

## REGULAR MEETING AGENDA

Del Norte Local Agency Formation Commission  
Board of Supervisors Chambers  
981 H Street, Suite 100, Crescent City, CA 95531  
March 27, 2017 4:00 pm

1. Call to Order/Roll Call
  - Pledge of Allegiance
  - Welcome new regular County Member Bob Berkowitz and alternate County Member Lori Cowan
  - Certificate of Appreciation for former County Member Gerry Hemmingsen
2. Closed Session
  - Public Comment on Closed Session items only
  - Conference with Legal Counsel- Existing litigation pursuant to Government Code § 54956.9(d)(1) *Bertsch-Ocean View Community Services District v. Del Norte LAFCo et. al* CVPT 16-1124
3. Public Hearings
  - A. FY 2017-18 Proposed Budget (ATTACHMENT 3A)
4. Regular Business
  - A. Approval of January 23, 2017 Draft Minutes (ATTACHMENT 4A)
  - B. Budget Transfer Request (ATTACHMENT 4B)
  - C. Klamath Fire Protection District Update
5. Inquiries, Correspondence, Application Status and Referrals
  - A. Staff - The Executive Officer will provide a report of current projects, issues of interest, and pending legislation.
    - Crescent City and Smith River CSD MSR Updates Initiated
    - CSDA Sponsored Legislation to Promote Special District Representation on LAFCo.
  - B. 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).
  - C. 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.
6. Adjournment

**DEL NORTE  
LOCAL AGENCY FORMATION COMMISSION**  
1125 16<sup>th</sup> Street, Suite 202  
Arcata, California 95521  
TEL (707) 825-9301 FAX (707)825-9181  
eo@delnortelafco.org

**AGENDA ITEM 3A**

**MEETING DATE:** March 27, 2017  
**TO:** Del Norte Local Agency Formation Commission  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** FY 2017-2018 Proposed Budget

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**RECOMMENDATION**

The following procedures are recommended with respect to the Commission's consideration of this item:

- Receive verbal report from staff;
- Open the public hearing and invite testimony; and
- Discuss item and - if appropriate - close the hearing and consider action on recommendation:
  - 1) Approve the proposed budget for fiscal year 2017-18, as provided in Attachment A, and
  - 2) Direct the Executive Officer to distribute the proposed budget to the City of Crescent City and the County, and schedule the final budget for a public hearing at the Commission's May meeting.

**BACKGROUND**

Local Agency Formation Commissions (LAFCo) are responsible under State law for annually adopting a proposed budget by May 1st and a final budget by June 15th. State law specifies the proposed and final budgets shall - at a minimum - be equal to the budget adopted for the previous fiscal year unless LAFCo finds the reduced costs will nevertheless allow the agency to fulfill its prescribed regulatory and planning duties.

**DISCUSSION**

*LAFCo Funding Sources:*

Del Norte LAFCo's annual operating expenses are principally funded through appropriations from the County and City of Crescent City, in addition to application fees and interest earnings. Each fiscal year, after the Commission adopts the final budget, the County Auditor apportions the net operating expenses in the following manner: the County pays 1/2 of the net operating costs; and the City of Crescent City pays 1/2 of the net operating costs. Statutory authority provides mechanisms for the County Auditor to collect the amounts apportioned.

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*Proposed Operating Expenses:*

The proposed operating expenses reflect the anticipated staffing services for day-to-day operations and for conducting municipal service reviews and sphere of influence updates. The proposed FY 2017-18 operating expenses are similar to the FY 2016-17 budget (prior to the amendment). The following adjustments were made in the proposed FY 2017-18 from last year's budget.

- CALAFCO membership rates increased.
- Printing/postage and advertising/publications budgets remain the same.
- MSR/SOI preparation and application processing amounts remain the same based on the number of MSRs and SOIs scheduled for the coming year and the applications processed over the last several years.
- Professional Executive Officer/Administrative services costs remain the same.
- Legal Counsel budget increased due to pending issues.
- The public member stipend remained the same, up to 8 meetings at \$40.00 per meeting.

*Proposed Operating Revenues:*

The available fund balance was used to reduce City and County FY 2016-17 contributions. Because the fund balance was used last year, operating revenues from City and County would increase this year.

**ATTACHMENTS**

FY 2017-18 Proposed Budget

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DEL NORTE LAFCo  
 FY 2017-18 PROPOSED BUDGET

		FY 2016-17	FY 2016-17 Amended	FY 2017-18 Proposed
<b>Account</b>	<b>EXPENDITURES</b>			
<b>Line #</b>	<b>SERVICES &amp; SUPPLIES</b>			
20150	Insurance	\$2,100.00	\$2,100.00	\$2,100.00
20200	CALAFCO Membership	\$840.00	\$840.00	\$898.00
20221	Printing/ Postage	\$100.00	\$100.00	\$100.00
20230	Professional Services			
	MSR/SOI Preparation	\$24,500.00	\$22,405.00	\$24,500.00
	Application Processing	\$10,000.00	\$10,000.00	\$10,000.00
20231	Prof. Serv. Executive Officer/ Admin.	\$47,500.00	\$45,500.00	\$47,500.00
20232	Prof. Serv. Legal Counsel	\$1,500.00	\$1,500.00	\$2,000.00
20240	Advertising/Publications	\$400.00	\$400.00	\$400.00
	Conferences (CALAFCO when funds available)	\$0.00	\$0.00	\$0.00
70530	Interfund-Cost Plan	\$1,759.00	\$1,598.00	\$1,759.00
20233	Public Member Stipend (up to 8 mtgs @ \$40/mtg)	\$320.00	\$320.00	\$320.00
	<b>TOTAL EXPENDITURES</b>	<b>\$89,019.00</b>	<b>\$84,763.00</b>	<b>\$89,577.00</b>
	<b>REVENUES</b>			
91125	Project Revenue (Application Deposit)*	\$10,000.00	\$10,000.00	\$10,000.00
90300	Interest	\$10.00	\$10.00	\$11.00
90780	Del Norte County	\$35,092.42	\$35,092.00	\$39,783.00
90781	City of Crescent City	\$35,092.42	\$35,092.00	\$39,783.00
07100	Funds from Account #42801007100	\$8,824.16	\$4,569.00	\$0.00
	<b>TOTAL REVENUES</b>	<b>\$89,019.00</b>	<b>\$84,763.00</b>	<b>\$89,577.00</b>

\*Deposit paid by applicants to cover application processing. Projected amount for auditor use in issuing payment for expense claims.

**REGULAR MEETING MINUTES**

**Del Norte Local Agency Formation Commission  
January 23, 2017 4:00 pm**

**Members present:** Blake Inscore (Vice-Chair), Roger Gitlin (Chairman), Jason Greenough, Sparky Countess

**Alternate Member present:** Darrin Short

**Members absent:** Gerry Hemmingsen

**Others present:** Executive Officer George Williamson, County Counsel Elizabeth Cable, and Nicole Burshem, PS Business Services, David Vandermark

1. Call to Order/Roll Call meeting was called to order at 4:00 p.m.

Pledge of Allegiance Commissioner Inscore led the pledge of allegiance Welcome new regular City Member Jason Greenough and alternate City member Darrin Short.

The Pledge of Allegiance was conducted by Alternate Chair Blake Inscore. Roll Call was conducted by Nicole Burshem. Mr. Williamson welcomed new regular City Member Jason Grennough and alternate City member Darrin Short.

Election of Chair and Vice-chair for 2017 the election will be one city member and one county member. Alternate Chairman Inscore opened nomination for Chair. Commissioner Countess nominated Commissioner Gitlin for Chair.

On a motion by Commissioner Countess, seconded by Commissioner Greenough, and unanimously carried on a polled vote the Del Norte Local Agency Formation Commission Board of Commissioners elected Commissioner Roger Gitlin as Commission Chair for 2017.

Chairman Gitlin opened nomination for Vice-Chair. Commissioner Greenough nominated Commissioner Blake Inscore for Vice-Chair.

On a motion by Commissioner Greenough, seconded by Commissioner Countess, and unanimously carried on a polled vote the Del Norte Local Agency Formation Commission elected Commissioner Blake Inscore as Commission Vice-Chair for 2017.

Certificate of Appreciation for former City Council member and Commissioner Kathryn Murray. Mr. Williamson reported Kathryn Murray was invited to accept a Certificate of Appreciation and was not able to attend the meeting. The certificate is to show LAFCO's appreciation for Ms. Murray's services to the Commission as a City Member, including her service as Vice-Chair. Mr. Williamson recommended Chairman Gitlin sign the Certificate. Chairman Gitlin asked Commissioner Inscore if he could get the certificate to Ms. Murray. Commissioner Inscore responded that he would get it to Ms. Murray.

2. Closed Session

Public Comment on Closed Session items only

The following person(s) addressed the Commission: none

Conference with Legal Counsel- Existing litigation pursuant to Government Code § 54956.9(d)(1) *Bertsch-Ocean View Community Services District v. Del Norte LAFCo et. al* CVPT 16-1124 closed session at Chairman Gitlin closed opened session and immediately reconvened in closed session at 4:07 p.m. Chairman Gitlin returned to open session at 4:20 p.m.

Legal Counsel Elizabeth Cable reported there were no reportable action out of closed session.

3. Public Hearings

None

4. Regular Business

A. Approval of October 24, 2016 Draft Minutes (ATTACHMENT 4A)

On a motion by Commissioner Inscore, seconded by Commissioner Countess, and unanimously carried on a polled vote with Commissioner Greenough abstained, the Del Norte Local Agency Formation Commission board of Commissioners approved the minutes from October 24, 2016, as presented.

B. MSR/SOI Update Compliance Work Plan for 2017

Discussion was held in regards to Work Plan for 2017. Mr. Williamson reported this line item is informational only. Mr. Williamson reported LAFCO will be proceeding with updating the review for City of Crescent City. LAFCO will also be looking at updating several Special District reviews. LAFCO will also be updating the Healthcare District and Library District reviews. Mr. Williamson reported part of LAFCO's charge is the periodic MSR/SOI Updates. The MSR/SOI Update Compliance Work Program informs the Commission of scheduling for the five year cycle. Commissioner Countess asked if Board Member Thomas is still part of the Smith River Service District. Mr. Williamson responded that he was not sure, but he will give them a call. Chairman Gitlin asked if personnel will be updated too. Mr. Williamson responded that personnel will be reviewed too.

C. Meeting Dates for 2017

Discussion was held in regards to meeting dates. Mr. Williamson reported LAFCO will have a meeting every other month in the year 2017 to help reduce budget expenses. Chairman Gitlin asked if six meetings would be sufficient enough to cover all business. Mr.

Williamson responded that he thinks that they will work and we can always have a special meeting for extra business if needed.

On a motion by Commissioner Countess, seconded by Commissioner Greenough, and unanimously carried on a polled vote, the Del Norte Local Agency Formation Commission Board of Commissioners approved the Meeting Dates for 2017, as presented.

D. FY 2016-17 Mid-Year Budget Review

Discussion was held in regards to FY 2016-17 Midyear Budget Review. Mr. Williamson reported this item is just informational and to file away. Mr. Williamson reported there was a final budget of \$89,000 at the beginning of the year. LAFCO reduced that by \$5,000 based on actual Fund Balance. LAFCO reduced primarily through professional services and staffing. At this point all revenues received. LAFCO has only spent \$32,000 and the MSR/SOI balance will increase in the second half of the year. Mr. Williamson reported the insurance is paid and Commission is under budget for mid-year.

E. CALAFCO Quarterly Reports

Discussion was held in regards to Quarterly Reports. Mr. Williamson reported there is quite a bit of information that came out of the 2016 Conference. The Commission can log on to get an electronic copy of the quarterly report. There is good information in the report and they are keeping current on their statewide issues. They just updated the CALAFCO website. Mr. Williamson reported he provided copies of the quarterly report and the Sphere magazine.

5. Inquiries, Correspondence, Application Status and Referrals

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

Mr. Williamson reported CSDA and CALAFCO made a proposal to help better facilitate participation and representation and LAFCOs. This Commissioner does not have California Special District association. The legislation is trying to find a couple of sponsors that would be willing to streamline Special Districts to the Commission. Mr. Williamson reported there would be two Special District public members in addition to the two County, Two City, and the public members if Special Districts participated. Mr. Williamson was asked to advise Senator McGuire of the proposal and see if he wishes to be a Co-Sponsor for Special Districts. Commissioner Inscore asked if this legislation goes through would the Special Districts roll-in under our process and would they be voting member/permanent. Mr. Williamson responded the Special District members would be permanent.

Commissioner Gitlin asked if there would be a separate report on Klamath. Mr. Williamson reported he had requested to attend the Klamath Fire District Board scheduled meeting. Mr. Williamson wanted to hear an update on recruiting and other members, but the meeting was canceled. Commissioner Gitlin asked in regards to the status of CALFIRE and the Klamath area. Mr. Williamson responded he is getting mixed messages from CALFIRE. Mr. Williamson reported there was a big fire in manila and Patrick's Point CALFIRE covered it, but then later found out the Klamath Engine backfilled. Commissioner Gitlin asked to agendize this issue for the March meeting for a fact-finding update. Chairman Gitlin is concerned if this isn't taking care of, it will become a safety issue. Commissioner Short reported he did hear CALFIRE is responding to Klamath area and their station is open. Chairman Gitlin was encouraged by that news.

B. 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 following Commissioners reported on the following: none

C. 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

6. Adjournment

There being no further business to come before the Commission, the Vice-Chairman adjourned the meeting at 4:43 p.m. until the next regularly scheduled meeting on March 27, 2017 at 4:00 p.m.

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George Williamson, Executive Officer



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**AGENDA ITEM 4B**

**MEETING DATE:** March 27, 2017  
**TO:** Del Norte Local Agency Formation Commission  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** Budget Transfer Request

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**DISCUSSION**

LAFCo policy is full cost recovery for application processing activities, which includes application review, analysis, noticing, report preparation, and legal counsel services. Del Norte LAFCo approval of the City water services extension for Elk Valley Rancheria's Martin Ranch (APN 115-020-28) and Ocean Way Motel (APN 115-020-20) properties has been challenged in court by the Bertsch-Ocean View Community Services District. Under the application terms, the City of Crescent City, as applicant has indemnified Del Norte LAFCo and this includes paying legal costs to defend the LAFCo action. The litigation expenses, incurred by Del Norte County Counsel since the suit was filed are attached (Attachment 1).

To cover the costs already incurred and anticipated additional expenses, including preparing for and participating in a scheduled April 3, 2017 court hearing, an additional deposit was requested. The City issued payment for this in February 2017. The attached budget transfer request reclassifies additional revenue and expenses to reflect actual costs to allow the County Auditor to issue payment (Attachment 2). The overall budget will not change.

**ATTACHMENTS**

- 1 - Accounting and Additional Deposit for Litigation related to City of Crescent City Water Service Extension to Elk Valley Rancheria Properties
- 2 - Budget Transfer Request Transmittal to County Auditor

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**DATE:** December 31, 2016  
**TO:** City Manager David VanDermark, City of Crescent City  
 377 J Street, Crescent City, CA 95531  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** Del Norte LAFCo Accounting and Additional Deposit for Litigation related to City of Crescent City Water Service Extension to Elk Valley Rancheria Properties

Del Norte LAFCo approval of the City water services extension for Elk Valley Rancheria's Martin Ranch (APN 115-020-28) and Ocean Way Motel (APN 115-020-20) properties has been challenged in court by the Bertsch-Ocean View Community Services District.

Under the application terms, the City of Crescent City, as applicant has indemnified Del Norte LAFCo and this includes paying legal costs to defend the LAFCo action. The litigation expenses, incurred by Del Norte County Counsel, since the suit was filed are listed below:

Litigation Expense	Cost
April-May-June 2016 Del Norte County Counsel Invoice	\$ 2,620.83
July-August-September 2016 Del Norte County Counsel Invoice	\$ 844.94
October-November-December 2016 Del Norte County Counsel Invoice	\$ 2,811.11
Postage Costs Del Norte County Counsel	\$ 281.67
<b>TOTAL</b>	<b>\$6,558.55</b>
<b>Additional Deposit Requested</b>	<b>\$2,500.00</b>
<b>TOTAL DEPOSIT</b>	<b>\$9,058.55</b>

Additional costs are anticipated, including preparing for and participating in a scheduled April 3, 2017 court hearing. To cover the costs detailed above (\$6,558.55) and anticipated additional expenses (\$2,500.00), a total deposit of \$9,058.55 is requested. If actual costs exceed this amount, an additional payment will be required; any unexpended funds will be returned.

Please submit a check for this amount to Del Norte LAFCo, 1125 16<sup>th</sup> Street, Suite 202, Arcata, CA 95521.

Should you have any questions, please contact me at (707)825-9301 or [eo@delnortelafco.org](mailto:eo@delnortelafco.org).

Attachments: Del Norte County Counsel Invoices (on file at Del Norte LAFCo)

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**TRANSMITTAL**

**DATE:** March 27, 2017  
**TO:** Del Norte County Auditor's Office  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** Budget Transfer Request - Del Norte LAFCo

**TRANSMITTAL ITEM**

1. Del Norte County Budget Transfer Request

**JUSTIFICATIONS:**

- 1) Del Norte LAFCo policy is full cost recovery for application processing activities which includes application review, analysis, noticing, report preparation, and legal counsel services. Deposit fees are collected with initial application submittal and costs are tracked through completion.

Del Norte LAFCo approval of the City water services extension for Elk Valley Rancheria's Martin Ranch (APN 115-020-28) and Ocean Way Motel (APN 115-020-20) properties has been challenged in court by the Bertsch-Ocean View Community Services District. Under the application terms, the City of Crescent City, as applicant has indemnified Del Norte LAFCo and this includes paying legal costs to defend the LAFCo action.

To cover the costs already incurred and anticipated additional expenses including preparing for and participating in a scheduled April 3, 2017 court hearing, an additional deposit was requested; and the City issued payment for this in February 2017. The attached budget transfer request is to increase Professional Services - Legal Counsel expenditures by \$9,055.00 (Account 428-429-20232) and increase City of Crescent City revenues by \$9,055.00 (Account 428-429-90781).

- 2) This budget transfer accounts for additional revenue and expenses to reflect actual costs and does not increase the overall budget. Sufficient balance exists to finance transfer.
- 3) The request cannot be delayed to next budget year because the services were provided this fiscal year.

## Del Norte LAFCo Budget Transfer Request

Department Name	Fund	Dept.	Line Item	Description	Budget Transfer Amount(s)	
					Reduce Expenditures or Increase Revenue	Increase Expenditures or Reduce Revenue
Del Norte LAFCo	428	429	20232	Professional Services - Legal Counsel		\$ 9,055
Del Norte LAFCo	428	429	90781	City of Crescent City	\$ 9,055	
<b>Total Amounts</b>					<b>\$ 9,055</b>	<b>\$ 9,055</b>

Department complete and send to Auitor's Office for transfer number before sending to CAO. Round amounts up to whole dollars.

Department Justification - Include cover letter that addresses the following: 1) Reason for request; 2) Why sufficient balances exist to finance transfer; 3) Why request can't be delayed to next budget year.

\_\_\_\_\_  
 Department Head Signature March 27 2017  
Date

Auditor's Office: Sufficient balances exist per above (Under \$100 Auditor's Office approves)  _____ Deputy Auditor-Controller <span style="margin-left: 100px;">Date</span>  TR No. _____ Budget Revision No. _____ _____ Includes Revenue Appropriation _____ Requires 4/5ths Vote	County Administrative Officer: (Under \$1000 - CAO approves) Recommendation: <span style="float: right;">Approve _____</span> <span style="float: right;">Deny _____</span> <span style="float: right;">Submit for Board approval _____</span>  _____ County Administrative Officer <span style="float: right;">Date</span>
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Passed by Del Norte LAFCo on: March 27, 2017

Ayes:  
 Noes:  
 Absent:  
 Attest: Executive Officer

By: \_\_\_\_\_ Chairperson  
Del Norte LAFCo