**Local Agency Formation Commission of Modoc County**

**Meeting Minutes**

**April 10, 2018**

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 Byrnes, Commissioner Dederick, Commissioner Irvin, Commissioner Shea, and Public Alternate Member Richard Read were present.

Staff members present were Jennifer Stephenson, Assistant Executive Officer (AEO), and Jackie Froeming, Clerk

Pledge of Allegiance

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

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

Motion passed Unanimous.

**3. Correspondence**

AEO Jennifer Stephenson reported on the correspondences received which were calls for legislative action by CALAFCO to support the following bills AB 3254(annual omnibus bill), AB2258 (grant funding for LAFCO’s), AB2600 (adds option of resolution application for Regional Park and Open Space Districts), and AB 2491 (seeks to reinstate VLF funding for further City Incorporations).

**4. Consider Minutes for February 27, 2018**

Commissioner Byrne made the motion to approve the minutes as presented; seconded by Commissioner Dederick. In favor, were Rhoads, Byrne, Dederick, Irvin, and Shea.

Motion Passed Unanimous.

**5. Public Comment** - None

**6. Authorize Payment of Claims for February 2018 and March 2018**

Commissioner Shea made the motion to approve authorization of the claims; seconded by Commissioner Irvin. In favor, were Rhoads, Byrne, Dederick, Irvin, and Shea.

Motion Passed Unanimous.

**7. Initiation of LAFCo Proceedings for a Sphere of Influence Amendment, Formation of a Successor Agency and Dissolution of the Daphendale CSD.**

A public hearing was conducted and closed on February 27, 2018 for an initiation to begin Dissolution of the Daphnedale CSD. The City, District, and County were unable to meet but Joe Picotte had a phone conversation with Jesse Blair.

Jesse Blair reported that he had been able to contact and talk with several people. He reported that he had found three (3) people willing to work and be appointed to the Board which includes himself, Steve Riley, and Joann White.

Commissioner Dederick reported on the current debt of this district is $30,000.00 and it will be increasing $2,000.00 per month.

Commissioner Byrne asked how many people are required for a quorum.

The response was three (3) are required to establish a quorum.

Commissioner Dederick asked that if Daphnedale became a CSA would Proposition 218 process be required. It was reported that yes this would be a requirement.

Chester Robertson reported he has talked with people within the area letting them know that the district was looking for board members but so far nobody has taken out paperwork. Chester reported he had met with Joe Picotte at the City. He also reported that since the district does not have any Board of Directors the election window has already passed for an assessment. The County would have to move forward with a Prop 218 under a fee structure which how the County would proceed to address the current debt and loan. Once the existing loan has been paid off that would free up some capacity but would not resolve the long-term issues based on the numbers the district has coming in especially with the rising costs. The financial statements have not been produced and an audit would need to be done and a 448 process would need to be completed.

Commissioner Dederick would like this process to continue and recommends moving forward with this process and adopt the resolution. He feels this may result in reactions from homeowners which could result in more owners wanting to become involved with the special district. The dissolution can take at least six (6) months which would give the district time to come up with a plan and get the district active.

Chester Robertson reported both the County and City are willing to assist the CSD with the Prop 218 letter process.

Motion made by Commissioner Dederick to adopt Resolution 2018-0001 initiating an amendment to the Sphere of Influence, the formation of a successor agency and begin the dissolution of Daphnedale CSD; seconded by Commissioner Irvin. In favor were Irvin, Dederick, and Shea. Opposed were Commissioners Byrne and Rhoads.

Motion passed (3-2) to adopt Resolution 2018-001.

**8. Public Hearing regarding the Proposed LAFCo 2018-2019 Budget.**

Public Hearing was opened at 4:20PM and closed at 4:23PM.

AEO Stephenson gave a background on the budget saying it has remained the same except Calafco dues have increased and the overall budget has gone down over the last two (2) years.

Commissioner Dederick asked why the Modoc LAFCo has never had any special districts involved with the Commission.

AEO Stephenson reported that only about half of special districts are seated on the LAFCo Commission. They would have to vote to join the commission by a majority vote of all area special districts. If they became involved they would be required to pay 1/3 of the bill based on annual operation cost so the support of special districts has not been garnered.

Commissioner Dederick made the motion to adopt Resolution 2018-0002 to approve the LAFCo Proposed Budget for 2018 – 2019; seconded by Commissioner Shea. In favor, were Rhoads, Byrne, Irvin, Dederick, and Shea.

Motion passed Unanimous.

**9. Discussion and update regarding Surprise Valley Health Care District**

AEO Stephenson reported that there has been no communication or applications from the district to date and until an application of dissolution is received this is not an issue before LAFCo.

Commissioner Dederick was asked to by community members to raise the question that if the SVHCD debt will roll-over to the property owners?

AEO Stephenson felt this was a legal question as to who would be responsible for the current debt liability.

Sandy Stevenson stated that it was reported in the Modoc Record about two (2) weeks that the current debt liability would be around $11,000.00 per district property owner. She discussed that recently the hospital took on an additional 4 million dollar debt with the Caldera Loan. She has asked at public meetings if they have intent to change the use of the hospital and if the hospital district intends to sell, and when will the application for change be submitted the LAFCo

Commission. So far no one has been able to answer that question and there has been no initiative taken.

Shanda Pedotti reported she works at Surprise Valley Hospital and nobody has taken initiative to dissolve the district because they have been told it is better to wait since they are still in the midst of bankruptcy and should finalize this before moving forward with the dissolution. She reported that the debt they are borrowing is 2.5 million which is being borrowed per a Debtor in Possession (DIP) financing which is the purchase price of the hospital. Once the motion passes then they will begin the moving forward with the dissolution.

The question was posed if the successor entity would have to make the application with LAFCo to take over the special district. AEO Stephenson explained there are three (3) ways to begin initiation of the dissolution which include initiation by the district, 10% petition by the landowners within the district, or by LAFCo. The application for dissolution does not come from the successor agency.

**10. Legislative Support Letters: Authorize the Chair to sign letters of support.**

Motion by Commissioner Dederick; and seconded by Commissioner Irvin to authorize Chair to sign letters of support for Calafco’s Omnibus Bill (AB 3254) minor changes to definitions and AB 2258 legislation seeking grant funding for LAFCo’s. In favor, were Rhoads, Byrne, Irvin, Dederick, and Shea.

Motion passed Unanimous.

**11. Executive Officer’s Report**

AEO Jennifer Stephenson reported that the Service Review and S.O.I. for the Lassen Modoc County Flood Control and Water Conservation District would be presented at the next meeting. She also reported that the 700 Forms were due to the County Clerk’s Auditor Office April 2, 2018.

**12. Commissioner Reports -** None

**13. Adjourn to the next regular meeting on June 12, 2018**

There being no further business to come before this Commission; Commissioner Dederick made the motion to adjourn the meeting; seconded by Commissioner Shea. All present were in favor. The Meeting was adjourned at 4:32 PM.