

MINUTES

Del Norte Local Agency Formation Commission April 28, 2014 at 4:00 pm

Members present: Chairman Roger Gitlin, Ron Gastineau, Gerry Hemmingsen, Kathryn Murray and Public Member Sparky Countess

Members absent: None.

Others present: George Williamson, Executive Officer, Counsel Gretchen Stuhr, Del Norte County Fair Manager Randy Hatfield, Attorney Martha Rice, and Karen Phillips, PS Business Services

1. Call to Order/Roll Call

Chairman Gitlin called the meeting to order at 4:00 p.m. The pledge of allegiance was led by Commissioner Murray.

2. Public Hearings

- A. Del Norte County Fairgrounds Recreation and Park District Formation –
 - Staff Report (ATTACHMENT 2A)
 - Municipal Service Review (ATTACHMENT 2A-1)
 - Resolution to Adopt Negative Declaration (ATTACHMENT 2A-2)
 - Resolution of Approval to Form the District (ATTACHMENT 2A-3)
 - Plan for Services (ATTACHMENT 2A-4)
 - Initial Study/ Negative Declaration (ATTACHMENT 2A-5)

Executive Officer Williamson reported on the staff report, MSR, resolutions, plan and negative declaration. This is the initial hearing for the formation of the district. On May 19th the second hearing will be held to consider input on the district and take action. No comments have been received regarding this matter and CEQA has been applied and regulations followed. The findings are listed in the staff report, all of which have been found to be supported and complete. Staff recommended that a reserve fund be built up over seven years with no more than 30% each year put into the reserve fund. He believes that the revenue estimates are sound, the numbers seem reasonable for operating costs, building a reserve, and making capital improvements during the seven years. The resolution is conditioned that the reserve fund cannot be touched during the seven years without coming back to the Local Agency Formation Commission for spending approval.

Commissioner Hemmingsen asked about Table 2, MSR figures on the copies. He also asked about the reserve fund over the 2015-2016 fiscal years. If the special tax does not pass, what is the contingency? What other options are there? Staff noted that the Commission could ask the fair board if the measure was not approved if they would fund the first year of district operation to find other options to fund the district (an interim funding source). Fair Manager Randy Hatfield noted that there was nothing out “there”

to drive this kind of option. The fairs do not work under the current legislation and funding mechanism (lack thereof). The fair cannot hire more than 119 hour per year employees, there is no funding and staff are considered State employees.

Commissioner Hemmingsen asked how the State gets pushed out of the way. Mr. Hatfield noted that the responsibility for the fair would become an oversight with the new district in place and they would lease the facility from the fair board. The work will not be wasted, or should not be wasted if the initiative does not pass. The district formation is contingent on the ballot measure passing. Commissioner Hemmingsen asked if the fair board could operate as a separate body. According to the Manager, yes, the fair could fail and then have the district approved at a later date. Commissioner Hemmingsen stated his opinion that he is not in favor of putting all the eggs in one basket and that there might be funding out there to pay for the district services if the ballot measure fails. The district ballot questions have to be worded the way they are listed according to staff.

Commissioner Murray noted that the fair board members noted that there was no other plan, but the comment made here today might have some merit. Chair Gitlin stated that the fair would continue for three years even without this tax initiative and he would like to have the fair look more aggressively for a private partnership. Manager Hatfield noted that the fair is and has been looking at partnerships very closely; however, they are down to one staff member, himself. The board's intention is to generate and create the private partnerships

Chair Gitlin asked that Mr. Hatfield report back to his board and discuss the options of the measure failing. Commissioner Hemmingsen asked if it did not pass, would the fair be in a better position to actively go out and find partnerships. He stated that he hates to go to all the work and see the district go by the wayside if it does not pass. He would like to see the district pass whether or not it is funded at the November election.

The public hearing was opened at 4:40 p.m. Fair Manager Randy Hatfield commented that the fair is hoping to create a revenue source to run the fair for a long time and to allow them the time to create partnerships with this ballot measure and district. Mr. Hatfield handed out a revenue projection sheet and explained the budget process. He has an issue with the restricted reserve fund and having to come back to the Commission for approval to spend for the first seven years. Chairman Gitlin wanted to know if the projections on the revenues were different. Yes, the numbers are different because one is the fair's projection and one is from staff. Mr. Hatfield noted that there will be deferred maintenance for repairs, etc. He feels that the locals will continue to support and help clean up the buildings. He does not feel that the recent dinner/fundraiser is the norm, however.

Commissioner Countess asked about the projections and noted that the reserve is the selling point for the public so that the funds would be there for the future. Staff's recommendation for use of the reserve fund (30%) would be for the first seven years. Funds raised through a nonprofit or other means could be used in any way the fair chooses. Commissioner Gastineau noted that the concerns are valid due to time

constraints in an emergency. Mr. Hatfield withdrew his concern about the reserves after it was explained that the reserve would be available after seven years without spending approval. The public hearing was closed at 5:01 p.m. No action was taken.

B. Del Norte LAFCo FY 2014-15 Draft Budget (ATTACHMENT 2B)

Executive Officer Williamson reported on the draft budget. The budget figures were presented, asking for about \$1,000 to pay for MSR's and \$120 per month to continue to provide staff services (\$1,300 increase). The draft will be brought back at the May 19th meeting for final approval.

By consensus, the Local Agency Formation Commission accepted the draft budget and directed the Executive Officer to take the draft FY 2014-15 Del Norte Local Agency Formation Commission Budget to the CAO and City Manager as presented.

3. Regular Business

A. Approval of **February 24**, 2014 Draft Minutes (ATTACHMENT 3A)

On a motion by Commissioner Countess, seconded by Commissioner Murray, and unanimously carried on a polled vote, the Del Norte Local Agency Formation Commission approved and adopted the minutes of the February 24, 2014 meeting, as presented.

B. Budget Amendment (ATTACHMENT 3B)

Executive Officer Williamson reported on the necessity of amending the budget. The increase is required to pay for the costs of the Parks and Recreation District Formation process. The fair has paid \$21,000.

On a motion by Commissioner Murray, seconded by Commissioner Countess, and unanimously carried on a polled vote, the Del Norte Local Agency Formation Commission approved and adopted the 2013-14 FY Budget Amendment, as presented.

C. Compliance Work Plan (ATTACHMENT 3C)

Executive Officer Williamson reported on the compliance work plan. This is an information only item, no action was necessary.

4. Inquiries, Correspondence, Application Status and Referrals

A. Staff - The Executive Officer will provide a report of current projects, issues of interest, and pending legislation.

Commission - On their own initiative, Commission members may make brief announcements or reports on their own activities. They may ask questions for clarification, make a referral to staff or request a business matter for a future agenda per Government Code Section 54954.2 (a).

The staff report included the following topics: 1) staff has been spending a majority of his time on the special district and will be getting back on track soon.

- B. Public - Public comment on items of interest within LAFCo subject matter jurisdiction, and not otherwise appearing on the agenda. No action may be taken on any item not appearing on the agenda.

The following person(s) addressed the Commission: none.

5. Adjournment

There being no further business to come before the Commission, Chairman Gitlin adjourned the meeting at 5:12 p.m., until the next regularly scheduled meeting on May 19, 2014.

Respectfully submitted,

Karen L. Phillips, Recording
Secretary