

REGULAR MEETING TUOLUMNE COUNTY SPECIAL DISTRICT ASSOCIATION
Tuolumne County Board of Supervisors Chambers (4th Floor)
2 South Green Street, Sonora CA 95370
Cell: (209) 591-7100 Office: (209) 962-7161 ext. 1024 pkampa@gcsd.org

AGENDA

April 8, 2024

2:00pm

Location: 2 South Green Street, Sonora CA 95370

HOW TO OBSERVE AND PARTICIPATE IN THE MEETING:

Computer, tablet or smartphone: Watch the live streaming of the meeting from a computer by navigating to <https://us02web.zoom.us/j/7688070165> using a computer with internet access that meets Zoom's system requirements.

Call to Order

Pledge of Allegiance

Roll Call

Peter Kampa, President

Eileen Mannix, Vice President

Jeffery Brian Bell, Secretary

Richard (Duke) York, Treasurer

1. Discussion and Action Items:

- A. LAFCO 101 – A primer on LAFCO Roles and Responsibilities, Special District Role on LAFCO and Discussion Regarding a Policy on Commissioner Expectations
- B. Municipal Service Reviews (MSR) – They are Very Important to your District and we will Discuss how to Actively Participate in their Preparation
- C. Discussion Regarding LAFCO April 8, 2024, Meeting Agenda, Including the TUD and Jamestown SD MSRs and 2024/25 Fiscal Year Workplan
- D. Review and Discussion Regarding Chapter Website with Streamline
- E. Discussion and Information Regarding any District Updates and Future Agenda Items

2. Adjournment



All About LAFCo

Your Local Agency Formation Commission is the secret to sustainable land use and services in your community.

California Association of Local Agency Formation Commissions

1020 12th Street, Suite 222,
Sacramento, CA 95814

Phone 916-442-6536
www.calafco.org



CALAFCO

The California Association of LAFCOs (CALAFCO) was formed in 1971 to provide educational and technical resources to its members. CALAFCO serves as a resource to the California State Legislature and other bodies. The organization is governed by a 16-member Board of Directors made up of representatives from cities, counties, special districts and the public; it is divided into Northern, Central, Coastal and Southern California regions.



Ensuring efficient and effective government services and protecting open spaces in California since 1963.

Each of California's 58 COUNTIES have a Local Agency Formation Commission to oversee creation of local governmental boundaries and streamline government services for cities and special districts.

LAFcos PLAN FOR LOGICAL GROWTH OF CITIES AND AVAILABILITY OF SERVICES SUCH AS POLICE, FIRE, WATER AND SANITATION BY:



Encouraging the Orderly Formation of Cities and Special Districts

LAFcos review formation proposals for new cities and special districts and requests for boundary changes for existing cities and special districts.



Preserving Agricultural Land Resources

By guiding development toward urban land, LAFcos help preserve valuable agricultural resources statewide.



Discouraging Urban Sprawl

LAFcos prevent disorganized growth, promoting a more efficient system for cities and special districts, mitigating the unnecessary loss of open space lands, and reconciling differences between agency plans.

What is a special district?

Special districts are local governments created by the people of a community to deliver specialized services essential to their health, safety, economy and well-being. Examples include services for public safety, hospitals, cemeteries, libraries, parks and recreation.



Planning With Purpose

The need for planning and coordination of jurisdictional and service boundaries became apparent after the rapid growth of post-World War II California. The increased demand for housing, jobs and public services resulted in the formation of many new cities and special districts, often with little forethought given to governance structures within regions and premature conversion of agricultural and open-space lands.

Serving on LAFCo

The composition of LAFcos varies from county to county but generally includes:

- ✓ Two members from the Board of Supervisors
- ✓ Two members from the local city councils
- ✓ Representatives from independent special districts and the general public
- ✓ Alternate members for each category

Ensuring Efficient Growth and Services:

LAFCo Responsibilities



Boundary Changes – for cities wishing to annex pockets or “islands” of unincorporated land within their borders to avoid duplication of services with the county; for housing developers seeking annexation to a city to obtain urban services; for an individual homeowner with a failing septic system asking for annexation into a sewer district.



Sphere of Influence – the plan for the probable physical boundaries and service area of a local agency.



Municipal Service Reviews (MSR) – to analyze governance structures and efficiencies of service providers and identify opportunities for greater coordination and cooperation between providers.



Out of Agency Service Agreements – for provision of services outside of an agency's boundaries, cities and special districts.



Adoption of Local Policies - to appropriately administer the Cortese-Knox-Hertzberg Local Government Reorganization Act, which establishes LAFCo as a fully independent agency separate from counties.





Promote orderly growth
Discourage Urban sprawl
Preserve agriculture and open space
Encourage efficient, sustainable public services



LAFCo 101

Understanding & Applying the Basics

David West, Public Member Commissioner, Imperial LAFCo
Carole Cooper, Asst. Executive Officer, Sonoma LAFCo
Paula de Sousa Mills, Best, Best and Krieger
David Church, Executive Officer, San Luis Obispo LAFCo

October 30, 2019



WATER

FROM THE

**COLORADO
RIVER**

WATER

FROM THE

**COLORADO
RIVER**

WE NEED IT

let's go

AND

GET IT!

WE NEED IT

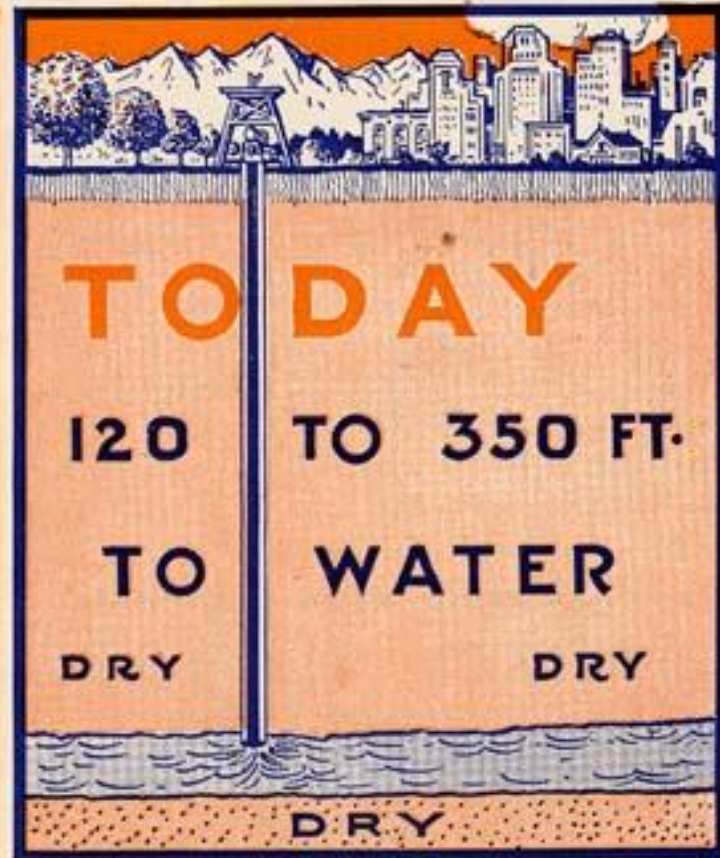
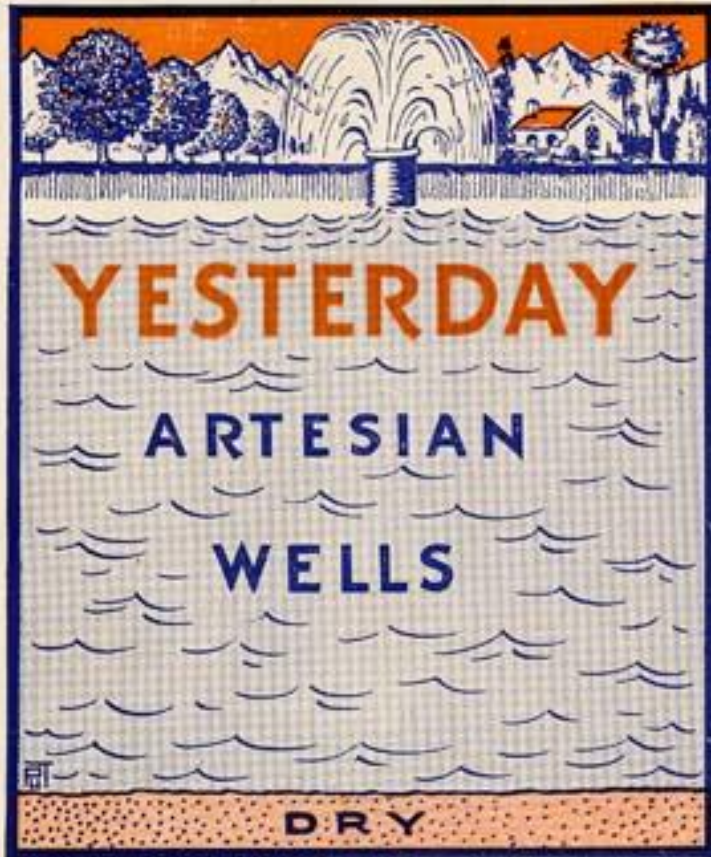
let's go

AND

GET IT!



WHY WE NEED COLORADO RIVER WATER IN SOUTHERN CALIFORNIA



We need your help. Sign the enclosed card NOW—and thereby indicate your support of a project that means the very life of our Southern California.

CITIZENS COLORADO RIVER WATER COMMITTEE

Central Headquarters: Ground Floor, Title Guarantee and Trust Bldg.
Fifth and Hill Streets, Los Angeles

July, 1931

*-we?
-who paid
the rent?*



LAFCo in Every County

**30 have Special
Districts Seated**



**Boundary
Decisions that
make sense**



LAFCo's Purpose: Legislative

- ❖ Discourage urban sprawl
- ❖ Preserve agriculture and open space
- ❖ Encourage efficient public services
- ❖ Consider regional housing needs, adequate water and other issues





What's Ahead

- ❖ Why are LAFCos Important? Legislative Mission, Scope and Composition
- ❖ LAFCo's Functions and Procedures
- ❖ LAFCo's Legal Foundation
- ❖ Small Group Exercises





LAFCo 101 Presenter

- ❖ David West, Public Member
Commissioner, Imperial LAFCo





Commissioners' Role

- ❖ Why LAFCOs matter?
- ❖ What decisions will you make?
- ❖ What are your responsibilities?
- ❖ Make decisions supported by statute, local policies, and sound and comprehensive analysis





Commissioners are Independent, too

- ❖ Exercise independent judgment on behalf of public, not appointing agency
- ❖ Based on CKH and local LAFCo policies - not interests of appointing agency alone
- ❖ “LAFCo Hat” involves a broader perspective representing “public as a whole”





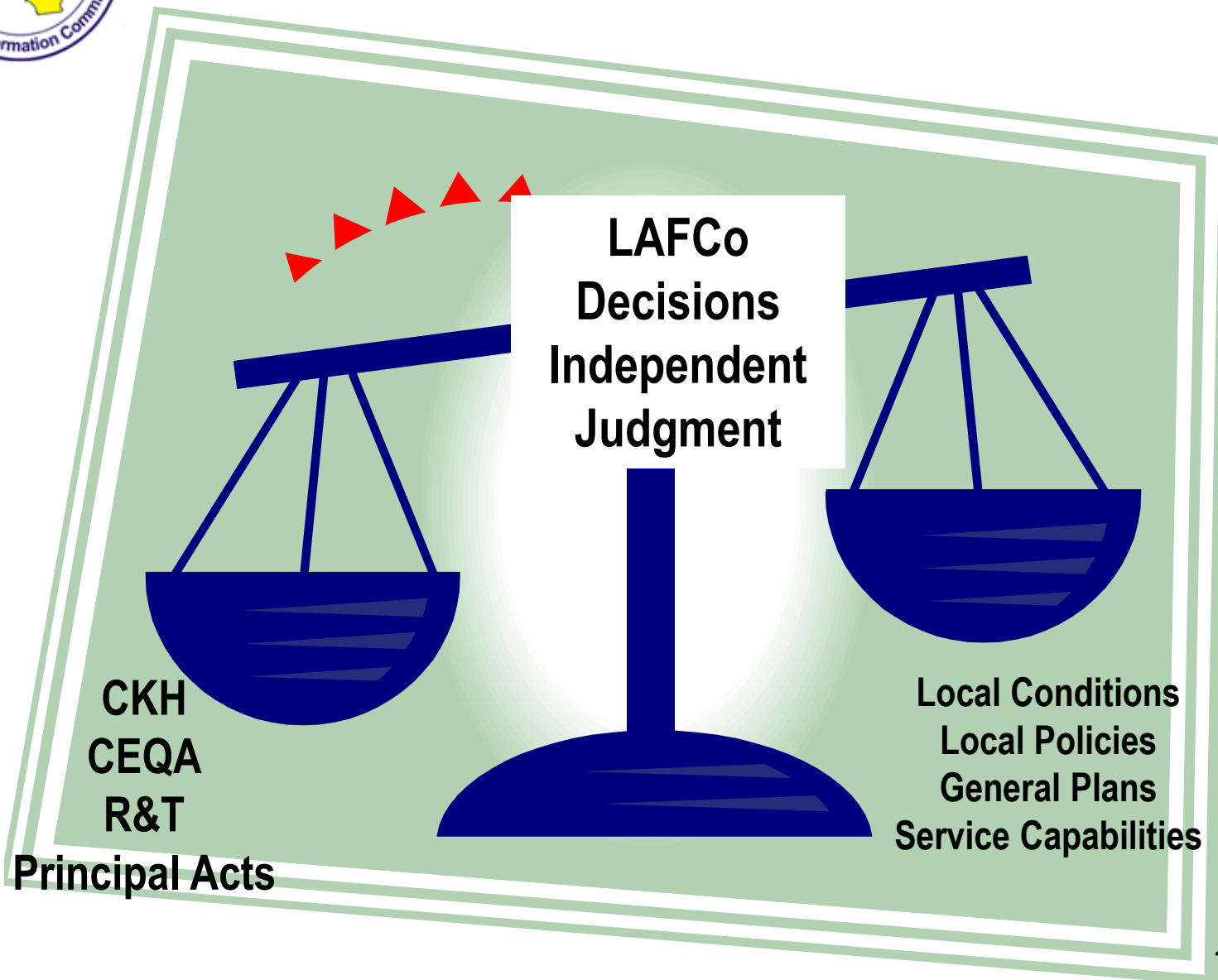
Commissioners

- ❖ Commissioners make final decisions
- ❖ Decisions cannot be appealed to other administrative bodies
- ❖ LAFCo staff accountable to Commission and statutes
- ❖ Adopt local policies and procedures





LAFCo Balancing Act





Commissioner/Staff Engagement

- ❖ Seek out staff for information or questions before meetings
- ❖ Use related professional background and experience to assist staff
- ❖ Make yourself available to staff – communication is a two-way street





Commissioner

- ❖ David's best advice or cautionary tale...





LAFCo 101 Presenter

- ❖ Carole Cooper, Assistant Executive Officer, Sonoma LAFCo





LAFCo Composition

Basic composition-Diverse!

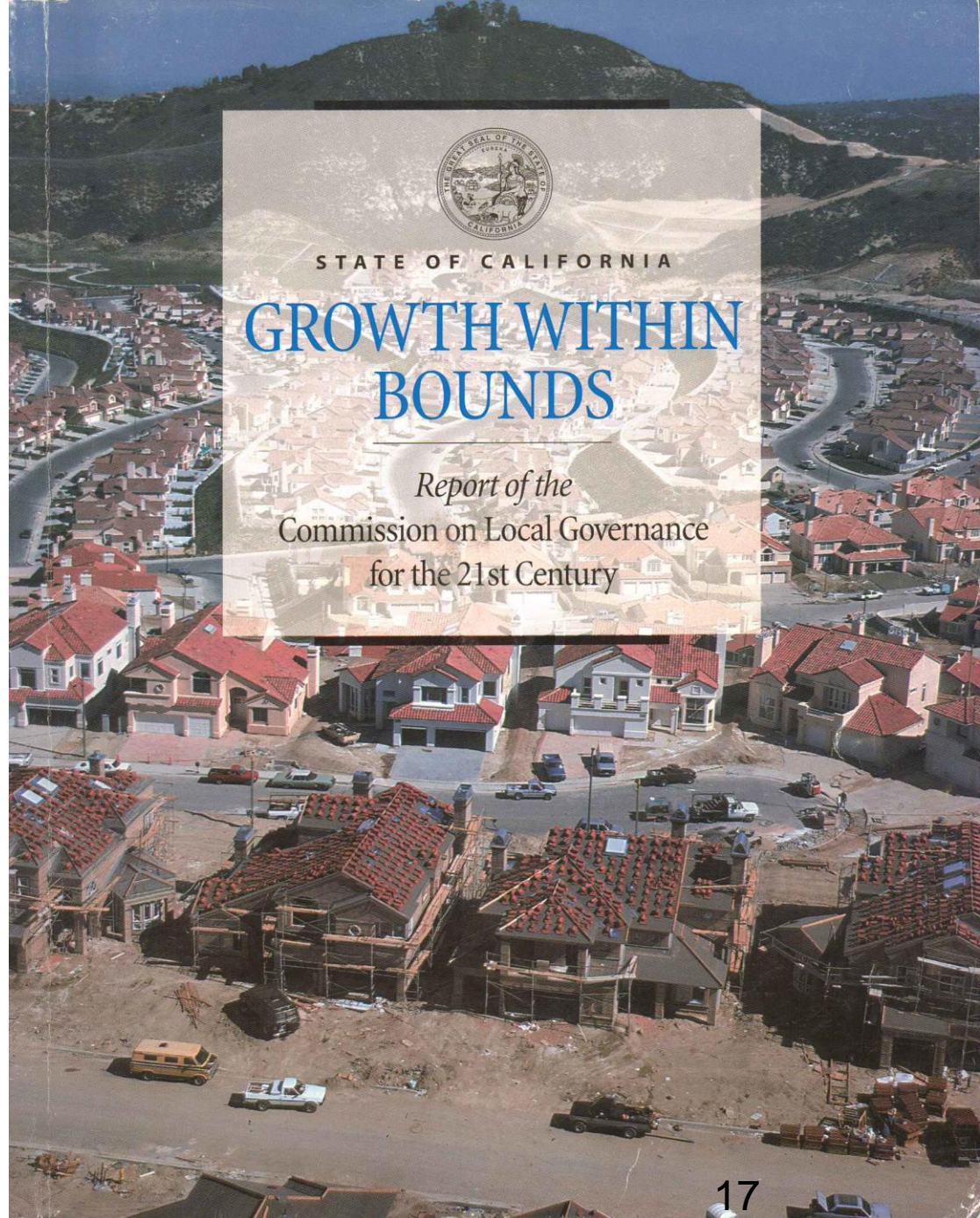
- ❖ 2 County Supervisors
- ❖ 2 City Council members
- ❖ 1 Public member
- ❖ Alternate for each category
- ❖ 30 LAFCos also include 2 Special District members plus an alternate
- ❖ Some LAFCos have “special seats”
- ❖ Counties with no cities





Recommendations (2000):

- ❖ LAFCo's to be neutral, independent, and provide balanced representation.
- ❖ Strengthen LAFCo's powers to prevent urban sprawl and ensure orderly extensions of governmental services.
- ❖ Municipal Service Reviews to inform SOI updates.
- ❖ Strengthen policies to protect agricultural and open space.





LAFCo's Regulatory Functions

- ❖ Administer **changes** of existing agencies (organizations) and creation of new ones
- ❖ Evaluate boundary changes based on various factors
- ❖ Terms and Conditions: Broad authority in light of record (GC 56885.5 & 56886)
- ❖ Monitor/Control extension of public services
- ❖ Prohibited from “directly” regulating land use





LAFCo's Planning Functions

- ❖ Develop and update Spheres of Influence for cities and districts
- ❖ Prepare Municipal Service Reviews
- ❖ Work cooperatively on growth, preservation and service delivery issues (with all Stakeholders)





What decisions do you make?

- ❖ City Incorporation and Disincorporation
- ❖ District Formations and Dissolutions
- ❖ Annexations
- ❖ Detachments
- ❖ Consolidations, Mergers, Subsidiary District
- ❖ Service Extensions outside a District or City
- ❖ Spheres of Influence
- ❖ Municipal Service Reviews
- ❖ Activate Latent Powers
- ❖ Review Fire Contracts





Local Agencies Regulated by LAFCo

❖ Include:

- ◆ Counties, cities, most special districts

❖ Do NOT include:

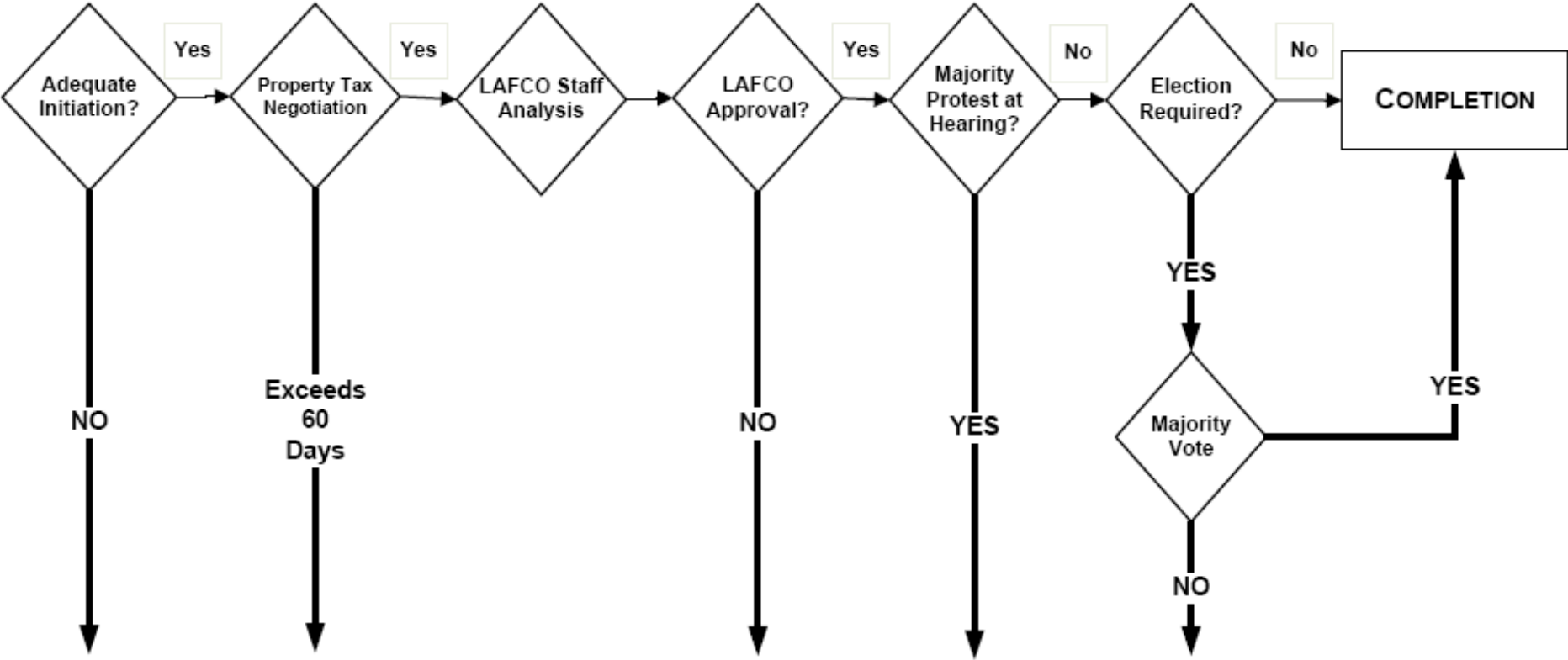
- ◆ JPAs-(Must Submit Agreements to LAFCO)
- ◆ Community facilities or Mello-Roos districts
- ◆ School or college districts
- ◆ County boundaries
- ◆ Bridge and highway districts
- ◆ Improvement districts
- ◆ Zones of benefit
- ◆ Air pollution/quality districts



Normal LAFCO Process



Simple LAFCO Procedure



TERMINATION



Each Commission is Independent

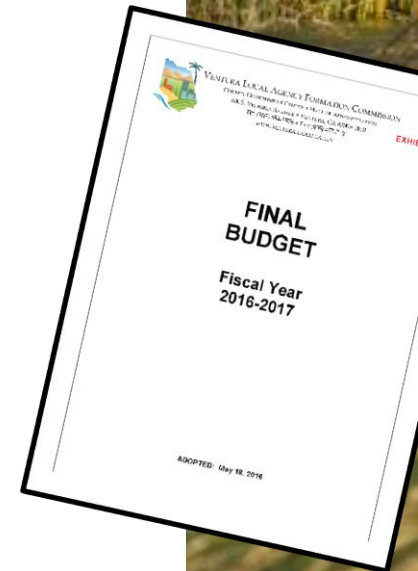
- ❖ Provides own office, equipment, personnel
- ❖ Appoints an Executive Officer
- ❖ Appoints a Legal Counsel
- ❖ Can contract for staff services





LAFCo is Funded Locally

- ❖ Must adopt a final budget by June 15
- ❖ Many LAFCOs approve a work plan too
- ❖ Budget process is outlined in CKH Act
- ❖ Minimum funding level is defined
- ❖ Net cost funded by the county, cities, and special districts *(usually in equal shares)*
- ❖ County Auditor calculates charges and processes the invoices





LAFCo is Funded Locally (cont'd)

- ❖ Local funding formulas are allowed
- ❖ Processing fees help to offset expenses for proposals
- ❖ Adoption of fee schedule recommended





LAFCo 101 - (cont'd)

- ❖ **Carole's best advice or cautionary tale... ..**





LAFCo 101

❖ Paula de Sousa Mills, Partner,
Best, Best & Krieger





LAFCos' Legal Role

- ❖ While powers are broad, LAFCo jurisdiction is limited to actions and powers granted by statute
- ❖ Legislature has given LAFCos authority over boundary decisions and other government organization issues
- ❖ LAFCo is the Legislature's "watchdog" for local governments – one job is to monitor local government actions





Subject to State Laws

- ❖ Cortese-Knox-Hertzberg Act
- ❖ Brown Act / Public Records Act
- ❖ CEQA
- ❖ Revenue & Taxation Code
- ❖ Political Reform Act / Other Conflict of Interest Laws
- ❖ Levine Act
- ❖ Principal Acts





LAFCos' Key Legal Concerns

- ❖ Must act in accordance with state law and locally adopted policies
- ❖ Comply w/ CEQA as lead or responsible agency
- ❖ Must adopt determinations to support decision (*McBail*)
- ❖ Terms and Conditions





Limited Legal Challenge

- ❖ LAFCo decisions are quasi-legislative
- ❖ Not appealable except to the courts
- ❖ Short time to file suit
- ❖ Limited legal challenge to decisions
- ❖ Upheld as long as decision is not “arbitrary and capricious”





LAFCo Myths and Legends

- ❖ LAFCo has a “magic wand” that instantly solves boundary and service issues. **Nope!**
- ❖ LAFCo proceedings do not require deliberate review and analysis that require agency and public collaboration and/or support. **Nope!**
- ❖ LAFCo is an arm of the county, not the state. **Nope!**
- ❖ LAFCo’s sole mission is to dissolve agencies, particularly special districts. **Nope!**
- ❖ LAFCo’s role is always “reactive” and not “proactive.” **Nope!**
- ❖ Consult LAFCO at the last minute **Nope!**





Litigation

- ❖ Any decision can be litigated, so it is a good idea to do thorough reports and make good findings supported by record evidence as a routine practice
- ❖ Still, the riskier projects tend to identify themselves
- ❖ Talk to your counsel early and often about those
- ❖ Make a good record





Litigation

- ❖ What Claims are Most Common?
 - ◆ CEQA
 - ◆ Cortese-Knox-Hertzberg
 - ◆ Civil Rights Claims
 - ◆ Public Records Act
 - ◆ Brown Act
 - ◆ Political Reform Act and Other Conflict Laws





Avoiding Litigation

- ❖ Thus, preventing litigation can be summarized as
 - ◆ Avoid procedural error
 - ◆ Ensure there is substantial evidence to support every required finding
 - Making all the findings and tying findings to evidence (“we find x because y”)
 - ◆ Notice problems
 - ◆ Allowing a fair hearing, avoiding bias and conflicts of interest





Litigation

- ❖ Most common legal challenges are brought as a writ of mandate or validation action
- ❖ The standard of review is more deferential under CKH and CEQA than on civil rights claims or the Political Reform Act or Brown Act





Avoiding Litigation

- ❖ Paula's best advice or cautionary tale...





Questions and Answers





Small Group Exercises

- ❖ Break into small groups with the people at your table
- ❖ Appoint a facilitator & note taker
- ❖ You will have 5-6 minutes for each scenario
 - ◆ Scenario 1-
 - ◆ Scenario 2-
 - ◆ Scenario 3-
- ❖ Report out decisions and differences to the group



Municipal Service Reviews



SEVEN (MSR) SERVICE REVIEW FACTORS

1. Growth and Population projections for the affected area
2. Location and characteristics of any disadvantaged unincorporated communities
3. Present and planned capacity of public facilities and adequacy of public services including infrastructure needs or deficiencies
4. Financial ability of agencies to provide services
5. Status of, and opportunity for, shared facilities
6. Accountability for community service needs including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy



TUOLUMNE UTILITIES DISTRICT

18885 NUGGET BLVD • SONORA, CA 95370
(209) 532-5536 • Fax (209) 536-6485

DIRECTORS

Barbara Balen
David Boatright
Glen Jacobs
Jeff Kerns
Ron W. Ringen

Regular Board Meeting Agenda
Tuesday, March 26, 2024 - 9:00 a.m.
TUD Board Room
18885 Nugget Blvd., Sonora, California

Public Participation Procedures:

During the Board meeting, members of the public who wish to provide public comment will be invited to do so by the Board President. Members of the public who are physically present will be called first. Members of the public who are not present and wish to provide remote public comment via Zoom may use the 'Raise Hand' feature on their computer or press *9 if participating by phone. Board meetings are not required to be broadcast over Zoom; the District is providing this option as a convenience to the public. If the District experiences technical difficulties and the transmission goes down the meeting will continue in person as scheduled.

Information to join meeting via Zoom:

- Via video conferencing at:
<https://us02web.zoom.us/j/89202066608?pwd=ZTc1SEYyWkgzSFdMNXVzdFhCU3k0Zz09>
- Via teleconference by calling (253) 215-8782 or (301) 715-8592
- US Meeting ID: 892 0206 6608
- Password: 976396
- Public may also observe and listen to this meeting on TUD's YouTube Channel at [Tuolumne Utilities District - YouTube](#)

Call to Order

Pledge of Allegiance

- I. **Public Forum** - (5 minutes per item maximum) We would like to welcome the members of the public who have taken the time to attend this meeting and provide comments on matters related to District business. Any member of the public may address the Board relating to any matter within the Board's jurisdiction. This need not be related to any item on the agenda; however, the Board cannot act on an item unless it was noticed on the agenda. Persons speaking during the Public Comment will be limited to five (5) minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board.
- II. **Consent Calendar**
 1. Minutes of the Regular Board Meeting of March 12, 2024
- III. **Regular Business**
 2. Consider Adopting Design-Build Conflict of Interest Policy
 3. Local Agency Formation Commission (LAFCO) and Municipal Service Review Discussion
 4. Board to Consider Adopting a Resolution Opposing the Tuolumne County LAFCo Workplan Amendment
- IV. **Staff Reports**
- V. **Directors Communication and Reports**

Adjournment

Note: Agenda Material can be viewed at our website at www.tudwater.com.

Board Policy limits Board meetings to a duration of three (3) hours; however, the Board may consider whether to extend the meeting beyond three (3) hours by majority vote.

In accordance with the Americans with Disabilities Act, if you need special assistance (i.e. auxiliary aids or services) in order to participate in this public meeting, please contact the Clerk of the Board, Melissa McMullen, and (209) 532-5536 ext. 510. Notifications 48 hours prior to the start of the meeting will enable the Clerk to make reasonable accommodations to ensure accessibility to this public meeting.

MEMORANDUM

Board Meeting of March 26, 2024

To: Tuolumne Utilities District Board of Directors
From: Don Perkins, General Manager
Agenda Section: Regular Business
Subject: Local Agency Formation Commission (LAFCo) and Municipal Service Review Discussion

Summary

Recommendation:

Informational Only.

Issue: N/A

Fiscal Impact: N/A

Previously Related Action: N/A

Committee Status: N/A

Adherence to Policy: N/A

Discussion

Presentation on the background and history of the Local Area Formation Commission (LAFCo) and the District's participation in the Commission.

Attachments:

- Resolutions No. 8-18 and 16-19

Board Action:	Resolution No. _____	Motion by _____	Second by _____
	Ayes: _____	Noes: _____	
	Absent: _____	Abstained: _____	Recuse: _____

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TUOLUMNE UTILITIES DISTRICT
IN SUPPORT OF SPECIAL DISTRICT REPRESENTATION ON THE
TUOLUMNE COUNTY LOCAL AGENCY FORMATION COMMISSION (LAFCO)**

WHEREAS, California statute has established a procedure whereby special districts in a county can request that the Local Agency Formation Commission (LAFCO) establish two special district seats on the LAFCO commission; and

WHEREAS, a local LAFCO is charged to conduct municipal service reviews (MSR) and to make sphere of influence decisions relative to special districts; and

WHEREAS, a local LAFCO is charged with making determinations relative to the latent powers of special districts; and

WHEREAS, a local LAFCO may make determinations regarding consolidation and reorganization of special districts from time to time; and

WHEREAS, LAFCO is the only venue where special districts are a fully participating and equal partner with cities and counties; and

WHEREAS, all special districts gain stature when seated on LAFCO; and

WHEREAS, service by special districts on LAFCO provides the opportunity to build relationships with county supervisors and mayors; and

WHEREAS, special districts bring a perspective to LAFCO that is distinct from general government entities; and

WHEREAS, special districts are service-focused and bring a knowledge of infrastructure to the local LAFCO.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Tuolumne Utilities District does hereby find that special district membership on the Tuolumne County Local Agency Formation Commission will be a benefit to the District, special districts generally, and the customers served by special districts;

BE IT FURTHER RESOLVED, that the Board of Directors hereby supports special district representation on the Tuolumne County LAFCO.

PASSED AND ADOPTED by the Board of Directors of the Tuolumne Utilities District on May 22, 2018, by the following vote:

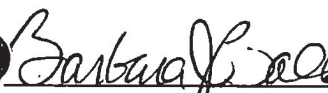
AYES: Balen, Grinnell, Kopf, Ringen, Rucker

NOES: None

ABSENT: None

ABSTAINED: None

ATTEST


Barbara Balen, President
Board of Directors


Melissa McMullen
Executive Secretary/Board Clerk

RESOLUTION NO. 16-19

SUPPORTING TUOLUMNE UTILITY DISTRICT SPECIAL DISTRICT REPRESENTATION ON THE TUOLUMNE COUNTY LOCAL AGENCY FORMATION COMMISSION AND APPROVING RELATED ACTIONS

WHEREAS, Local Agency Formation Commissions (LAFCO) were established by state legislature in 1963 as regulatory agencies in each California county to ensure the orderly formation and development of local agencies, which is now provided for in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CA Government Code Section 56000 et seq.); and

WHEREAS, among other regulatory powers, LAFCOs are responsible for approving, establishing, expanding, reorganizing and, in limited circumstances, dissolving cities and special districts within their respective counties; and

WHEREAS, LAFCOs are required to be made of two county representatives, two city representatives and one public member; and

WHEREAS, in 1972, state law made it possible for LAFCOs to expand their membership by adding two independent special district representatives, which can be achieved through a process set forth in CA Government Code Section 56332; and

WHEREAS, Tuolumne County LAFCO currently does not have independent special district representation; and

WHEREAS, since Tuolumne County LAFCO directly impacts operations, existence and growth of independent special districts within the County, including the Tuolumne Utilities District (District), it is important that special districts gain representation on the Tuolumne County LAFCO; and

WHEREAS, special district representation on the Tuolumne County LAFCO will require special districts to share a portion (up to one-third) of the total Tuolumne County LAFCO costs; and

WHEREAS, independent special districts in Tuolumne County initiated a series of meetings beginning in May 3, 2018 and approved resolutions supporting the special district representation concept and initiating the process of special district membership on Tuolumne County LAFCO, which was subsequently submitted to the County by a majority of districts; and

WHEREAS, in accordance with California Government Code 56332.5, Tuolumne County LAFCO on April 8, 2019 adopted the Resolution of Intention, Resolution 296, forming the independent special district selection committee and adopting related determinations; and

WHEREAS, during a meeting of the Special District Selection Committee held on May 29, 2019, a tentative agreement was reached among participating Districts reaffirming the intent of gaining special district representation on Tuolumne County LAFCO, payment of associated costs, voting requirements once on LAFCO, and special district member selection and rotation; and

WHEREAS, it is in the best interest of the District to initiate formal action as required by Tuolumne County LAFCO Resolution of Intention 296 in collaboration with other independent special districts to complete the process of gaining special district representation.

NOW, THEREFORE, BE IT RESOLVED, by the Tuolumne Utility District Board of Directors that:

- 1) Adoption of this Resolution shall serve as an affirmative vote in representation on the Special District Selection Committee and that the District accepts independent special district representation on the Tuolumne County LAFCO; and

- 2) The Board President or Designee is authorized to represent the District as the Special District Selection Committee representative in all procedural processes required to gain and implement special district representation on Tuolumne County LAFCO; and
- 3) The independent special districts accept the proposed LAFCO budget apportionment of one-third share of costs. The special districts agree to fund their one-third share of the 2019-20 LAFCO costs as follows:
 - (a) Tuolumne Utilities District - \$8,500
 - (b) Groveland Community Services District - \$4,200
 - (c) Twain Harte Community Services District - \$2,200
 - (d) Jamestown and Tuolumne City Sanitary Districts -\$1,000 each
 - (e) Fire Districts - \$500 each
 - (f) Cemetery Districts and Tuolumne County Resource Conservation District - at the percentage of district revenue to total special district revenue countywide.

The initial allocations listed above shall be adjusted proportionally based on changes to the Tuolumne County LAFCO budget annually or as otherwise agreed by a vote of the majority of the special district selection committee; and

- 4) Special district members serving on the Tuolumne County LAFCO shall not be disqualified from voting on proposals affecting their own special districts.
- 5) Upon expansion of the commission to include independent special districts, the term for one new special district member, selected from any independent special district in Tuolumne County, shall coincide with the term of the existing commission member who holds the office represented by the original two-year term on the commission. The term of the second new special district member coincides with the term of the existing commission member who holds the office represented by the original four-year term on the commission. This second special district member shall be from the Tuolumne Utilities District, Groveland Community Services District, or Twain Harte Community Services District, and this commission position shall then rotate consecutively to the next agency in the above listed order following each term; and
- 6) The use of US mail or email ballots is desired to conduct the special district member selection process.

PASSED AND ADOPTED by the Board of Directors of the Tuolumne Utilities District on August 27, 2019, by the following vote:


AYES: Balen, Kerns, Kopf, Ringen, Rucker

NOES: None

ABSENT: None

ABSTAINED: None

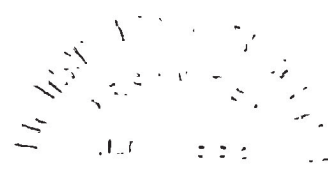
ATTEST



Bob Rucker, President
Board of Directors



Melissa McMullen
Executive Secretary/Board Clerk



MEMORANDUM

Board Meeting of March 26, 2024

To: Tuolumne Utilities District Board of Directors
From: Don Perkins, General Manager
Agenda Section: Regular Business
Subject: Board to Consider Adopting a Resolution Opposing the Tuolumne County LAFCo Workplan Amendment

Summary

Recommendation:

Adopt Resolution requesting that the Tuolumne County LAFCO immediately cease from any and all work on the Helix Consulting, February 8, 2024, proposal which includes an evaluation of the possible consolidation of the Jamestown Sanitary District (JSD) with the Tuolumne Utilities District (TUD); direct the Executive Officer to secure a proposal for the completion of a standard Multiple Service Review (MSR); and refrain from further work on consolidation until both districts and the public are involved in the process.

Issue:

The Commission's February 12, 2024, agenda had a vague reference to an agenda item entitled "Consideration of modifying the 2023-24 LAFCO Workplan," yet no materials describing the possible modifications were included in the agenda packet. The agenda packet specifically did not contain the Helix Consulting task order proposal describing the MSR scope of work and cost. This resulted in the Commission being unprepared for a discussion on adding the TUD and the JSD MSR's, as well as a discussion on the consolidation of the two districts, to the workplan. The consolidation discussion is a considerably more costly and controversial process than an MSR update.

In addition, neither Jamestown Sanitary nor TUD were made aware that the Executive Officer had requested the task order from Helix, which contained work evaluating consolidation of the two districts. There was no outreach to either of the districts or the public before approving this costly and potentially unnecessarily complex MSR. This resulted in no public input on this important item before approval by the Commission.

Fiscal Impact: N/A

Previously Related Action: N/A

Committee Status: N/A

Adherence to Policy: N/A

Board Action:	Resolution No. _____	Motion by _____	Second by _____
	Ayes: _____	Noes: _____	
	Absent: _____	Abstained: _____	Recuse: _____

Discussion

Tuolumne Utilities District is requesting that the Tuolumne County LAFCO immediately: (a) cease from any and all work on the Helix Consulting, February 8, 2024, proposal which includes an evaluation of possible consolidation of JSD with TUD; (b) direct the EO to secure a proposal for the completion of a standard MSR; and (c) refrain from further work or discussion on the consolidation of JSD with TUD until the public, TUD, and JSD are given the opportunity to discuss consolidation with LAFCo.. The standard MSR proposal should be made available for public review prior to execution of a task order approving the work.

Attachments:

- Resolution
- February 12, 2024 LAFCo Agenda Packet - <https://www.tuolumnecounty.ca.gov/AgendaCenter/ViewFile/Agenda/02122024-2264>
- March 11, 2024 LAFCo Agenda Packet - <https://www.tuolumnecounty.ca.gov/AgendaCenter/ViewFile/Agenda/03112024-2280>

Resolution No. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TUOLUMNE UTILITIES DISTRICT
OPPOSING THE TUOLUMNE COUNTY LAFCO WORKPLAN**

Whereas, the Tuolumne Utilities District (TUD) adopted Resolution No. 8-18 supporting TUD representation on the Tuolumne County Local Agency Formation Commission (LAFCo) and related actions; and

Whereas, the Tuolumne County LAFCo gained special district representation in the year 2020, adding one special district LAFCo Commissioner with a fixed four (4) year term, one special district LAFCo Commissioner with an at-large four (4) year term, and one alternate special district LAFCo Commissioner with a four (4) year term; and

Whereas, the special districts in Tuolumne County proportionally share 1/3 of LAFCo's operating costs, and have a vested interest in the workplan and annual budget adopted by LAFCo; and

Whereas, TUD supports and expects LAFCo processes and projects to be developed with the highest level of public transparency, accountability and with solid and clear communication to allow for good decision making by the Commission; and

Whereas, sphere of influence studies for each special district are to be completed by LAFCo every five (5) years or sooner, through the completion of a Municipal Service Review (MSR) which is a standard process of information gathering about how services are provided, evaluation of efficiencies and demand for services, and providing recommendations for the future; and

Whereas, the February 12, 2024, LAFCo agenda included an "Old Business" item described as "*Consideration of modifying the 2023-24 LAFCO Workplan*," which agenda item description provided no other details of what the modification may involve or which parties may be affected by the modification and the meeting's agenda materials provided by the LAFCo Executive Officer (EO) did not include the adopted workplan to be discussed for amendment, or any reports or documents recommending any workplan modifications; and

Whereas, the LAFCo Executive Officer (EO) orally presented at this meeting the "Workplan" modification, suggesting that due to concerns with a new connection prohibition adopted by the Jamestown Sanitary District (JSD), the required Municipal Service Review (MSR) for both JSD and TUD be added to the 2023/24 workplan, with an estimated cost of \$49,000 each; and

Whereas, the LAFCo Commissioners held much discussion on the matter, voicing concern with cost of the MSRs and interest in future discussion of by whom, and how the MSRs would be paid for, and ultimately voted to amend the workplan to include the MSRs, but without direction to the EO of when this amended MSR would start or how the amended MSR would be funded; and

Whereas, the Commission's February 12, 2024, agenda materials did not contain the Helix Consulting task order proposal describing the MSR scope of work and cost or any reports or documents recommending any workplan modifications, so neither the Commission nor the public had any idea that the Helix Consulting proposal described the preparation of both MSRs with a focus on consolidation of the two Districts, which is considerably a more costly and controversial process than an MSR update; and

Whereas, neither Jamestown Sanitary or TUD were made aware that the Executive Officer had requested the Task Order from Helix, and had further requested that Helix evaluate the consolidation of the two districts; and

Whereas, there had never been discussion or agreement among the County, LAFCo, JSD or TUD regarding whether consolidation of the districts was supported or would solve any perceived issues; and

Whereas, LAFCo's were created to ensure the orderly and efficient provision of municipal services, and rarely will take action toward consolidation without agreement among the affected Districts; and

Whereas, due to the lack of an adequate agenda item description and proper background materials being attached to the LAFCo agenda, neither TUD nor the public were aware of the consequences of LAFCo's action or of its financial impact to the county until after the time to allege a Brown Act violation had passed.

Now therefore, be it resolved that the Tuolumne Utilities District requests that the Tuolumne County LAFCo immediately:

- (a) cease and desist from any and all work on the Helix Consulting, February 8, 2024, task order that includes an evaluation of consolidation of the JSD and TUD; and
- (b) direct the EO to secure a proposal for the completion of a standard MSR, completed in accordance with law; the MSR proposal should be publicly reviewed by the Commission prior to execution of a task order approving the work; and
- (c) refrain from further work or discussion on the consolidation of JSD with TUD until the public, TUD, and JSD are given the opportunity to discuss consolidation with LAFCo.

PASSED AND ADOPTED by the Board of Directors of Tuolumne Utilities District on March 26, 2024 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

ATTEST:

Jeff Kerns, President
Board of Directors

Melissa McMullen
Executive Secretary/Board Clerk

Tuolumne County LAFCO

LOCAL AGENCY FORMATION COMMISSION OF TUOLUMNE COUNTY

April 19, 2023

TO: LAFCO Commissioners
FROM: Quincy Yaley, Executive Officer
RE: Draft Budget and Workplan for Fiscal Year (FY) 2023-2024

REQUESTED ACTION

Consideration of adopting the Draft Budget for the Local Agency Formation Commission (LAFCO) for Fiscal Year 2023-2024, directing staff to send it to the County of Tuolumne, City of Sonora, and Special Districts for review and comment, and approving the LAFCO Fiscal Year 2023-2024 Work Program.

EXECUTIVE OFFICER'S REPORT

A. Background

Pursuant to Section 56381 of the California Government Code, LAFCO is required to adopt a final budget by June 15th of each year for the next fiscal year which begins on July 1st. The Commission must formulate a draft budget that is to be sent to the City of Sonora, County of Tuolumne, and all the Special Districts in Tuolumne County for review and comment before adoption of the final budget by LAFCO.

B. Budget

Staff proposes to maintain the LAFCO budget at status quo for the FY 2023-2024 with the exception of accounting for increases in staff billing rates due to salary adjustments at the County. The proposed FY 2023-2024 is \$75,815. Pursuant to Government Code Section 56381, the budget shall, at a minimum, be equal to the budget adopted for the previous fiscal year unless LAFCO finds that reduced staffing or program costs will nevertheless allow LAFCO to fulfill the purposes and programs of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The increase in the budget, \$13,031 dollars, is proposed to allow an additional LAFCO Commissioner to attend annual training, additional staff costs related to general LAFCO work, and an increase an annual CALAFCO dues. Lastly, this proposed budget careful evaluated last year's expenses and budgeted more precise, especially related to travel and training costs.

Commissioners
Steve Arreguin
David Boatright
John Feriani
David Goldemberg
Kathleen Haff
Matt Hawkins
Mark Plummer

Alternates
Adam Artzer
Ryan Campbell
Suzanne Cruz

Executive Officer
Quincy Yaley, AICP

The proposed budget will provide LAFCO with the funds needed to implement the FY 2023-2024 LAFCO Work Plan which includes completing Municipal Service Reviews and other LAFCO projects. Proposed budget expenditures are as follows:

LAFCO BUDGET

Description	FY 22-23	FY 23-24
Dues and Memberships	\$1,745	\$1,965
Office Expenses	\$1,000	\$500
Publications/Legal Notices	\$1,000	\$1,000
Travel and Training	\$7,500	\$16,350
Personnel & Consultants	\$51,539	\$58,000
Total	\$62,784	\$75,815

The LAFCO budget has repeatedly had fund balance that carries over from one fiscal year to the next. This fund balance has never been considered during the preparation and approval of an annual budget, however LAFCO staff have begun to track that balance, as it varies throughout the year based on when districts/entities pay their share of the membership dues. Staff will bring the fund balance to the LAFCO Commission at the June meeting for consideration of including in the next year's budget as a means to lower the membership dues during the 2023-24 fiscal year.

C. Cost Sharing Agreements

LAFCO is an independent agency that has historically been funded by the County of Tuolumne and the City of Sonora. In FY 20-21, it was also funded by special districts (see MSR schedule below) as per their request to pay a share of costs and add two special district members and an alternate to the LAFCO Board. Pursuant to a Memorandum of Understanding (MOU) between the City and the County, the Local Transportation Fund (LTF) per capita percentage is used to determine the City's and the County's respective shares of the LAFCO budget. Under this formula, the City will be responsible for 8.1 percent of the adopted FY 2023-2024 LAFCO Budget. In the past, the County was responsible for the remaining balance. With the addition of Special District representatives on the LAFCO Commission,

the Special Districts will be responsible for paying one third of the LAFCO operating budget. The County Auditor will invoice the City of Sonora, County of Tuolumne and the Special Districts to pay their respective shares of the proposed costs as shown in the table below.

LAFCO FY 23-24 ANICIPATED REVENUES

Amount	Percent	Entity
\$ 6,141	8.1%	City of Sonora
\$ 25,019	33%	Special Districts
\$ 44,655	58.9%	County of Tuolumne
\$ 75,815	100%	

D. Expenses

Dues - The California Association of Local Agency Formation Commissions (CALAFCO) annual membership fee for the upcoming year is \$1,965. Tuolumne County LAFCO staff gain access to a wealth of information and advice by participating in CALAFCO. CALAFCO provides access to a network of other Executive Officers and LAFCO staff statewide, which provide daily insight and advice on LAFCO procedures and regulations. Without access to this network, Tuolumne County LAFCO staff would be required to attend more trainings and/or hire additional consultants for assistance.

Travel and Training - Pursuant to Section 56334 of the Government Code, Commission members and alternates may be reimbursed for actual and reasonable expenses necessary to attend meetings and perform duties of their office. LAFCO may authorize payment of a per diem to Commission members and alternates for each day they attend meetings of the Commission. Based upon LAFCO's past practice prior to 2023, funds were not proposed to be budgeted for City, County, or Special District LAFCO members to attend LAFCO meetings and conferences or to pay a per diem to any Commissioner.

In 2022, LAFCO did fund conference attendance and travel at the CALAFCO Conference in Los Angeles. Members Brandon and Arreguin attended, as did three LAFCO staff members. Additionally, because the 2023 Staff Workshop in April is in Murphys, the LAFCO budget paid for four staff members to attend.

The draft FY 2023-2024 travel budget includes the estimated costs for registration, hotel, and travel:

Training	Registration	Hotel (3 nts)	Travel/Meals	Cost per person
Annual Conference	\$600 per attendee	\$250 per night	\$500 per person	\$1,850
Annual Staff Training	\$400 per attendee	\$250 per night	\$500 per person	\$1,650
General Training	Estimate \$500			\$500

Annual Training 2023-24 – Three LAFCO members, LAFCO EO, LAFCO Counsel: \$9,250

Annual Staff Training 2023-24 – Three LAFCO Staff, LAFCO Counsel: \$6,600

Total Training Budget Fiscal Year 23-24: **\$16,350**

The training budget has increased due to the inclusion of Special Districts on LAFCO and the need for them to attend regular trainings. It is recommended that LAFCO establish a process to select members to attend the Annual Conference. Any other member of LAFCO that wishes to attend may opt to at the expense of their own agency.

Personnel - Personnel costs are based on the County’s adopted methodology for establishing hourly rates for each employee. These costs include employee salaries and benefits, and the County’s overhead, such as office space, utilities, and internal services, including the Auditor’s expenses in handling LAFCO’s finances.

In an effort to improve transparency for LAFCO, the Executive Officer is not assigning deputy officer duties to the current County Planning Manager. This will allow the County Planning Manger to function separate from any LAFCO responsibilities and allow them to support Tuolumne County separately on projects involving LAFCO or other LAFCO work. Therefore, the funds previously allotted to the “deputy officer” are being reallocated to a County CDD staff planner and a consultant.

LAFCO staff work on three types of projects:

- General LAFCO work not related to a project – Meetings, MSRs, Procedures, etc
- LAFCO Projects – flat fee projects (out of boundary agreements)
- LAFCO Projects – Time and materials (Consolidations, annexations, etc)

The second two project types are paid for by applicants and are not included in this budget as the LAFCO members do not fund this staff work. Only work in the first category is funded by LAFCO members, which includes funding the LAFCO Counsel. Staff is proposing to use LAFCO staff in combination with an on-call consultant to complete the work in the first category. Based on last year's budget and actual costs to date, the expenses related to General LAFCO Work, including use of a consultant, is estimated to be **\$58,000**.

E. Work Program for Fiscal Year 2023-2023

Tuolumne County contains 18 independent Special Districts, 7 Lighting Districts and 58 County Service Areas (CSAs). The number of County Service Areas could be increased by developers requesting to add a County Service Area to maintain roads and other services for their development. Pursuant to Section 56425(g) of the Cortese-Knox-Hertzberg (CKH) Act, "on or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence". Further, 56430.a of the CKH states that "in order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission.

As mentioned above, LAFCO staff work on three types of projects. For the FY 23-24, staff will be working on the Tuolumne Sanitary District MSR, the Tuolumne Park and Recreation District MSR, and the TUD MSR.

In addition to the above activities, LAFCO staff is planning on reviewing the term limits for special district members to make sure the approved term limits are consistent with term limits for the other LAFCO members. Also, staff will be requesting that Commissioners review the current LAFCO procedures and that the adopted Commission procedures are updated as needed.

Special districts in the community of Tuolumne have approached LAFCO regarding formation of a Community Services District that would merge some of the special districts in that area into one CSD. LAFCO staff anticipate presenting this project to the Commission in 2023. The cost for the formation of a CSD outlined in the LAFCO fee schedule as "Full cost recovery based on time and materials with a \$3,824.00 deposit".

There is a current application that staff is reviewing for completeness which proposes additional housing in an area that would need to be annexed into GCSD. Groveland CSD may also pursue a proposal to dissolve the Groveland Lighting District and merge its functions with the CSA. LAFCO staff anticipate reviewing these proposals in FY 22-23. LAFCO staff may also be processing several out of area service agreements. Additional projects may also be submitted to LAFCO during FY 2023-2024 that would be added to the Work Plan.

F. Recommendation

The Executive Officer recommends that your Commission:

- Adopt the Draft FY 2023-2024 budget.
- Direct staff to send the budget to the County of Tuolumne, City of Sonora, and special districts for review and comment.
- Approve the LAFCO Fiscal Year 2023-2024 Work Program.