

Les Baugh
County Member

Irwin Fust
Special District Alternate

Larry Farr
City Member

Pam Giacomini
County Member Alternate

James Yarbrough
City Member

Brenda Haynes
Special District Member



Rick Bosetti
City Member Alternate

David Kehoe
County Member

Stephen Morgan
Special District Member

Dick Fyten
Public Member

Bob Richardson
Public Member Alternate

Jan Lopez
Executive Officer

MINUTES

Commission Meeting September 4th, 2014

Shasta Lake City Council Chambers

(These minutes are not intended to be a verbatim transcription of the proceedings and discussion associated with the business on the Commission's agenda; rather, what follows is a summary of the order of business and general nature of testimony, Commission deliberation, and action taken.)

1. CALL TO ORDER

- a. Chairman Morgan called the meeting to order at 9:01 a.m. at the Shasta Lake City Council Chambers, 4488 Red Bluff Street, Shasta Lake, California.

Present: Chairman Morgan, Vice-Chairman Farr, Commissioners Baugh, Fyten, Haynes, Kehoe, and Alternate Commissioner Rick Bosetti. Alternate Commissioner Fust was present in the audience.

Staff Present: Executive Officer Jan Lopez, Attorney Jim Underwood, Office Manager Kathy Bull, Clerk Linda Romig.

Absent: Commissioner Yarbrough

- b. Commissioner Baugh led the Pledge of Allegiance.

2. PUBLIC COMMENT

Jeff Cole, Manager, Mountain Gate CSD expressed his concerns regarding issues with recent annexation applications and the tax sharing agreements. Mr. Cole felt the (Anderson) Fire Department was poorly treated regarding the tax sharing agreement, and asked the commission to send a message to the Board of Supervisors that no one is going to be left out due to the tax sharing. He would have preferred if the Commission tabled the issue last month regarding Deschutes and have the Board of Supervisors and the City of Anderson make it fair. He then spoke about the annexation regarding Mountain Gate and meeting with Larry Lees, CEO for Shasta County, six months ago, who offered zero and in June offered three dollars to annex 420 acres to take care of the fire protection. Mr Baugh, was asked to help with these annexations as he sits on both sides.

3. ADOPTION OF AGENDA

- a. Additions, Changes – Chairman Morgan stated Agenda Item 6 was tabled till next meeting. Commissioner Kehoe raised an issue regarding having additions and changes as an option on the agenda and stated there are three instances where an addition or change can be made to a noticed agenda; delete an item from the agenda, change the order you consider agenda items, and in special situations an urgency matter can be brought forward. He requested, through the Chairman, that counsel work with the consultant to remove this item for future agendas. Mr. Underwood will clarify with the executive officer what is permissible in terms of additions.

- b. Business/Campaign Conflict Disclosures – none provided.

4. SPECIAL PRESENTATIONS

None provided.

5. CONSENT CALENDAR

a. Approval of minutes

1) August 7, 2014 meeting

b. Financial Status Report:

- 1) Budget v. Actual – Year to Date
- 2) Financial Statement – Year to Date
- 3) Balance Sheet FY 2013-2014

c. Notification/Status of pending and/or new applications informational only for the following;

- 1) #2012-03 – Mayers Memorial HD/Annexation #1 – under initial review.
- 2) #2013-03 – Mountain Gate CSD/Union School Road Reorganization – pending completion of Property Tax Exchange agreements.
- 3) #2014-01 – Shasta CSD/Foxwood #2 Reorganization – under initial review.
- 4) #2014-02 – Burney WD/Highmark Annexation – under initial review.

Motion to accept the Consent Calendar Items was presented by Commissioner Baugh, seconded by Commissioner Farr and passed unanimously by the following votes:

Ayes: Baugh, Bosetti, Farr, Fyten, Haynes, Kehoe, and Morgan.

Noes: None

Abstain: None

Absent: Yarbrough

6. PAYMENT OF CLAIMS

a. Consulting Services

None provided.

7. CORRESPONDENCE

None provided.

8. SCHEDULED PUBLIC HEARINGS

a. SOI/MSR Update Hearings:

Ms. Lopez stated LAFCO received a letter from Centerville Community Services District asking to hold off on the hearing until November.

1) County Service Area #2 – Sugarloaf

The Municipal Services Review & Sphere of Influence Update Report was included and circulated with the agenda. Ms. Lopez gave additional information regarding County Service Area #2 which managed by the County Public Works Department which has a special district that provides water to a resort area. The public comment period was opened.

Eric Wedemeyer, Supervising Engineer, Shasta County Public Works gave a description of the Sugar Loaf service area and answered questions from the Commission. Commissioner Haynes asked several specific questions of Eric Wedemeyer regarding the section listed as "Infrastructure, Facilities and Services" within the updated MSR/SOI report (question precede, *with response in italics* following):

- Is the infrastructure expansion becoming a burden on developers? (*Developers are required to make improvements as necessary to serve infrastructure expansions*)
- Are there a plan for needed upgrades of infrastructure? (*They are currently looking for funding*)
- You are exploring grant opportunities? (*Yes*)
- The surface well was cited for needing better isolation from surface water penetration. What citations were given? (*Unsure, information not currently accessible*)
- The reports states the water treatment is an in-line system and no longer an acceptable service water treatment technology. Are you pursuing grants to find better technology? (*Yes. With the regulations, some things that used to be allowed, are no longer allowed.*)
- Is Sugar Loaf compliant with California safe drinking water standards? (*He believes it is.*)
- The old system has been cited by the Department of Public Health. What was cited? (*It was cited for surface water intrusion.*)
- Has the state given a time frame to see improvements? (*No*)
- What is the status of forest service permit? (*Unknown, will look into it*)
- The report (page 6) states, Shasta County Environmental Health inspects the operation and reviews operational data to assure conformance to state water quality standards. Do you have copies of those inspection reports or results of those reports? (*He didn't believe those were in the file. Earlier this year, the County got out of the service water inspection business and gave it over to the California Department of Public Health, which service has since been absorbed under the jurisdiction of the California State Water Resources Control Board*)

Commissioner Haynes asked if the SOI/MSR report was based on information LAFCO received. Ms. Lopez responded it was. Mr. Wedemeyer stated the data he reported to LAFCO was in the report, and that he would provide more current information in response to the questions raised. Commissioner Haynes shared concern for about the deficiencies in the data that indicated possible infrastructure neglect or issues, and looked to continue the hearing for one month pending provision of further information by the department and copies of citations submitted. Eric Wedemeyer clarified that the information provided by the Record Searchlight stating there had been a 65% water loss for 2013 was accurate. Mr. Wedemeyer agreed to provide more current information at the next meeting.

Chairman Morgan did not close the public hearing due to Commissioner Hayne's request to consider continuing the hearing to October 2, 2014 for submission of new information as requested.

Motion to continue hearing until October 2, 2014 to get answers to questions and allow Ms. Lopez to update with current information Mr. Wedemeyer will provide, was presented by Commissioner Haynes, and seconded by Commissioner Farr.

Commissioner Baugh questioned what the expected outcome was of the continuance, other than to make clerical changes that were normally made after approvals on the SOI/MSR reports. Chairman Morgan explained Ms. Haynes had questions about public health issues and the loss of water, and was requesting further information be presented before the next meeting. Commissioner Baugh asked Ms. Lopez for clarification on LAFCO's jurisdiction in the conduction of these reviews.

Ms. Lopez stated the study could be updated with copies of any technical data inserted as exhibits. It would be a good idea to continue if all that is needed is additional information in order to make an informed decision. It would be less prudent to have issues raised and not address the issues, adopt the report as it stands, and then bring it back because there were significant issues that need to be addressed later. Ms. Lopez suggested continuing the hearing to allow for updated information to be considered and incorporated into the analysis.

Commissioner Baugh stated he had no objection to continuing it one way or another, but was looking at the process, and in the past the Commission has just given direction to have updated information inserted into the final document.

Commissioner Farr commented that the questions raised didn't seem to be LAFCO considerations, but Board of Supervisors considerations. Ms. Lopez responded that issues are important to identify when doing a sphere of influence. LAFCO is required to analyse to see how the agencies perform services, and what deficiencies exist. Commissioner Kehoe commented that he believed the report submitted by staff was satisfies legal obligations and sufficient.

After the discussion, Chairman Morgan called for a vote, and the motion was defeated by the following votes:

Ayes: Haynes

Noes: Baugh, Bosetti, Farr, Fyten, Kehoe and Morgan.

Abstain: None

Absent: Yarbrough

The hearing was closed by action of the Commission, and Chairman Morgan asked if there was a motion to approve.

Motion to approve the Municipal Service Review and Sphere of Influence for County Service Area #2 – Sugarloaf, with the updated information requested by Ms. Haynes to be provided by Public Works Department to LAFCO staff, was presented by Commissioner Baugh, seconded by Commissioner Farr and passed by the following votes:

Ayes: Baugh, Bosetti, Farr, Haynes, Kehoe, and Morgan.

Noes: Fyten

Abstain: None

Absent: Yarbrough

2) Shasta Lake Fire Protection District

The Municipal Services Review & Sphere of Influence Update Report was included and circulated with the agenda. Ms. Lopez briefly described the update.

Hearing was opened to the public and with no public response, hearing was closed to public comment.

Motion to approve the Municipal Service Review and Sphere of Influence was presented by Commissioner Farr, seconded by Commissioner Haynes and passed unanimously by the following votes:

Ayes: Baugh, Bosetti, Farr, Fyten, Haynes, Kehoe, and Morgan.

Noes: None

Abstain: None

Absent: Yarbrough

3) City of Shasta Lake

The Municipal Services Review & Sphere of Influence Update Report was included and circulated with the agenda. Ms. Lopez stated the City needed time to review the information provided in the report. The hearing was opened to the public and Tom Miller, Assistant Manager, City of Shasta Lake asked that the hearing be continued to afford staff the opportunity to review the report and work with Ms. Lopez on the report. The Commission asked Mr. Miller if the current sphere of influence was adequate, and Mr. Miller responded yes.

Motion to continue the hearing until the next LAFCO meeting was presented by Commissioner Farr, seconded by Commissioner Bosetti and passed unanimously by the following votes:

Ayes: Baugh, Bosetti, Farr, Fyten, Haynes, Kehoe, and Morgan.

Noes: None

Abstain: None

Absent: Yarbrough

4) Shasta Community Services District

The Municipal Services Review & Sphere of Influence Update Report was included and circulated with the agenda. Ms. Lopez briefly described the change in the service area.

The hearing was opened to the public and Chris Koper, General Manager of the Shasta Community Services District made himself available to questions from the Commission. Mr. Koper clarified that the City of Redding annexed some of the property managed by Shasta CSD and water is still being provided to that area with the City of Redding taking over anything that is new. Commissioner Fyten shared his concern regarding a water issue in the Bella Vista area and wanted to make sure that same issue didn't happen again. Mr. Koper did state that there is a contingency plan with A.C.I.D.

Commissioner Baugh wanted to clarify figures regarding acreage on page 9 of the Municipal Services Review & Sphere of Influence Update Report. Ms. Lopez will make a correction to the figures.

Mike Hebrard, Chief of Shasta County Fire Department wanted to point out an incorrect item on page 9 of the report regarding equipment and contracts. With no further comments offered, the hearing was closed to the public.

Motion to approve the Municipal Service Review and Sphere of Influence for the Shasta Community Services District, including corrections as noted, was presented by

Commissioner Baugh, seconded by Commissioner Fyten and passed unanimously by the following votes:

Ayes: Baugh, Bosetti, Farr, Fyten, Haynes, Kehoe, and Morgan.

Noes: None

Abstain: None

Absent: Yarbrough

5) Centerville Community Services District

Ms. Lopez presented a request from Centerville Community Services District asking to continue hearing until November.

The hearing was opened to the public and a motion made to continue hearing.

Motion to continue hearing until the November 7, 2014 meeting was presented by Commissioner Baugh, seconded by Commissioner Bosetti and passed unanimously by the following votes:

Ayes: Baugh, Bosetti, Farr, Fyten, Haynes, Kehoe, and Morgan.

Noes: None

Abstain: None

Absent: Yarbrough

b. Continued Hearings – None provided.

9. NEW BUSINESS

a. Conflict of Interest Disqualification Summary – was distributed via the agenda packet. An informational overview of Public Official conflict of interests was provided by LAFCO'S attorney Jim Underwood. It was clarified that Mr. Underwood represents the full Commission as a whole and not individual commissioners. A suggestion to have a workshop at a later date to provide further details and understanding was proposed. Commission Baugh asked for clarification regarding Legal Counsel not being in the position to direct each individual commissioner and the same would be true of staff. Mr. Underwood responded yes within the area of conflict of interest. It was also clarified that individual commissioners should disclose a conflict, recuse themselves and not participate or influence a decision, which generally means to leave the room.

10. OLD BUSINESS

Commissioner Baugh asked to add two questions to the agenda. Discussion held about whether the Commission could insert these questions on the agenda. The only old business scheduled for this meeting was listed on the approved agenda. Discussion continued as to where in the agenda this might be discussed at this time.

Commissioner Baugh continued the discussion, first asking about the status of the annexation approved by the board on Anderson (Deschutes Reorganization), and what day it was recorded. Ms. Lopez responded that the Deschutes project is not a continued hearing; it was approved in May 2014. LAFCO is still waiting for the City to produce the final documentation and fees in order to complete and file the notice of completion. The City of Anderson received a letter (8/22/2014) listing the final steps for completion of documents for filing before LAFCO can record the reorganization. An anticipated filing date cannot be planned until the City fulfills providing their part of the documentation.

Commission Baugh's second question regarded a request some months ago for a closed session review of contract with executive officer at the mid-point of the studies and why it was not on the agenda for this meeting. He understands that this would be a closed session item, but if this is the incorrect place to talk about it, can the topic be placed where it legally should be placed on the next meeting's agenda. Ms. Lopez agreed to list the topic for the October agenda as a closed session item.

- a. Continued matters or non-hearing related matters – None.
- b. Commission Committee Reports
 - 1) Fiscal Committee – Commissioner Baugh observed that LAFCO has experienced a transition period where extraordinary amounts of money were spent to address extraordinary issues. But moving forward, there also has been a conversation that LAFCO may be able to reduce agency fees for the next fiscal year 2015-2016. He suggested since LAFCO has depleted reserves at this time, to instead consider not reducing agency contributions and instead consider putting any savings toward building the reserves back up for a year or two.
 - 2) Executive Committee – Chairman Morgan stated the agenda presented was generated and approved by the Committee at this meeting.
 - 3) Next Meetings – September 24, 2104 for Fiscal and Executive Committee. Mr. Baugh won't be able to attend, and had no objections to holding the meeting if Mr. Fyten and Ms. Haynes could attend.

11. EXECUTIVE OFFICER REPORT

- a. Administrative & Operations
 - 1) Staffing – Ms. Lopez stated Ms. Romig was able to return to work. LAFCO is happy to have her back and she commented on Ms. Romig's efficiency. Financial reports are now accurate and based on current data thanks to Office Manager Kathy Bull.
 - 2) Operations – Ms. Lopez mentioned, under normal circumstances, LAFCO would meet every other month instead of the current meeting schedule for each month. The monthly schedule has worked to accommodate completion of the MSR/SOI update studies, which are at the half-way point for completion.
 - 3) Master MSR/SOI Study Update – Ms. Lopez stated an updated report will be supplied to the Commission.

12. CLOSED SESSION

- a. Pursuant to Government Code Sections 54956.9(c), the Commission entered into closed session at 10:38 a.m.
 - 1) Potential Litigation pursuant to Government Code Section 54956.9(c)
 - 2) Potential Litigation pursuant to Government Code Section 54956.9(c)
- b. Return from closed session to open session at 11:04 a.m. Mr. Underwood stated there were no reportable actions for Agenda Item 12. a. 1). Mr. Underwood stated for Agenda Item 12. a. 2), the Commission authorized Mr. Underwood to commence collective action against Amy

Mickelson-Beadle, with no further reportable actions. Mr. Underwood reflected for the record, the unanimous vote of the commissioners in attendance on Agenda Item 13.a.2).

13. COMMISSIONER ANNOUNCEMENTS

No announcements were provided.

14. STAFF ANNOUNCEMENTS

Staff announcements included the upcoming CALAFCO Annual Conference held on October 14 – 17, 2014 with Ms. Lopez and Mr. Morgan attending.

The next Shasta LAFCO meeting will be held October 2, 2014 located at the Redding City Council Chambers. Future proposed agenda items were continuance of MSR/SOI reviews and presentations of applications as they mature to hearing stage.

15. ADJOURMENT

There being no further business, Chairman Morgan adjourned the meeting at 11:06 a.m.

ATTEST:

APPROVED:



Kathy Bull
Acting Clerk to the Commission



Steve Morgan
Chairman

DATE: 10-2-2014

DATE: 10-2-2014