	\$ 3,000.00	\$ -	\$ 668.14	\$ 265.28	\$ 668.38	\$ 356.65	\$ -	\$ 30,241.00	\$ 480.00	\$ 525.00

	July 1, 2017 City Fund Carryover
unaudited	\$ 23,512.40
17-18 Actual City/Co. Contributions	
FY 2017-2018 City Anticipated FundsTransf	
2017-2018 County-City Funds anticipated	\$42,670.90
Funds received	
REVENUE FOR PROJECTS	
Interest	
Anticipated Funds received	
Less Expenditures	\$ (16,573.42)
<b>Actual Cash Balance</b>	<b>\$ 6,938.98</b>



**MODOC LAFCO**  
**2018 Regular Meeting Schedule**

**February 13, 2018**

**April 10, 2018**

**June 12, 2018**

**August 14, 2018**

**October 9, 2018**

**December 11, 2018**

Regular meetings of the Commission are scheduled for the second Tuesday of every other month at 4:00 p.m. in the City Council Chambers, 200 North Street, Alturas, California. The Commission may, at its own discretion, meet at a different time or place from time to time, provided that public notice of such time and place is given in accordance with the Ralph M. Brown Act, Government Code Section 54954 et. seq. and applicable provisions of the LAFCO Act.

## 2017 CALAFCO Annual Conference Summary

Conference presentation materials are all available on the CALAFCo Website at [www.calafco.org](http://www.calafco.org).

1. LAFCO 101 is a presentation to assist LAFCO Commissioners, the Public and LAFCO Staff with an overview of LAFCo. This presentation includes LAFCO's intent and purpose, history, organization, powers, Service Reviews and Spheres of Influence and perspective on applying the basics.
2. There was a presentation on a statewide poll on Accountability, Consolidation, Local Control, Transparency and Communicating with the public. The results were: Poverty/Homelessness is the most important issue, Majority of respondents know nothing about LAFCo, Most respondents know nothing or are unsure of the how LAFCo is doing its job. Many LAFCo's use social media to get the word out and most believe it would be the most effective way for LAFCo to communicate with the public. Most agree LAFCo does not seem to be a very transparent agency; LAFCo's should focus on local government efficiency.
3. There was a presentation entitled "Your LAFCo Story: Don't Let Someone Else Tell it!" This was a presentation regarding LAFCo's creating the LAFCo message or brand. Many times LAFCo's are reacting to situations rather than being proactive.
4. Local Agencies' Fiscal Health: What is LAFCo's role. This panel took a macro view of what is going on in California i.e. local governments are facing severe financial strain due to a number of reasons: i.e. PERS obligations, natural disasters, recessions, etc. How can LAFCo's react? This session examined changing revenue streams for local governments over time. The essential problem is revenues cannot keep up. Causes are an unsustainable real estate recovery; loss of RDA's, Contract cost inflation exceeds revenue growth, deferred maintenance, shift of VLF, etc.

The major causes are increasing services and demands, maximizing tax increases, retirement costs, local government tax share, taxable retail threats, redevelopment, inefficiencies and political expectations.

How this might affect LAFCo?

How do MSR's address these issues?

1. Potential for Disincorporation, bankruptcies
  2. Encounter resistance from cities and districts to annex
  3. Decreases in level of service particularly in poorer areas of state
  4. Pressures from communities to incorporate, even when not feasible
  5. Perpetuation of sprawl without a viable long-term municipal service solution
- Solutions?

Solutions may include:

1. Sharing or consolidating service delivery for economies of scale,

2. Demonstrating accountability and transparency to build support for revenue measures or service delivery changes

Solutions involve:

1. Finding other service delivery approaches which reduce costs
2. Explaining local government economics in a credible and transparent manner to maximize support for revenue increases
3. LAFCO MSR Determination Areas are uniquely attuned to this effort; consider the wording of CKH

Some LAFCo's are moving to illuminate Fiscal and Service Issues in the MSR process sample determination criteria may include:

1. Shared services, facilities and staff; duplication of services or facilities and excess capacity
2. Anticipated service level deficiencies, and
3. Financial metrics\* aimed at gauging the ability to provide services
4. Multiple quantitative service level statistics for municipalities

Metrics\* may include:

1. Operating General Fund deficit and surplus trends for the past 5 years
2. Balanced General Fund Budgets using one time revenues, deferred expenditures or borrowing
3. Unreserved General fund reserves as a percent of operating expenditures
4. Unfunded pension liability
5. Debt and Debt ratios
6. Liquidity as measured when comparing cash and short-term investments over current liabilities.
7. Timeliness and accuracy of financial reporting by ensuring that the State Controllers Financial Transactions Report was filed on a timely basis and that the CAFR received a clean opinion and was issued within 6 months of the fiscal year's end.

**5. Show me the Money Humboldt, Imperial, Santa Clara and Calaveras LAFCo's**

- 16% of LAFCo Annual Budgets are less than \$50K
- 16% of LAFCo Annual Budgets are between 50K and 100K
- 18% of LAFCo Annual Budgets are between 101K and 300K
- 38% of LAFCo Annual Budgets are between 300K and 700K
- 13% of LAFCo Annual Budgets are over 700K

Most of the LAFCo Budgets allow LAFCo's to meet all the LAFCo functions (54.5%) and 34.5% of the LAFCo's say Yes, but only minimal

78% of LAFCo's receive between 0 and 10% percent of their revenue from Application Fees.

49% of the LAFCo's believe it is somewhat difficult to sustain LAFCo funding

**Some of the cost savings ideas discussed are:**

Practice conservative budget approach – Imperial

Maintain Positive relationships with funding agencies – Imperial, Calaveras and Humboldt

Have your own building and you don't have to pay rent and income from renting office space. Imperial

Update Fee Schedule regularly - Santa Clara

Curtail the granting of application fee waivers – Santa Clara

Share services with another local agency, where feasible – Santa Clara

Recognize that even small increases in apportionment can hit some members much harder than others - Santa Clara

Effective Management - Calaveras

Contracting out - Calaveras

Weigh the cost of utilizing County/City Services – Calaveras

Have Empathy, Listen to constituents, work with the Press – Calaveras

Use existing tools more effectively i.e. technology -Calaveras

Reduce Bureaucracy – Calaveras

Pay attention to financials and bills paid out - Calaveras

**Some of the challenging situations mentioned:**

Moving out of the County facility and leasing private office space – Santa Clara

Initiating litigation to address inadequate CEQA Documents - Santa Clara

Paying for the dissolution of special districts that are unable to pay costs. - Imperial

## **6. Avoiding an Ethical Crisis:**

The purpose of this session is to decrease the odds that you or your organization will suffer an ethical crisis and help to better understand what ethics actually mean.

Some of the suggestions discussed;

1. Prevention first: Talk about it, training, Don't assume it will happen?
2. Just because it is legal doesn't mean it is ethical
3. The greatest challenge is the R word (Rationalization)
4. Beware of the no one will find out rationalization
5. The Google Rule now everyone can judge your conduct.
6. The Taxpayer Rule What would the average taxpayer think.
7. You are only tested when choices are tough
8. A test for a leader: What you did. What others did and you knew about it, and what did others do that you did not know about it.
9. Responding to an ethical lapse
10. 3 questions you must be prepared to answer: What did you know? When did you know about it? And what did you do about it?

## **7. LEGISLATIVE UPDATE:**

In 2017 there were 2980 Bills in the legislature (1982 in the Assembly and 998 in the Senate). Of these bills 1189 became law and 118 were vetoed and the remaining 1,673 did not make it through the legislature.

There were six bills were chaptered related to LAFCo

AB 464 (Gallagher) affecting annexation proceedings and out of area services being provided.

AB 979 (Lackey) streamlines the process of seating special districts

AB 1361 (E. Garcia) Authorizes a Municipal Water District to apply to LAFCo to extend services to Indian lands and prohibits LAFCo from denying the application

AB 1725 The CALAFCO Omnibus bill. Minor changes to non-controversial sections of CKH

SB 130 Provides certain cities incorporated between 1/1/2004 to 1/1/2012 to receive property tax in lieu of VLF

SB 448 Requires the State Controller to publish a list of inactive districts and establishes a process for LAFCo's to dissolve inactive special districts.

Look forward to the legislature taking up Healthcare Districts, Water and Contracting issues in the next legislative session.