

**Modoc Local Agency Formation Commission**

**REGULAR MEETING AGENDA**

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

**Tuesday April 10, 2018 – 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

Geri Byrne, 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.  
  
David Allan, 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**

- a. *Call for legislative action by CALAFCO to support AB 3254 (annual omnibus bill)*
- b. *Call for legislative action by CALAFCO to support AB 2258 (grant funding for LAFCOs)*
- c. *Call for legislative action by CALAFCO to support AB 2600 (adds option of resolution application for Regional Park and Open Space Districts)*
- d. *Call for legislative action by CALAFCO to support AB 2491 (seeks to reinstate VLF funding for future City incorporations)*

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

- a. *Approve minutes from the February 27<sup>th</sup> 2018 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. Authorize payment of Claims for February 2018 and March 2018**

- a) *Authorize payment of claims for February 2018 and March 2018.*

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

- a) *A public hearing was conducted and closed on February 27, 2017.*  
b) *The City, the District and the County were asked to meet and bring a solution back to LAFCo for consideration.*  
c) *Consider Resolution 2018-0001 initiating an amendment to the Sphere of Influence, formation of a successor agency and dissolution of the Daphnedale CSD or consider a recommendation by the City, the District and the County and take possible action thereon.*

**PUBLIC HEARING**

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

- a) *Review Executive Officer's Report Open Public Hearing and consider LAFCo Resolution 2018-0002 adopting a LAFCo Proposed Budget for FY 2018-2019*

**Other Business:**

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

- a) *This is discussion item only and no LAFCo action is being considered*

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

- a) *Calafco's Annual Omnibus Bill (AB 3254) minor changes to definitions;  
and*  
b) *AB 2258 legislation seeking grant funding for LAFCo's.*

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

- a. *Lassen Modoc Flood Control and Water Conservation District – Service Review and Sphere of Influence Update*  
b. *700 Forms were due April 2<sup>nd</sup> File with County Clerk Auditor's Office*

**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 4:00 PM on June 12, 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)

**Local Agency Formation Commission of Modoc County  
Meeting Minutes  
February 27, 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 Byrne, Commissioner Dederick, Commissioner Irvin, and Commissioner Shea were present.

Staff Present were John Benoit, Executive Officer, Jennifer Stephenson, Assistant Executive Officer, and Jackie Froeming, Clerk

Pledge of Allegiance

**2. 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**

None

**4. Consider Minutes for December 12, 2017**

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

**5. Public Comment**

Member of the Public Jeannie Goldman commented on Surprise Valley Healthcare District(SVHCD) and gave a background. She has been attending meetings for SVHCD and actively involved as a member of the public since 2012. She wanted to know how long it normally takes to dissolve a district and requested another special review for SVHCD. She thanked Kathie Rhoads and Geri Byrne for stepping in for their Supervisor who is ill and dealing with this issue. She also wanted to know what LAFCo can consider doing in this current situation.

Commissioner Shea commented back informing her that LAFCo has no enforcement rules.

**6. Authorize Payment of Claims for December 2017 and January 2018**

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

## **7. Public Hearing – Regarding the initiation of LAFCo proceedings for a Sphere of Influence Amendment, Formation of a Successor Agency and Dissolution of the Daphendale CSD.**

### a) Discuss and Conduct Public Hearing

Chair Rhoades opened the Public Hearing at 4:20 PM.

Executive Officer Benoit provided a background and staff report regarding the Daphendale Community Service District (CSD) and the various alternatives for this district. At the last LAFCo meeting and it was recommended that this be added to the next City Council agenda for discussion. After the Council met they sent a letter to LAFCo requesting initiation of the proceedings to begin dissolving the district. The CSD contracts with the City for the wastewater treatment for its collection system and since they are unable to have a quorum they cannot conduct business. When a district is dissolved you need to concurrently form another entity to take over the service and be able to identify who that will be. The most logical solution to date would be to make this into a County Service Area (CSA) which would make the County responsible for review, inspecting new installations, maintenance of the collection system, and wastewater treatment. There are special requirements to do these types of services. If the County is not qualified an idea would be to contract with the City of Alturas to address them.

Resolution 2018-0001 is to initiate the dissolution not approve it Executive Officer Benoit discussed the terms and conditions that are included in the draft resolution and if needed others could be added. In addition he discussed some of the initial concerns he has heard in regards to dissolving this district. District landowners do have protest provisions in which they can vote no and state they do not want to be dissolved. This leads to another alternative for the district to reconstitute, become very active, and perform all the aforementioned functions.

If this becomes a CSA the responsibility of upgrading and replacing the infrastructure would be borne by the County but landowners would be responsible for the costs. If landowners don't want to approve a Prop 218 to increase the rates in order to upgrade the facilities and if violations exist there would be fines imposed by the Water Board. These fines would get remitted only if the upgrades are completed. The newly reorganized district would become a dependent district underneath the Board of Supervisors and the CSD would no longer exist. As part of this process the sphere of influence would have to be amended and the MSR updated for the district. Furthermore, Executive Officer Benoit reported that the debts run with the land and the State may come back to the County since they are the land use authority and have some liability.

Jessie Blair commented he is a landowner in the Daphnedale District. He gave a background regarding the sewer system and how the state forced them to put in that system which was paid for out of pocket by the landowners. The district is not functioning but they are continuing to pay the bills which include an existing loan. The issue at hand is the amount owed to the city which is \$26,845.00. He stated when the original contract was established it was set at a low contracted rate but within the last five (5) years since sewer treatment plant was installed the bill skyrocketed and the district cannot keep up with that amount owed since the money is collected through the tax role. Once the County cuts the check they pay the sewer fees to the city. He

suggests the District, City, and County meet to see how they can address this ongoing issue and come up a way to solve this problem.

Chester Robertson and Joe Picotte directed questions to Jessie Blair and he responded to them and a discussion followed.

Stephanie Wellemeyer(County Auditor/Clerk) reported that tax allocations are collected and dispersed three times per year to districts. Last year Daphnedale received \$16,998.00 and this amount included secured taxes, unsecured taxes, abstracts, supplementals, and a homeowner's property tax amount. In addition, Daphnedale gets an assessment and ABA rates. This year there are forty-eight(48) parcels that are being assessed taxes. She also discussed the district's options regarding electing board members, getting on an election cycle and costs that could be involved and mentioned what would be needed if the district wanted to get a measure on the ballot to increase taxes and the costs associated. This is more expensive process and the measure would require a 2/3 vote to pass.

Commissioner Dederick commented that it appears to him that state law says the successor agency should be the County of Modoc if the district is dissolved. The agreement with Daphendale CSD was signed originally in 1981 with a much lower rate and since then the rates have increased resulting in more debt for the district.

Jesse Blair responded to Commissioner Dederick and reported his concerns if it becomes a CSA. The County would be tasked to make an agreement with the City to administer the district which could incur additional fees for the district.

Chester Robertson (County CAO) provided a background on the Daphendale, CSD from when he worked for the City including how the Prop 218 notice at the City it was mailed to the district and along with a sample letter to mail out to homeowners. The recommendation at that time was for a fee but the district never mailed those letters. They have had compliance issues with the State Water Board. Another issue of concern is there are several unauthorized installs that were never permitted by the City. He reported on his concerns on how this would affect the County should they take this district over and how they would approach the issues which include bringing them into compliance with audits. He would use a two prong approach which would include getting something on the ballot for Prop 218 Fee Notice which he feels if implemented will bring longer better results. He would like to see if there is a way there can be organization in the district prior to beginning the dissolution. He would also like time research fully what the County would be absorbing and what are the long-term obligations would be.

Commissioner Dederick commented that he understands the County's concerns but feels that LAFCo should move forward with the dissolution.

Joe Picotte commented that the County, City, and District should meet to discuss how to proceed with this district, work towards solving the issues and begin moving forward.

The Public Hearing was closed at 5:05 PM

b) Resolution 2018-0001 – initiating an amendment to the SOI, formation of a successor agency and dissolution of the Daphnedale CSD.

Commissioner Dederick asked LAFCo how long dissolution can take.

Executive Officer Benoit responded that dissolution can take 6 months to 2 years.

Motion made by Commissioner Byrne to postpone this to the April 10, 2018 in hopes that the City, County, and District get together and come up with a solution, seconded by Commissioner Irvine. In favor, were Rhoads, Byrne, Dederick, Irvin, and Shea.

Motion Passed Unanimous.

**Other Business:**

**8. Discussion regarding the Service Review and Sphere of Influence for Southern Cascades CSD in Lassen and Modoc Counties.**

Executive Officer Benoit provided a copy of the draft service review for this district and reported they are operating beyond expectations. Dan Bouse, General Manager of the district provided an update. The district went into service with Advance Life Support Ambulance and SMSA provided the district with 6 months of intensive training. They are still working on the education piece and are on a long-term lease agreement with school and intend to purchase the location and would like to move forward with the purchase. They just recently had the land and buildings appraised. The other phase they are working on is they are looking into a business plan to provide non-emergent medical transport and have been in communication with the partnership medical group HMO. The objection is to provide a service that is not available within the area. They have great partnerships with SMSA and Air Methods have been very generous to our community. Air Methods will be donating a \$70,000 equipment piece to use for education at the facility.

Commissioner Dederick asked about the non-emergency transportation and wanted to know if that would include things like dialysis appointments?

Dan Bouse responded and explained there are two pieces which is the transportation to anything that is covered by Medical or Medicare. In addition, the state just mandated that transportation needs to be provided for non-covered services such as obtaining a prescription if there is not a pharmacy available locally.

**9. General Discussion and establishment of work priorities for the upcoming Fiscal Year 2018-2019.**

Executive Officer Benoit discussed things done in the past and what will need to be done for the future. He provided a list to the Commission and he recommended they discuss and review this list, determine where the work priorities are for the upcoming fiscal year, and direct LAFCo on what should be focused on. The Commission needs to find a way to keep the Service reviews of districts up to date on a limited budget. Funding only comes from the County and City for this

LAFCo. The districts do not contribute nor sit on the board. Most of the service reviews are up to date but the info is old since situations change rapidly as we have seen with Daphnedale and SVHCD.

**10. Authorize Staff to attend the Annual Calafco Staff workshop in Marin County – April 11- 13, 2018.**

The Commissioners authorized Executive Officer John Benoit to attend the Calafco Annual Staff Workshop. Executive Officer Benoit reported that he was asked to be a speaker at a California Water Summit in San Diego and received a grant from another county and will be talking about What are the barriers of getting an LAFCo approval and briefly discussed this topic.

**11. Executive Officer’s Report**

- a.) Executive Officer Benoit reminded the Commission that 700 Forms are due by April 2, 2018 and need to be filed with the County Clerk.
- b.) The service review and sphere of influence is in the process of being updated for the Lassen Modoc Flood Control and Water Conservation District.
- c.) CSDA is a special district association that is statewide. They will be providing an Ethics Training and roundtable in Susanville on April 9<sup>th</sup>, 2018. They are trying to get more support and members within the Modoc County area. Also, LAFCo will sponsor an Ethics Training in the fall have an attorney to come provide the training. This will be open to the Commissioners and anybody else within the districts that would like to attend.
- d.) Regarding the SVHCD Executive Office Benoit felt that Jeannie did a great job explain LAFCo’s role and reported for the record that no one has contacted LAFCo from the district. He discussed a code section that talks about LAFCo’s ordering the dissolution of a healthcare district and voters must approve it. The only thing LAFCo can do for SVHCD is to update the service review and begin to explore the debt and operations of the district. He has heard the numerous concerns regarding compliance with open meeting laws, financials, and records requests, etc. One of the charges of LAFCo is to look at these things, develop a rapport and make suggestions on how the district can be turned around. The role of LAFCo is to look for efficient government services.

**12. Commissioner Reports– Discussion**

None

**13. Adjourn to the next regular meeting on April 10, 2018**

There being no further business to come before this Commission; Commissioner Byrne made the motion to adjourn the meeting; seconded by Commissioner Dederick. All present were in favor. The Meeting was adjourned at 5:35 PM.

# Modoc Local Agency Formation Commission

## CLAIMS

for

February 2018 and March 2018

**Ratify and Authorize the following Claims**

Mar 1, 2018	Staff Services February 2018	\$ 4,506.81
Feb 27, 2018	Commission Stipend Feb 27, 2018	\$ 600.00
Apr 1, 2018	Staff Services March 2018	\$ 3,103.74
Mar 22, 2018	Modoc Record Legal Notice 18-19 Prop Budget	\$ 48.00
April 1, 2018	Meeting room rental 2016, 2017 &2018	\$ 450.00
	<b>TOTAL:</b>	<b>\$ 8,708.55</b>

**DATED:** April 10, 2018

**APPROVED:** April 10, 2018

**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	Account Number	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)								
Staff Svcs July 2016				\$ (95.86)		\$ (69.53)	\$ (43.35)		\$ (1,000.00)		
Comm Stipend Aug 8, 2017 meeting											
Staff Svcs August 2017											
Staff Svcs September 2017					\$ (27.72)	\$ (90.22)			\$ (1,000.00)	\$ (120.00)	
Modoc Record Lgl notice Fire SOI #55135						\$ (52.26)			\$ (1,000.00)		
Staff Svcs October 2017											
Browne ending 10.15.17 Legal Costs											
Comm Stipend for Oct 10, 2017 Meeting				\$ (24.00)	\$ (7.00)	\$ (119.61)			\$ (1,500.00)	\$ (120.00)	\$ (75.00)
Staff Svcs. November 2017								\$ (2,000.00)			
Comm Stipend for Dec 11, 2017 meeting									\$ (1,190.00)		
Staff Svcs December 2017											
Modoc Record Legal Daphnedale Disso				\$ (17.60)	\$ (5.60)	\$ (70.83)	\$ (20.00)		\$ (2,500.00)	\$ (120.00)	
Staff Svcs January 2018					\$ (0.49)	\$ (71.39)			\$ (1,870.00)		
Modoc Record Legal Daphnedale Disso											
Staff Svcs February 2018				\$ (37.20)	\$ (16.14)	\$ (73.47)			\$ (4,260.00)	\$ (120.00)	\$ (79.50)
Comm Stipend 2.26.18											
Council Chamber use 15/16-16/17-17/18											
Staff Svcs March 2018											
Modoc Record Legal Proposed Budget				\$ (7.70)		\$ (78.54)	\$ (450.00)		\$ (3,017.50)		\$ (48.00)

<b>Total Expenditures to date</b>	\$ (899.00)	\$ (194.36)	\$ (56.95)	\$ (695.56)	\$ (513.35)	\$ (2,000.00)	\$ (480.00)	\$ (17,337.50)	\$ (202.50)
<b>Total Budget Remaining</b>	\$ 605.64	\$ 243.05	\$ 304.44	\$ (113.35)	\$ 240.00	\$ 18,662.50	\$ 240.00	\$ 397.50	

audited July 1, 2017 City Fund Carryover \$ 23,229.89

17-18 Actual City/Co Contributions  
FY 2017-2018 City Anticipated FundsTransf  
2017-2018 County-City Funds anticipated  
Funds received \$ 21,335.45  
REVENUE FOR PROJECTS \$ 21,335.45  
Interest  
Anticipated Funds received  
Less Expenditures \$ (31,108.09)  
**Actual Cash Balance** \$ 33,814.25



## Modoc Local Agency Formation Commission

Item 8

**DATE:** April 10, 2018  
**TO:** Local Agency Formation Commission  
**FROM:** John Benoit, Executive Officer  
**RE:** Proposed Budget for FY 2018-2019  
**Attachment:** A. Proposed Budget Resolution #2018-0002

LAFCO's detailed proposed activity report is described below. While LAFCO is mindful of the budget constraints of the City, and the County the following proposed activity report suggests maintaining the budget at the Previous Year's amount for FY 2018-2019 in all budget categories. Funding for the MSR's and SOI's will continue through LAFCO's prior year's carryover. The apportionment to the City and the County is proposed to remain approximately the same as this year. The contribution amount has generally been reduced in the past 5 years with incremental reductions.

Since the passage of AB-2838, based on the recommendations of the Commission for Local Governance for the 21<sup>st</sup> Century, LAFCO has had to complete many of the activities, such as the mandated Revised Policies and Bylaws, establishment of a Website, Municipal Service Reviews and Sphere of Influence updates.

A level of service has been established for ongoing LAFCO activities through the budget, LAFCO has a unique role as a neutral agency among all agencies countywide. Funds for the provision of training for Commissioners on the requirements of AB-2838 and subsequent legislation is highly recommended.

### Direct Projects – Projected

1. Small and medium reorganizations - For the 2018-2019 fiscal year, based on recent inquiries, LAFCO does not anticipate a small or medium reorganizations at present. However, the city and county are both updating portions of their general plans.

Cost include legal counsel, staff time, public inquiries, public hearing requirements including noticing (300 ft from site –voters and landowners), preparation of notices, staff reports and resolutions, LAFCO protest requirements (public noticing), incidental travel, office supplies (copying), webpage posting, seeking comment from county and city departments (assessor, clerk and auditor) and independent special districts, and general accounting.

2. District Consolidations – Staff has not heard of any district consolidations. Last year there was a consolidation of two RCD's. The Commission may see activity in this category as we progress through the Municipal Service Reviews and Sphere of Influence Updates.
3. Collaborate with the City of Alturas and the County of Modoc on development reviews- ongoing

LAFCO is charged with reviewing environmental documents and preparing responses to both the City and the County who act as a lead agency for land use matters.

This activity includes providing comments. Meeting with the county, city, districts, and developers. Being involved in the development of the work including assisting the EIR preparer with technical data related to LAFCO's requirements, legal costs related to LAFCO's role in CEQA and assuring LAFCO's issues are addressed in the document. Commission review will be needed. If the Commission's issues are not fully addressed, the Commission will need to require a supplemental document.

Environmental Reviews: CEQA is required for most LAFCO discretionary projects. Applicants pay direct project costs; Spheres of Influence are LAFCO's responsibility. LAFCO is also required and should want to comment on Environmental Reviews from various agencies. These activities include legal, communication, advertising, staff time. This item is necessary to promote better customer service and comply with the CEQA law and CKH act with regard to the role of a responsible agency. Development requiring reorganization will take much longer if LAFCO is not involved in this process as well as cost project applicants significantly more amounts of money.

**Ongoing administrative activities include:**

**Budget Development and Control**

Budget development and control is currently handled by County Staff and the Executive Officer. During the year, day-to-day administrative tasks (e.g., invoicing, and bill paying) are provided. Coordination with City, District and County offices may be required with respect to these issues. As of July 1, 2011, the City of Alturas commenced banking functions for LAFCo.

Activities include preparation of the budget and budget justification documents and resolutions are included in these activities. Legal advice when needed is required regarding expenditure requests. The preparation of claim forms for both the Commission and the County Auditor's (City Treasurer's) office is included to ensure proper control. Public inquires regarding expenditures and expenditure priorities are handled by the Executive Officer. Incidental office supplies and communication resources are needed to perform this function. Special administrative projects include responding to Commission directives or minute orders.

**Communication:** LAFCO needs to communicate with the Special Districts, City Council and Board of Supervisors. LAFCO should be involved in Special District, City and County activities when asked or as it relates to the MSR and SOI process.

**Conduct project-oriented workshops,** as appropriate. This activity may occur this year for various Communities within Modoc County where projects will be occurring. Other workshops regarding the role of LAFCO may be required.

**Work with potential applicants seeking reorganization.** This activity requires research and meeting with project proponents to determine approaches to solving service issues. This activity is time consuming. These costs include legal, staff time, incidental travel, office supplies and communication resources.

**Responding to public inquires.** Public inquires regarding service issues are common involving a member of the public who is in need of a service or has a question about a service. This activity includes legal, staff time and communication resources. The LAFCO webpage provides an outlet for LAFCO information. Responding to the public is necessary for informing individuals of LAFCO requirements to facilitate the process.

There is no one else who will provide the public with correct information about LAFCO. This may cause substantial cost savings for the public by having correct information to make business decisions.

Brown Act, Public Records Act and Political Reform Act compliance. Staff and legal time is required to comply with these laws. Including noticing, Form 700's, public records disclosure, citizen's inquires, general compliance and written responses to records request. These are state laws and must be followed.

Clerk and Recorder fees. Since it costs money to record documents and file notices of determination. The budget includes these activities. These are required filings. Project applicants will pay these fees. However, for Sphere of Influence updates, LAFCO may be required to file.

Public Education Utilize media and speaking opportunities and submit articles about LAFCO to journals and newspapers this activity is fairly minimal. However, there is a cost of staff time and office supplies to perform this function. Submit press releases on substantive actions; encourage agencies to request regular LAFCO meeting agendas and update agencies on LAFCO Commission membership.

These activities are important to inform the public and agencies about LAFCO. Numerous inquires come from citizens needing one service or another. These activities promote better customer service for all agencies by informing the public about what is going on with regards to LAFCO.

Resource Development Monitor new and proposed relevant legislation. Although LAFCO relies on CALAFCO for this activity, it is important that new legislation reflects the needs of Modoc LAFCO including the Districts, County and City. This activity involves communication, staff time, and legal time. Legislation of importance to Modoc LAFCO impacts budget process and permit processes.

Special Reports and Projects for the Commission The CKH act allows the Commission to undertake special projects. Special projects may include being involved in a General Plan update, assisting in the development agriculture conservation policies, being involved in water planning throughout the County, serving as a neutral party with regards to service issues, assisting the public and agencies with LAFCO applications and processes, developing annexation strategies for the City or districts and (or) any other proactive activity of benefit to the citizens and agencies as deemed necessary by the Commission.

Commissioner Development – CALAFCO Conference The Commission's budget includes funding for representatives from Modoc LAFCO to attend the Annual CALAFCO Conference. Education afforded by the Conference is necessary to assure Commissioners have the tools needed to carry out their responsibilities.

**Municipal Service Reviews and Sphere of Influence Updates Cortese-Knox-Hertzberg (§ 56430)** LAFCO must update all spheres of influence every 5 years, as necessary and must prepare a review of each municipal service before or in conjunction with sphere of influence updates.

The purpose of a MSR is to support preparation and update of Spheres of Influence, in accordance with the provisions of the Cortese-Knox-Hertzberg Act. The objective of a Municipal Service Review (MSR) is to develop recommendations that will promote more efficient and higher quality service patterns; identify areas for service improvement; and assess the adequacy of service provision as it relates to determination of appropriate sphere boundaries based on a specific growth period and a realistic growth rate adopted for that period.

For a MSR to be of value, the Commission needs to review services comprehensively, on a service-by-service basis within logical sub-regions, given consistent and specific target growth periods and a realistic estimate of growth adopted for that period. Some studies will review multiple services, if the Commission deems such grouping appropriate (For example, the wastewater MSR). When appropriate, the Commission will follow the methodology developed by the Governor's Office of Planning and Research as provided in the State's Service Review Guidelines.

Priorities for this fiscal year (MSR and SOI completion), which have been completed as follows:

Priorities for the 2018-2019 Fiscal Year initiation are as follows:

1. Lassen Modoc Flood Control
2. Flood Control Districts and issues
3. Dissolution of inactive districts – *The legislature is taking up this subject this year along with Healthcare Districts.*

A service review is required prior to preparing a Sphere of Influence Update. The Sphere of Influence is LAFCO's planning document for the ultimate service boundary for a service provider. Prior to adopting a Sphere of Influence Map and Sphere Policies, the Commission must make determinations based on supporting evidence with regard to the following:

- "The present and planned land uses in the area.
- Disadvantaged Unincorporated Communities
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services, which the agency provides or is, authorized to provide.
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency."

### **Budget Justification**

Since the passage of AB-2838 in 2000, LAFCO has been subject to many new requirements. Costs for the operation of LAFCO were entirely paid by the County including costs for staff time, legal services, miscellaneous office expenses, and insurance. Now the City and the County pay LAFCO costs. In the future, the legislature may require special districts to pay and participate.

In the attached budget worksheet, I have provided a "Proposed" budget based on the costs to provide LAFCO, expenses to date and anticipated expenses and carryover.

***The overall goal of this budget is to conduct LAFCO business in a proactive manner involving the Community and to meet the overall requirements of the Cortese-Knox-Hertzberg Act at a reasonable cost.***

The deadline for completion of Sphere of Influence Updates set fourth in the law was January 1, 2008. Modoc LAFCo has not completed MSR's on time for many reasons. LAFCO is using its carryover funds to pay for these activities without substantially increasing the costs of LAFCO to the City and the County.

### **Summary of the Proposed Budget:**

**Commissioner Stipends** LAFCO Commissioners receive \$100.00 per meeting. A budget of \$4,800.00 assumes all commissioners will attend the 6 meetings per year.

**Liability Insurance** Since the County is covering LAFCO; a budget is no longer needed for this category.

**Memberships** Dues for Calafco for rural LAFCO's will be increased from \$899 to \$926 this year. It is important LAFCO remain in its statewide professional organization and participate in LAFCO issues of common concern for the benefit of Modoc LAFCO and its agencies.

**Office Expense** This covers copy costs, postage, communication and publications. This item is broken into 4 categories for accounting purposes. Printing at \$800.00 Postage at \$300.00, Communications at \$1,000.00 and General Office Expenses at \$400.00. These costs reflect the need for daily operations and copying and mailing MSR's and SOI's during next fiscal year. This year Printing and General Office Expenses will be combined into one office expense budget item at \$1200.00

**Executive Officer/Staff Services** This item includes professional services to perform various LAFCO duties, process applications, oversee the MSR and SOI update process, establish a LAFCO presence in Modoc County and perform duties in the scope of work for the Executive Officer and the CKH Act. This item also includes the funding to update LAFCo's Bylaws and the Policies.

**Clerk Services** has been budgeted at \$720.00 for taking minutes at meetings. This figure assumes 6 meetings this year.

**Legal Services** I am proposing a budget of \$2,000.00, which will provide incidental legal services. In the event of anticipated litigation, this amount will have to be significantly increased. It is important LAFCo Counsel attend at least one meeting per year to advise the Commission on matters of concern.

**Legal Notices/Publications** Legal notices are required by state law and must be prepared for Municipal Service Reviews and Sphere of Influence Updates, all public hearings before the Commission and protest hearings. Public hearing notices are

required for most LAFCO actions. \$600 is budgeted for this amount since MSR's and SOI's require public notices.

**Special Department Expense-File Scanning and Retention** Modoc LAFCo has generated several files over the years. Modoc LAFCo adopted a File Retention Policy on December 9, 2013. To implement the policy, the files need to be scanned and placed into electronic format, as are files in most county and city departments. An estimated expense is \$3,000. In addition, the files will be able to be accessed to the public via LAFCo's webpage. The immediate tasks are to review and dispose of files consistent with LAFCo's adopted Records Retention Policy and to scan and index these files for accessibility to agencies, the public and LAFCo staff. Once the files are scanned, these files will then be made more accessible. It will be later determined if LAFCo will need to prepare a Microsoft Access database for LAFCo. This is a re-budget from FY 2017-2018

### **Training/Mileage and Travel**

Estimated costs for a Commissioner to attend the Calafco Annual Conference October 3<sup>rd</sup> to 5<sup>th</sup> in Yosemite is approximately \$1,500.00 per person including transportation, meals and lodging, and conference registration. This item also includes funding for LAFCO-related miscellaneous training and mileage reimbursements. This budget does not include enough to send a Commissioner to the Conference. A further budget increase will be needed to send a Commissioner.

**Sphere of Influence Updates and Municipal Service Reviews:** This budget includes funding for all SOI's and MSR's and related copying and office expenses. These costs are to be paid from the General Reserve, which is \$10,500.00. It is anticipated Executive Officer's services may be used for this purpose also.

### **Rollover, Contingency, and Reserve Funds:**

This year LAFCO will not expend its entire budget. A rollover of approximately \$23,000 is anticipated at this time. A portion of these funds needs to be used to pay for the MSR's and SOI are currently contracted and to fund a contingency budget for LAFCO (approximately 10%) of the General Fund Budget at \$6,154.60. A final figure regarding the reserve amount will not be available until after the conclusion of this fiscal year. I highly recommend any excess funds be placed into a general reserve.

**CITY/COUNTY SHARE** Last year the City/County share was lowered. The amount to be apportioned is recommended to remain \$29.70 higher this upcoming year.

### **Action Required**

- a. *Review and consider adoption of the proposed 2018-2019 LAFCO budget approving LAFCO Resolution # 2018-0002 shown as Attachment # A.*

**Resolution 2018-0002  
of the**

**Modoc Local Agency Formation Commission**

*Resolution of Modoc Local Agency Formation Commission Adopting a  
Proposed Budget for 2018-2019*

WHEREAS, Modoc LAFCO is required by Government Code Section 56381(a) to adopt annually, following a noticed public hearing, a proposed budget by May 1<sup>st</sup> and a final budget by June 15<sup>th</sup>; and,

WHEREAS, the Commission has prepared a proposed budget for public review; and,

WHEREAS, the Commission has considered a work program for Fiscal Year 2018-2019 at its April 10, 2018 regular meeting along with the proposed budget; and

WHEREAS, the Executive Officer has given notice of hearing in the form and manner specified by law for adoption of the proposed budget and upon the date, time and place specified in said notice of hearing, the Commission heard, discussed and considered all oral and written testimony submitted including, but not limited to, the approved budget priorities for Fiscal Year 2018-2019 and the Executive Officer's report and recommendations; and

WHEREAS, the Commission has considered the attached Budget in light of the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000;

NOW THEREFORE, the Modoc Local Agency Formation Commission does hereby determine, resolve, and order the following:

1. That Modoc LAFCO hereby adopts the attached proposed 2018-2019 proposed budget shown in Exhibit A.
2. Directs the Executive Officer to transmit the proposed budget to the Auditor and all parties specified in Government Code Section 56381 (a) as promptly as possible.

PASSED AND ADOPTED by the Modoc Local Agency Formation Commission at a regular meeting of said Commission held on the 10th day of April 2018 by the following roll call vote:

AYES: -

NOES: -

ABSTAINS: -

ABSENT: -

Signed and approved by me after its passage this 10th day of April, 2018.

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Kathie Rhoads, Chair, Modoc LAFCO

Attest:

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John Benoit, Executive Officer  
Modoc LAFCO

OBJECT LEVEL/  
 ACCOUNT

FY 2013-2014 Final BUDGET  
 FY 2014-2015 Final BUDGET  
 FY 2015-2016 Final BUDGET  
 FY 2016-2017 Final BUDGET  
 FY 2017-2018 Final BUDGET  
 FY 2018-2019 PROPOSED BUDGET

EXPENDITURES	FY 2013-2014 Final BUDGET	FY 2014-2015 Final BUDGET	FY 2015-2016 Final BUDGET	FY 2016-2017 Final BUDGET	FY 2017-2018 Final BUDGET	FY 2018-2019 PROPOSED BUDGET
4003 Commissioner Stipends	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00
4420 Memberships	\$ 758.00	\$ 769.00	\$ 785.00	\$ 840.00	\$ 899.00	\$ 926.00
4210 Office Expense - Printing	\$ 1,500.00	\$ 1,500.00	\$ 1,000.00	\$ 1,000.00	\$ 800.00	\$ 1,200.00
4211 POSTAGE	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 300.00	\$ 300.00
4221 COMMUNICATIONS	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
OFFICE EXPENSES	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ -
4008 Professional Svcs. - Legal Counsel	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 2,000.00	\$ 2,000.00
4004 Professional Svcs. - Executive Officer	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00
4006 Professional Svcs. - Clerk Costs	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 720.00	\$ 720.00
4380 Publications/Legal Notices	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00
4225 Special Departmental Expense -File Scanning & Management						
4430 Transportation & Travel	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
4454 MSR/SOI UPDATES	\$ 21,500.00	\$ 21,500.00	\$ 16,500.00	\$ 2,000.00	\$ 500.00	\$ 500.00
Total Services & Supplies	\$ 73,158.00	\$ 73,169.00	\$ 67,685.00	\$ 69,740.00	\$ 61,519.00	\$ 61,546.00
4922 CONTINGENCY	\$ 7,315.80	\$ 7,316.90	\$ 6,768.50	\$ 6,974.00	\$ 6,151.90	\$ 6,154.60
TOTAL LAFCO BUDGET	\$ 80,473.80	\$ 80,485.90	\$ 74,453.50	\$ 76,714.00	\$ 67,670.90	\$ 67,700.60
REVENUES						
CARRYOVER	\$ 40,000.00	\$ 40,000.00	\$ 34,000.00	\$ 36,000.00	\$ 25,000.00	\$ 23,000.00
Application Fees						
3060 City Share - LAFCO Cost	\$ 20,236.90	\$ 20,242.95	\$ 20,226.75	\$ 20,357.00	\$ 21,335.45	\$ 22,350.30
3060 County Share - LAFCO Cost	\$ 20,236.90	\$ 20,242.95	\$ 20,226.75	\$ 20,357.00	\$ 21,335.45	\$ 22,350.30
Total Due from Other Gov'ts.						
TOTAL REVENUES	\$ 80,473.80	\$ 80,485.90	\$ 74,453.50	\$ 76,714.00	\$ 67,670.90	\$ 67,700.60
GENERAL RESERVE						

**OFFICE OF ASSEMBLYMEMBER****Anna Caballero**

THIRTIETH ASSEMBLY DISTRICT

**ASSEMBLY BILL 2258****PURPOSE**

AB 2258 establishes a funding program to provide grants to Local Agency Formation Commissions (LAFCo) to conduct studies and analyses of local government agencies and services for the purposes of creating improved efficiencies in the delivery of services and to complete the process to terminate inactive special districts.

Grant funds will be used specifically to conduct special studies to identify and fund projects which create greater efficiencies in the provision of municipal services and initiate actions based on those studies that remove or reduce local costs, thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans, and the dissolution of inactive districts (pursuant to SB 448, Wieckowski, 2017). The grant program would be administered by the Strategic Growth Council and would sunset on December 31, 2023.

**PROBLEM**

LAFCos are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives cannot be regularly met under current funding mechanisms. As a result, much-needed LAFCo activities are sometimes delayed or rejected because of the lack of funds. There is an increasing call for LAFCos to conduct more in-depth studies of local agency service providers that would consider options for greater efficiencies in the delivery of public services and improved governance models. AB 2258, as a pilot program, will provide for a small amount of one-time grant funding to assist LAFCos in performing these special studies.

**BACKGROUND**

The Legislature established LAFCos in 1963 to encourage the orderly formation of local government agencies. Since that time, the role and responsibilities of LAFCos have substantially increased to include preserving agricultural and open space land resources, discourage urban sprawl, and to ensure the efficient and sustainable provision of public services. Operating in all 58 California counties, LAFCos are responsible for assisting in the provision of effective local government services through its explicit authority to conduct boundary changes, approve spheres of influence, conduct municipal service reviews, and initiate changes of organization and reorganization for special districts.

Recently, some critics have become frustrated with the deliberative LAFCo process that was not designed to yield immediate results, but rather to ensure all parties are actively engaged and the citizens' right to protest is not infringed. This has resulted in legislation that often overrides local LAFCo processes in favor of a more streamlined approach that removes some or many of the deliberative safeguards imposed on LAFCos. An August 2017 Little Hoover Commission report on special districts outlined such concerns and recommended the Legislature consider one-time grant funding to pay for specified activities, suggesting that a small amount of funds (\$1-\$3 million) could save taxpayers money if local government services are streamlined and efficiency is improved.

The California Association of Local Agency Formation Commissions (CALAFCO) surveyed its members to assist in developing a grant funding program. For a relatively small cost, LAFCos would be able to address known service and governance concerns that could potentially save California taxpayers additional money

through the reorganization of local government agencies and improved efficiencies in service delivery.

## **SOLUTION**

AB 2258 establishes a grant funding program, administered by the Strategic Growth Council, to provide LAFCOs with funding to initiate and complete dissolution of inactive districts, prepare special studies, and potentially initiate actions based on determinations contained in the study. The grant program includes specific eligible activities and a requirement to report to the Strategic Growth Council as to the use of grant funds.

## **CONTACT**

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Formation Commissions (CALAFCO)  
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# MODOC LOCAL AGENCY FORMATION COMISSION

April 10, 2018

The Honorable Anna Caballero  
California State Assembly  
State Capital Room 5158  
Sacramento, CA 95814

Subject: *Support of AB 2258 (as amended March 15, 2018)*

Dear Assemblymember Caballero:

The Modoc Local Agency Formation Commission (LAFCo) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support for **Assembly Bill 2258**. Sponsored by CALAFCO, the bill establishes a funding program to provide grants to LAFCos for conducting in-depth studies and analyses of local government agencies and services for the purposes of creating improved efficiencies in the delivery of local government services and completing the dissolution of inactive special districts. The grant program would be administered by the Strategic Growth Council and sunset on December 31, 2023.

The Legislature established LAFCos in 1963 to encourage the orderly formation of local government agencies. Since that time, the regulatory role and responsibilities of LAFCos has substantially increased without additional funding. Operating in all 58 California counties, LAFCos are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives often times cannot be met under current funding mechanisms. As a result, much needed LAFCo activities are sometimes delayed or rejected.

In August 2017, the Little Hoover Commission published a report on special districts and their oversight by LAFCos, which contained several recommendations directly related to LAFCo. One recommendation was for the Legislature to provide one-time grant funding to pay for specified LAFCo activities, particularly to incentivize LAFCos or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes.

In recent years Modoc LAFCo has noticed many independent special districts not being able to maintain ongoing levels of services due to reduced budgets and additional regulations. Likewise, due to financial constraints facing LAFCo itself, the Commission is financially constrained from initiating reorganizations or studies to promoting better service delivery.

C/O John Benoit, Executive Officer P.O.Box 2694 Granite Bay, California 95746- ph.  
(530) 233-9625 email: [lafco@modoc.lafco.ca.gov](mailto:lafco@modoc.lafco.ca.gov)

By establishing this one-time grant funding, **AB 2258** provides an additional tool for LAFCOs to conduct detailed studies and implement greater efficiencies in delivering local services based on local circumstances and conditions. For these reasons, Modoc LAFCo is pleased to support **AB 2258**.

Thank you for authoring this important piece of legislation. Please feel free to contact me should you have any questions about Modoc LAFCo's position.

Sincerely yours,

Kathie Rhoads  
Chair, Modoc LAFCo

Cc:                   Members, Assembly Local Government Committee  
Debbie Michel, Chief Consultant, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
Pamela Miller, Executive Director, CALAFCO

## MODOC LOCAL AGENCY FORMATION COMISSION

April 10, 2018

Honorable Cecilia Aguiar-Curry, Chair  
Assembly Local Government Committee  
California State Assembly  
State Capitol, Room 5144  
Sacramento, CA 95814

RE: **SUPPORT of AB 3254: Local Government Committee Omnibus Bill**

Dear Chair Aguiar-Curry:

The Modoc Local Agency Formation Commission (LAFCo) is pleased to support the Assembly Local Government Committee Bill **AB 3254** which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

This annual bill includes technical changes to the Act which governs the work of LAFCos. These changes are necessary as Commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. **AB 3254** currently makes minor technical corrections to language used in the Act.

Modoc LAFCo is grateful to your Committee and staff, and the members of the California Association of Local Agency Formation Commissions (CALAFCO) Legislative Committee, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and your support of the mission of LAFCos. Please feel free to contact me should you have any questions about our support of **AB 3254**.

Yours sincerely,

Kathie Rhoads  
Chair, Modoc LAFCo

cc: Members, Assembly Local Government Committee  
Debbie Michel, Chief Consultant, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
Pamela Miller, Executive Director, CALAFCO

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