

**SUTTER COUNTY LOCAL AGENCY FORMATION COMMISSION
MINUTES**

Date: May 26, 2005
Yuba City Council Chambers
1201 Civic Center Blvd., Yuba City

1. CALL TO ORDER

Chairperson White called the meeting to order at 4:00 p.m.

2. ROLL CALL

Members Present: Commissioners: Hellberg, Richards, White, Montna, and Munger

Members Absent: Commissioner Islip

Staff Present: Assistant Executive Officer Curt Coad, LAFCO Counsel Janet Bender, Senior Planner Steve Geiger, and Office Assistant Debbie Howell

3. PLEDGE OF ALLEGIANCE

Assistant Executive Officer Coad led the audience, Staff, and Commission in the Pledge of Allegiance.

4. APPROVAL OF MINUTES

Senior Planner Geiger informed the Commission an error had been made to the agenda packet, stating pages two and four were missing from the agenda minutes. Mr. Geiger presented the Commission with the replacement agenda minutes to complete their staff report before the start of the meeting.

A motion for approval of the corrected meeting minutes of April 28, 2005 was made by Commissioner Montna and seconded by Commissioner Richards.

Commissioner Hellberg asked for a roll call vote. Commissioners White, Richards, Montna, and Munger said Aye with Commissioner Hellberg abstaining.

The motion was carried by voice vote, with Commissioner Hellberg abstaining.

5. PUBLIC HEARINGS

Consideration of a final budget for LAFCO for fiscal year 2005-06

Senior Planner Geiger summarized the previously circulated staff report and stated as discussed at last month's meeting, \$54,749 would remain to be funded in order to bring the budget into balance. At the end of April's meeting, the Commission concluded to fund the proposed budget by taking the estimated cost of each agency's MSR and SOI update as a percentage of the total \$165,000 cost and then applying that percentage to the \$54,749 total in order to establish the additional cost that would need to be paid by each agency (Attachment D). Mr. Geiger noted that January 1, 2006 is the statutory deadline the studies and updates are required to be completed. This concludes Mr. Geiger's comments.

Commissioner Hellberg asked Mr. Geiger to briefly give an overview of the municipal service review. Mr. Geiger explained State Legislature has mandated LAFCO's to carry out municipal service reviews every five years, with nine different categories that must be analyzed, with the first deadline coming up January 1, 2006. Mr. Geiger referred to the hand out that was provided at the beginning of the meeting with the guidelines provided by the State.

Chairperson White asked staff if they were proposing that the agencies pay the percent as stated in Attachment D, or the one-third additional amount in Attachment F. Mr. Geiger replied as an option to dividing up the 54,749 (one-third), staff went to the consultant and asked how much they would estimate out of the \$165,000 bid would be required for each city and district. The consultant came up with a number, and based on that number, staff derived at a percentage of the \$165,000 and then applied that to the \$54,749.

Chairperson White asked if staff could go back out for more bids. Mr. Geiger explained that request for proposals were sent to twenty firms and that staff received one response back from Pacific Municipal Consultant. Mr. Geiger explained staff could go back out to bid again, but staff didn't know if they would get any more responses. Mr. Geiger stated the longer we wait the more difficult it will be for us to meet the statutory deadline of January 1, 2006.

Assistant Executive Officer Coad replied only one company responded and that staff isn't advocating going out to bid again. If staff were to put the request out to bid again, it would almost guarantee that the Commission would not meet the statutory deadline.

Chairperson White asked what would happen if the deadline was not meet. Assistant Executive Officer Coad replied he would have to consult with County Counsel.

Senior Planner Geiger responded that to his knowledge, the State has not specified any penalties for not meeting the deadline. Mr. Geiger stated that if you do not have the Municipal Service Reviews and updated Spheres completed before the deadline, any future annexations could be subject to litigations. Annexations can not be done until the municipal service review have been completed.

Commissioner Richards asked what would be approved, if the one-third budget was approved today. Assistant Executive Officer Coad replied you would approve the expenditures which are one-third of the budget and approve total revenues, but not approving a specific allocation. If the budget is approved as recommended by staff, the cost will be divided on the one-third basis among the cities, county and special districts.

Commissioner Hellberg asked if the cost of the municipal service reviews comes in under the \$165,000, what happens to the rest of the money. Assistant Executive Officer Coad explained if the cost comes in at \$135,000, then the \$30,000 would be part of the fund balance available at the end of this year and would be available to fund the general operations next year.

Chairperson White asked what the time frame for completing the reviews was. Mr. Geiger explained at the time the proposal was submitted back in late January, the consultant felt at that time, they could get the work done by the end of the year.

Chairperson White opened the public hearing.

John Sandbrook, board member representing Sutter Yuba Mosquito Abatement stated in reference to the \$165,000 projected cost to complete the MSR and SOI reviews, asked if this could be accomplished in house by staff members, opposed to going out and hiring a consultant. Second, the budget as he understood it is a carry over of \$133,634 for the current fiscal year. He asked if Commission is proposing to apply those monies to the budget for the following fiscal year, which leaves the \$54,000 figure being proposed to split one-third among the cities, county and independent special districts.

Chairperson White responded the \$54,000 is an additional cost that will be split one-third. Mosquito abatement will pay their share of \$2,011, then pay one-third of the \$2,500. If they go with the budget as proposed, Mosquito abatement would pay approximately \$4,500.

Mr. Sandbrook responded they would be paying their proportioned share of the \$15,000 which is allocated to the independent special districts, and then paying the one-third share of the \$54,000. Chairperson White replied that is correct.

Mr. Sandbrook asked if the budget is adopted as proposed, then it is a question how the one-third is proportioned among the independent special districts. Chairperson White replied that is correct. Under the rules and regulations, LAFCO independent special districts can call a meeting. The majority of the special districts must be in attendance of the meeting. They can come up with a different formula other than the one that is proposed here, and vote on that resolution.

Assistant Executive Officer Coad referred to Government Code Section 56381 and summarized (Attachment A) from the staff report.

Mr. Sandbrook clarified it would be up to the independent special districts to decide how they want to allocate their one-third share internally. Mr. Coad replied that is correct.

Mr. Sandbrook asked if the reviews could be done in-house. Chairperson White explained LAFCO has no staff and have been contracting with the county to do their staff work. Mr. Coad added county staff has looked into it but finds it is not feasible.

Additional discussion and clarification took place.

Jim Van Dyke, South Sutter Water District, 4114 Pleasant Grove Road, Pleasant Grove, asked when staff calculated the percentages for the different districts, did staff use the updated financial statements to put out the budget statement Mr. Geiger replied the numbers you see in the staff report are based on the numbers from last year and are subject to change.

Chairperson White stated the numbers are based on State Controllers annual report of the districts in the State of California. The reports have been running three to four years behind. These numbers are based on fiscal year 2001-2002.

Some discussion and clarification took place.

Counsel Janet Bender wanted to clarify for the Commission before they vote for the budget to be approved, thinking the one-third portion that the districts have to pay, they could go back among themselves and come up with a different way to allocate other than what is shown broken down by the total revenues. The share is going to be statutory based on the total revenues.

Counsel Bender stated the \$54,000 plus the normal share is going to be allocated into the one-third formula and according to the statute of the independent special district, their one-third is broken down among all the different districts based on their total revenues.

Some discussion and clarification took place.

Commissioner Montna asked Chairperson White if he could make a motion to approve the budget for 2005-06 as it has been discussed, and then the districts can meet and discuss possible alternatives to how their one-third portion is apportioned. Then the districts can come back and present it, and the Commission can take it under consideration at that time.

On a motion by Commissioner Montna and seconded by Commissioner Munger the budget as outlined by staff was made.

Chairperson White clarified the motion was made to approve the 2005-06 LAFCO budget in the amount of \$238,883 as proposed by staff and be allocated by the one-third statute as proposed.

Assistant Executive Officer Coad replied the allocation would be by statute with the special districts having the option to exercise and to develop a separate way of funding. Mr. Coad added if the special districts do not agree upon an alternate method of allocating their share of the budget by July 1st, then the statutory mandated method would take affect.

Commissioner Hellberg asked if this was legal for the special districts to get together and do this. Chairperson White responded it is legal for them to get together and there has to be a majority vote. Mr. Coad responded they believe this is legal and stated they will confirm with County Counsel to look into this further and will advise the districts if they determine otherwise.

Chairperson White asked for a roll call vote on the motion. Commissioners Munger, Montna, Hellberg, and Richards voted Aye with Chairperson White voting No.

Commissioner Richards requested that the record reflect that she did not like this budget.

6. OTHER BUSINESS

LAFCO-04-06: Minutes from the April 28, 2005 conducting authority public hearing conducted by staff.

Senior Planner Geiger stated staff provided for the Commission a copy of the minutes taken at the conducting authority proceedings, with no action required.

7. COMMENTS FROM THE PUBLIC

None

8. ADJOURNMENT

There being no further business before the Commission, the meeting was adjourned at 5:20 p.m.

Respectfully submitted,

Curt Coad
Assistant Executive Officer