

Local Agency Formation Commission of Modoc County
Meeting Minutes
February 27, 2018

1. Call to Order/Pledge of Allegiance

Chair Rhoads called the meeting to order at 4:00 p.m., in the City Council Chambers, Alturas City Hall. Commissioner Rhoads, Commissioner Byrne, Commissioner Dederick, Commissioner Irvin, and Commissioner Shea were present.

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

Pledge of Allegiance

2. Approval of Agenda (Additions and Deletions)

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

3. Correspondence

None

4. Consider Minutes for December 12, 2017

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

5. Public Comment

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

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

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

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

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

a) Discuss and Conduct Public Hearing

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

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

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

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

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

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

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

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

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

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

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

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

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

The Public Hearing was closed at 5:05 PM

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

Commissioner Dederick asked LAFCo how long dissolution can take.

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

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

Motion Passed Unanimous.

Other Business:

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

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

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

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

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

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

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

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

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

11. Executive Officer’s Report

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

12. Commissioner Reports– Discussion

None

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

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