Lake Local Agency Formation Commission

Regular Meeting Agenda

November 15, 2017 -- 9:30 am

City of Lakeport - City Council Chambers

225 Park Street, Lakeport, California

Website: www.lakelafco.org

"Lake LAFCo oversees orderly development and protects natural resources and agricultural lands"

Gerry Mills, Chair (Special District) Allen Gott, Vice-Chair (Special District) Stacey Mattina (City) Ed. Robey, (Public Member) Joyce Overton (City) Moke Simon (County) Tina Scott (County Member) Commission Alternate Members Victoria Brandon (Spec. District Alternate) Suzanne Lyons (Public Alternate) Jeff Smith (County Alternate) Bruno Sabatier (City Alternate)

<u>Staff</u>

John Benoit, Executive Officer
P. Scott Browne, Legal Counsel
Kathleen Moran, Clerk-Analyst

- 1. Call to Order Roll Call
- 2. Approval of Minutes Sept 20, 2017 minutes.

3. Public Comment.

This is the time for the public to address the Commission on any matter not on the agenda. Testimony related to an item on the agenda should be presented at the time that item is considered.

4. Consent Agenda

Action: Review and authorize payment of expenses for September and October 2017

PUBLIC HEARING:

- 5. PUBLIC HEARING regarding a Sphere of Influence amendment for CSA #6

 Finley Water and an Annexation to CSA #6 to include a 10.08-acre parcel
 Finley Water on property located at 2855 Reeves Lane in Finley known as
 APN 008-006-25
 - a. Receive Executive Officer's report, conduct public hearing regarding a Sphere of Influence amendment and an Annexation of a 10.08-acre parcel to CSA #6 Finley.
 - b. Adopt proposed Resolution 2017-0009 approving a Sphere of Influence Amendment consisting of 10.08 acres into CSA #6-Finley.
 - c. Adopt Resolution 2017-0010 approving an Annexation consisting of 10.08 acres into the CSA #6-Finley.

OTHER BUSINESS

- 6. Report and Discussion Calafco Annual Conference in San Diego October 24-27, 2017.
 - a. Report regarding the CALAFCo Conference
- 7. Executive Officer's report.

Cobb Area Sphere of Influence – MSR & SOI workshop on Jan 17, 2018 in Clearlake

- 8. LAFCo Counsel's report
- 9. Commissioner Reports

This item is placed on the agenda for Commissioners to discuss items and issues of concern to their constituency, LAFCO, and legislative matters.

- 10. Correspondence
- 11. Adjourn to LAFCO's next regular meeting: Wednesday January 17, 2018 in Clearlake

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.



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

Public Comment

Members of the public may address the Commission on items <u>not</u> appearing on the agenda, as well as any item that does appear on the agenda, subject to the following restrictions:

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).
- The total amount of time allotted for receiving public comment may be limited to 15 minutes.
- Any individual's testimony may be limited to 5 minutes. Time to address the Commission will be allocated on the basis
 of the number of requests received.

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 5 minutes. 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 area available for review for public inspection at the City of Lakeport and City of Clearlake Community Development Departments office located at City Hall in Lakeport and Clearlake [such documents are also available on the Lake LAFCO website as noted below to the extent practicable and subject to staff's ability to post the documents prior to the meeting].

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 Lake 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 (707) 592-7528 or by mail at Lake LAFCO c/o John Benoit, Executive Officer P.O. Box 2694, Granite Bay, CA 95746 or by email at johnbenoit@surewest.net or by fax at (916) 797-7631. Agenda items are located on the Lake LAFCo Webpage at www.lakelafco.org

LAKE LOCAL FORMATION COMMISSION MINUTES September 20, 2017 Regular Meeting

Members Present
Gerry Mills, Chair, Special Districts
Allen Gott, Vice-Chair Special Districts
Ed Robey, Public Member
Joyce Overton, City Member
Moke Simon, County Member
Tina Scott, County Member
Stacey Mattina, City Member

Staff Present John Benoit, Executive Officer P. Scott Browne, Legal Counsel Kathleen Moran, Clerk-Analyst

Absent: Victoria Brandon, Special District Alternate, Suzanne Lyons, Public Alternate, Jeff Smith (County Alternate), Bruno Sabatier (City Alternate)

1. Call to Order

Chairman Mills called the meeting to order at 9:30 a.m. at the City of Clearlake Council Chambers.

2. Approval of Minutes.

Commissioner Gott requested correction to reflect that he was present. Clerk affirmed.

Motion by Commissioner Robey, seconded by Commissioner Simon to approve the Minutes of the July 19, 2017 Regular Meeting as corrected. Motion carried.

4. Public Comment

Chair called for period of public comment. None were heard.

5. Consent Agenda

Motion by Commissioner Mattina seconded by Commissioner Overton to authorize payment of expenses for July and August 2017. Motion carried.

6. Public Hearing regarding a Service Review and Sphere of Influence update for the Hidden Valley Lake Community Services District

Present: Kirk Cloyd, General Manager, Hidden Valley Lake Community Services District.

EO reviewed the Staff Report which was updated based on comments and input from the July meeting, including technical revisions regarding the water and sewer line sizes submitted by Ken Porter (Page 9). EO also spoke with Mr. Cloyd regarding the future annexation of district owned property and the practicality of including that property in the proposed Sphere. EO prepared new map of the CSD. Brief discussion was held. Commissioner Robey asked about the non-contiguous area within the proposed Sphere, with EO responding that the Community Service District law allows for non-contiguous areas. Mr. Browne affirmed.

Commissioner Gott stated that page 12 of the report still refers to a "Compliance Order" and was supposed to be "Curtailment Order" as noted at the July Meeting. EO confirmed the correction was to be made. Some other minor typos were pointed out.

Chairman Mills opened the Public Hearing. No comments were heard, and the Hearing was closed.

Motion by Commissioner Simon seconded by Commissioner Robey to approve Resolution No 2017-0007 A Resolution of the Lake Local Agency Formation Commission Approving a Municipal Service Review of Services Provided by the Hidden Valley Lakes Community Services District and Adopting Written Determinations Thereon. Resolution passed and adopted by the following vote:

AYES: Commissioners Gott, Scott, Overton, Mattina, Robey, Simon and Mills.

NOES: None.

ABSENT: None.

Motion by Commissioner Simon, seconded by Commissioner Robey to approve Resolution 2017-0008 A Resolution of the Lake Local Agency Formation Commission Making Determinations and Approving Sphere of Influence Update for the Hidden Valley Lake Community Services District, Executive Officer's Report and Map, as set forth in Attachment "A". Resolution passed and adopted by the following vote:

AYES: Commissioners Gott, Scott, Overton, Mattina, Robey, Simon and Mills.

NOES: None.

ABSENT: None.

7. Executive Officer's report.

 EO provided a summary of the Little Hoover Commission's Report and recommendations on Improving Oversight and Transparency for Special Districts (Report #239 August 2017). EO reviewed the twenty (20) recommendations, several of which include or suggest legislation which would enact changes in the current methods of doing business for special districts. Moreover, the report points to role of LAFCo and states that improved oversight of special districts also results in opportunities to bolster the effectiveness of Lafco's.

In recommendation #3, the Little Hoover Commission recommends that the legislation enact, and the Governor should sign SB 448 which would provide Lafco's the statutory authority to conduct reviews of inactive districts and to dissolve them without the action being subject to protest and a costly election process.

Recommendation #4 advocates AB 479 co-sponsored by the California Special Districts Association and the Calafco which would ease the process to add special district representatives to the 28 counties which special districts are not represented.

Lake LAFCo Meeting Minutes September 20, 2017

Recommendation #9 states that the legislature should require every special district have a website with contact information, services provided, budget information, geographic area served and other relevant information. Full report is available on the Calafco and Lake LAFCo websites.

- Cobb Area Service Review: COBB Project application has been funded by State Water Resources Board. Chairman Mills asked EO if he had received any opposition to the merger, EO responded that he has not yet.
- Hodges Annexation to Finley is agendized for the November 15, 2017 meeting.
- Calafco Annual Conference Update: Commissioner Overton is unable to attend. Commissioner Gott will take her place.
- 8. LAFCo Counsel's Report.

Mr. Browne stated that the EO has already covered the information.

Commissioner Reports
 Commissioner Gott alerted the Commission of hacking to the Healthcare District website and that county authorities have been notified.

Mr. Browne announced that at the Board of Supervisors will discuss water provision to South Main Street area at their next meeting.

10. Correspondence. None.

10:26 a.m. Meeting adjourned.

Next regular meeting: Wednesday November 15, 2017 in Lakeport.

Ву:		
	Kathleen Moran,	Clerk

Lake Local Agency Formation Commission

CLAIMS

September and October 2017

Date of Claim	Description	Amount
8.16.17-9.15.17 Aug 1, 2017 Aug 1, 2017 9.16. 2017-10.15.17 Sept 20, 2017 Nov 1, 2017 Nov 1, 2017	Browne Legal Staff Services September 2017 Cobb/HVL MSR and SOI Browne Legal Meeting Stipend Staff Svcs October 2017 Cobb MSR and SOI	\$ 525.00 \$ 4,597.67 \$ 3,950.00 \$ 1,837.50 \$ 600.00 \$ 5,890.67 \$ 1,300.00
TOTAL:		\$ 18,527.84
DATED:	Nov 15, 2017	
APPROVED:	Nov 15, 2017	
	Gerry Mills, Chair or Allen Gott, V Lake Local Agency Formation Con	ice-Chair nmission
Attest:		
John Benoit Executive Officer		

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3 (1,300.00) \$ (4,047.67) S (1,300.00) \$ (4,047.67)	1-31-2017 17 14/CSD 1-30, 2017 1-3			(1,837.00)			:	•	76.0	4 21	
	31, 2017 30, 2017 \$	(420.00)	φ.	(1,837.50)		(550.00) \$ (4	1,047.67)				

2017-2018 Expenditures

2017 CALAFCO Annual Conference Summary

- . Conference presentation materials are all available on the CALAFCo Website at www.calafco.org.
- 1. LAFCO 101 is a presentation to assist LAFCO Commissioners, the Public and LAFCO Staff with an overview of LAFCo. This presentation includes LAFCO's intent and purpose, history, organization, powers, Service Reviews and Spheres of Influence and perspective on applying the basics.
- 2. There was a presentation on a statewide poll on Accountability, Consolidation, Local Control, Transparency and Communicating with the public. The results were: Poverty/Homelessness is the most important issue, Majority of respondents know nothing about LAFCo, Most respondents know nothing or are unsure of the how LAFCo is doing its job. Many LAFCo's use social media to get the word out and most believe it would be the most effective way for LAFCo to communicate with the public. Most agree LAFCo does not seem to be a very transparent agency; LAFCo's should focus on local government efficiency.
- 3. There was a presentation entitled "Your LAFCo Story: Don't Let Someone Else Tell it!" This was a presentation regarding LAFCo's creating the LAFCo message or brand. Many times LAFCo's are reacting to situations rather than being proactive.
- 4. Local Agencies' Fiscal Health: What is LAFCo's role. This panel took a macro view of what is going on in California i.e. local governments are facing severe financial strain due to a number of reasons: i.e. PERS obligations, natural disasters, recessions, etc. How can LAFCo's react? This session examined changing revenue streams for local governments over time. The essential problem is revenues cannot keep up. Causes are an unsustainable real estate recovery; loss of RDA's, Contract cost inflation exceeds revenue growth, deferred maintenance, shift of VLF, etc.

The major causes are increasing services and demands, maximizing tax increases, retirement costs, local government tax share, taxable retail threats, redevelopment, inefficiencies and political expectations.

How this might affect LAFCo?

How do MSR's address these issues?

- 1. Potential for Disincorporation, bankruptcies
- 2. Encounter resistance from cities and districts to annex
- 3. Decreases in level of service particularly in poorer areas of state
- 4. Pressures from communities to incorporate, even when not feasible
- 5. Perpetuation of sprawl without a viable long-term municipal service solution

Solutions?

Solutions may include:

1. Sharing or consolidating service delivery for economies of scale,

2. Demonstrating accountability and transparency to build support for revenue measures or service delivery changes

Solutions involve:

- 1. Finding other service delivery approaches which reduce costs
- 2. Explaining local government economics in a credible and transparent manner to maximize support for revenue increases
- 3. LAFCO MSR Determination Areas are uniquely attuned to this effort; consider the wording of CKH

Some LAFCo's are moving to illuminate Fiscal and Service Issues in the MSR process sample determination criteria may include:

- 1. Shared services, facilities and staff; duplication of services or facilities and excess capacity
- 2. Anticipated service level deficiencies, and
- Financial metrics* aimed at gauging the ability to provide services
- Multiple quantitative service level statistics for municipalities

Metrics* may include:

- 1. Operating General Fund deficit and surplus trends for the past 5 years
- 2. Balanced General Fund Budgets using one time revenues, deferred expenditures or borrowing
- 3. Unreserved General fund reserves as a percent of operating expenditures
- 4. Unfunded pension liability
- Debt and Debt ratios
- 6. Liquidity as measured when comparing cash and short-term investments over current liabilities.
- 7. Timeliness and accuracy of financial reporting by ensuring that the State Controllers Financial Transactions Report was filed on a timely basis and that the CAFR received a clean opinion and was issued within 6 months of the fiscal year's end.
- 5. Show me the Money Humboldt, Imperial, Santa Clara and Calaveras LAFCo's

16% of LAFCo Annual Budgets are less than \$50K

16% of LAFCo Annual Budgets are between 50K and 100K

18% of LAFCo Annual Budgets are between 101K and 300K

38% of LAFCo Annual Budgets are between 300K and 700K

13% of LAFCo Annual Budgets are over 700K

Most of the LAFCo Budgets allow LAFCo's to meet all the LAFCo functions (54.5%) and 34.5% of the LAFCo's say Yes, but only minimal

78% of LAFCo's receive between 0 and 10% percent of their revenue from Application Fees.

49% of the LAFCo's believe it is somewhat difficult to sustain LAFCo funding

Some of the cost savings ideas discussed are:

Practice conservative budget approach - Imperial

Maintain Positive relationships with funding agencies – Imperial, Calaveras and Humboldt

Have your own building and you don't have to pay rent and income from renting office space. Imperial

Update Fee Schedule regularly - Santa Clara

Curtail the granting of application fee waivers - Santa Clara

Share services with another local agency, where feasible - Santa Clara

Recognize that even small increases in apportionment can hit some members much harder than others - Santa Clara

Effective Management - Calaveras

Contracting out - Calaveras

Weigh the cost of utilizing County/City Services - Calaveras

Have Empathy, Listen to constituents, work with the Press - Calaveras

Use existing tools more effectively i.e. technology -Calaveras

Reduce Bureaucracy - Calaveras

Pay attention to financials and bills paid out - Calaveras

Some of the challenging situations mentioned:

Moving out of the County facility and leasing private office space - Santa Clara

Initiating litigation to address inadequate CEQA Documents - Santa Clara

Paying for the dissolution of special districts that are unable to pay costs. - Imperial

6. Avoiding an Ethical Crisis:

The purpose of this session is to decrease the odds that you or your organization will suffer an ethical crisis and help to better understand what ethics actually mean.

Some of the suggestions discussed;

- 1. Prevention first: Talk about it, training, Don't assume it will happen?
- 2. Just because it is legal doesn't mean it is ethical
- 3. The greatest challenge is the R word (Rationalization)
- 4. Beware of the no one will find out rationalization
- 5. The Google Rule now everyone can judge your conduct.
- 6. The Taxpayer Rule What would the average taxpayer think.
- 7. You are only tested when choices are tough
- 8. A test for a leader: What you did. What others did and you knew about it, and what did others do that you did not know about it.
- 9. Responding to an ethical lapse
- 10. 3 questions you must be prepared to answer: What did you know? When did you know about it? And what did you do about it?

7. LEGISLATIVE UPDATE:

In 2017 there were 2980 Bills in the legislature (1982 in the Assembly and 998 in the Senate). Of these bills 1189 became law and 118 were vetoed and the remaining 1,673 did not make it through the legislature.

There were six bills were chaptered related to LAFCo

AB 464 (Gallagher) affecting annexation proceedings and out of area services being provided.

AB 979 (Lackey) streamlines the process of seating special districts

AB 1361 (E. Garcia) Authorizes a Municipal Water District to apply to LAFCo to extend services to Indian lands and prohibits LAFCo from denying the application

AB 1725 The CALAFCO Omnibus bill. Minor changes to non-controversial sections of CKH

SB 130 Provides certain cities incorporated between 1/1/2004 to 1/1/2012 to receive property tax in lieu of VLF

SB 448 Requires the State Controller to publish a list of inactive districts and establishes a process for LAFCo's to dissolve inactive special districts.

Look forward to the legislature taking up Healthcare Districts, Water and Contracting issues in the next legislative session.