

March 17, 2004

To: Local Agency Formation Commission

Re: LAFCO #03-06: Tierra Buena Reorganization No. 318 – (Request for Reconsideration) A reorganization proposing to annex approximately 518 acres to Yuba City and detach the property from County Service Area G and the Consolidated Street Lighting District. In addition, LAFCO has approved of the dissolution of the Tierra Buena Community Services District (CSD) as part of the proceedings. The affected territory is generally located west of Tierra Buena Road and Harter Road on the north side of State Highway 20 and includes those properties served by the city’s ground water well system which was the former Hillcrest Water Company. The reconsideration request, if approved, would retain the Tierra Buena CSD as a subsidiary district of the City of Yuba City.

**I. STAFF’S RECOMMENDED ACTION**

Adopt the attached resolution making determinations and rescinding LAFCO Resolution No. 2004-03.

**II. RECONSIDERATION REQUEST AND ANALYSIS**

LAFCO has received a filing for reconsideration of Resolution No. 2004-3, adopted by the Commission on January 22, 2004. The resolution that was adopted would annex all lands generally located west of Tierra Buena Road and Harter Road on the north side of State Highway 20 and include those properties served by the city’s ground water well system which was the former Hillcrest Water Company. In addition, the Commission approved the dissolution of the Tierra Buena Community Service District (TBCSD) that provides sewer service to residents in a portion of the reorganization area.

The request for reconsideration was filed by Jeff Foltz, City Manager for the city of Yuba City. The city has requested that the TBCSD not be dissolved but rather the district be transferred to Yuba City making it a subsidiary district of the City and clarifying that the existing fees collected by the District are transferred to the City.

Government Code Section 56854(b) prohibits the establishment of a subsidiary district of a city unless the affected city (Yuba City in this case) has consented to such action. LAFCO has received a resolution from the Yuba City City Council, adopted March 16, 2004, consenting to the proposal which is attached as Exhibit D.

The County Board of Supervisors, acting in their capacity as the TBCSD Board of Directors, will consider a resolution on March 23, 2004, consenting to the proposal establishing the District as a subsidiary district of Yuba City. This report and recommended resolution is premised upon the Board of Supervisors adopting this resolution prior to the LAFCO meeting. If this doesn't occur, staff will make appropriate recommendations at the LAFCO meeting.

The action of establishing the district as a subsidiary district will have no visible effect upon the users of the TBCSD sewage disposal system and is viewed as a minor amendment to the reorganization. Maintenance of the system will be performed by Yuba City Public Works Department staff in lieu of the County Public Works Department. In addition, the existing fee structure that is in place for the TBCSD will transfer to and be administered by the Yuba City City Council who will act as the board of directors of the District in lieu of the County Board of Supervisors.

As a separate matter, the County Board of Supervisors formed the Stonegate Improvement District on February 18, 1992, as a mechanism to fund infrastructure improvements for the Stonegate Subdivision. It is the Improvement District that issued bonds in order to fund the construction of the Stonegate sewer treatment plant. Those bonds were secured by liens against the individual residential parcels in the Stonegate Subdivision. The Improvement District will remain under the authority of Sutter County until the bonds have been repaid. At that point, the improvement district can be dissolved.

In addition to the bonded indebtedness of the TBCSD, the district currently owes the city of Yuba City \$110,000 for the costs associated with connecting the TBCSD sewer system into the City's municipal sewer system in 2002. This connection became necessary at that time due to system failures occurring at the TBCSD sewer plant.

Finally, the ownership of the land that the TBCSD sewer system occupies is held by Sutter County. The Board of Supervisors is separately considering a resolution on March 23, 2004, consenting to that portion of the reorganization establishing the TBCSD as a subsidiary district of Yuba City. The County's resolution, if adopted as proposed, will authorize the conveyance by quit claim deed of the land that the TBCSD sewer system occupies to the TBCSD.

### **III. COMMISSION OPTIONS**

Staff believes that the Commission has two options available in addressing this matter.

1. The Commission may deny the request for reconsideration. If this option is chosen, Resolution No. 2004-03, approving the reorganization on January 22, 2004, remains valid and the Commission's decision becomes final. The proposal would then move

forward to the Conducting Authority and those proceedings will be scheduled for the April 22, 2004 regular meeting.

2. The Commission may grant the request being made by adopting a new resolution superceding Resolution No. 2004-03. If the filing for reconsideration is granted, the Tierra Buena Reorganization, as amended, will then move forward to Conducting Authority proceedings which staff will schedule for the Commission's April 22, 2004, regular meeting.

If LAFCO amends its resolution, the Commission's action will become final and conclusive pursuant to Government Code Section 56895(h). The law was written in this manner to prevent subsequent filings for reconsideration from being filed that could permanently prevent the proposal from moving forward to the Conducting Authority (protest hearing).

Respectfully submitted,

LARRY T. COMBS  
EXECUTIVE OFFICER

Doug Libby, AICP  
Senior Planner

DL:kla

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Attachments: Exhibit A – Request for Reconsideration  
Exhibit B – Map of the Reorganization Area as Approved January 22, 2004  
Exhibit C – Staff Report Packet from the January 22, 2004 Meeting  
Exhibit D – Copy of the Resolution of Approval from Yuba City  
Exhibit E – Proposed Resolution of Approval

**EXHIBIT A**  
**Request for Reconsideration**

**EXHIBIT B**  
**Map of the Reorganization Area as Approved**  
**January 22, 2004**

**EXHIBIT C**  
**Staff Report Packet from the January 22, 2004 Meeting**

**EXHIBIT D**  
**Copy of the Resolution of Approval from Yuba City**

**EXHIBIT E**  
**Proposed Resolution of Approval**