

Modoc Local Agency Formation Commission

REGULAR MEETING AGENDA

Website: www.modoclafco.org

TUESDAY

April 13, 2021 – 4:00 PM

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

(All meeting materials are available on LAFCo's Website: www.modoclafco.org)

1. Call to order / Pledge of Allegiance

Commissioners

Alternate Members

Cheryl Nelson, City Member
Ned Coe, Chair, County Member
Marie Neer, Public Member
Mark Steffek, Vice-Chair City Member
Kathie Rhoads, County Member

LAFCO Staff

John Benoit, Executive Officer
Scott Browne, LAFCO Counsel
Macey Binning, Clerk

_____, Public Member Alt.
Geri Byrne, County Member Alt.
Yolanda Lewis, City Member Alt

2. Approval of the Agenda (Additions and Deletions)

3. Correspondence:

4. Consider Minutes for the February 9th , 2021 LAFCo meeting

a. *Approve minutes from the February 9th, 2021 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

- a. *Authorize payment of claims for February 2021 and March 2021*

7. PUBLIC HEARING Proposed 21-22 LAFCo Budget

- a) *2021-2022 Proposed Modoc LAFCo Budget*
b) *Conduct Public Hearing, Review and Discuss*
c) *Consider Resolution 2021-0001 adopting a proposed budget*

8. General Discussion regarding the Surprise Valley Hospital District MSR and SOI.

- a) *Conduct General Discussion and provide Staff Direction, as necessary*

Executive Officer's Report:

- a) *Daphnedale CSD Dissolution and Formation of a new subsidiary district for the City of Alturas – hold public hearing on June 8th, 2021*

9. 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.

10. Adjourn to the next regular meeting on June 8th, 2021

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 are available for review for public inspection in the Modoc County Planning Department office located at 203 W. 4th Street, Alturas CA. [such documents are also available on the Modoc LAFCO website (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 j.benoit4@icloud.com Copies of reports to the extent feasible are located on the LAFCO webpage at: www.modoclafco.org

Local Agency Formation Commission of Modoc County
Meeting Minutes
February 9, 2021

1. Call to order / Pledge of Allegiance

Pursuant to the Governor's Executive Order N-25-20 and N-29-20 dated March 12, 2020 and March 17, 2020, Chair Coe called the meeting to order at 4:02 p.m. via zoom. Commissioner Rhoads, Commissioner Nelson, Commissioner Steffek and Chair Coe were present. Commissioner Neer, Commissioner Lewis and Commissioner Byrne were absent. Public attending 4.

Staff Present: John Benoit, Executive Officer, and Macey Binning, Clerk.

2. Approval of the Agenda (Additions and Deletions)

Commissioner Steffek made the motion to approve the agenda as presented; seconded by Commissioner Nelson. In favor were Commissioners Rhoads, Nelson, Steffek, and Chair Coe. Motion passed unanimous

3. Correspondence: Calafco Calendar

Executive Officer Benoit provided the Commissioners with the 2021 Calafco event calendar. Mr. Benoit requests if the Commissioners are interested in an event listed to notify him.

4. Consider Minutes for the December 8th, 2020 LAFCo meeting

Commissioner Nelson made the motion to approve the December 8, 2020 LAFCo meeting minutes; seconded by Commissioner Rhoads. In favor were Commissioners Rhoads, Nelson, Steffek, and Chair Coe.

Motion passed unanimous

5. Public Comment

Executive Officer John Benoit received a letter from Jeanne Goldman for Public Comment and read the letter to the Commissioners. In the letter Mrs. Goldman states that she had been recently appointed to the Board of Directors of the Surprise Valley Health Care District, and that this statement is to show progress towards completing the MSR request that was distributed to the Surprise Valley Health District in 2018. Mrs. Goldman informed the Commissioners that since January 2018 the SVHCD has been in bankruptcy. On January 5, 2021 the SVHCD had a hearing where it was declared that Wipfli (SVHCD Financial Advisor) has obtained audited financials for 2017-2019 fiscal years. They will have a status hearing with the Court March 16, 2021, and hope to have the 2018/2019 audit approved by the SVHCD Board before the hearing. Mrs. Goldman hopes to give a status update at the April LAFCo meeting.

6. Authorize payment of Claims for December, 2020 and January, 2021

Commissioner Rhoads made the motion to authorize the payment claims for December 2020 and January 2021 with the amendment to adjust the line item for December 8, 2020 meeting stipends from \$400.00 to \$500.00; seconded by Commissioner Steffek. In favor were Commissioners Rhoads, Nelson, Steffek, and Chair Coe.

Motion passed unanimous

7. Daphnedale CSD – Discussion with Board Members

Executive Officer Benoit has prepared a document to inform the Commissioners about the process of establishing a Subsidiary District and the history of the Daphnedale Service District. Mr. Benoit presented this to the City of Alturas during their Council Meeting and was directed that the City will initiate the Subsidiary District request, at the request of the Daphnedale Service District to be dissolved. It is ideal for the City to initiate the request rather than LAFCo. If LAFCo were to initiate the law requires a higher standard for protest which means a greater chance of this failing. Mr. Benoit would like to schedule a zoom meeting between the City of Alturas, Lakeport City Manager, and Lakeport Public Works Director to discuss how a Subsidiary District is established and operated. The City will wait to receive minutes from Daphnedale Service District then prepare a resolution.

Steve Riley of the Daphnedale Board informed the Commissioners that the Daphnedale Service District had a meeting and the Board Members agreed to proceed with the dissolution of Daphnedale Service District.

Commissioner Steffek agrees a meeting with Lakeport would be beneficial. Mr. Steffek would also like to see Daphnedale provide the minutes to the City within two weeks as documentation to move forward.

Director of Public Works Jason Diven informs the Commissioners the City of Alturas plans to annex a site for the new Sewer Treatment Plant and wonders if these processes need to coincide together.

Executive Officer Benoit recommends keeping these separate.

8. Workshop regarding the Work Program for FY 2020-2021 Fiscal Year

Executive Officer Benoit provide the Commissioners with a list of agencies and the status of their last MSR and SOI and asked the Commissioners which ones would they like to see prioritized to complete in 2021 due to budget constraints. Mr. Benoit would like to complete the Surprise Valley Health Care District.

Commissioner Steffek would like to see Cedarville Water District and the Cemetery Districts to be reviewed since the last review was in 2010.

Chair Coe asks about consolidation of the Cemetery Districts, and if they are interested, would the MSR and SOI need to be completed prior to consolidation?

Mr. Benoit confirmed that the MSR and SOI would need to be done before consolidation.

Chester Robertson would like to the City of Alturas MSR and SOI to be updated since that was in their housing element application to help receive grant funding for the update. This would help both the County and City comply with the housing element requirements and with LAFCo fees. However, there has not been a confirmation for this grant funding. If this funding is provided Adin may also be available for this funding to update their MSR and SOI to show future development is available.

Mr. Benoit announces the proposed budget hearing will be April 13th, so he will keep in mind the proposed priorities. After discussion it was agreed that Surprise Valley Health District, Cedarville Water District, California Pines Service District, the City of Alturas, Cemetery Districts and Adin would have MSR's and SOI's updated.

9. Executive Officer's Report

Executive Officer Benoit reminds Commissioners that their 700 forms are due by April 1, 2021. They will need to turn in their 700 Form to the County Clerk Stephanie Wellemeyer.

Mr. Benoit reiterates that he will be reviewing and updating the budget scheduler for 2021-2022, bylaws, fee schedule, application forms and the records retention policy. Once he has reviewed and updated these items, he will present them to the Commissioners for approval. This will remain on the agenda as a reminder until completed.

10. Commissioner Reports – None

There being no further business to come before the Commission. Motion made by Commissioner Nelson to adjourn at 4:50 p.m.; seconded by Commissioner Rhoads. In favor were Commissioners Rhoads, Nelson, Steffek, and Chair Coe.

Motion passed unanimous

Modoc Local Agency Formation Commission

CLAIMS

for

February 2021 -- March 2021

Authorize Claims for FY 2020-2021

| | | |
|--------------|------------------------------------|--------------------|
| Mar 1, 2021 | Staff Svcs and Expenses Feb 2021 | \$ 3,334.57 |
| Feb 9, 2021 | Meeting stipend Feb 9, 2021 | \$ 400.00 |
| Feb 1, 2021 | Staff Svcs and Expenses Mar 2021 | \$ 2,976.01 |
| Mar 22, 2021 | Modoc Record Proposed 21-22 Budget | \$ 51.00 |
| | TOTAL: | \$ 6,761.58 |

DATED: April 13, 2021

APPROVED: April 13, 2021

Ned Coe, Chair or Mark Steffek, Vice-Chair
Modoc Local Agency Formation Commission

Attest:

John Benoit
Executive Officer

Modoc LAFCO
Expenditures and Revenue
FY 2020-2021

| Items | File Scanning 4170 | Memberships 4120 | Copies 4110 | Postage 4231 | Communications 4221 | Office Exp. 4210 | Counsel 4008 | Staff Svcs 4604 | Chk Costs 4006 |
|---|-----------------------|---------------------|----------------|-----------------|------------------------|---------------------|-----------------|--------------------|-------------------|
| Total Budgeted 2020-2021 | \$ 3,000.00 | \$ 1,130.00 | \$ (800.00) | \$ 300.00 | \$ 1,000.00 | \$ (600.00) | \$ 2,000.00 | \$ 36,000.00 | \$ 720.00 |
| Calafco Dues 20-21 | | \$ (1,130.00) | | | | | | | |
| JB staff exp July 2020 | | | \$ (10.00) | | \$ (79.45) | | | \$ (2,550.00) | |
| JB Staff exp August 2020 | | | \$ (15.00) | \$ (0.50) | \$ (79.97) | | | \$ (3,410.00) | \$ (120.00) |
| Modoc Record Pub Mem: recruitment 9, 2020 | | | \$ (10.00) | | \$ (83.07) | | | \$ (2,422.50) | |
| Comm Payroll Aug 11, 2020 | | | | | | | | | |
| Comm Payroll October 13, 2020 | | | | | | | | | |
| JB staff Exp October 2020 | | | \$ (20.00) | | \$ (88.76) | | | \$ (3,367.50) | \$ (120.00) |
| JB Staff exp for November | | | \$ (15.00) | | \$ (86.72) | | | \$ (1,870.00) | |
| JB Staff Exp for December 2020 | | | \$ (15.00) | | \$ (82.56) | \$ (64.00) | | \$ (3,622.50) | \$ (120.00) |
| Comm payroll December 8, 2020 | | | | | | | | | |
| Council Chambers rental for 2021 | | | | | | \$ (150.00) | | | |
| Staff Svcs January 2021 | | | \$ (15.00) | | \$ (108.40) | | \$ (216.00) | \$ (2,847.50) | |
| Browne ending Dec 15, 2020 | | | | | | | | | |
| Staff Svcs Feb 2021 | | | \$ (5.00) | | \$ (107.07) | | | \$ (3,102.50) | \$ (120.00) |
| Comm payroll Feb 9, 2021 | | | | | | | | | |
| Staff Svcs March 2021 | | | \$ (10.00) | | \$ (54.76) | | | \$ (2,911.25) | \$ (51.00) |
| Modoc Record 21-22 Prop Budget | | | | | | | | | |
| Total Expenditures to date | \$ (1,130.00) | \$ (715.00) | \$ (715.00) | \$ (299.50) | \$ (770.76) | \$ (214.00) | \$ (216.00) | \$ (26,105.75) | \$ (551.00) |
| Total Budget Remaining | \$ - | \$ - | \$ - | \$ 299.50 | \$ 229.24 | \$ (814.00) | \$ 1,784.00 | \$ 9,896.25 | \$ 189.00 |

unaudited July 1, 2020 City Fund Carryover \$ 21,376.94 \$ 24,387.59

Actual 20-21 Actual City/Co Contributions FY 2020-21 City Anticipated Funds Transf 2020-21 County-City Funds anticipated Funds received \$ 24,898.00 \$ 46,866.70

REVENUE FOR PROJECTS Interest Anticipated Funds received \$ (31,088.71) Less Expenditures \$ 18,196.88 Actual Cash Balance

Modoc LAFCo
Expenditures and Revenue
FY 2020-2021

| Police and Public Safety | Travel & Travel | MSP/SDI Expenses | Commissioner Salaries/RA2 | TOTAL | Contingency |
|--------------------------|-----------------|------------------|---------------------------|---------------|----------------|
| 4430 | 4430 | 4430 | 4430 | 4430 | 4430 |
| \$ 600.00 | \$ 2,200.00 | \$ 10,500.00 | \$ 4,800.00 | \$ 61,050.00 | \$ 6,345.00 |
| | | | | (1,130.00) | |
| \$ | \$ | \$ | \$ | \$ (2,639.95) | \$ (3,769.95) |
| \$ (71.80) | | | | \$ (3,624.97) | |
| \$ (102.00) | | | | \$ (2,587.37) | |
| | | | | \$ (102.00) | |
| | | \$ (500.00) | | \$ (500.00) | |
| | | \$ (400.00) | | \$ (400.00) | |
| \$ (33.90) | | | | \$ (3,630.16) | |
| | | | | \$ (1,971.72) | \$ (6,001.88) |
| | | | | \$ (3,904.06) | |
| | | \$ (500.00) | | \$ (500.00) | |
| | | \$ (150.00) | | \$ (150.00) | |
| | | | | \$ (2,970.90) | |
| | | | | \$ (216.00) | \$ (3,836.90) |
| | | | | \$ (3,334.57) | |
| | | \$ (400.00) | | \$ (400.00) | |
| | | | | \$ (2,976.01) | |
| | | | | \$ (51.00) | \$ (6,761.58) |
| | | | | \$ - | |
| | | | | \$ - | |
| | | | | \$ - | |
| | | | | \$ - | |
| | | | | \$ - | |
| | | | | \$ - | |
| | | | | \$ - | |
| | | | | \$ - | |
| \$ (207.10) | \$ 2,200.00 | \$ 10,500.00 | \$ 4,800.00 | \$ (1,850.00) | \$ (31,088.71) |
| \$ 392.30 | \$ 2,200.00 | \$ 10,500.00 | \$ 4,800.00 | \$ 29,961.29 | \$ (31,088.71) |

Modoc Local Agency Formation Commission

Item _____

DATE: April 13, 2021
TO: Local Agency Formation Commission
FROM: John Benoit, Executive Officer
RE: Proposed Budget for FY 2021-2022
Attachment: A. Proposed Budget Resolution #2021-0001

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 as much as possible for FY 2021-2022 in all budget categories. Funding for the MSR's and SOI's will continue through LAFCO's prior year's carryover.

Since the passage of AB-2838, based on the recommendations of the Commission for Local Governance for the 21st 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 2021-2022 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. Two years ago 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 or by financial necessity of several districts.
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, the City Council and the 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 I am recommending \$2,200 combined for these two items, a substantial reduction from years past. This represents funding for one commissioner to attend the annual conference in Newport Beach. Estimated costs for each Commissioner to attend the Calafco Annual Conference (October 6-8, 2021) in Newport Beach is approximately \$2,200 per person including transportation, lodging for and conference registration and mileage from Alturas to the Reno Airport and Flight to Newport Beach. The justification for this expense is LAFCO Commissioners need to be informed decision makers. Commissioners need the tools to carry out their statutory responsibilities in a responsible manner. Training and interaction with Commissioners from other LAFCO's will assist those Commissioners in attendance to bring back ideas to be shared with the remainder of the Commission. Training is necessary to remain informed of changes in LAFCO law and procedures.

This item also includes funds for a portion of Staff's expense to represent Modoc LAFCO at CALAFCO Activities.

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 2021-2022 Fiscal Year initiation are as follows:

1. Cedarville Water District
2. Surprise Valley Healthcare District
3. Cemetery District Consolidation
4. City of Alturas MSR and SOI (possibly to be grant funded)
5. California Pines CSD

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 this year using the formula approved by the CALAFCo membership from \$1,130 to \$1,131 next year (a \$1.00 increase). 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 \$1,200.00 Postage at \$300.00, Communications at \$1,000.00 and General Office Expenses at \$0.00 These costs reflect the need for daily operations and copying and mailing MSR's and SOI's during next fiscal year. The Printing and General Office Expenses are combined with each other into at \$1,200.00.

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 the previous fiscal year.

Training/Mileage and Travel

I am recommending \$2,200 for this activity this year. This represents funding for 1 commissioner to attend the annual conference in Newport Beach. Estimated costs for each Commissioner to attend the Calafco Annual Conference (October 6-8, 2021) in Newport Beach is approximately \$2,200 per person including transportation, lodging for 3 nights (\$600 + taxes and fees) and conference registration (\$520) and mileage and Airfare. The justification for this expense is LAFCO Commissioners need to be informed decision makers. Commissioners need the tools to carry out their statutory responsibilities in a responsible manner. Training and interaction with Commissioners from other LAFCO's will assist those Commissioners in attendance to bring back ideas to be shared with the remainder of the Commission. Training is necessary to remain informed of changes in LAFCO law and procedures. This item also includes funds for a portion of Staff's expense to represent Modoc LAFCO at CALAFCO Activities. This also includes cost to cover 1/7 of staff to attend the Calafco workshop in Orange County and bring back information.

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. This amount is higher than last year since the list of MSR's is much larger than previous years.

Rollover, Contingency, and Reserve Funds:

This year LAFCO will not expend its entire budget. A rollover of approximately \$20,000 is anticipated at this time. The carryover budget has been decreasing over the past several years. 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 \$6,345.00. 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, which does not exist for Modoc LAFCo.

CITY/COUNTY SHARE For fiscal year 2021-2022 City/County share is proposed to be increased to \$30,123.05 from \$24,897.50 each which more or less reflects the additional \$10,000 in the MSR and SOI budget.

Action Required

- a. *Review and consider adoption of the proposed 2021-2022 LAFCO budget approving LAFCO Resolution # 2021-0001 shown as Attachment # A.*

Resolution 2021-0001
of the

Modoc Local Agency Formation Commission

*Resolution of Modoc Local Agency Formation Commission Adopting a
Proposed Budget for 2021-2022*

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

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

WHEREAS, the Commission has considered a work program for Fiscal Year 2020-2021 at its April 14, 2020 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 2020-2021 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 2020-2021 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 13th day of April 2021 by the following roll call vote:

AYES: -

NOES: -

ABSTAINS: -

ABSENT: -

Signed and approved by me after its passage this 13th day of April, 2021.

Ned Coe, Chair, Modoc LAFCO

Attest:

John Benoit, Executive Officer
Modoc LAFCO

| OBJECT LEVEL/ ACCOUNT | FY 2016-2017 FINAL BUDGET | FY 2017-2018 FINAL BUDGET | FY 2018-2019 FINAL BUDGET | FY 2019-2020 FINAL BUDGET | FY 2020-2021 FINAL BUDGET | FY 2021-2022 PROPOSED BUDGET |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------------------|
| EXPENDITURES | | | | | | |
| 4003 Commissioner Stipends | \$ 4,800.00 | \$ 4,800.00 | \$ 4,800.00 | \$ 4,800.00 | \$ 4,800.00 | \$ 4,800.00 |
| 4420 Memberships | \$ 840.00 | \$ 899.00 | \$ 926.00 | \$ 1,077.00 | \$ 1,130.00 | \$ 1,131.00 |
| 4210 Office Expense - Printing | \$ 1,000.00 | \$ 800.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 |
| 4211 POSTAGE | \$ 500.00 | \$ 300.00 | \$ 300.00 | \$ 300.00 | \$ 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 | \$ - | \$ - | \$ - | \$ - |
| 4008 Professional Svcs. - Legal Counsel | \$ 3,200.00 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | \$ 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 | \$ 720.00 | \$ 720.00 | \$ 720.00 | \$ 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 | \$ 3,000.00 | \$ 3,000.00 | \$ 3,000.00 | \$ 3,000.00 | \$ 3,000.00 | \$ 3,000.00 |
| 4430 Transportation & Travel | \$ 2,000.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 2,200.00 | \$ 2,200.00 |
| 4454 MSR/SOI UPDATES | \$ 15,500.00 | \$ 10,500.00 | \$ 10,500.00 | \$ 10,500.00 | \$ 10,500.00 | \$ 20,000.00 |
| Total Services & Supplies | \$ 69,740.00 | \$ 61,519.00 | \$ 61,546.00 | \$ 61,697.00 | \$ 63,450.00 | \$ 72,951.00 |
| 4922 CONTINGENCY | \$ 6,974.00 | \$ 6,151.90 | \$ 6,154.60 | \$ 6,169.70 | \$ 6,345.00 | \$ 7,295.10 |
| TOTAL LAFCO BUDGET | \$ 76,714.00 | \$ 67,670.90 | \$ 67,700.60 | \$ 67,866.70 | \$ 69,795.00 | \$ 80,246.10 |
| REVENUES | | | | | | |
| CARRYOVER | \$ 36,000.00 | \$ 25,000.00 | \$ 23,000.00 | \$ 21,000.00 | \$ 20,000.00 | \$ 20,000.00 |
| Application Fees | | | | | | |
| 3060 City Share - LAFCO Cost | \$ 20,357.00 | \$ 21,335.45 | \$ 22,350.30 | \$ 23,433.35 | \$ 24,897.50 | \$ 30,123.05 |
| 3060 County Share - LAFCO Cost | \$ 20,357.00 | \$ 21,335.45 | \$ 22,350.30 | \$ 23,433.35 | \$ 24,897.50 | \$ 30,123.05 |
| Total Due from Other Gov'ts. | | | | | | |
| TOTAL REVENUES | \$ 76,714.00 | \$ 67,670.90 | \$ 67,700.60 | \$ 67,866.70 | \$ 69,795.00 | \$ 80,246.10 |
| GENERAL RESERVE | | | | | | \$ - |