

**Local Agency Formation Commission of Modoc County  
Meeting Minutes  
June 12, 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, Commissioner Shea, and Public Alternate Member Richard Read were present.

Staff members present were John Benoit, Executive Officer (EO), and Jackie Froeming, Clerk.

Pledge of Allegiance

**2. Approval of Agenda (Additions and Deletions)**

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

**3. Correspondence - None**

**4. Consider Minutes for April 10, 2018**

Commissioner Rhoads requested that the minutes be corrected and add the word "is" to Section 7 paragraph 6 when Chester Robertson was reporting on the Daphnedale CSD. The correction should read; *"The County would have to move forward with a Prop 218 under a fee structure which is how the County would proceed to address the current debt and loan."*

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

**5. Public Comment - None**

**6. Authorize Payment of Claims for April 2018 and May 2018**

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

## **Public Hearing**

### **7. Public Hearing regarding the Final Modoc LAFCo 2018-2019 LAFCo Budget and consider LAFCo Resolution 2018-003 adopting the budget for FY 2018-2019.**

The Public hearing was opened at 4:03 p.m. and closed at 4:07 p.m.

Executive Officer Benoit provided a staff report on the final budget for Fiscal Year 2018-2019 and presented LAFCo Resolution 2018-003 to the Commissioners.

Motion by Commissioner Irvin to adopt Resolution 2018-003 adopting the LAFCo final budget for FY 2018-2019. Seconded by Commissioner Shea. In favor were Commissioners Rhoads, Byrne, Dederick, Irvin, and Shea. Motion passed Unanimous.

## **Other Business:**

### **8. Status of Daphnedale CSD reorganization**

Executive Officer Benoit reported on the status. He discussed the dissolution with the LAFCo attorney and found out the County cannot be forced to take over this district. He is recommending that the district reorganize, get people to sit on the Board of Directors, and manage the district. In addition, he would like to talk with Chester Robertson and discuss any terms the County would like to see if they were to take over the district. For any entity that takes over the district, cost would increase, fees are going to have to increase and landowners would be responsible for any issues including spills, violation of rules, or fines.

The next step in this proceeding would be to hold a Public Hearing in August regarding this issue and if the homeowners object to the County taking over the dissolution cannot move forward. At that time a protest, proceeding would have to take place.

Commissioner Dederick reported that the City's attorney has a completely different opinion regarding the successor agency. He also expressed concerns regarding the lack of interest in the last 6 months from homeowners in regards to sitting on the Board of Directors.

Executive Officer Benoit clarified that although LAFCo cannot force the County to take over the district the State can and if this dissolution moves forward, the County would still be the best option as the successor agency.

Commissioner Dederick mentioned the City is willing to work out any details with the successor agency to continue the maintenance of the sewer system.

Commissioner Rhoads reported that two people from Daphnedale have come forward and are speaking with Stephanie and may be interested in sitting on the Board of Directors. At this time, Executive Officer Benoit feels that LAFCo should continue to move forward and hold a public hearing during the August meeting and make a decision to move forward with the dissolution. The other option being if the Daphnedale has put together a Board of Directors and can conduct business they become an active district.

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

Executive Officer asked Chanda Pedotti, C.O.O. of Surprise Valley Health Care District. Once the hospital is sold, does the district have anything left or does it provide any other services?

Ms. Pedotti reported that the plan was if the measure passed to sale, the hospital the next step once the bankruptcy is completed and the final amounts of debt owed has reported. The district will be responsible for the non-secured debt. The plan is to pay that off and dissolve the district. The bankruptcy should be final as of June 30, 2018.

Executive Officer Benoit said once the bankruptcy has been finalized the district will need to submit the application of dissolution to LAFCo and there would be no need for a successor agency since it will operated by a private entity.

Frances Hanna, Accounting Supervisor reported that even though the bankruptcy will be final on June 30, 2018. There will still be monies owed and the district will be paying those bills. She wanted to clarify if they have to wait to dissolve the district until the final bill is paid.

Executive Officer Benoit answered that the district could be dissolved. At that time, the County would be responsible for closing up the affairs of the district and pay off the outstanding balances as long as they had a way to get the money to cover those bills.

Ms. Chanda Pedotti reported they have not started the dissolution because they were waiting on the bankruptcy to be finalized to get the final numbers of the unsecured debt. They are trying to maintain all their bills and have the assumed amount of 30% available. Therefore, they hope to have all the monies to pay off the unsecured debt to make a clean transition. The SVHCD is hoping there will be no further debt at the time of dissolution and measures can be taken to dissolve the assessment at the same time.

Commissioner Byrne has questions regarding if the dissolution of the district would need to be voted on by the owners. Executive Officer Benoit answered that would be a legal question and he can ask the LAFCo Attorney. The SVHCD and their attorney are under the impression they only needed a vote to sale the hospital not to dissolve the district.

Commissioner Dederick wanted some clarification on what would happen to the lab the hospital purchased after the bankruptcy finalizes. Ms. Pedotti explained the lab purchased by the district is considered an asset. After the bankruptcy is final, the company would be purchasing both the hospital and lab from the district and it would go back to Cadira Ownership.

Public Member, Jeannie Goldman wanted to clarify that June 30, 2018 is the expected closing date of the sale of the hospital if all goes smoothly. At that time, Cadira would have 100% ownership of the hospital. She asked LAFCo since there would be residual debt can the district get their resolution and move forward with the application for dissolution and submit to LAFCo.

Executive Officer Benoit responded saying yes a resolution can be passed and application completed and submitted to begin the dissolution. LAFCo can rule on it and add a series of terms and conditions. The district would need to complete all terms before the dissolution finalizes. LAFCo will need a good amount of information prior to the dissolution being set for a hearing.

Chanda Pedotti reported that the SVHCD lawyers want to get far enough into the bankruptcy in order to get the correct amounts owed. She reported that Cadira has agreed to pay the secured debt and the district will be responsible for the unsecured debt.

Executive Officer Benoit requested the contact information from Chanda Pedotti, C.O.O. and Frances Hannah, Accounting Supervisor of SVHCD. They provided the contact information to him.

**10. Review Proposed Letters of Support for SB-929, AB 2238 and AB 2268 considering support for the following bills:**

Executive Officer Benoit gave a background on the various legislations and provided the letters to the Commissioners for review and approval to send the support letters.

Motion by Commissioner Dederick to approve the proposed support letters as written; seconded by Commissioner Byrne. In favor were Commissioners Rhoads, Byrne, Dederick, Irvin, and Shea.

Motion passed Unanimous

**11. Authorize Staff and Commissioners to attend the Calafco annual conference at the Tenaya Lodge near Yosemite October 3-5, 2018.**

Motion by Commissioner Dederick to authorize EO Benoit to attend the Calafco annual conference; seconded by Commissioner Irvin. In favor, were Commissioners Rhoads, Byrne, Dederick, Irvin, and Shea. Motion passed Unanimous.

**12. Consider a nomination for Calafco Achievement Awards 2018 (due August 1, 2018).**

The Commissioners did not have any nominations for the Calafco Achievement Awards.

**13. Consider nomination for the Calafco Board of Directors (due Sept 4, 2018): City Member or Public Member.**

The Commissioners did not have any nominations for the Calafco Board of Directors.

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

- a. EO Benoit gave an updated on the Lassen Modoc Flood Control and Water Conservation District. He reported that he has a copy of the MSR/SOI Review and will present this to the Lassen LAFCo in August. He feels that this district is not functioning as originally planned and it will need to be determined if this district needs to be continued or dissolved.

- b. Executive Officer Benoit reported that he had attended the Calafco Staff Workshop in Marin County and provided an overview of sections he had attended, which includes a section on City Annexations. A presentation on the Board of Equalization (BOE), which has been restructured. In this session, they reviewed the interface between LAFCo and the BOE and the requirements. He also attended a session on CEQA Exemptions, which discussed the misuse of various CEQA exemptions and looked at a Case regarding “unusual circumstances”.

#### **15. Commissioner Reports – Discussion**

Commissioner Shea asked about the Ethics Training. Executive Officer Benoit said the training is available online or he can look into sending someone to provide this training in the fall.

#### **16. Adjourn to the next regular meeting 4:00 PM on August 14, 2018**

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 were in favor. The meeting adjourned at 4:58 PM.