

Modoc Local Agency Formation Commission

REGULAR MEETING AGENDA

Website: www.modoclafco.org

Tuesday April 11, 2017 – 4:00 PM

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

1. Call to order / Pledge of Allegiance

Commissioners

Alternate Members

David Allan, County Member
Jim Irvin, City Member,
T.J. Jerry Shea, Public Member
John Dederick, City Member, Vice Chair
Kathie Rhoads, County Member, Chair
LAFCO Staff
John Benoit, Executive Officer
Scott Browne, LAFCO Counsel
_____, Clerk

Richard Read, Public Member Alt.

Geri Byrne, County Member Alt.
Cheryl Nelson, City Member Alt.

2. Approval of the Agenda (Additions and Deletions)

3. Correspondance

4. Consider Minutes for February 14th , 2016

a. *Approve minutes from the February 14th , 2016 LAFCo Meeting*

5. Public Comment

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

6. Ratify Claims for February 2017 and Authorize Payment of Claims for March 2017

- a. *Approve payment of expenses for February 2017 and March 2017.*

Public Hearing

7. Proposed LAFCo Budget for fiscal year 2017-2018

- a. *Review, Discuss and Conduct Public Hearing and Consider LAFCo Resolution 2017-0001 adopting a proposed budget for FY 2017-2018*

Other Items:

8. Update to Fire and EMS Service Review & Sphere of Influence update and the Lassen Modoc Flood Control District.

- a. *Progress Report and Mapping*

9. Correspondence:

10. Executive Officer's Report:

- a. *Legislation: Healthcare Districts, Inactive Districts and Special District Representation*

11. 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.

12. Adjourn to the next regular meeting on June 13, 2017

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 on 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 lafco@modoc.lafco.ca.gov 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 of February 14, 2017

1. Call to Order/Pledge of Allegiance

Chair Rhoads called the meeting to order at 4:00 p.m., in the City Council Chambers, Alturas City Hall. Commissioners John Dederick, Jim Irvin, Jerry Shea, and Kathie Rhoads, were present. Public Member Alternate Richard Read was also present. Commissioner Allan was absent.

Staff Present: John Benoit, Executive Officer and Kim Hunter, Clerk

Pledge of Allegiance

2. Approval of Agenda (Additions and Deletions)

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

3. Correspondence

It was noted that this agenda item is a duplicate with item #11.

Three items of correspondence were presented: 1) State Water Resources Control Board regarding the revision on the State's Basin Plans; 2) Department of Conservation regarding the updates with Important Farmlands Mapping Program; and, 3) Governor's Office and Planning and Research notification regarding proposed reform of the California Environmental Quality Act (CEQA).

Executive Officer Benoit is aware that Lassen County is in the process of forming a Groundwater Sustainability Agency (GSA) for its portion of the Big Valley Groundwater Basin. He also discussed to issues around the state associated with the 2014 Sustainable Groundwater Management Act associated with GSA formation.

4. Consider Minutes for December 13, 2016

Commissioner Shea made the motion to approve the minutes; seconded by Commissioner Dederick. In favor: Dederick, Irvin, Shea and Rhoads.

5. Public Comment

No public comment.

6. Ratify Claims for December 2016 and Authorize Payment of Claims for January 2017

Commissioner Shea made the motion to approve; seconded by Commissioner Allan. All in favor.

Commissioner Shea made the motion to approve the minutes; seconded by Commissioner Dederick. In favor: Dederick, Irvin, Shea and Rhoads.

Action Items:

7. Discuss and Develop Work Program for fiscal year 2017-2018

- a. *Review MSR-SOI completion sheet from 2017-2018*
- b. *Develop Work Program for FY 2017-2018*
- c. *Consider undertaking a Service Review and Sphere of Influence update for the Lassen Modoc County Flood Control District in a joint effort with Lassen County*

Executive Officer Benoit discussed the status of Municipal Service Reviews (MSR) and Sphere of Influences (SOI) as represented on the list provided in the meeting packet. Most agencies have been updated and are up to speed with the exception of the Lookout and the Stronghold-Newell Pest Abatement Districts.

One issue that has recently come to attention is for the need to develop a MSR/SOI document and mapping for the Lassen Modoc Flood Control and Water Conservation District ("District"). Governance of the District is provided by a Board made up of the ten combined County Supervisors of Lassen and Modoc Counties. District records had been previously kept by an individual in the Lookout area who had worked on behalf of the District but were seized by Lassen County administration at the end of 2017. The records were then apparently transferred the location of the Lassen County Council Office. Modoc County administration requested District records from Lassen County which have not yet been provided. An MSR/SOI document completed in cooperation with the Lassen LAFCo could provide the needed information for this District.

Commissioner Dederick asked if it's possible for Modoc County to withdraw from the District entirely. There are funds deposited by Modoc County for the District that could be used for flood control efforts elsewhere in the County including Alturas. Executive Officer Benoit stated that could definitely be an option as the MSR/SOI can explore alternative changes of organization. These options could include the dissolution of the District. It was pointed out that this District was created by special legislation for the Allan Camp Dam, which was never constructed. Discussion continued regarding this District's budgeting and use of past funds which were contributed by both Counties.

Commissioner Rhoads reported that a line item budget was approved by the District Board for the 2017-18 fiscal year for this District to better track the budget. In addition, bylaws do exist although they may not have historically been adhered to.

Work is currently being done to update the Fire Protection District MSR/SOIs. These Districts provide a very important public safety service and need to be more closely tracked. Work will continue to gradually update each Fire Protection District.

Another item could be the Daphnedale Community Service District that may need to be updated. More on that topic will be discussed under item #10.

In addition to the Lassen Modoc Flood Control District, there are two others: Davis Creek Water Conservation District and the Owl Creek Flood Control District. Executive Officer Benoit stated that he is not aware of any services provided by these Districts but there are records on them. He recommended completed MSR/SOIs for each of them in the upcoming work plan.

It's important to keep track of MSR/SOI needs but not take on too much that will overextend the

budget capacity. Especially the Fire Protection Districts, which are really important to keep updated.

Clerk Hunter asked about where the Southern Cascade Ambulance District would fall on the MSR/SOI list. Executive Officer Benoit explained that that will be the responsibility of the Lassen LAFCo since the majority of the area comprising that district is within Lassen County. She also noted that the Surprise Valley and Central Modoc RCDs on the provided list have now been merged into the Modoc RCD.

Currently there are no pending in-house applications for annexations or other district/municipal boundary or organizational changes.

8. Update of the Fire and EMS Service Review & Sphere of Influence update

a. Progress report and mapping

Work is progressing on the update of the Modoc County Fire Protection District service review and sphere of influence update, which will be discussed at the April 11, 2017 meeting. Questionnaires have gone out to each of the Districts to update their information.

9. Authorize staff to attend the Calafco staff workshop in Fresno April 4-7, 2017

a. Authorize staff to attend Calafco staff workshop in Fresno

Executive Officer Benoit is unsure if he will attend the workshop but he wants to have authorization just in case he decides to go so expenses can be shared.

10. Meeting with State Water Resources Control Board / Division of Drinking Water

Three legislative bills that have been recently passed for small community water systems that provide drinking water. A small community water system is considered to be a system with 15 or more connections. These bills include SB 88, which can force a LAFCo to consolidate failing water districts that have failing water systems. Staff at the SWRCB has been contacting John so he met with them in Sacramento to further discuss this issue. No failing systems have been currently identified are in Modoc County. However, Daphnedale Community Service District may be a problem in the future. The two other bills include:

SB 552 – Similar to SB 88 but applies to forced consolidations of small community water systems located within Disadvantaged Unincorporated Communities.

SB 1263 – Sets policy for new and unsustainable public water systems which will require SWRCB approval in addition to the local jurisdiction and technical studies. In addition, climate change and sustainability must also be considered for these systems.

Obviously, the matter of water is definitely a hot topic at the state. Failing small water districts will be especially targeted.

11. Correspondence

Repeat of Item #3.

12. Executive Officer's Monthly Report

a. 700 Forms due April 1st, 2017

Executive Officer Benoit provided the Commission with a reminder for the April 1st deadline to submit the Statement of Economic Interest ("700 Form") to the California State Fair Political Practices Commission. This form is must be completed by state and local officials each year. Although the 700 Forms can now be submitted electronically, hard copy submittal is still the most reliable way to submit for now. Forms can be submitted to the County or City Clerk.

13. Commissioner Reports - Discussion

No commissioner reports.

14. Adjourn to next regular meeting – April 11, 2017

There being no further business to come before this Commission; Commissioner Dederick made the motion to adjourn the meeting; seconded by Commissioner Shea. All present in favor.

With no further business the meeting adjourned at 4:38 p.m.

Modoc Local Agency Formation Commission

CLAIMS

for

February and March 2017

Authorize the following Claims for FY 2016-2017

March 1, 2017	Staff Services October 2016	\$ 4,110.26
Apr 1, 2017	Staff Svcs November 2016	\$ 1,307.26
March 23, 2017	Public Notice Prop 17-18 Budget	\$ 48.00
Feb 14, 2016	Commission Stipend Feb 14, 2017	\$ 600.00

TOTAL: \$ 6,982.96

DATED: Apr 11, 2017

APPROVED: Apr 11, 2017

**Kathie Rhoads, Chair or John Dederick, Vice-Chair
Modoc Local Agency Formation Commission**

Attest:

**John Benoit
Executive Officer**

Modoc LAFCO
Expenditures and Revenue
FY 2016-2017

Item	Account Number	Insurance	Memberships	copies	postage	Communications	Office Exp.	Counsel	staff Svcs	Clerk Costs	Notices and Public
		4140	4420	4210	4211	4221	4210	4008	4004	4006	4380
Total Budgeted 2015-2016		\$ 1,000.00	\$ 840.00	\$ 1,500.00	\$ 500.00	\$ 1,000.00	\$ 400.00	\$ 3,200.00	\$ 36,000.00	\$ 900.00	\$ 600.00
Calafco Dues 2016-2017											
Staff Svcs July 2016											
Modoc Record Public Member Recruit											
Staff Svcs Aug 2016											
Comm Stipend Aug 9, 2016											
Staff Svcs September 2016											
Modoc Record Newell CWD MSR-Sol											
Staff Svcs. Oct 2016											
Staff Svcs November 2016											
Modoc Record MSR and SOI Lighting Dists											
Comm Stipend Oct 4, 2016											
Comm Stipend December 13, 2016											
Staff Svcs & Exp December 2016											
Staff Svcs & Exp January 2017											
Staff Svcs and Exp February 2017											
Meeting Stipend 2.14.15											
Modoc Record Prop 17-18 Budget											
Staff Svcs and Exp March 2017											

Total Expenditures to date		\$ -	\$ (840.00)	\$ (303.64)	\$ (61.57)	\$ (608.14)	\$ (167.40)	\$ 3,200.00	\$ (17,492.50)	\$ (480.00)	\$ (276.00)
Total Budget Remaining		\$ -	\$ -	\$ 1,196.36	\$ 438.43	\$ 391.86	\$ 232.60	\$ -	\$ 18,507.50	\$ 420.00	\$ 324.00

Audited	July 1, 2016 City Fund Carryover
	\$ 29,466.59
16-17 Actual City/Co. Contributions	
FY 2014-2015 City Anticipated Funds Transf	
2016-2017 County-City Funds anticipated	\$40,714.00
Funds received	
REVENUE FOR PROJECTS	
Interest	
Anticipated Funds received	
Less Expenditures	\$ (33,616.16)
Actual Cash Balance	\$ 36,564.43

Travel & Travel	MSR/SOI Updates	Commissions	Stipends	TOTAL
4430	4454	4063	4063	
\$ 2,000.00	\$ 21,500.00	\$ 4,800.00	\$ 74,240.00	
	\$ (2,677.50)		(840.00)	
	\$ (2,000.00)		(4,909.95)	
	\$ (2,400.00)	(600.00)	(93.00)	
			(4,091.86)	
			(600.00)	
			(3,499.26)	
			(66.00)	
\$ (276.91)	\$ (1,452.50)		(4,110.26)	
			(1,307.26)	
			(69.00)	
	\$ (500.00)	(500.00)	(500.00)	
	\$ (1,175.00)	(600.00)	(600.00)	
			(4,460.18)	
			(1,486.43)	
	\$ (1,105.00)		(3,871.35)	
		(600.00)	(600.00)	
			(48.00)	
			(2,463.61)	

\$ (276.91)	\$ (10,810.00)	\$ (2,300.00)	\$ (33,616.16)
\$ 1,723.09	\$ 10,690.00	\$ 2,500.00	\$ 40,623.84

Modoc Local Agency Formation Commission

DATE: April 11, 2017
TO: Local Agency Formation Commission
FROM: John Benoit, Executive Officer
RE: Proposed Budget for FY 2017-2018
Attachment: A. Proposed Budget Resolution #2017-0001

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 2017-2018 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 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 2017-2018 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 2017-2018 Fiscal Year initiation are as follows:

1. Fire Districts
2. Southern Cascades CSD
3. Flood Control Districts and issues
4. 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 \$785 to \$899 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.

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 \$3,200.00, 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 2016-2017

Training/Mileage and Travel

Estimated costs for a Commissioner to attend the Calafco Annual Conference October 24th-35th in San Diego 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 contracted services for 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 \$25,000 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 \$6,151.90). 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 slightly higher this upcoming year.

Action Required

- a. *Review and consider adoption of the proposed 2017-2018 LAFCO budget approving LAFCO Resolution # 2017-0001 shown as Attachment # A.*

Resolution 2017-0001

Attachment A

of the

Modoc Local Agency Formation Commission

Resolution of Modoc Local Agency Formation Commission Adopting a

Proposed Budget for 2017-2018

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 2017-2018 at its April 11, 2017 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 2017-2018 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 2017-2018 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 11th day of April 2017 by the following roll call vote:

AYES: -

NOES: -

ABSTAINS: -

ABSENT: -

Signed and approved by me after its passage this 11th day of April, 2017.

Kathie Rhoads, Chair, Modoc LAFCO

Attest:

John Benoit, Executive Officer
Modoc LAFCO

