

Modoc Local Agency Formation Commission

SPECIAL MEETING AGENDA

Website: www.modoclafco.org

MONDAY APRIL 22, 2019 – 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

Jim Irvin, City Member, Chair
Ned Coe, County Member
Richard Read, Vice-Chair Public Member
Mark Steffek, City Member
Kathie Rhoads, County Member
LAFCO Staff
John Benoit, Executive Officer
Scott Browne, LAFCO Counsel
Jackie Froeming, Clerk

Marie Neer, Public Member Alt.
Geri Byrne, County Member Alt.
Cheryl Nelson, City Member Alt

2. Approval of the Agenda (Additions and Deletions)

3. Correspondence

4. Consider Minutes for the FEBRUARY 12, 2019 LAFCo meeting

a. *Approve minutes from the February 12, 2019 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 2019 and March 2019

a. *Authorize payment of claims for February 2019 and March 2019.*

PUBLIC HEARING:

7. **Public Hearing regarding the proposed FY 2019-2020 LAFCo Budget.**
 - a) *Conduct Public Hearing regarding the Proposed 2019-2020 LAFCo Budget and consider Resolution 2019-0001 adopting a proposed budget for Fiscal Year 2019-2020.*

Action Items:

8. **Continued Discussion with Daphnedale CSD Board Members and status of the Daphnedale CSD dissolution and consider the repeal of LAFCo Resolution 2018-0001 and opportunities to help Daphnedale function as a CSD going forward.**
 - a. *Continued Discussion with Daphnedale CSD Board Members and consider repeal of LAFCo initiated resolution 2018-0001 calling for LAFCo to initiate proceedings for the dissolution of the Daphnedale CSD and opportunities to help the CSD function going forward.*
9. **Consider authorizing the Chair to sign letters of Support for AB-213 (Reyes) VLF revenue backfill for inhabited annexations and AB-1253 (Rivas) regarding Grants for LAFCo's with Disadvantaged or Severely Disadvantaged Communities.**
 - a) *Authorize Chair to sign letters of Support*
10. **Discussion regarding the Calafco Annual Staff Workshop held on April 10-11 in San Jose.**
11. **Executive Officer's Report:**
 - a. *Healthcare District MSR*

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. Next LAFCo meeting scheduled for June 11, 2019 4:00 PM in Alturas.

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:

Modoc LAFCO

- 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 12, 2019**

1. Call to order / Pledge of Allegiance

Chair Irvin called the meeting to order at 4:00 p.m. in the City Council Chambers, Alturas City Hall. Commissioner Irvin, Commissioner Coe, Commissioner Steffek, Commissioner Rhoads, and Commissioner Read were present. Commissioner Byrne, Commissioner Neer, and Commissioner Nelson were absent.

Staff Present: John Benoit, Executive Officer (EO) and Jackie Froeming, Clerk.

Pledge of Allegiance.

2. Approval of the Agenda (Additions and Deletions)

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

3. Correspondence - None

4. Consider Minutes for the December 11, 2018 LAFCo meeting

Motion made by Commissioner Coe to approve the minutes as presented; seconded by Commissioner Steffek. In favor were Commissioners Irvin, Coe, Steffek, Read, and Rhoads. Motion passed Unanimous

5. Public Comment – No Comments

6. Authorize payment of Claims for December 2018 and January 2019

Commissioner Rhoads made the motion to authorize payment of claims with the added City invoice of \$150.00 for conference room rent presented during the meeting; seconded by Commissioner Steffek. In favor were Commissioners Rhoads, Irvin, Steffek, Read, and Coe. Motion passed unanimous.

Public Hearing

7. Public Hearing regarding the initiation of the Dissolution of the Canby Community Service District as required by Chapter 334, Statutes of 2017 (SB448).

Executive Officer Benoit provided a background on this community services district (CSD). A copy of the letter mailed to the district was included in the packet. This letter requested they attend the meeting, provide documentation showing they are active, and should not be dissolved. He reported the state timelines on dissolutions are directory not mandatory.

Bonnie Sherer attended the meeting on behalf of the CSD. She provided a background on the district and her involvement in creating it and obstacles they are facing. They would like to keep the district active, as this could be very beneficial for the community. Most wells in that area are shallow which can be troublesome. A few residents have already lost wells over the last two years and do not have enough water to run households. Part of the Canby community is covered by a

water service funded by the Fire Department and ISOT community that has been ongoing for several years. Ms. Sherer wanted to ask if there is the possibility of County support, guidance, and mentorship for this district to keep it active. They are willing to reorganize and become active if there is any flexibility in the timeline before dissolution would be required.

Executive Officer Benoit would like to sit down with the district, Stephanie Wellemeyer, County Auditor and County C.A.O. Chester Robertson. He recommends tabling this item or continue to a later date to provide the district a chance to revitalize.

Commissioner Coe had some questions which included does the district have any financial transactions in the last year? Do they have any assets? Bonnie Sherer responded no to both questions. She reported that the district only has a small account that holds gift and donations from community sponsors which is used for expenses such as a post office box.

Commissioner Steffek had a question for Executive Officer John regarding if LAFCo can respond to the state and in a positive way with, the new information provided to the commission from the CSD. Executive Officer Benoit said LAFCo could provide a letter to the state stating the district would like to coordinate with the county and further efforts to become active. At this time, the commission sees no reason to get rid of the district.

Motion made by Commissioner Rhoads to NOT consider adopting LAFCo Resolution 2009-0001, initiation of LAFCo proceedings to dissolve the Canby, CSD and table this item to a later date. Seconded by Commissioner Steffek.

In favor were Commissioners Irvin, Steffek, Coe, Read, and Rhoads.
Motion passed unanimous.

Action Items:

8. Discussion with Daphnedale CSD Board Members and status of the Daphnedale CSD Dissolution and consider the repeal of LAFCo Resolution 2018-0001 and opportunities to help Daphnedale function as a CSD going forward.

All of the Board Members from the CSD attended the meeting, they do have a quorum, and an active board so they are able to conduct business. The CSD board provided an update to the commission. Jessie Blair who is a member of the CSD discussed how they would like to have further talks with the city in the future about becoming part of the incorporated city. This would make more sense since the City of Alturas is already providing the wastewater services to this district rather than having the County take it over. The district's debt to the City continues to increase, as they do not have enough funds to cover the debt. The last time this district broke even and had not money owed was in 2007.

Chair Irvin invited the board to attend the next City Council meeting. Since there is, a board who can conduct business on behalf of the district. The Council can now talk with the district, which was an original point of frustration, and put together a working group to come up with a solution to the outstanding debt issue.

The Commission requested this item be left on the agenda and continue the discussion to the April meeting.

9. **Discuss Service Review requirements and conduct a goal-setting workshop for Modoc LAFCo regarding Modoc LAFCo's role in orderly growth in Modoc County and discuss the need and methods of achieving reorganization of various services.**

Executive Officer Benoit discussed that one of the functions of this commission is to see functioning districts and orderly services. Part of this responsibility could include merging districts. LAFCo cannot force consolidation this needs to be initiated by the districts. The Modoc LAFCo can set policies and parameters on this issue. In addition, when service reviews are completed LAFCo would be able to recommend consolidation to districts.

10. **General Discussion regarding work program for FY 2018-2019 provide direction to staff regarding items to be included in the FY 2019-2020 Budget.**

Executive Officer Benoit reported that the budget for next fiscal year may see a small increase. This would be the first increase in 10-15 years. The dues for Calafco and a few other items have higher costs. There are no special district representatives that sit on the board. As a result they do not contribute to the cost of running the commission. Therefore it's only funded by the City and County. Executive Officer John Benoit asked for any discussion regarding the work program he would like to continue working on the MSR for the healthcare districts; policies; and procedures. Commissioner Irvin mentioned that the commission now have an idea on what districts to focus such as Daphnedale and Canby. Executive Officer Benoit received a call from the Modoc Recreational District they are interested in dissolving. This is another district formed without any special tax associated so it has no funding source. Currently, if a dissolution is initiated by the district there is a \$2,000.00 fee and a protest proceeding would be required. Most likely this will end up being on the State Controller's Office list and LAFCo would have to initiate dissolving of the district. The benefit of them being on the "inactive" list is the district cannot protest the dissolution and the fee would not be required.

11. **Authorize staff to attend the Calafco Annual Staff Workshop April 10-13, 2019 in San Jose, CA.**

Commissioner Rhoads made the motion to authorize Executive Officer Benoit to attend the Calafco Annual Staff Workshop. Seconded by Commissioner Read. In favor were Commissioners Rhoads, Irvin, Steffek, Read, and Coe. Motion passed unanimous.

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

Executive Officer Benoit reported on the healthcare district service review which looks at healthcare countywide. SVHCD has provided information to LAFCo and EO Benoit will be meeting with the manager of this district. Kevin Kramer will be updating the Last Frontier Healthcare District's part of the review. Executive Officer Benoit plans on meeting with clinics recommended by Kevin Kramer and with the County's health services agency to learn about their services. This information will be included in the review.

Commissioners need to have their 700 Forms turned into the County Auditor's office by April 1, 2019. An update was provided to the Commission on adopted 2018 Legislation of significance pertaining to LAFCo's.

13. Commissioner Reports - None

14. Adjourn to the next regular meeting 4:00 PM on April 22, 2019

The Commission discussed and changed the April meeting from the 9th to the 22nd. There being no further business to come before the Commission. The meeting adjourned at 5:04PM.

Modoc Local Agency Formation Commission

CLAIMS

for

February 2019 - March 2019

Ratify the following Claims for FY 2018-2019

Mar 1, 2018	Staff Services February 2019	\$ 3,216.69
Feb 12, 2019	Commission Stipend 2.12.19	\$ 500.00
Apr 1, 2019	Staff Svcs March 2019	\$ 1,052.01
Jan 15, 2019	Modoc Record Prop 19-20 Budget	\$ 48.00
	TOTAL:	\$ 4,968.73

DATED: April 22, 2019

APPROVED: April 22, 2019

Jim Irvin, Chair Modoc Local Agency
Formation Commission

Attest:

John Benoit
Executive Officer

Modoc LAFCo
Expenditures and Revenue
FY 2018-2019

Item	Account Number	File Scanning mrgmt	Memberships 4420	copies 4210	postage 4211	Communications 4221	Office Exp. 4210	Counsel 4008	staff Svcs 4004	Clerk Costs 4006
	Total Budgeted 2018-2019	\$ 3,000.00	\$ 926.00	\$ 800.00	\$ 300.00	\$ 1,000.00	\$ 400.00	\$ 2,000.00	\$ 36,000.00	\$ 720.00
Calafco Dues 2018-2019			\$ (925.00)	\$ (10.00)	\$ (0.50)	\$ (105.60)			\$ (2,295.00)	
jb Staff Svcs July 2018				\$ (45.40)	\$ (13.38)	\$ (73.62)			\$ (3,367.50)	\$ (120.00)
Modoc Record Public Member notice										
Comm Stipend Aug 14, 2018										
Modoc Record Conflict of Interest code notice										
Staff Svcs September 2018				\$ (10.00)	\$ (0.70)	\$ (74.15)			\$ (3,187.50)	
Staff Svcs October 2018				\$ (32.80)	\$ (11.86)	\$ (97.07)	\$ (67.90)		\$ (3,537.50)	\$ (120.00)
Staff Svcs November 2018				\$ (31.00)		\$ (72.05)			\$ (1,700.00)	
meeting stipend October 9, 2018										
Staff Svcs Dec 2018 Inv 2019-03				\$ (22.80)	\$ (15.43)	\$ (73.46)			\$ (2,985.00)	\$ (120.00)
Staff Svcs January 2019						\$ (74.64)			\$ (1,912.50)	
Modoc Record Dissol of Canby CSD initiation										
meeting stipend December 11, 2018										
Meeting Stipend Feb 12, 2019										
Staff Svcs Feb 2019 Inv 19-25				\$ (11.70)	\$ (4.15)	\$ (77.87)			\$ (2,155.00)	\$ (120.00)
Staff SVCS March 2019						\$ (74.51)			\$ (977.50)	
Modoc Record 19-20 Prop LAFCo Budget										

Total Expenditures to date	\$ -	\$ (925.00)	\$ (163.70)	\$ (46.02)	\$ (722.87)	\$ (67.90)	\$ -	\$ (22,117.50)	\$ (480.00)
Total Budget Remaining	\$ 3,000.00	\$ 1.00	\$ 636.30	\$ 253.98	\$ 277.03	\$ 332.10	\$ 2,000.00	\$ 13,882.50	\$ 240.00

	July 1, 2018 City Fund Carryover
18-19 Actual City/Co Contributions	\$ 21,335.45
FY 2018-2019 City Anticipated Funds Transf	\$ 22,142.19
2018-2019 County-City Funds antcipal	\$ 22,142.19
Funds received	\$ 22,142.19
REVENUE FOR PROJECTS	\$ 44,750.60
Interest	
Anticipated Funds received	\$ (27,768.39)
Less Expenditures	\$ 15,709.25
Actual Cash Balance	\$

Modoc LAFCo
Expenditures and Revenue
FY 2018-2019

Notices and Public 4380	Trans & Travel 4430	MSR/SOI Updates 4454	Commissioner Stipends 4003	TOTAL	Contingency 4922
\$ 600.00	\$ 500.00	\$ 10,500.00	\$ 4,800.00	\$ 61,546.00	\$ 6,164.60
				\$ (925.00)	
				\$ (2,411.10)	\$ (4,822.20)
\$ (96.00)				\$ (3,619.90)	
				\$ (96.00)	
\$ (51.00)		\$ (300.00)		\$ (300.00)	\$ (4,015.90)
				\$ (51.00)	
\$ (185.80)				\$ (3,272.35)	\$ (3,323.35)
				\$ (4,052.93)	
				\$ (1,803.05)	
			\$ (500.00)	\$ (500.00)	\$ (6,355.98)
				\$ (3,216.69)	
				\$ (1,987.14)	
\$ (64.50)				\$ (64.50)	
			\$ (500.00)	\$ (500.00)	\$ (5,788.33)
			\$ (500.00)	\$ (500.00)	
		\$ (1,000.00)		\$ (3,368.72)	\$ (3,868.72)
				\$ (1,052.01)	
\$ (48.00)				\$ (48.00)	
				\$ (4,968.73)	
				\$ -	
				\$ -	
\$ (259.50)	\$ (185.80)	\$ (1,000.00)	\$ (1,800.00)	\$ (27,768.39)	
\$ 340.50	\$ 314.20	\$ 9,500.00	\$ 3,000.00	\$ 33,777.81	\$ (27,768.39)

Modoc Local Agency Formation Commission

Item 7

DATE: April 22, 2019
TO: Local Agency Formation Commission
FROM: John Benoit, Executive Officer
RE: Proposed Budget for FY 2019-2020
Attachment: A. Proposed Budget Resolution #2019-0001

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 for FY 2019-2020 in all budget categories. Funding for the MSR's and SOL'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 2019-2020 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.
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 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 2019-2020 Fiscal Year initiation are as follows:

1. Healthcare Districts MSR and SOI
2. Review and adopt revised Policies, Standards and Procedures.

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 \$926 to \$1,077 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 \$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

Estimated costs for a Commissioner to attend the Calafco Annual Conference October 30th to November 1st in Sacramento 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 SOL'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 \$21,000 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 SOL are currently contracted and to fund a contingency budget for LAFCO (approximately 10%) of the General Fund Budget at \$6,169.70. 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 2019-2020 City/County share is proposed to be \$23,433.35 each.

Action Required

- a. *Review and consider adoption of the proposed 2019-2020 LAFCO budget approving LAFCO Resolution # 2019-0001 shown as Attachment # A.*

**Resolution 2019-0001
of the**

Modoc Local Agency Formation Commission

*Resolution of Modoc Local Agency Formation Commission Adopting a
Proposed Budget for 2019-2020*

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 2018-2019 at its April 22, 2019 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 2019-2020 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 2019-2020 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 22nd day of April 2019 by the following roll call vote:

AYES: -

NOES: -

ABSTAINS: -

ABSENT: -

Signed and approved by me after its passage this 22nd day of April, 2019.

Jim Irvin, Chair, Modoc LAFCO

Attest:

John Benoit, Executive Officer
Modoc LAFCO

OBJECT LEVEL/ ACCOUNT	FY 2013-2014		FY 2014-2015		FY 2015-2016		FY 2016-2017		FY 2017-2018		FY 2018-2019		FY 2019-2020	
	Final BUDGET	BUDGET												
EXPENDITURES														
4003 Commissioner Stipends	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 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	\$ 840.00	\$ 840.00	\$ 840.00	\$ 840.00	\$ 840.00	\$ 840.00	\$ 840.00	\$ 840.00	\$ 840.00	\$ 840.00
4210 Office Expense - Printing	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
4211 POSTAGE	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
4221 COMMUNICATIONS	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 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	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 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	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00
4004 Professional Svcs. - Executive Officer	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 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	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00
4380 Publications/Legal Notices	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 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	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
4454 MSR/SOI UPDATES	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 15,500.00	\$ 15,500.00	\$ 15,500.00	\$ 15,500.00	\$ 15,500.00	\$ 15,500.00	\$ 15,500.00	\$ 15,500.00
Total Services & Supplies	\$ 73,158.00	\$ 73,169.00	\$ 73,169.00	\$ 67,685.00	\$ 67,685.00	\$ 67,685.00	\$ 69,740.00	\$ 69,740.00	\$ 61,519.00	\$ 61,519.00	\$ 61,546.00	\$ 61,546.00	\$ 61,697.00	\$ 61,697.00
4922 CONTINGENCY	\$ 7,315.80	\$ 7,316.90	\$ 7,316.90	\$ 6,768.50	\$ 6,768.50	\$ 6,768.50	\$ 6,974.00	\$ 6,974.00	\$ 6,151.90	\$ 6,151.90	\$ 6,154.60	\$ 6,154.60	\$ 6,169.70	\$ 6,169.70
TOTAL LAFCO BUDGET	\$ 80,473.80	\$ 80,485.90	\$ 80,485.90	\$ 74,453.50	\$ 74,453.50	\$ 74,453.50	\$ 76,714.00	\$ 76,714.00	\$ 67,670.90	\$ 67,670.90	\$ 67,700.60	\$ 67,700.60	\$ 67,866.70	\$ 67,866.70
REVENUES														
CARRYOVER	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 36,000.00	\$ 36,000.00	\$ 25,000.00	\$ 25,000.00	\$ 23,000.00	\$ 23,000.00	\$ 21,000.00	\$ 21,000.00
Application Fees														
3060 City Share - LAFCO Cost	\$ 20,236.90	\$ 20,242.95	\$ 20,242.95	\$ 20,226.75	\$ 20,226.75	\$ 20,226.75	\$ 20,357.00	\$ 20,357.00	\$ 21,335.45	\$ 21,335.45	\$ 22,350.30	\$ 22,350.30	\$ 23,433.35	\$ 23,433.35
3060 County Share - LAFCO Cost	\$ 20,236.90	\$ 20,242.95	\$ 20,242.95	\$ 20,226.75	\$ 20,226.75	\$ 20,226.75	\$ 20,357.00	\$ 20,357.00	\$ 21,335.45	\$ 21,335.45	\$ 22,350.30	\$ 22,350.30	\$ 23,433.35	\$ 23,433.35
Total Due from Other Gov'ts.														
TOTAL REVENUES	\$ 80,473.80	\$ 80,485.90	\$ 80,485.90	\$ 74,453.50	\$ 74,453.50	\$ 74,453.50	\$ 76,714.00	\$ 76,714.00	\$ 67,670.90	\$ 67,670.90	\$ 67,700.60	\$ 67,700.60	\$ 67,866.70	\$ 67,866.70

MODOC LOCAL AGENCY FORMATION COMMISSION

April 22, 2019

The Honorable Eloise Gómez Reyes
California State Assembly
State Capital Room 2175
Sacramento, CA 95814

Subject: Support for AB 213

Dear Assembly Member Reyes:

The Modoc Local Agency Formation Commission (LAFCo) is pleased to support **Assembly Bill 213**. This bill would restore funding to approximately 140 cities that had annexed inhabited territory in reliance on previous financial incentives, then suffered significant fiscal harm when those funds were swept away due to the passage SB 89 (2011). The bill also offers similar incentives to support future annexations of inhabited territory to improve services to affected residents consistent with state LAFCo policies.

The VLF gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCos to work with cities to annex unincorporated inhabited islands. The loss of financial incentive for these inhabited annexations has made it difficult for LAFCos to follow this legislative directive.

Reinstating revenues for annexations is consistent with statewide LAFCo legislative policies of providing communities with local governance and efficient service delivery options, including the ability to annex. The inability to do so creates a tremendous detriment to the creation of logical development boundaries and to the prevention of urban sprawl. Because **AB 213** reinstates a critical funding component to cities who previously annexed inhabited territory and did so relying on this financing, and to those cities who annex inhabited territory in the future, Modoc LAFCo supports this bill.

Thank you for carrying this important legislation. Please do not hesitate to contact me with any questions you may have on our position.

Sincerely,

Jim Irvin
Modoc LAFCo Chair

Cc: Pamela Miller, Executive Director, CALAFCO
Dan Carrigg, Deputy Executive Director and Legislative Director, League of CA Cities

C/O John Benoit, Executive Officer P.O.Box 2694 Granite Bay, California 95746 - ph. (530)
233.9625 email: j.benoit4@icloud.com

MODOC LOCAL AGENCY FORMATION COMMISSION

April 8, 2019

The Honorable Robert Rivas
California State Assembly
State Capital Room 5158
Sacramento, CA 95814

Subject: Support of AB 1253

Dear Assembly Member Rivas:

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 1253. Sponsored by CALAFCO, the bill establishes a five-year pilot grant program to provide grants to LAFCos to address known service and governance concerns in disadvantaged communities. This program provides grants to LAFCos for conducting special 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, 2025.

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.

According to census data, approximately one-half of the Communities in Modoc County are Disadvantaged or Severely Disadvantaged having Median Household Incomes (MHI) of less than 80% or 60% of the MHI of the state.

By establishing this one-time grant funding, AB 1253 provides an additional tool for LAFCos to address known service and governance concerns in disadvantaged communities by conducting detailed studies and potentially implementing greater efficiencies in delivering local services based on local circumstances and conditions. For these reasons, Modoc LAFCo is pleased to support AB 1253.

C/O John Benoit, Executive Officer P.O.Box 2694 Granite Bay, California 95746 - ph. (530)
233.9625 email: j.benoit4@icloud.com

MODOC LOCAL AGENCY FORMATION COMMISSION

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,

Jim Irvin
Modoc LAFCo Chair

Cc: Senator Robert Hertzberg, co-author
Senator Anna Caballero, co-author
Pamela Miller, Executive Director, CALAFCO