

LAKE LOCAL FORMATION COMMISSION  
MINUTES  
January 17, 2018 Regular Meeting

Members Present

Gerry Mills, Chair, Special Districts  
Allen Gott, Vice-Chair, Special Districts  
Bruno Sabatier, City Alternate  
Ed Robey, Public Member  
Tina Scott, County Member  
Stacey Mattina, City Member  
Victoria Brandon, Special District Alternate  
Suzanne Lyons, Public Alternate

Staff Present

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

Absent: Joyce Overton, City Member, Moke Simon, County Member, Jeff Smith, County Alternate.

**1. Call to Order** - Chairman Mills called meeting to order at 9:30 a.m. at the City of Clearlake City Council Chambers.

**2. Approval of Minutes** - Motion by Commissioner Gott, seconded by Commissioner Sabatier to approve the Minutes of the November 15, 2017 Regular Meeting. Motion carried.

**3. Public Comment** – The Chair called for a period of public comment. None were heard.

**4. Consent Agenda**

Motion by Commissioner Robey seconded by Commissioner Mattina to authorize payment of expenses for November and December 2017. Motion carried.

**5. Cobb Area Multi-Water Systems Reorganization and Service Review – Sphere of Influence Update**

Present: Jan Coppinger, Lake County Special Districts  
Amy Fowler, Project Manager, CSUS Technical Assistance Team  
John O'Farrell, CSUS Technical Assistance Team  
Lucio Orellana, Kamina Padgett, Diana Conkle, Sheri Miller,  
State Water Resources Control Board  
Ben Murphy, General Manager, Cobb Area County Water District  
Michelle Frederick, Consolidation Coordinator, State Water Resources Control  
Board, Div. of Drinking Water  
California Howland, Cobb Area County Water District

9:38 a.m. Commissioner Overton is present.

EO stated that the purpose of this Workshop is to review the draft MSR and SOI for the proposed consolidation and a Final Draft will be prepared for public hearing on March 21.

The CSUS Technical Assistance Team, headed up by Amy Fowler, gave a power point presentation entitled "Cobb Area Multi-Water Systems Consolidation". The presentation will be posted on the Lake LAFCo website.

Ms. Frederick continued the presentation. She stated that the Cobb Area system is comprised of 11 public water systems regulated by the State Water Resources Control Board Division of Drinking Water, one county state small water system (Alpine Meadows), one area with no regulation of water (Whispering Pines), and several homes with individual wells. She stated that the Cobb Area has historically had many small water systems lacking economies of scale to maintain infrastructure and provide reliable water services to their customers. She cited some of the on-going issues with specific systems noting that all struggle to maintain distribution systems. She stated that the consolidation is driven by concern for public health and safety issues.

The water systems included in the reorganization/consolidation proposal are:

Cobb Area Water District	CSA #22 Mt. Hannah
Adams Springs Water District	Hill 9 & 10 Mutual Water Assoc.
Pine Grove Water System	Branding Iron Mutual Water Assoc.
CSA #7 Bonanza Springs	Alpine Meadows water systems (in discussions)
CSA #18 Starview	

There are four water systems that are not included in the consolidation, but are included in the proposed SOI update; they are:

Loch Lomond Mutual Water Company  
Mountain of Attention Water System  
Cobb Mountain Water Company  
Unincorporated community of Whispering Pines

Ms. Fowler explained that the California State University of Sacramento's Technical Assistance Team (CSUS TA) became involved in the planning after the Valley Fire in 2015 when fire damaged water systems applied to the state for recovery planning grant funds. The State brought in the CSUS TA with Prop 1 Grant Funds to assist in the plan to reorganize the Cobb Area Water District to take in eight other small/insufficient systems and form a larger public water system. The smaller damaged and outdated systems would then be dissolved or disbanded. Some of the benefits of a larger system include greater managerial and financial capacity, the ability to access funding, a larger pool of ratepayers and the accountability of elected leadership. In addition, public water systems are subject to regulation by the United States Environmental Protection Agency and the State of California resulting in regular monitoring.

Ms. Fowler spoke to recent legislative trends supporting small system consolidations. AB 685 the Right to Water Act, puts into state policy the belief that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. Ms. Fowler reviewed funding sources to provide for the consolidation and improvements. The areas fall under the category of a disadvantaged community and as such are eligible for special funding, grants and financing.

Ben Murphy, General Manager of the Cobb Area County Water District reinforced the need for the consolidation. He reviewed the necessary equipment upgrades and estimated a cost of \$21,687,500. He stated it would take time to secure all funding, but if the consolidation does not happen the water districts will not survive on their own. Mr. Murphy projected a timeline of 5-10 years to completion with Phase I set to begin in 2019.

John O'Farrell spoke to his previous LAFCo experience with large reorganization projects and his role on the CSUS TA Team. He stated the Cobb Reorganization Project is not controversial and will benefit all the communities.

Ms. Fowler acknowledged the efforts of all who worked on the project and thanked them for their hard work, as follows: John Benoit, Lake LAFCo Executive Officer, Jan Coppinger, Lake County Special Districts, Michelle Frederick & Sheri Miller, State Water Board, Div. Drinking Water, Diana Conkle & Lucio Orellana, State Water Board, Div. Financial Assistance, Cobb Area County Water District, Ben Murphy, GM, and their Board of Directors, and the entire CSUS & UCD Technical Assistance team. She also acknowledged UC Davis Legal Assistance for their help on the project.

Brief discussion was held. Commissioner Sabatier asked about the plans for the employees in the various systems. Mr. Murphy explained they are hoping to hire two more operators but at this time the primary focus is on construction.

EO stated that the proposed newly reformed district's draft Tax Sharing Agreement is being circulated and if it is adopted by the County a public hearing for the MSR and SOI will be set for March 21. He asked for comments to be submitted before February 16<sup>th</sup>. Alternatively, if the Tax Agreement is not adopted by the March meeting, the Public Hearing will be in May.

Cobb resident, Tom Slaight, made statement in support of the consolidation.

10:33 a.m. Commissioner Overton excused herself from the Chambers.

Chairman Mills expressed appreciation to everyone involved for their work on the project.

Chairman Mills called a recess at 10:46 a.m. and reconvened at 10:55 a.m.

**6. Request for extension of LAFCo File 2015-0005, Paradise Valley – CSA #16 and the Clearlake Oaks County Water District Consolidation (one-year extension previously approved by Commission at January 20, 2017 meeting)**

EO reviewed letter dated December 28, 2017 from Jan Coppinger, Special Districts, and Alan Gardner, General Manager of the Clearlake Oaks County Water District requesting another one-year extension of the CSA #16-Clearlake Oaks County Water District consolidation due to a change in the project that will better serve both water systems and the issue of contractor availability due to the fires.

Commissioner Robey asked if there are any health or safety issues that would be impacted by approving the extension. Commissioner Mattina stated that the effected property owners will be disappointed as they have been waiting and now will be set back for another year.

Ms. Coppinger explained the need for the extension citing various serious county emergencies, overpriced contractor bids, a change in the project, setbacks, etc. She stated that things need to be done right and thus the extension is necessary.

Commissioner Mattina asked if there was a chance the moratorium could be lifted before the project was complete.

Ms. Miller responded that as for lifting the moratorium she would have to look at all the factors of how it was placed. As for the extension she supports it and the state board is trying to help with some of the project funding.

Commissioner Sabatier asked for a review of progress in September 2018.

Motion by Commissioner Sabatier, seconded by Commissioner Mattina to approve request by Lake County Special Districts CSA #16 and Clearlake Oaks County Water District for 12-month extension of annexation of Paradise Valley CSA #16 territory to the Clearlake Oaks County Water District and dissolution of Paradise Valley CSA #16, with a six-month progress review by LAFCo Commission. Motion carried.

#### **7. Review Staff Memo regarding SB 448 Special Districts Consolidations.**

EO reviewed SB 448 (Inactive Special Districts) which became law on January 1, 2018.

It adds the following new responsibilities to local LAFCo's:

1. Special Districts are now required to file their annual audits with the local LAFCo, in addition to the State Controller and the County Auditor.
- 2 Requires State Controller to compile a comprehensive list of special districts by 7/1/19 and a list of in actives by 11/1/18.
3. State Controller will notify LAFCo of any district they deem inactive and require LAFCo's to initiate proceedings for the dissolution. The legislation defines inactive districts as those who have had no financial transactions in the previous fiscal year; have no assets or liabilities, have no outstanding debts, judgments, litigation, contracts, liens or claims.
4. If the State Controller's Office notifies a local LAFCo of an inactive district the LAFCo has 90 days to initiate proceedings to dissolve the inactive district and another 90 days after a public hearing to dissolve the district.
5. If the district does not meet the criteria to be considered inactive, LAFCo shall notify the Controller's Office.

EO concluded most districts the Controller's Office believe to be inactive are likely not, but likely failed to file their audit. LAFCo would have to notify the Controller of such. LAFCo and Special Districts should be on the alert for any changes in definition of inactive in future legislation.

Chairman Mills asked the EO to notify the Special Districts of the legislation by letter, along with a copy of the staff memo discussed today.

**8. Review Staff Memo regarding the procedure for seating of City Members on the LAFCo Commission.**

EO reviewed the procedure for appointment of City Members on the Commission, specifically that a City Select Committee may need to be convened to duly appoint members to LAFCo. In the past, the City Select Committee appointed city members to LAFCo (one from each city) and an City alternate to be rotated between the two cities every other year. Currently the City Member Alternate is from Clearlake City Council and has served his two-year term, therefore it is time to have the alternate be from the Lakeport City Council. EO will schedule a City Select Committee Meeting prior to the regularly scheduled LAFCo meeting on March 21 in Lakeport. EO will notice meeting and notify mayors.

**9. Authorize staff to attend the Calafco Annual Staff Workshop in Marin County April 11-13, 2018.**

Motion by Commissioner Robey, seconded by Commissioner Mattina to authorize staff to attend the Calafco Annual Staff Workshop in Marin County April 11-13, 2018. Motion carried.

Present: Alyssia Gordon, Hidden Valley Lake CSD.

**10. Discussion regarding role of LAFCo with respect to rising water rates and review LAFCo's authority to regulate and/or review water districts, Mutual Water Companies and Public Utilities and provide further direction to staff.**

Chairman Mills noted this issue is discussed at the County level frequently and citizens in certain service areas have legitimate rate complaints and that this is an matter in which LAFCo can be proactive. Commissioner Sabatier stated that he sees the disparity in rates as a major problem in his communities and referred to the previous discussion of AB 65 (Right to Clean Drinking Water). Chairman Mills suggested the State Water Resources Control Board Division of Drinking Water could be an ally.

Discussion was held on the possibility of consolidating effected water districts where possible, resulting in lower rates. EO noted that LAFCo's can only regulate public water districts not private ones.

Alyssa Gordon, speaking on behalf of Curt Cloyd asked the Commission to consider services provided by responsible districts if deciding which to include in any consolidation. EO noted that LAFCo does not review rates except in MSR's, and an MSR can also recommend that a district be restructured or reformed. Mr. Brown noted that citizens in Oroville, also receive CAL Cities or Golden State Water services, have formed a committee, have involved their city council,

conducted a rate study and are looking at forming a new district.

Commissioners Robey and Sabatier spoke in support of keeping this issue on the forefront to help residents and prevent future predatory water companies from forcing unfair and unreasonable rates on citizens. Chairman Mills asked Mr. Browne to keep the Commission apprised on the Oroville situation and continue to seek information on potential courses of action for Lake County CALCITIES ratepayers.

**11. Executive Officer's report.**

- 700 Forms are due by April 2, 2018
- Brief discussion on the lack of a Cannabis ordinance in Lake County as an issue but noted that it is not under LAFCo purview

**12. Counsel's Report – None.**

**13. Commissioner Reports – None.**

**14. Correspondence – None.**

11:43 a.m. Meeting Adjourned.

Next regular meeting Wednesday, March 21, 2018 in Lakeport.

By:   
Kathleen Moran, Clerk