

Calaveras Local Agency Formation Commission

Regular Meeting Minutes – Monday, January 28, 2019

1. **Call to Order/Pledge of Allegiance/Roll Call** – Order was called by Chair Paque at 6:04 p.m., on Monday, January 28, 2019, in the Calaveras County Board of Supervisors Chambers, County Administrative Center, San Andreas, California.

Commissioners Present

Anita Paque, Chair, Public Member
Merita Callaway, County Member
Joseph Oliveira, City Member
Gary Tofanelli, County Member.
Jon Dashner, Special Dist. Mem. Alt.
Roark Weber, Public Member Alt.

Commissioners Absent

John Lavaroni, Special Dist. Member
Dennis Mills, County Member Alt.
Alvin Broglio, City Member
Amanda Folendorf, City Member Alt.
Tony Tyrrell, Vice Chair, Special Dist.
Member

Staff Present

John Benoit, Executive Officer
Nancy Mees, LAFCO Clerk

Others Present

2. **Approval of Agenda:**

MOTION by Commissioner Tofanelli to approve the Agenda, second by Commissioner Dashner. Motion passed 5 yes, 0 no, 0 abstention, 2 absent.

3. **Consider Minutes from the November 19, 2018, LAFCo meeting:**

MOTION by Commissioner Dashner to approve the Minutes as presented, second by Commissioner Tofanelli. Motion passed 3 yes, 0 no, 2 abstention, 2 absent.

4. **Consent Agenda:**

a. *Review and Authorize Claims for November and December 2018.*

MOTION by Commissioner Callaway to approve the Consent Agenda and Claims for November and December 2018 as presented, second by Commissioner Dashner. Motion passed 5 yes, 0 no, 0 abstention, 2 absent.

WORKSHOPS

5. **Workshop and Introduction of the Service Review and Sphere of Influence Update for the Murphy's Sanitary District**

Review Service Review and Sphere Update report, discuss and provide comments to staff and set public hearing for March 18, 2019.

Executive Officer Benoit commented that eight or nine years ago, when the last MSR was done, it was one very large Service Review that included all the districts. To make the Reviews more manageable, he is now doing individual districts in categories, and is currently working on the water and wastewater districts. Murphy's Sanitary District (MSD) is the first one ready for review because it was the first district to reply with his request for information, for which Mr. Benoit thanked the District.

The individual District MSRs are still 50-60 pages long, however, so Mr. Benoit felt it would be better to first have a workshop to briefly explain to the Commission what is in the MSR. He then reviewed the table of contents for the MSD MSR, making comments. The Introduction contains the boilerplate material explaining what LAFCo does and the statutory requirements regarding performing MSRs. Mr. Benoit asks each District to update the prior MSR, and this information is in the section on the current status of the District and its services. He commented that MSD has made a large improvement in its operations since the last review.

The next section is the actual Review itself. Executive Officer Benoit uses the new information provided, plus his own research, to make the Review and then the Sphere of Influence Review, which is the following section. Mr. Benoit commented that in the past the MSR and SOI were often done at totally different times, but that he believes it is better to do them concurrently. He added that he uses the 2010 Census information when making his determinations on population density, expected growth, and determining whether a District is a Disadvantaged Unincorporated Community (DUC). He determined that MSD is a DUC.

Executive Officer Benoit also stated that it is very important for a District to have a capital improvement plan in place, and that MSD does have one. He also looks at a District's financial ability to provide the services it is required to provide. Another item he is required to look at is whether there is an opportunity for a District to share facilities, and Mr. Benoit reported that MSD does communicate with other districts and organizations throughout the state. He said that MSD has a two-part governmental structure, one administrative and one operational.

With respect to the SOI, Executive Officer Benoit commented that the old MSRs just used maps showing the SOI without having a lot of data to back them up. The current MSR provides all the data that backs up his recommendation for the current sphere. MSD provides both residential and commercial wastewater services, and they are currently at 80% capacity, but the District does have improvement plans.

Mr. Benoit concluded by asking the Commissioners to let him know if they find any errors in the background information.

Commissioner Callaway congratulated MSD for obtaining a grant for their wastewater treatment plant upgrade, and asked whether they would be expanding their service after that upgrade. Cindy Secada, general manager of the District, responded from the audience that it will increase capacity somewhat, but that since the system is gravity-fed, there are limitations on adding new lines. She added that what the upgrade will do is allow the water to be treated more quickly, so the issue is not really one of more capacity, but of being able to treat the water more quickly and therefore move it out more quickly. Ms. Callaway then asked if the District was planning any extensions of service. Ms. Secada responded that the District could, but as treatment costs will go up, that might discourage more extensions. She added that the District is working with CCWD on finding ways they can help with processing effluent. They might also possibly work on a project with UPUD to provide them with water that could be used agriculturally.

Chair Paque asked if there was any public comment. Ms. Secada commented that she thought the boilerplate language at the beginning of each MSR could be done once at the front of all the MSRS when compiled. She also thought that commenting on whether a District was working with other districts and organizations, besides providing knowledge of what organizations are available to Districts, would also show how well a District is currently working. Ms. Paque responded that the Legislature often looks at MSRs from various counties when working on legislation to see how well the districts are working and what they are missing.

Commissioner Oliveira asked Ms. Secada if CALPERS catchup was what the District's unfunded liability consisted of, Ms. Secada replied that it was.

Executive Officer Benoit said the Public Hearing on the MSD MSR would be set for the next regular meeting.

6. Review Service Review requirements and conduct a goal setting workshop for Calaveras LAFCo with regard to Calaveras LAFCo's role in orderly growth in Calaveras County and discuss the need and methods of achieving reorganization of various services.

Executive Officer Benoit stated that is difficult for LAFCOs to outright mandate district consolidations and dissolutions, but that many districts are no longer viable and should be combined, so LAFCo needs to consider that possibility when conducting MSRs and SOIs. He added that in many counties there are many boards managing different things in the same areas, and the question is whether LAFCo should be helping those districts realize they should combine or dissolve.

Chair Paque commented that the CALAFCO Legislative Committee is looking for a legislator to introduce a two-year bill that would look at the protest provisions in the various LAFCo processes in an effort to put them all into one streamlined provision for the protest

process with the threshold number of protests being higher so that it would be uniform for all proceedings, thus making them easier. But looking at consolidations and dissolutions as part of the MSR process would also be a helpful and less costly way of encouraging better management in the districts.

Commissioner Oliveira asked if LAFCo has been more forceful in telling a district what it should do. Executive Officer Benoit responded that in the past it has with respect to requiring a dissolution, but that it is harder to require a consolidation, although it has been done. What LAFCo can do is plant seeds with the districts with respect to the idea of consolidation, and the MSRs are one way to do so. Ms. Paque added that across the state the number of districts has not changed much, but agreed that MSRs are a way to encourage districts to work together. But at the same time that the state is trying to decrease the number of local districts, it is passing legislation creating more agencies.

Commissioner Dashner commented that, although people want to maintain local ownership, when they join together, it gives them a larger say at the state level. Barriers need to be broken down between districts so they will be more willing to join together, and he feels that is now happening a little more often. Commissioner Tofanelli added that a good time for considering consolidation is when one manager or fire chief is retiring as there is less likelihood of someone feeling they are losing control or being pushed out. For the same reason, another method that has helped get around this problem is having the new consolidated board consist of all the members of the previous separate boards. He also thinks increasing state standards will cause more consolidations due to increasing costs in meeting the standards or decreasing service due to inability to meet those standards.

Chair Paque asked for any public comment. Ms. Secada agreed that people want to keep local control, and therefore, if consolidations were going to be required, would there be any benchmarks that would have to be reached, i.e., what would be the requirements for consolidation? Ms. Paque responded that some benchmarks might be whether a district's infrastructure was antiquated and there was no financial ability to replace it, whether a district was not meeting state quality standards, and whether a district could remain financially viable going into the future. So there is a lot that goes into deciding whether a consolidation is necessary, but it is LAFCo's duty to ensure that everyone in the county is obtaining necessary services. With water in particular, the state is now determining that if things are too bad, the state will mandate consolidation. The state is also now requiring that DUCs be annexed into a district as part of a nearby annexation that is occurring.

Chair Paque commented that sharing resources or projects between districts is another good way of eventually convincing districts that it would be better to consolidate. It's also easier for larger regional districts to obtain grant money than it is for smaller individual districts.

7. Hold Discussion regarding the State Controller's Notification of Inactive CSAs in Calaveras County.

Executive Officer Benoit explained that SB448 requires dissolution of inactive districts, and Calaveras LAFCO has received a list of districts considered inactive by the state. They are all CSAs, and a hearing needs to be scheduled to start the process of dissolving them. LAFCo will have to pay for them since they are not district initiated. Chair Paque says CALAFCO is trying to get funding for mandated dissolutions into the state budget this year as funding failed last year.

A member of VSPUD in the audience stated they had been told they were on this list. Mr. Benoit told her VSPUD was not on the list.

Commissioner Callaway stated she would like to know where each district is located, and that the Supervisors for those districts should be notified since they might have information with respect to whether the district is truly inactive. She also wanted to know any downside to these dissolutions. Executive Officer Benoit responded that he knows these districts do not currently exist other than on paper, so there is no downside to dissolving them. But he will verify that none of the districts has any funds still on their books as part of the dissolution process.

Commissioner Weber discussed the dissolution of a district in Amador County where it was discovered there were easements that were recorded.

MOTION by Commissioner Tofanelli to direct staff to initiate the process of dissolving the districts set forth in the State Controller's letter, second by Commissioner Dashner. Motion passed 5 yes, 0 no, 0 abstention, 2 absent.

8. Authorize staff to attend the CALAFCO Annual Staff Workshop April 10-13, 2019, in San Jose, CA.

Chair Paque commented that Executive Officer Benoit splits his costs among all the counties for which he is Executive Officer, so the cost to Calaveras County is fairly minimal.

MOTION by Commissioner Callaway to authorize Executive Officer Benoit to attend the CALAFCO Annual Staff Workshop April 10-13, second by Commissioner Dashner. Motion passed 5 yes, 0 no, 0 abstention, 2 absent.

9. Executive Officer's report:

a. 700 Forms due to LAFCo – April 1, 2019

Executive Officer Benoit reported that the forms must be filed with him now, not the county.

The Commissioners can either email them to him or bring them to the next meeting. The forms can be obtained online, and they must have an original signature.

b. Outreach to the public and agencies regarding LAFCo

Calaveras LAFCO

Mr. Benoit explained that many agencies and boards do not know what LAFCo is. He has a brochure that tells about LAFCo that he could give to new boards and new board members.

c. Valley Springs Public Utility District MSR and SOI

Executive Officer Benoit reported that he has received information for this district and the following two districts and is working on their MSRs. They will be coming to the Commission eventually.

d. Calaveras Public Utility District MSR and SOI

e. San Andreas Sanitary District MSR and SOI

f. Union Public Utility District MSR and SOI

Executive Officer Benoit will be meeting with them soon. In addition, he needs to contact Mokelumne Hill. After the water and wastewater district MSRs are done, LAFCo should probably look at Angels Camp because a lot has changed since their last MSR.

g. 2019-2020 LAFCo Budget process

Executive Officer Benoit stated that the budget this year will be pretty much the same as last year's. He added that the budget has not really increased much in all the time he has been with Calaveras LAFCo. The only items that generally increase are CALAFCO dues and liability insurance. Mr. Benoit will need the budget hearing at the March meeting. He will also determine his scheduling of MSR work over the next budget year; costs of doing the MSRs increases when districts are uncooperative in supplying information.

Commissioner Callaway asked what would happen if something expensive suddenly came up since the budget is never increased, e.g., Mr. Benoit retiring and a replacement having to be found. Should the budget therefore be increased a little each year? Mr. Benoit responded that he always tries to keep costs down. Commissioner Oliveira asked if there is a reserve, and Mr. Benoit replied that there is currently a reserve of about \$100,000.

Commissioner Weber commented from the audience that the CSAs recommended for dissolution were ones formed by the Board of Supervisors in conjunction with developments that were being built, and therefore would it be possible for the Board of Supervisors to abandon them? Executive Officer Benoit responded that that is no longer an available option. Due to changes in the law, it is now required that LAFCO dissolves districts. Mr. Weber also reminded the Commission to check for heirs to any easements that might have been created when the CSAs were formed.

10. Commissioners Reports

There were no Commissioner reports.

11. Public Comment:

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There was no public comment.

12. Adjournment:

Meeting was adjourned at 7:39 p.m. The next regular meeting will be Monday, March 18, 2019, at 6:00 p.m., in San Andreas.

Minutes submitted by Nancy Mees.

DATED:

APPROVED:

Anita Paque, Chair, or Tony Tyrrell, Vice
Chair, Calaveras Local Agency Formation