

SAN BENITO LOCAL AGENCY FORMATION COMMISSION

REGULAR MEETING AGENDA

Thursday, April 27, 2017

Board of Supervisors Chambers
481 Fourth Street, Hollister CA

6:00 P.M.

1. Call to Order and Roll Call
2. Recitation of the Pledge of Allegiance
3. Public Comment Period - This is an opportunity for members of the public to speak on items that are not on the agenda

CONSENT AGENDA

4. Approval of minutes, March 23, 2017.

BUSINESS ITEMS – PUBLIC-HEARING ITEM

5. Adoption of Proposed Fiscal Year 2017-2018 Budget

BUSINESS ITEMS – NON-HEARING ITEM

6. Study Session on the Hollister Urban Area and the relationship to Out of Agency Service Extensions such as the delivery of sewer and water service outside City and Special District Boundaries. Representatives from the City of Hollister, the County, the Sunnyslope County Water District and the San Benito County Water District are invited.

BOUNDARY CHANGE PROPOSALS

None.

INFORMATIONAL

7. Commissioner Announcements and Requests for Future Agenda Items
8. Executive Officer report on pending legislation of interest to LAFCO
9. Executive Officer oral status report on pending proposals
10. Adjourn to regular meeting at 6:00 PM on May 25, 2017, unless meeting time is changed based on Commission action or cancelled by Chair

Disclosure of Campaign Contributions – LAFCO Commissioners are disqualified and are not able to participate in proceedings involving an “entitlement for use” if, within the 12 months preceding the LAFCO decision, the Commissioner received more than \$250 in campaign

contributions from the applicant, an agent of the applicant or an financially interested person who actively supports or opposes the LAFCO decision on this matter.

Those who have made such contributions are required to disclose that fact for the official record of the proceedings. Disclosures must include the amount of the contribution and the recipient Commissioner and may be made either in writing to the Executive Officer of the Commission prior to the hearing or by an oral declaration at the time of the hearing.

The foregoing requirements are set forth in the Political Reform Act of 1974, specifically in Government Code section 84308.

Disability Accommodations - Persons with a disability who require any disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting are asked to contact the LAFCO office at least three (3) days prior to the meeting by telephone at 831/637-5313 or by email at cgraves@cosb.us.

CONSENT AGENDA

4. Approval of Minutes, March 23, 2017

SAN BENITO LOCAL AGENCY FORMATION COMMISSION MINUTES OF MEETING

March 23, 2017

Board of Supervisors Chambers - Hollister, CA

1. Vice-Chair Bettencourt called the meeting to order at approximately 6:03 p.m. Present were Vice-Chair Bettencourt, and Commissioners Velazquez, West, Botelho, and De La Cruz, LAFCO Executive Officer Bill Nicholson, and Shirley Murphy, Counsel. Alternate Commissioner Rivas was not present.
2. The Pledge of Allegiance was recited.
3. Public Comment Period.

During this Public Comment period, Mr. Alex Sywak spoke to an issue with the process to receive an out-of-agency extension of sewer service to his property on Hillcrest Road. Vice-Chair Bettencourt indicated this item is not on this evening's agenda and, as such, the Commission cannot take any action.

Commissioner De La Cruz moved to place Mr. Sywak's request on the next LAFCO Commission Meeting Agenda. Commissioner West seconded the motion.

Ayes: De La Cruz, Bettencourt, Velazquez, Botelho, West
Noes: None
Abstain: None

BUSINESS ITEMS – NON-HEARING ITEMS

4. **Appointment of Regular and Alternate LAFCO Commission Public Members:**

Vice-Chair Bettencourt was the only regular member applicant.

Commissioner De La Cruz moved to approve Vice-Chair Bettencourt as the regular LAFCO Commission public member. Commissioner West seconded the motion.

Ayes: De La Cruz, Velazquez, Botelho, West
Noes: None
Abstain: Vice-Chair Bettencourt

Ms. Roberta Daniel was the only alternate member applicant.

Commissioner De La Cruz moved to approve Ms. Daniel as the alternate LAFCO Commission public member. Commissioner West seconded the motion.

Ayes: De La Cruz, Velazquez, Botelho, West
Noes: None
Abstain: Vice-Chair Bettencourt

5. Change in Meeting Date and Time:

Effective June 2017, the LAFCO Commission meetings will convene on the second Thursday of each month.

Commissioner Botelho moved to approve the new LAFCO Commission meeting schedule. Commissioner West seconded the motion.

Ayes: Bettencourt, De La Cruz, Velazquez, Botelho, West
Noes: None
Abstain: None

6. Discussion of upcoming budget for Fiscal Year 2017-2018:

This discussion highlighted the importance of staying within the historical LAFCO realm of costs. Due to staffing limitations, Executive Officer Nicholson offered the option of clerical support from his wife, similar to former contract management with the previous LAFCO Executive Officer.

In addition, the resolution of all out-of-agency service extension issues should continue to remain a top priority in the budget.

SELECTION OF OFFICERS

7. Open nominations and conduct election for Chair for calendar year 2017:

Commissioner Botelho moved to approve Vice-Chair Bettencourt for Chair. Commissioner Velazquez seconded the motion.

Ayes: Bettencourt, De La Cruz, Velazquez, Botelho, West
Noes: None
Abstain: None

8. Open nominations and conduct election for Vice-Chair for calendar year 2017:

Commissioner De La Cruz moved to approve Ignacio Velazquez for Vice-Chair. Commissioner West seconded the motion.

Ayes: De La Cruz, Velazquez, Bettencourt, West, Botelho
Noes: None
Abstain: None

CONSENT AGENDA

9. Approval of Minutes for August 25, 2016 meeting.

Vice-Chair Velazquez and Commissioners West and De La Cruz recused themselves from the vote, as they were not present at the August 25, 2016 meeting.

Ayes: Bettencourt, Botelho
Noes: None
Abstain: Velazquez, West, and De La Cruz

APPROVED BOUNDARY CHANGE PROPOSALS

10. LAFCO 514 – Rustic Street Annexation to the City of Hollister:

No action taken.

INFORMATIONAL

11. Commissioner Announcements and Requests for Future Agenda Items

Commissioner Botelho discussed the fact that he wants to include an out-of-agency service study session as an item on the next LAFCO Commission meeting agenda. The City of Hollister, San Benito County, the Sunnyslope County Water District, and the San Benito County Water District should all be invited.

Commissioner West brought to the Commission's attention the fact that the City of San Juan Bautista had a problem with their wells.

Commissioner De La Cruz would like to invite the special districts to sit in on the LAFCO Commission meetings for September or October of 2017, and include this as an agenda item for the next meeting.

12. Executive Officer Oral Status Report on Pending Proposals

Executive Officer Nicholson reported that a new annexation has been filed by the City of Hollister referred to as "Allendale".

Mr. Nicholson also reported that file no. 507 involving the Sunnyside Estates out-of-agency sewer service extension from Hollister was incomplete when he came into employment with LAFCO. After consulting with County Counsel's office, it has been determined that this project had already been approved by the County and, due to previous correspondence, no further action is needed by LAFCO.

Finally, Mr. Nicholson mentioned a pending annexation is being proposed by Hollister called "Roberts Ranch".

There were no further announcements or discussion items.

13. ADJOURNMENT

Upon motion by Botelho, with a second by Velazquez, the meeting adjourned at 7:45 PM until the next regular meeting scheduled for May 25, 2017, unless canceled by the Chair or a special meeting is called.

Final Minutes Approved by the Commission
on _____

By _____
Chair

BUSINESS ITEMS – PUBLIC-HEARING ITEM

5. Adoption of Proposed Fiscal Year 2017-2018 Budget

LOCAL AGENCY FORMATION COMMISSION
SAN BENITO COUNTY

2301 Technology Parkway
Hollister, CA 95023
Phone: (831) 637-5313

April 27, 2017 (Agenda)

Local Agency Formation Commission
2301 Technology Parkway
Hollister CA 95023

Proposed LAFCO Budget for FY 2017-18
(Agenda Item 5)

Dear Members of the Commission:

RECOMMENDATION

It is recommended the Commission:

1. Review the Proposed Budget for Fiscal Year 2017-18, accept all public testimony and approve the Proposed Budget with any desired modifications.
2. Direct the staff to distribute the Proposed Budget to cities, special districts and the County as required by Government Code Section 56381.
3. Return to the Commission with a Final Budget for consideration at the May 25, 2017 Public Hearing, scheduled at 6:00 pm.

DISCUSSION

Attached to this Report is a summary of the Proposed Budget for Fiscal Year 2017-2018 "Explanation of Accounts" which also identifies the appropriations and expenditures experienced to date in the current 2016-17 Fiscal Year. As a short summary, as of the beginning of April, the Commission had expended \$70,560 of the full year's budget of \$134,362 (representing 52.5%). However, we may receive billing before the end of the Fiscal Year in some of the expenditure accounts, so this balance will be reduced by the end of June, as is detailed in the "Appropriations" summary presented later in this Executive Officer's Report.

There are several changes in the Proposed Budget from the current fiscal year which would increase requested appropriations by a total of \$15,132. The Consultant support costs in Account No. 619.222 would increase in the amount of \$7,200 for administrative support costs to be provided through the Executive Officer's contract, and there is a

proposed increase in the "Contingency Reserves" Account No. 999.999 in the amount of \$10,000 to enlarge the reserve to \$30,000 in case of emergencies or unforeseen expenses. However, the reimbursement for mileage in Account No. 619.200 would be reduced by \$2,166 partially offsetting the increases. The Commission may wish to make further modifications based on a review the Draft Budget attached

Introduction to Budget Process

LAFCO is an independent commission established by the legislature to carry out specific duties. It is responsible for adopting its own budget to fulfill the purposes described in the Cortese/Knox/Hertzberg Act. The law does not require approval of the budget by the County, the cities or any other local agencies

Government Code Section 56381(a) governs the preparation of the LAFCO budget. It reads as follows:

The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15.

At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter.

The commission shall transmit its proposed and final budgets to the board of supervisors, to each city, and to each independent special district.

Appropriations

The Proposed Budget is \$149,494 which is a \$15,132 increase from the current year budget. There may be opportunities to decrease the Budget after further investigation, because some budgeted accounts have much lower annual expenditures, or may no longer be needed. For example, the \$7,825 in funds for Professional Services provided by the County Public Works Division for review of maps and legal descriptions may be covered by a separate fee charged to applicants. In another example, the amount budgeted in Account No. 619.704 (Retiree medical expenses) could probably be reduced by \$10,000 as annual expenditures over the past couple years have been below \$9,000. Finally, several accounts were not billed individually, and based on year-end accounting adjustments, there may be expenses which will be identified (such as postage, legal notices, mileage, and billing for the County GIS services.

As mentioned earlier, the proposed budget increases are for Executive Officer services by providing additional administrative staff support in the amount of \$7,200 (assuming 10

hours per month at a billable rate of \$60 per hour) in Account No. 619.222). These services were anticipated to be provided by the County Resource Management Agency or County Clerk's Office, but due to staff reductions, the Executive Officer is performing many clerk and clerical tasks cutting into limited time available for processing applications. Assuming the Commission supports this increase, a modification to the Consultant Contract with William Nicholson, (owner of William R. Nicholson Consulting) would be presented with the final budget increasing the total contract amount and referencing the additional contract position.

The other increase is proposed for enlarging the Reserve and Contingencies in Account No. 999.999 by \$10,000 resulting in a more reasonable contingency amount of \$30,000 for unforeseen expenses. Most LAFCOs maintain such accounts, either by a set dollar amount or as a percentage of the total budget. Last year, the Commission increased this account from \$10,000 to \$20,000. Because LAFCO depends on funding from the County and the Cities of Hollister and San Juan Bautista, should additional funds be required during the fiscal year, it is difficult to reach out the these entities for funding mid-year.

Appropriations that are not expended during one fiscal year become part of the Available Fund Balance to finance the following fiscal year budget, and reduce the amount requested to be paid by the County and Cities.

Revenues

Contributions from the County and cities represent the great majority of LAFCO revenue. In addition the Commission receives fees for processing boundary changes and modifying spheres of influence. In the current fiscal year revenues of \$55,323 have been received as of April 4th, and are anticipated to total \$65,000 or more for the entire fiscal year.

Conclusion

In consideration of this information, it is recommended the Proposed Budget be approved for distribution to local agencies as required by Government Code Section 56381 and that a public hearing on the Final Budget be scheduled for the regularly scheduled Commission meeting on May 25, 2017.

Sincerely,



BILL NICHOLSON
Executive Officer

- Enclosure

SAN BENITO LOCAL AGENCY FORMATION COMMISSION

Proposed Budget for Fiscal Year 2017-18

Explanation of Accounts

Object Code No.	Description	FY 2016-17 Adopted	As of 4/3/17	FY 2017-18 Proposed	Change
619.166	CALAFCO Membership	800	840	898	98
	Membership dues are not increasing this year.				
619.172	Service & Supplies: Postage	1,320	0	1,320	0
	Keeping account the same based on anticipated application activity.				
619.174	Service & Supplies: Office Supplies & Copies	3,200	164	3,200	0
	Keeping account the same based on anticipated application activity.				
619.180	Services & Supplies: Legal Notice	750	0	750	0
	Keeping account the same based on anticipated application activity.				
619.194	Training - Registration	1,000	0	1,000	0
619.196	Travel - Lodging	1,520	0	1,520	0
	Executive Officer and possible Commissioner attendance at CALAFCO Conference – To be held in San Diego in October 2017 and Marin in April 2018.				
619.198	Training & Education - Meals	565	0	565	0
	Corresponding meal reimbursement for conference attendance.				
619.200	Travel – Mileage	5,166	0	3,000	(2,166)
	For attending conferences and special meetings.				
619.210	Legal Counsel Services	10,000	0	10,000	0
	Legal services are provided by County Counsel and Outside Counsel.				
619.222	LAFCO Consultant Services	50,400	60,794	57,600	7,200
	Executive Officer services at same hours and pay = \$50,400. Increase in Administrative Support at 10 hours/month at billable rate of \$60/hr. = \$7,200. EPS Fiscal Study contract was completed at a total of \$30,545 in 2016-17 FY expenditures.				
619.226	Prof. Services: Public Works (Map/Legal review)	7,825	0	7,825	0

San Benito Local Agency Formation Commission
Proposed Budget for Fiscal Year 2017-18
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<u>Object Code No.</u>	<u>Description</u>	<u>FY 2016-17 Adopted</u>	<u>As of 4/3/17</u>	<u>FY 2017-18 Proposed</u>	<u>Change</u>
619.252	County GIS Contribution	9,000	0	9,000	0
	The Commission participates in the County GIS Program. The amount is provided by the County as the LAFCO share of annual Basic Maintenance Expense.				
619.101	Cost Allocation Plan	2,816	1,840	2,816	0
	County overhead for Auditor/Administration and related functions.				
645.704	Retire – Medical Insurance	20,000	6,822	20,000	0
	Medical insurance costs for former Executive Officer settlement.				
999.999	Contingency Reserve	20,000	0	30,000	10,000
	Contingency Reserve - recommended increase by \$10,000 for next year in effort to maintain adequate reserve for emergencies/unanticipated costs. Funds only spent with prior Commission authorization.				
	Totals	134,362	70,560	149,494	+15,132

BUSINESS ITEMS – NON- HEARING ITEM

6. Study Session on the Hollister Urban Area and the relationship to Out of Agency Service Extensions such as the delivery of sewer and water service outside City and Special District Boundaries. Representatives from the City of Hollister, the County, the Sunnyslope County Water District, and the San Benito County Water District are invited.

LOCAL AGENCY FORMATION COMMISSION
SAN BENITO COUNTY

2301 Technology Parkway
Hollister, CA 95023
Phone: (831) 637-5313

DATE: April 27, 2017 (Agenda)

TO: San Benito LAFCO Commissioners

FROM: ^{BN} Bill Nicholson, Executive Officer

RE: Study Session on the Hollister Urban Area and the relationship to Out of Agency Service Extensions (Agenda Item 6)

At the March 23, 2017 Commission meeting, at the request of Commissioner Botelho, and with concurrence from the Commission, a Study Session has been set for the regularly scheduled Commission Meeting of April 27, 2017, to discuss the Hollister Urban Area, its relationship to LAFCO approval for the extension of urban sewer and water services outside the City limits of Hollister or the boundary of the Sunnyslope County Water District, and various related urban service and groundwater protection issues.

Representatives from the City of Hollister (Bill Avera, City Manager), Sunnyslope County Water District (Don Ridenhour, General Manager), the San Benito County Water District (Jeff Cattaneo, General Manager), and the County (several including James Walgren, Interim RMA Director) have all been invited to attend, and may participate in a presentation.

In addition to the history and purpose behind the establishment of the Hollister Urban Area (HUA), the discussion will include its relationship to the City and County General Plans, the Sphere of Influence established by LAFCO for the City and Sunnyslope County Water District, and the alternatives to the extension of sewer service outside the City with actual annexation of the development project into the City.

If any Commissioners have questions about this study session in advance of this meeting, please feel free to contact me.

cc: Barbara Thompson, LAFCO Counsel

BOUNDARY CHANGE PROPOSALS

NONE

INFORMATIONAL

7. Commissioner Announcements and Requests for Future Agenda Items.

8. Executive Officer report on pending legislation of interest to LAFCO.

9. Executive Officer oral status report on pending proposals.

10. Adjourn to regular meeting at 6:00 p.m. on May 25, 2017, unless meeting time is changed based on Commission action or cancelled by Chair.