

DRAFT #2

LASSEN  
LOCAL AGENCY FORMATION COMMISSION  
(LAFCo)

LASSEN-MODOC COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT

MUNICIPAL SERVICE REVIEW (MSR)

AND

SPHERE OF INFLUENCE (SOI) UPDATE

PUBLIC REVIEW DRAFT #2

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TABLE OF CONTENTS

**11 INTRODUCTION . . . . . 1**

1.1 Local Agency Formation Commission (LAFCo) History . . . . . 1

1.2 Preparation of the MSR and SOI . . . . . 2

1.3 Role and Responsibility of LAFCo . . . . . 2

1.4 Municipal Services Review Requirements . . . . . 3

1.5 Municipal Services Review Process . . . . . 4

1.6 Sphere Of Influence Update Process . . . . . 4

1.7 Possible Approaches to the Sphere of Influence . . . . . 6

1.8 Description of Public Participation Process . . . . . 7

**2 MODOC AND LASSEN AREA BACKGROUND . . . . . 8**

2.1 Modoc County Overview . . . . . 8

2.2 Lassen County Overview . . . . . 8

2.3 Population Data . . . . . 8

**3 DISTRICT BACKGROUND . . . . . 10**

3.1 District Subject to LAFCo’s Jurisdiction . . . . . 10

3.2 Formation of Lassen-Modoc County Flood Control and Water  
Conservation District . . . . . 10

3.3 Governance and Board of Directors . . . . . 13

3.4 Budget . . . . . 15

3.5 Services and Infrastructure . . . . . 17

3.6 Governance Structure Options . . . . . 17

**4 MUNICIPAL SERVICE REVIEW . . . . . 20**

**5 SPHERE OF INFLUENCE . . . . . 23**

MAPS . . . . . 25

ABBREVIATIONS . . . . . 27

DEFINITIONS . . . . . 27

REFERENCES . . . . . 28

PREPARERS . . . . . 27

## 1 INTRODUCTION

### 1.1 Local Agency Formation Commission (LAFCo) History

This report is prepared pursuant to State legislation enacted in 2000 that requires Lassen LAFCo to complete a comprehensive review of municipal service delivery and update the spheres of influence (SOIs) of all agencies under LAFCo's jurisdiction. This chapter provides an overview of LAFCo's history, powers and responsibilities. It discusses the origins and legal requirements for preparation of a Service Review commonly referred to as a Municipal Service Review (MSR). Finally, the chapter reviews the process for MSR review, MSR approval and SOI updates.

After World War II, California experienced dramatic growth in population and economic development. With this boom came a demand for housing, jobs and public services. To accommodate this demand, many new local government agencies were formed, often with little forethought as to the ultimate governance structures within a given region. A lack of coordination and adequate planning led to a multitude of overlapping, inefficient jurisdictional and service area boundaries, many of which resulted in the premature conversion of California's agricultural and open-space lands and duplication of services.

Recognizing this problem, in 1959, Governor Edmund G. Brown, Sr. appointed the Commission on Metropolitan Area Problems. The Commission's charge was to study and make recommendations on the "misuse of land resources" and the growing complexity of local governmental jurisdictions. The Commission's recommendations on local governmental reorganization were introduced in the Legislature in 1963 resulting in the creation of a Local Agency Formation Commission, or "LAFCo," operating in every county.

LAFCo was formed as a countywide agency to discourage urban sprawl and to encourage the orderly formation and development of local government agencies within its jurisdiction. LAFCo is responsible for coordinating logical and timely changes in local governmental boundaries; including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers and dissolutions of districts, as well as reviewing ways to reorganize, simplify, and streamline governmental structure.

The Commission's efforts are focused on ensuring services are provided efficiently and economically while agricultural and open-space lands are protected or conserved to the extent possible. To better inform itself and the in compliance with the State Law; LAFCo conducts MSR's to evaluate the provision of municipal services for service providers within its jurisdiction.

LAFCo regulates, through approval, denial, conditions and modification, boundary changes proposed by public agencies or individual voters and landowners. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCo is empowered to initiate updates to the SOIs and proposals involving the dissolution, consolidation or formation of special districts, establishment of subsidiary

districts, and any reorganization including such actions. Where LAFCo is not given specific authority, LAFCo actions must originate as petitions from affected voters or landowners, or by resolutions by affected cities or special districts.

A Plan for Services is required in Government Code Section 56653. A Plan for Services must include the following information: An enumeration and description of services to be provided, the level and range of those services, an indication of how those services are to be extended into the territory, an indication of any improvements or upgrading of structures, Information on how the services are to be financed.

## 1.2 Preparation of the MSR

Research for this Municipal Service Review (MSR) was conducted during 2017 and 2018

This MSR is intended to support preparation and update of Spheres of Influence, in accordance with the provisions of the Cortese-Knox-Hertzberg Act. The objectives of this Municipal Service Review (MSR) are as follows:

- ✓ To develop recommendations that will promote more efficient and higher quality service options and patterns
- ✓ To identify areas for service improvement
- ✓ To assess the adequacy of service provision as it relates to determination of appropriate sphere boundaries

While LAFCO prepared the MSR document, given budgetary constraints, LAFCO did not engage the services of experts in engineering, hydrology, geology, water quality, fire protection, accounting or other specialists in related fields, but relied upon published reports and available information. Insofar there is conflicting or inconclusive information LAFCo staff may recommend the district retain a licensed professional or expert in a particular field for an opinion.

Therefore, this MSR reflects LAFCo's recommendations, based on available information during the research period and provided by District staff to assist in its determinations related to promoting more efficient and higher quality service patterns; identifying areas for service improvement; and assessing the adequacy of service provision by the Lassen Modoc County Flood Control and Water Conservation District. Additional information on local government funding issues is found in Appendix A at the end of this report.

## 1.3 Role and Responsibility of LAFCo

Local Agency Formation Commissions (LAFCos) in California are independent agencies created by the California Legislature in 1963 for the purpose of encouraging the orderly formation of local government agencies and conserving and preserving natural resources. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) is the statutory authority for the preparation of an MSR, and periodic updates of the Sphere of Influence (SOI) of each local agency.

LAFCos are responsible for coordinating logical and timely changes in local governmental boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structure, preparing a review of services called a MSR, and preparing a SOI thereby determining the future “probable” boundary for each city and special district within each county.

The Commission's efforts are directed toward seeing that services are provided efficiently and economically while agricultural and open-space lands are protected. Often citizens are confused as to what LAFCo's role is. LAFCos do not have enforcement authority nor do they have the authority to initiate a city or district annexation or detachment proceeding. LAFCos may initiate consolidation or dissolution proceedings; however, these proceedings are subject to the voter approval or denial.

The Legislature has given LAFCos the authority to modify any proposal before it to ensure the protection of agricultural and open space resources, discourage urban sprawl and promote orderly boundaries and the provision of adequate services.

The Governor's Office of Planning and Research (OPR) has issued Guidelines for the preparation of a MSR. This MSR adheres to the procedures set forth in OPR's MSR Guidelines.

A SOI is a plan for the probable physical boundaries and service area of a local agency, as determined by the affected Local Agency Formation Commission (Government Code §56076). Government Code §56425(f) requires that each SOI be updated not less than every five years, and §56430 provides that a MSR shall be conducted in advance of the SOI update.

#### 1.4 Municipal Services Review Requirements

Effective January 1, 2001 and subsequently amended, LAFCo is required to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following six topics (Government Code §56430):

1. Growth and population projections for the affected area
2. The location and characteristics of any disadvantaged unincorporated communities (DUC) within or contiguous to the sphere of influence
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 opportunities for shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies

## 1.5 Municipal Services Review Process

For local agencies, the MSR process involves the following steps:

- Outreach: LAFCo outreach and explanation of the project
- Data Discovery: provide documents and respond to LAFCo questions
- Map
- Review: review and comment on LAFCo draft map of the agency's boundary and sphere of influence
- Profile Review: internal review and comment on LAFCo draft profile of the agency
- Public Review Draft MSR: review and comment on LAFCo draft MSR
- LAFCo Hearing: attend and provide public comments on MSR

MSRs are exempt from California Environmental Quality Act (CEQA) pursuant to §15262 (feasibility or planning studies) or §15306 (information collection) of the CEQA Guidelines. LAFCo's actions to adopt MSR determinations are not considered "projects" subject to CEQA. The MSR process does not require LAFCo to initiate changes of organization based on service review findings, only that LAFCo identify potential government structure options.

However, LAFCo, other local agencies, and the public may subsequently use the determinations to analyze prospective changes of organization or reorganization or to establish or amend SOIs. Within its legal authorization, LAFCo may act with respect to a recommended change of organization or reorganization on its own initiative (e.g., certain types of consolidations), or in response to a proposal (i.e., initiated by resolution or petition by landowners or registered voters).

Once LAFCo has adopted the MSR determinations, it must update the SOI for each jurisdiction. The LAFCo Commission determines and adopts the spheres of influence for each agency. LAFCo makes a CEQA determination on a case-by-case basis for each sphere of influence action and each change of organization, once the proposed project characteristics are sufficiently identified to assess environmental impacts.

## 1.6 Sphere Of Influence Update Process

The Commission is charged with developing and updating the Sphere of Influence (SOI) for each city and special district within the county.<sup>1</sup>

An SOI is a LAFCo-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of

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<sup>1</sup> The initial statutory mandate, in 1971, imposed for no deadline for completing sphere designations. When most LAFCos failed to act, 1984 legislation required all LAFCos to establish spheres of influence by 1985.

organized community services and prevent duplication of service delivery. LAFCo cannot annex Territory to a city or district unless it is within that agency's sphere.

The purposes of the SOI include the following:

- to ensure the efficient provision of services
- to discourage urban sprawl and premature conversion of agricultural and open space lands
- to prevent overlapping jurisdictions and duplication of services

LAFCo may not directly regulate land use, dictate internal operations or administration of any local agency, or set rates. LAFCo is empowered to enact policies that indirectly affect land use decisions. On a regional level, LAFCo promotes logical and orderly development of communities as it considers and decides individual proposals. LAFCo has a role in reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of current and future area residents and property owners.

The Cortese-Knox-Hertzberg (CKH) Act requires LAFCos to develop and determine the SOI of each local governmental agency within its jurisdiction and to review and update the SOI every five years, as necessary. LAFCos are empowered to adopt, update and amend an SOI. They may do so with or without an application. Any interested person may submit an application proposing an SOI amendment.

While SOIs are required to be updated every five years, as necessary, this does not necessarily define the planning horizon of the SOI. Each LAFCo determines the term or horizon of the SOI.

LAFCo may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. In determining the SOI, LAFCo is required to complete an MSR and adopt the six determinations previously discussed. In addition, in adopting or amending an SOI, LAFCo must make the following five determinations as required in Government Code section 56425(c):

1. Present and planned land uses in the area, including agricultural and open-space lands
2. Present and probable need for public facilities and services in the area
3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide
4. Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services

of any disadvantaged unincorporated communities within the existing sphere of influence.<sup>2</sup>

The CKH Act stipulates several procedural requirements in updating SOIs. It requires cities to file written statements on the class of services to be provided and LAFCo must clearly establish the location, nature and extent of services provided by special districts.

By statute, LAFCo must notify affected agencies 21 days before holding the public hearing to consider the SOI and may not update the SOI until after that hearing. The LAFCo Executive Officer must issue a report including recommendations on the SOI amendments and updates under consideration at least five days before the public hearing.

### 1.7 Possible Approaches to the Sphere of Influence

LAFCo may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. Based on review of the guidelines of Lassen LAFCo as well as other LAFCos in the State, various conceptual approaches have been identified from which to choose in designating an SOI. These seven approaches are explained below:

1) Coterminous Sphere:

A Coterminous Sphere means that the Sphere of Influence for a city or special district that is the same as its existing boundaries of the city or district.

2) Annexable Sphere:

A sphere larger than the agency's boundaries identifies areas the agency is expected to annex. The annexable area is outside the district boundaries and inside the sphere of influence.

3) Detachable Sphere:

A sphere that is smaller than the agency's boundaries identifies areas the agency is expected to detach. The detachable area is the area within the agency bounds but not within its sphere of influence.

4) Zero Sphere:

A zero sphere indicates the affected agency's public service functions should be reassigned to another agency and the agency should be dissolved or combined with one or more other agencies.

5) Consolidated Sphere:

A consolidated sphere includes two or more local agencies and indicates the agencies should be consolidated into one agency.

6) Limited Service Sphere:

A limited service sphere is the territory included within the SOI of a multi-service provider agency that is also within the boundary of a limited purpose district which provides the same service (e.g., fire protection), but not all needed services. Territory designated as a

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<sup>2</sup> California Government Code Section 56425 (e)(5)



limited service SOI may be considered for annexation to the limited purpose agency without detachment from the multi-service provider.

This type of SOI is generally adopted when the following conditions exist:

- a) The limited service provider is providing adequate, cost effective and efficient services
- b) The multi-service agency is the most logical provider of the other services
- c) There is no feasible or logical SOI alternative
- d) Inclusion of the territory is in the best interests of local government organization and structure in the area

Government Code §56001 specifically recognizes that in rural areas it may be appropriate to establish limited purpose agencies to serve an area rather than a single service provider, if multiple limited purpose agencies are better able to provide efficient services to an area rather than one service district.

Moreover, Government Code Section §56425(i), governing sphere determinations, also authorizes a sphere for less than all of the services provided by a district by requiring a district affected by a sphere action to “establish the nature, location, and extent of any functions of classes of services provided by existing district’s recognizing that more than one district may serve an area and that a given district may provide less than its full range of services in an area.

## 1.8 Description of Public Participation Process

The LAFCo proceedings are subject to the provisions of California’s open meeting law, the Ralph M. Brown Act (Government Code Sections 54950 et seq.). The Brown Act requires advance posting of meeting agendas and contains various other provisions designed to ensure that the public has adequate access to information regarding the proceedings of public boards and commissions. Lassen LAFCo complies with the requirements of the Brown Act.

The State MSR Guidelines provide that all LAFCos should encourage and provide multiple public participation opportunities in the MSR process.

## 2 MODOC AND LASSEN AREA BACKGROUND

### 2.1 Modoc County Overview

A large portion of Modoc County is Federal land. Several federal agencies, including the United State Forest Service, Bureau of Land Management, National Park Service, Bureau of Indian Affairs and the US Fish and Wildlife Service, have employees assigned to the area, and their operations are a significant part of the area's economy and services. National protected areas in Modoc County include the following:

Clear Lake National Wildlife Refuge  
Bureau of Lake Management, Applegate Field Office, Alturas, CA  
Lava Beds National Monument (part)  
Modoc National Forest (part)  
Shasta Trinity National Forest (part)  
Modoc National Wildlife Refuge (part)  
Tule Lake National Wildlife Refuge (part)  
Tule Lake Unit, World War II Valor in the Pacific National Monument (part)

### 2.2 Lassen County Overview

Lassen County is a farming, mining and lumber area; however, its economy now depends primarily on employment at two state prisons and one federal prison (the former two in Susanville and the latter in Herlong). In 2007, half the adults in Susanville worked in one of the facilities. National protected areas in Lassen County include the following:

Lassen National Forest (part)                      Lassen Volcanic National Park (part)  
Modoc National Forest (part)                      Plumas National Forest (part)  
Toiyabe National Forest (part)  
Bureau of Land Management, Eagle Lake Field Office, Susanville, CA

### 2.3 Population Data

The following population data shows that Lassen County has a larger population than Modoc County but both counties are declining in population while the State of California is increasing in population.

#### Population Growth or Decline<sup>3</sup>

	Modoc County	Lassen County	State of California
Population estimates base, April 1, 2010	9,686	34,895	37,254,522

<sup>3</sup> US Census Bureau,  
<https://www.census.gov/quickfacts/fact/table/lassencountycalifornia,CA,modoccountycalifornia/PST045216>, October 6, 2017.

Population estimates, July 1, 2016	8,795	30,870	39,250,017
Population, percent change – April 1, 2010 to July 1, 2016	-9.2%	-11.5%	5.4%

The following table shows Median Household Income for Modoc and Lassen counties and for the State of California. The Median Household Income for Modoc County is lower than 80% of the State Median Household Income (\$49,454). The Median Household Income for Lassen County is slightly above this amount.

	Income and Poverty <sup>4</sup>		
	Modoc County	Lassen County	State of California
Median Household Income (in 2015 dollars), 2011-2015	\$37,860	\$51,555	\$61,818
Per capita income in past 12 months (in 2015 dollars), 2011-2015	\$21,001	\$19,274	\$30,318
Persons in poverty, percent	20.3%	17.1%	14.3%

The following table shows that the percentage of older people is increasing faster in Modoc and Lassen counties than in the State of California. This could have implications for demands on local government and municipal services.

	Age Group Trends		
	Modoc County	Lassen County	State of California
Persons under 5 years, percent, April 1, 2010	5.6%	4.7%	6.8%
Persons under 5 years, percent, July 1, 2016	4.6%	4.9%	6.3%
Trend	-1.0%	+0.2%	-0.5%
Persons under 18 years, percent, April 1, 2010	21.9%	18.0%	25.0%
Persons under 18 years, percent, July 1, 2016	19.6%	17.4%	23.2%
Trend	-2.3%	-0.6%	-1.8%
Persons 65 years and over, percent, April 1, 2010	19.7%	10.0%	11.4%
Persons 65 years and over, percent, July 1, 2016	24.3%	13.5%	13.6%
Trend	+4.6%	+3.5%	+2.2%

<sup>4</sup> US Census Bureau,  
<https://www.census.gov/quickfacts/fact/table/lassencountycalifornia,CA,modocountycalifornia/PST045216>, October 6, 2017.

### 3 DISTRICT BACKGROUND

#### 3.1 District Subject to LAFCo's Jurisdiction.

Section 56036 of the Cortese Knox Hertzberg Act (CKH) sets forth the definition of a "district or special district". It provides that a district is "an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries." It then, however, provides three lists of agencies included in sections 56036(b), 53036.5(a) and 56036.6(a) & (b) which the Legislature has chosen to exempt from all or part of LAFCo proceedings.

Section (b) of 56036 sets forth a list of agencies that are completely exempt from LAFCo control. These include school districts, Mello-Roos districts, air pollution control districts and other agencies. None listed are similar to the flood control/water conservation district at issue here.

Section 56036.5(a) sets forth a list of agencies that are expressly considered special districts but which are then exempted from LAFCo conducting authority proceedings (protest proceedings) pursuant to Parts 4 and 5 of the CKH. These include highway and transit districts, metropolitan water districts and several other districts.

Section 56036.6(a) uses similar language to (56036.5(a) and sets forth a list of agencies that are expressly considered special districts but which are then exempted from LAFCo conducting authority proceedings (protest proceedings) pursuant to Parts 4 and 5 of CKH if the Commission determines they are not districts pursuant to §§56127 and 56128. The list here includes flood control and water conservation districts, flood control districts, and flood control and floodwater conservation districts.

Section (b) of 56036.6 applies to districts such as the Lassen-Modoc County Flood Control and Water Conservation District since it was formed as a "Flood Control and Water Conservation District" and its functions appear are similar to those of flood control and water conservation district. Consequently, the Lassen-Modoc County Flood Control and Water Conservation District is subject to LAFCo's jurisdiction for approval of annexations and changes of organization (CKH Part 3 proceedings). The only issue is whether they are subject to LAFCo and CKH Part 4 provisions with respect to protest proceedings and the effect of changes of organization set forth in Part 5. That depends on whether the Commission determines that the agency is exempt pursuant to 56127 and 56128.

Gov. Code Section 56127 provides that an agency listed in Section 56036.6 may apply to LAFCo for a determination that is exempt from LAFCo's control of protest proceedings. Such application must be made by resolution of the legislative body adopted prior to any application for a change of organization. §56128 then sets forth the criteria for the Commission's making such determination. It says that the Commission shall find such an agency exempt unless it provides certain services. Those services include being a retail provider of water, wastewater treatment, solid waste, police or fire services, and highway maintenance or operation.

The Lassen-Modoc Flood Control and Water Conservation District does not provide retail water to end users, or any of the other services listed in §56128. Therefore, if an

application were made by the District, the Commission would probably be required to find that the District is exempt from LAFCo and CKH protest procedures.

The District has never made such an application to LAFCo. Therefore unless and until the agency does make such application, it is subject to LAFCo's jurisdiction for all proceedings. Therefore, it is appropriate for LAFCo to prepare an MSR and Sphere plan for the District.

### 3.2 Formation of the Lassen-Modoc County Flood Control and Water Conservation District

The Lassen-Modoc County Flood Control and Water Conservation District (LMCFCWCD) was formed in 1959 by the California Legislature by special as Chapter 2127 Statutes of 1959 entitled the Lassen-Modoc County Flood Control and Water Conservation District Act and is found in the Water Code Appendix at Chapter 92. The District was activated by Resolution 966 by the Board of Supervisors of Lassen County on July 19, 1960. The purpose of the Act was as follows:

An act to create a flood control district to be called Lassen-Modoc County Flood Control and Water Conservation District;

to provide for the control and conservation of flood and storm waters and the protection of watercourses, watersheds, public highways, life and property from damage or destruction from such waters;

to provide for the acquisition, retention and reclaiming of drainage, storm, flood, and other waters and to save, conserve, and distribute such waters for beneficial use in said district;

to authorize the development and sale of electric power;

to authorize the incurring of indebtedness, the issuance and sale of bonds, and the levying and collection of taxes and assessments on property within the district and in the respective zones thereof;

to define the powers of said district;

to provide for the government, management, and operation of said district;

and for the acquisition and construction of property and works to carry out the purposes of the district. (Stats. 1959, c. 2127. P. 5009.)

Section 92-3 (l) authorizes the District to " establish and fix the boundaries of zones in the district as provided in this act...." Zone projects within zones are for the special benefit of the zone. In this case there is one zone (2A), which is active and used for groundwater management for properties within the zone. There is no additional information regarding the purpose of these zones other than for groundwater monitoring stated in the minutes from the zone advisory committee.

Regarding zones, section 92-5 of the District Act authorizes the District Board of Directors by resolution to establish and amend Zones within either incorporated or unincorporated areas but not including incorporated and unincorporated areas together same zone and institute zone projects by resolution for the special benefit of properties within a zone or multiple zones upon conclusion of a public hearing meeting the requirements stated in Section 92-6 of the District Act.

In 1965, the Board of Directors of the District established within the Lassen-Modoc County Flood Control and Water Conservation District.<sup>5</sup> There is no specific stated purpose for Zone 2 in its enabling Resolution 1428. However, in 1994, the Board of Directors of the District established Zone No. 2-A overlying Zone 2 for groundwater management including the exploration of the feasibility of replenishing, augmenting, and preventing interference with or depletion of the subterranean supply of waters used or useful or of common benefit to the lands within the zone. Resolution 1994-15 resolves “that the metes and bounds description of existing Zone 2, within said district is amended as set forth in Exhibit A hereof establishing Zone 2-A” While unclearly written, It appears the original metes and bounds description was amended and a revised metes and bounds description was established to describe Zone 2-A. Further confusing the status of Zones 2 and Zones 2-A is the language in Board of Director’s resolution 1994-54 states the following “WHEREAS, the Board of Directors of said District has heretofore by Resolution No 94-15 adopted on February 8, 1994 established Zone 2-A with boundaries coterminous with revised Zone 2 within said district...” The metes and bounds descriptions for Zones 2 and 2-A are not identical as well as there is no language repealing Zone 2 in favor of Zone 2-A. Both zones straddle the Modoc-Lassen County line in the Big Valley area.

At the time of the District’s formation, the two counties hoped to construct the Allen Camp Reservoir.<sup>6</sup> Zone 2 (as previously described) of the LMCFCWCD was created so as to provide a suitable entity to contract for project water. The Allen Camp Unit was to consist of the Allen Camp Dam on the Pit River, Hillside Canal stretching 25 miles to the east, and Pilot Canal branching off Hillside to the southeast. However, the concluding report from 1981 determined that the project was infeasible and was subsequently cancelled.<sup>7</sup>

The District is empowered to provide a wide variety of services; however, at present the only service provided is management of Zone 2A, which was formed to conduct groundwater monitoring of use and depth of wells in the Big Valley Basin. The groundwater monitoring is to be conducted by contract biannually and meters are replaced as needed. There are approximately 85 meters in use. While the District has been attempting to reinstate its services, the District has expended less than \$300 in each in fiscal years 15-16 and 16-17. In April 2017, the District signed a contract with a service provider, with the hopes that the groundwater monitoring activities would be resumed. Under this contract the District shall provide the contractor with tools and equipment to perform the groundwater management services. The District is obligated to also provide the groundwater metering devices. Specifically the contractor shall measure and record groundwater heights from selected wells in the spring and fall, as necessary and replace water-measuring devices in the selected wells notwithstanding

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<sup>5</sup> Lassen-Modoc County Flood Control and Water Conservation District, Resolution No. 1428, April 13, 1965.

<sup>6</sup> Modoc LAFCo, Lassen LAFCo, Executive Officer, John Benoit, October 6, 2017.

<sup>7</sup> Reclamation: Managing Water in the West. 2008, p. 517.

accessibility or weather conditions. Other than Groundwater monitoring in Zone 2A the district provides no other services. In FY 17-18 the district spent \$2,661 for groundwater monitoring.

The District discussed the possibility of becoming the Groundwater Sustainability Agency (GSA) for the Big Valley Basin in February 2016; however, the Board chose not to pursue this effort. It would appear a GSA could be formed without it being under the umbrella of the LMCFCWD in either county. In many communities, the county and (or) irrigation districts jointly manage the GSA or in some cases a countywide county water district performs this function.

### 3.3 Governance and Board of Directors

LMCFCWCD consists of all of the territory of the County of Lassen and the area of Modoc County situated within the drainage area of the Pit River.

The {Lassen} County Clerk, Assessor, Tax Collector, Auditor, Treasurer and District Attorney and their assistants, deputies, clerks and employees shall serve as ex officio employees of the district (Section 92-11) unless the District otherwise appoints any such employees as provided for in Section 92-3(k). These employees are not paid to provide district services.

On July 18, 1960, the Board of Supervisors of Lassen County appointed themselves as the Board of Directors of the Lassen-Modoc County Flood Control and Water Conservation District.<sup>8</sup> The composition of the District's board had been updated in the 1959 special legislation to be composed of the members of the Lassen and Modoc Board of Supervisors who have territory within the district. (The Pit River Watershed)<sup>9</sup> Originally there were nine Supervisors from the two counties that were members on the Board. Today, there are 10 supervisors, because the boundary of the Surprise Valley Supervisorial district was changed to include area within the Pit River Watershed. As a result, Lassen County Board of Supervisors may no longer constitute a majority of the LMCFCWCD Board of Directors.

Prior to February 23, 2016, the District had not met for 1.5 years. In 2016, it was recommended that the Board of Directors for the District set up a regular meeting schedule to occur on the third Tuesday of June and third Tuesday of September at the Adin Community building, 609 Main Street, Adin California, at 1:30 P.M. Meetings do not appear to be keeping with this regular schedule. The seven most recent meetings of the Board of the LMCFCWCD were special meetings as follows:

1. February 23, 2016:

The Board appointed a new Chair, discuss the possibility of forming a Groundwater Sustainability Area under the Sustainable Groundwater Management Act (SMGA) as well as to form a committee to develop rules and procedures for the LMCFCWCD. Upon conclusion of a public hearing the District Directors adopted a budget for FY 2015-16 in the amount of \$30,000.

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<sup>8</sup> Lassen County Board of Supervisors, Resolution No. 966, July 18, 1960.

<sup>9</sup> Lassen-Modoc County Flood Control and Water Conservation District Act Section 92-9.

2. June 24, 2016

The Board approved Resolution 2016-02 thereby adopting Rules of Procedure and adopted a recommended budget for FY 2016-2017.

3. September 27, 2016:<sup>10</sup>

The Board approved the minutes of June 24, 2016; adopted amended rules of procedure; and adopted the final budget in the amount of \$51,900 for FY 2016-2017.

4. April 25, 2017:<sup>11</sup>

The Board selected a new chair and approved the minutes of September 27, 2016; and approved a contract with Bryan Hutchinson for groundwater measuring and meter replacement services up to \$25,000.

5. July 25, 2017

Agenda included recommended budget for FY 17-18.

6. October 10, 2017

Agenda included a final budget for FY 17-18. The final FY 17-18 Budget was approved in the amount of \$51,900.00.

7. June 26, 2018

This agenda included adoption of a FY 2018-2019 recommended budget in the amount of \$51,900.00. Upon discussion with the Chair of the LMVFC&WCD and the Diane Wemple, the Lassen County Auditor, the final Budget was adopted by on June 26, 2018.<sup>12</sup>

The need for all supervisors (10) from the two counties to get together to manage the District makes it difficult to have regular meetings. Changes to the composition of the Board would be challenging given that the make-up of the governing body is determined by the District's special enabling legislation. A change in Board composition would require either a change in the special legislation by the State Legislature, perhaps enabling the Supervisors to nominate someone to represent them in their place, or a complete reorganization of the District into an alternative service structure, such as a county service area or county water district, which are authorized to provide the services currently provided by LMCFCWCD.

As a result of challenges in meeting quorum at meetings, LMCFCWCD faced public concerns about approval of actions without a quorum in 2013 and 2014. This concern was not substantiated; however, in 2016, the Board recognized in its rules of procedure that a quorum of its body is six members notwithstanding special circumstances where

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<sup>10</sup> Lassen-Modoc County Flood Control and Water Conservation District, Meeting Agenda, September 27, 2016.

<sup>11</sup> Lassen-Modoc County Flood Control and Water Conservation District, Meeting Agenda, April 25, 2017.

<sup>12</sup> Pers Comm Diane Wemple, Lassen Co Auditor and Kathie Rhoads, Chair Aug 14, 2018



more than six members are required to vote in the affirmative. Since 2014 all meetings have been conducted in compliance with all laws and statutes.

### 3.4 Budget

While the district has adopted annual budgets for the past three years, given the lack of regular meetings, LMCFCWCD had failed to approve budgets prior to September 1st for Fiscal Year 15-16 and 16-17 and 17-18) However, the final budget for fiscal year 2018-2019 was adopted on June 26, 2018 and was adopted in a timely manner, being prior to September 1<sup>st</sup>. The following table indicates actual expenditures for FYs 15-16, 16-17, and 17-18, and the adopted budget for FY 18-19. The District failed to spend even a fraction of the allocated budget in FYs 16-17 and 17-18, expending a total of \$229 on office expenses, legal notices, and utilities in 2016-2017 and \$2,661 in FY 2017-2018. The same budget of \$51,900 was proposed for FY 17-18.

Lassen/Modoc Flood Control and Water Conservation District Fiscal Year 2018-2019 Budget <sup>13</sup>				
Account Name	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Final Budget
Salaries/Benefits				
Services/Supplies	242	229	2,661	51,900
Other charges				
Fixed Assets				
Contingency				
<b>TOTAL EXPENDITURES</b>	<b>242</b>	<b>229</b>	<b>2,661</b>	<b>51,900</b>
Revenues Available	10,932	10,931	11,206	11,285
Fund Balance	122,182	132,871	144,846	153,500
<b>TOTAL RESOURCES AVAILABLE</b>	<b>133,114</b>	<b>143,802</b>	<b>156,092</b>	<b>164,785</b>
NET FUND BALANCE	132,872	143,573	153,431	112,855

Of the \$51,900 budgeted for FY 16-17, FY 17-18 and FY 18-19, 9.6 percent (\$5,000) was allocated to meter reading, installation and maintenance, 1.2 percent (\$600) was allocated to office expenses, 15.4 percent (\$8,000) was allocated to professional and specialized services (COPS Irrigation), 0.6 percent (\$300) was for publications and legal notices, and 73.2 percent (\$38,000) was for meter replacement. Revenues to the District have been entirely from property tax disbursements, and totaled \$11,246 in FY 17-18. The Fund Balance (actuals) has been increasing due to revenue exceeding expenditures. As of July 1, 2018 actual fund balance was \$153,431, which is a fund balance, increase from the previous two years. In FY 16-17, the District expended a total of \$229 on office expenses, legal notices, and utilities compared to \$2,661 for the same purpose during FY 2017-2018. The same budget of \$51,900 was proposed for both FY 17-18 and adopted for FY 2018-2019.

<sup>13</sup> Lassen Modoc Flood Control District Agenda June 26, 2018

Note in FY 2013-0014 the district spent \$18,495.73 and in FY 2014-2015 the district had spent \$16,550.12. For both years, expenditures were for pumping, miscellaneous repairs and irrigation supplies and for secretarial services for the two active zones including zones 2 and 2A. After FY 2014-2015 the district no longer had those expenses.

As for property tax revenues, Modoc County’s AB-8 allocation factor is 0.00858694% and Modoc County taxes generated were \$900 or 10.9% of the property taxes generated in FY 2017-2018 whereas Lassen County’s AB-8 allocation factor is 0.00041207 and Lassen County contributed \$8,915.20 or 89.10% of the property taxes generated. This discrepancy is in part because the LMCFC&WCD encompasses the entire Lassen County whereas only a portion of Modoc County is within its boundary. In 1996 there was a dispute between Modoc and Lassen Counties regarding the distribution of taxes from Modoc County to Lassen County per correspondence dated January 22, 1996 February 7, 1006 between the Lassen County Auditor and the Lassen County Counsel, which was resolved.

The Lassen County Auditor manages LMCFCWCD finances, and as such all expenses for the District are processed by the department. LMCFCWCD is included as a part of the Lassen County Financial Statement. A separate audit is not conducted for the District. The following information is included in the Lassen County Basic Financial Statements for the year ending June 30, 2017:<sup>14</sup>

County of Lassen Notes to the Basic Financial Statements June 30, 2017 <sup>15</sup>	
Note 9-Fund Balances A detailed schedule of fund balances at June 30, 2017 was as follows:	
	Non-Major Governmental
Lassen-Modoc Flood Control	\$144,505

County of Lassen Combining Balance Sheet Non-Major Governmental Funds June 30, 2017 <sup>16</sup>	
	Lassen-Modoc Flood Fund
Assets	\$144,505
Liabilities	-
Fund Balance (Deficit)	\$144,505
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$144,505

The funds shown above are available to the Lassen-Modoc County Flood Control and Water Conservation District for the purposes of the District as stated in the law forming the District. The District’s reported assets do not appear to include the meters that have

<sup>14</sup> Lassen County, <http://www.lassencounty.org/sites/default/files/departments/auditor/2015-16%20Lassen%20Financial%20Statement.pdf>, October 31, 2017.

<sup>15</sup> Lassen County, Independent Auditor’s Report, prepared by Price Paige & Company, 677 Scott Avenue, Clovis, CA 93612, [www.ppcpas.com](http://www.ppcpas.com), Page 62.

<sup>16</sup> Lassen County, Independent Auditor’s Report, prepared by Price Paige & Company, 677 Scott Avenue, Clovis, CA 93612, [www.ppcpas.com](http://www.ppcpas.com), Page 106.

been installed at various locations. It is recommended that the District include capital assets in its financial reports.

### 3.5 Services and Infrastructure

The LMCFCWCD provides limited services, compared to what it is enabled to provide, comprised of monitoring of the groundwater use. The District has approximately 85 meters scattered around the Big Valley Basin in both Lassen and Modoc counties.

The intent is for the meters be read twice a year; however, it appears that this did not occur in FYs 15-16, 16-17 and 17-18, as the expenses in those year were not sufficient to cover personnel time necessary to read the meters. The District approved a contract with Bryan Hutchinson in April 2017 for groundwater measuring and meter replacement services. The contract is through November 30, 2019. The District is to provide all tools and equipment necessary to perform the groundwater measuring and replacement of the metering devices.

The District owns the 85 meters that are in place. The District has had a particular challenge keeping the meters in operation, as they need to be replaced every 1.5 to 2 years. The District has not conducted any form of capital improvement planning to plan for meter replacement over multiple years.

### 3.6 Governance Structure Options

The governance structure options available to LMCFCWCD are limited. As identified, all 10 County Supervisors acting as the governing body for the District is inefficient and constrains the uninterrupted operations of the District, as the Board meets irregularly, which limits staff guidance and makes it unable to approve a timely budget to direct District efforts. Continuing operations as LMCFCWCD would require that the Board meet on a regular basis and the board members make a sustained effort to attend meetings in order to have quorum to conduct business. A change in representation on the Board would require a change to the special legislation forming the District by the State Legislature, which could be a time consuming task.

Another option is dissolving the District and forming a single agency or two agencies (one in each county) to take over its services, if determined necessary. Dissolving LMCFCWCD would have to be conducted pursuant to its enabling act in Chapter 92 Section 8 as follows:

Upon the petition of 200 qualified electors of the District, the District may be dissolved in the manner provided for the dissolution of districts by Article 10 (commencing at Section 58300) of Chapter 1 of Title 6 of the Government Code {This section no longer exists}, except for the number of petitioners required, and the District shall be considered a district within the meaning of all the provisions of such article.

This LMCFCWCD was formed prior to the enactment of the LAFCo Act in 1963 and the District Reorganization Act in 1965. It appears proceedings for dissolution may be initiated by petition or by resolution of the governing body of an affected local agency. The Commission may initiate by resolution of application proposal for the dissolution an

affected agency upon conclusion of a special study prepared pursuant to Government Code 56378 (Special Study), 56425 (Sphere of Influence) or 56430 (Municipal Service Review). LAFCo initiated dissolutions also necessitate the adoption of a special determination pertaining to public service costs and the promotion of public access and financial accountability (Gov. Code 56881).

Whether or not a successor agency is needed is based on a determination of the activities of the district. If a successor agency is needed, the form in which the successor agency(ies) would take is dependent on the plans for future services. Based on LMCFCWCD's existing services, the successor must be empowered by its principal act in a general manner to monitor groundwater. Other forms of districts that are empowered to provide groundwater related services include county service areas, county water districts, resource conservation districts, flood control districts, and groundwater management districts. Formation of a single multi-county district with different representation would enable continued joint planning and operations. Splitting the District into two separate agencies for each of the counties would allow for ease of governance by the associated Board of Supervisors should a county service area be the preferred governance structure.

Another option is requesting that an existing agency take over LMCFCWCD's operations. Based on a cursory review, options may include the Pit Resource Conservation District, the Big Valley Flood Control District, or the Surprise Valley Groundwater Management District, (of which the latter 2 are inactive or have little capacity) or the formation of a groundwater management district or area located solely in the Zone 2 and 2A territory. Recommendation of any such option would require a review of the respective district its current operations and level of services. It should be noted that groundwater management districts are not under the jurisdiction of LAFCo. Another alternative is the landowners within the Zones 2 and 2A territory take over groundwater management for their area, or the LMCFCWCD divest itself of the two zones as it has done with several other zones within past years and make a determination the zones are no longer needed. A Joint Powers Authority (JPA) between the two counties could also be used as a vehicle to provide the specific groundwater management service currently provided within the zones.

Prior to consideration of any change in organization or any changes in district services the district needs to conduct a public meeting to hear any concerns the landowners and residents of the area may have. As long as the LMCFCWCD is subject to LAFCo's Jurisdiction a request for permission to provide new and different services (latent powers) is subject to LAFCo and the District meeting the requirements in the CKH.

The Governor signed AB 1739 and SB 1168 and were chaptered on September 16, 2014. The legislative intent of the bills was to "recognize and preserve and authority of cities and counties to manage groundwater pursuant to their police power."

The legislation, known as the "Sustainable Groundwater Management Act" sets forth a series of requirements for sustainable water supplies. In Counties with high and medium priority designated basins to which the Act applies were given the opportunity to play an active role in the development of the local governance structure in their counties and a series of timelines were imposed upon those counties. As Big Valley in Lassen and Modoc Counties is a medium priority water basin it is appropriate this groundwater function of the LMCFCWCD be given to the Groundwater Sustainable Area (GSA's are

not subject to LAFCo's Jurisdiction). As such Modoc and Lassen Counties could perform Groundwater monitoring in Zone 2A as well as in other portions of the groundwater basin under the umbrella of the GSA and not the LMCFCWCD.

#### 4 MUNICIPAL SERVICE REVIEW

The following determinations are recommended for the Lassen-Modoc County Flood Control and Water Conservation District:

##### 4.1 Growth and population projections for the affected area<sup>17</sup>

MSR 1-1) the population of both Modoc County and Lassen County is declining.

MSR 1-2) Population levels are not expected to return to 2010 levels for some time.

##### 4.2 The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence<sup>18</sup>

MSR 2-1) A determination on DUCs is not required because the Lassen-Modoc Flood Control and Water Conservation District does not provide domestic water, sewer or fire protection services.

##### 4.3 Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence<sup>19</sup>

MSR 3-1) The Lassen-Modoc County Flood Control and Water Conservation District (LMCFCWCD) operates and maintains approximately 85 groundwater meters. The District does not have a formalized list of its meters and locations. It is recommended that the District compile a list of its assets for its Board and the public.

MSR 3-2) The District has a particular challenge in ensuring the meters continue operation, as they require replacement every 1.5 to 2 years. It is unclear what the operational conditions of the meters are at this time.

MSR 3-3) The District has not conducted multi-year capital improvement planning to assess financing needs. It is recommended that the District compile a capital plan to ensure sufficient financing over the long term.

MSR 3-4) The capacity of the District is defined by its governing body, as the Board meets irregularly, which limits staff guidance and makes it unable to approve a timely budget to direct District efforts. Should the District wish to pursue continued services, then the Board will have to ensure regular meetings occur and best management practices for a special district governing body are in place.

MSR 3-5) The District has made efforts to establish services again after two years, as indicated by the Board meeting more frequently, the District formalized a contract for services with a private contractor, and the sizeable budget to reinstate operations. It is yet to be determined if these efforts have come to any fulfillment.

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<sup>17</sup> California Government Code Section 56430. (a) (1)

<sup>18</sup> California Government Code Section 56430. (a) (2)

<sup>19</sup> California Government Code Section 56430. (a)(3).

MSR 3-6) Until the last two years the district has not been maintaining adequate records and is evidenced by the difficulty in finding past information.

MSR 3-7 Zone 2 does not appear to have a clear purpose unless it is assumed it performs the same functions as Zone 2A. The resolution adopting Zone 2 does not state its purpose leading one to believe it has no purpose. Zone 2A was formed later and appears to have the purpose of Groundwater Management.

MSR 3-8 The district should re-examine its District Boundary Line to ensure the map complies with Section 92-1 of the district's enabling legislation by verifying that the boundary consists of "all of the territory of the County of Lassen lying within the exterior boundaries thereof and all of the area of Modoc County situated within the drainage area of the Pit River".

#### 4.4 Financial ability of agencies to provide services<sup>20</sup>

MSR 4-1) LMCFCWCD has had limited expenses over the last three complete fiscal years (FYs 15-16 through 17-18), which has resulted in little services provided in those years.

MSR 4-2) As the District has provided minimal services in recent years; it has accumulated a sizeable fund balance of \$144,505 as of June 30, 2017.

MSR 4-3) In FY 2017-2018 Modoc County taxes generated on behalf of the District totaled \$900 or 10.9% whereas Lassen County taxes generated totaled \$8,915.20 or 89.10% on behalf of the district.

MSR 4-4) On April 25, 2017 the LMCFCWCD entered into a contract for groundwater measuring and meter replacement services for up to \$25,000. During FY 17-18 \$2,395.00 was expended for that meter replacements. The 18-19 proposed budget includes \$38,000.00 for meter replacements.

MSR 4-5) The district has adopted the 2018-2019 Fiscal Year budget in a timely manner, however, during past years has failed to do so. This in part because the District Board has increased in size from 9 to 10 and (or) due to infrequent meetings of the District's Board of Directors.

MSR 5-5) While the district has over \$140,000 in assets with annual revenue slightly over \$11,000, approximately 90% of which is generated Lassen County. Although the Act states Lassen County officials staff the district, there appears to be no charges to the district for Lassen County staff time.

MSR 5-6) Additional funding may be needed to provide expanded district services if so desired by its Board of Directors. The legislature or voters have enacted several requirements before the district can access new revenue sources.

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<sup>20</sup> California Government Code Section 56430. (a)(4)

MSR 5-7) The LMCFCWCD's original purpose was the district was formed for the Allen Camp Unit project. The unit was abandoned (in 1981) after the district was created by the legislature. While the legislature has allowed the district to perform numerous tasks, it appears the district's groundwater management duties serve only a small area with the costs being borne by the entire district. Normally, zones with special needs are financed by landowners or registered voters within a specific zone or area unless it can be proven there is a benefit for all landowners or residents of the district, which is not the case here.

MSR 5-8 The LMCFCWCD as with other flood control districts may provide a variety of services. Unfortunately, in this case there appears to be no overall focus excepting managing zones 2 and 2A. Since the recent passage of statewide groundwater legislation, there are alternative vehicles to provide service to this zone. Many groundwater management efforts are managed by private management areas rather than a function of government.

#### 4.5 Status of, and opportunities for, shared facilities<sup>21</sup>

MSR 5-1) The opportunity for shared facilities is minimal because of the mountainous terrain in Modoc and Lassen counties, the severe climate in the winter, and the specialized nature of the services provided by the District.

#### 4.6 Accountability for community service needs, including governmental structure and operational efficiencies<sup>22</sup>

MSR 6-1) The governmental structure of a Board of Directors is now made up of ten County Supervisors, a result of re-districting, is not efficient, due to their being ten members and the distance between the county seats and the many other responsibilities of the Supervisors.

MSR 6-2) A change in Board composition would require either a change in the special legislation by the State Legislature, perhaps enabling the Supervisors to nominate someone to represent them on their behalf, or a complete reorganization of the District into an alternative service structure of a newly formed district, such as a county service area or county water district, which are authorized to provide the services currently provided by LMCFCWCD or under the umbrella of a Groundwater Sustainability Area (GSA) or as a Joint Powers Authority (JPA). Another option is an existing agency taking on the District's activities; however, this option would require an assessment of the potential successor agency's operations in a service review. The initial purpose of the district has never been fulfilled and aligning this responsibility with an entity in Big Valley with a purpose of managing groundwater resources.

MSR 6-3) Prior to consideration of any change in organization or any changes in district services it is recommended the district conduct a public meeting to hear the concerns the landowners and residents of the area may have.

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<sup>21</sup> California Government Code Section 56430. (a)(5)

<sup>22</sup> California Government Code Section 56430. (a)(6).



## 5 SPHERE OF INFLUENCE

It is recommended that the Lassen-Modoc County Flood Control and Water Conservation District be given a zero sphere of influence to indicate that an alternative service structure with the ability to sustain operations with proper governance may be more efficient and beneficial to the constituents. However, should the District's Board express an interest in continuing its recent efforts to revive the District's operations, then a provisional coterminous sphere of influence may be appropriate. At present, the District is in the midst of several efforts for continued operations. It may be prudent to see if these efforts are able to establish a stable Board with regular meetings with the ability to meet operational goals outlined in the adopted budgets. If the District has failed to meet these goals in a year, then an alternative service structure would be recommended. However, prior to any formal action to change services, dissolve the district or pursue another change of organization, it is recommended the Board involve the public by conducting a public meeting in the affected territory.

The following determinations for the adoption of either a zero sphere of influence or a provisional coterminous sphere of influence for the Lassen-Modoc County Flood Control and Water Conservation District are recommended:

1. The present and planned land uses in the area, including agricultural and open-space lands.<sup>23</sup>

SOI 1-1) The area within the Lassen-Modoc County Flood Control and Water Conservation District is primarily open space or agricultural land. The land uses have not changed since district formation (excepting the abandonment of the Allen Camp Reservoir project) and are not expected to change in the foreseeable future.

2. The present and probable need for public facilities and services in the area.<sup>24</sup>

SOI 2-1) The formation of Zone 2A and its function of monitoring groundwater levels was with the intent of protecting the water resources of the two counties. There is a continued and amplified need for these services given the recent drought conditions within the State of California as exemplified by the approval of the California Sustainable Groundwater Management Act in 2014. A key question for the district to answer is whether or not the district should be primarily in the groundwater management business even though the Sustainable Groundwater Management Act was passed.

SOI 2-2) The district is not performing the function for which it was originally formed. Plans for the Allen-Camp reservoir were abandoned within a few years after the district was formed. It would appear another agency or entity could provide the groundwater monitoring service such as a County Service Area or a zone in a Groundwater Sustainability Area or JPA.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.<sup>25</sup>

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<sup>23</sup> California Government Code Section 56425 (e)(1)

<sup>24</sup> California Government Code Section 56425 (e)(2)

<sup>25</sup> California Government Code Section 56425 (e)(3)

SOI 3-1) The Lassen-Modoc County Flood Control and Water Conservation District (LMCFCWCD) operates and maintains approximately 85 groundwater meters. The District has a file drawer containing meters and locations but the list is not maintained at least in the District's records. It is recommended that the District compile a list of its assets for its Board and the public.

SOI 3-2) The District has a particular challenge in ensuring the meters continue operation, as they require replacement every 1.5 to 2 years. It is unclear what the operational conditions of the meters are at this time.

SOI 3-3) The District has not conducted multi-year capital improvement planning to assess financing needs. It is recommended that the District compile a capital plan to ensure sufficient financing over the long term.

SOI 3-4) The capacity of the District is defined by its governing body, as the Board meets irregularly, which limits staff guidance and makes it unable to approve timely budgets to direct District efforts. Should the District wish to pursue continued services, then the District Board will have to ensure regular meetings occur and best management practices for a special district governing body are in place and ensure adequate staffing.

SOI 3-5) The District has made efforts to establish services again after two years, as indicated by the Board meeting more frequently, the District formalized a contract for services with a private contractor, and a budget to reinstate operations. It is yet to be determined if these efforts have come to any fulfillment.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.<sup>26</sup>

SOI 4-1) While there are several communities/developed unincorporated areas/and the City of Susanville that lie within the District's boundaries, the ranching/farming industry makes up the primary economic community of interest that is impacted by the activities of the LMCFCWCD. However, all residents within the District's boundaries have an interest in ensuring that there are adequate water supplies in both counties.

5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.<sup>27</sup>

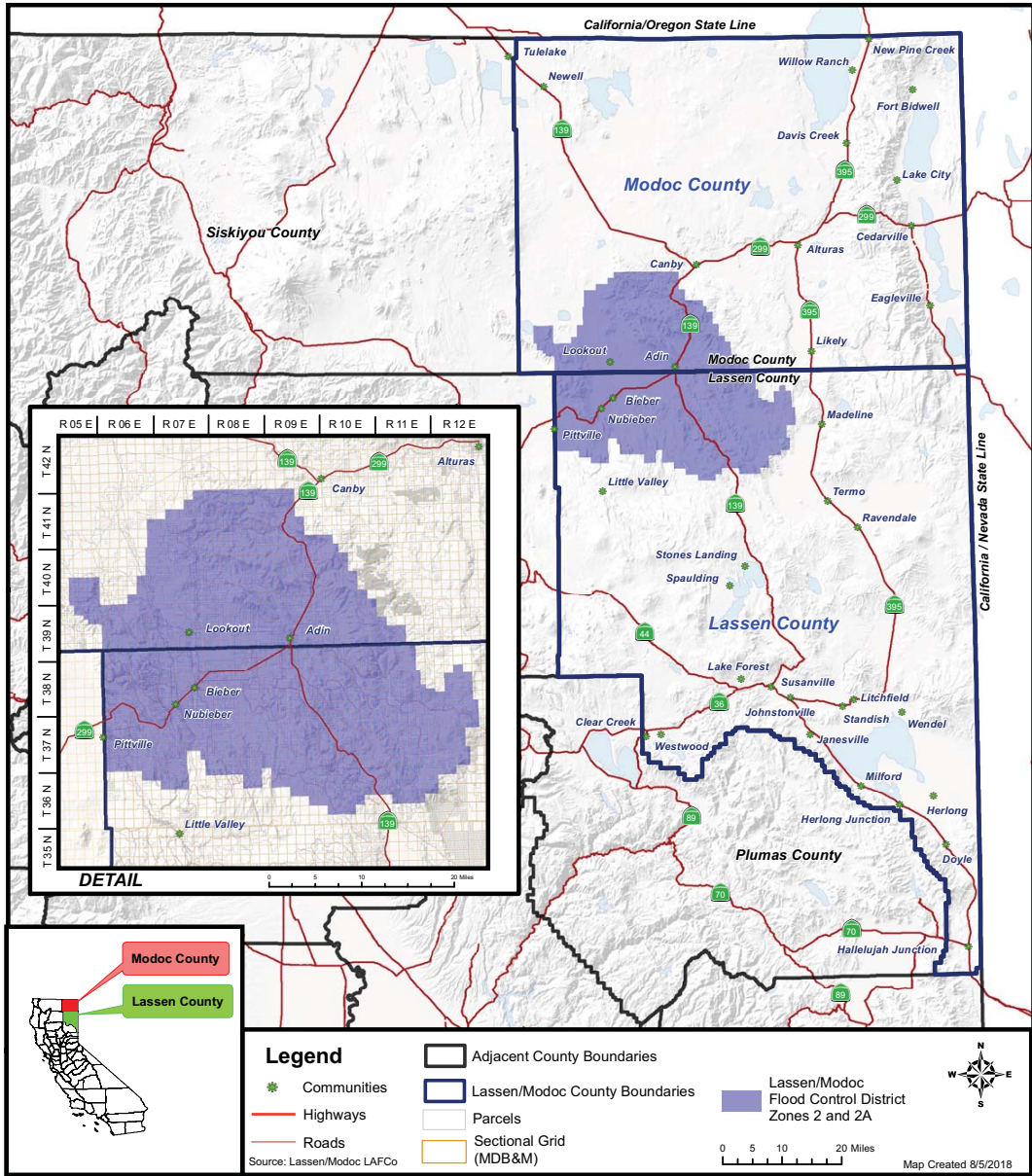
SOI 5-1) There is no need for a determination regarding DUCs because the Lassen-Modoc County Flood Control and Water Conservation District does not provide domestic water, sewer or fire protection services.

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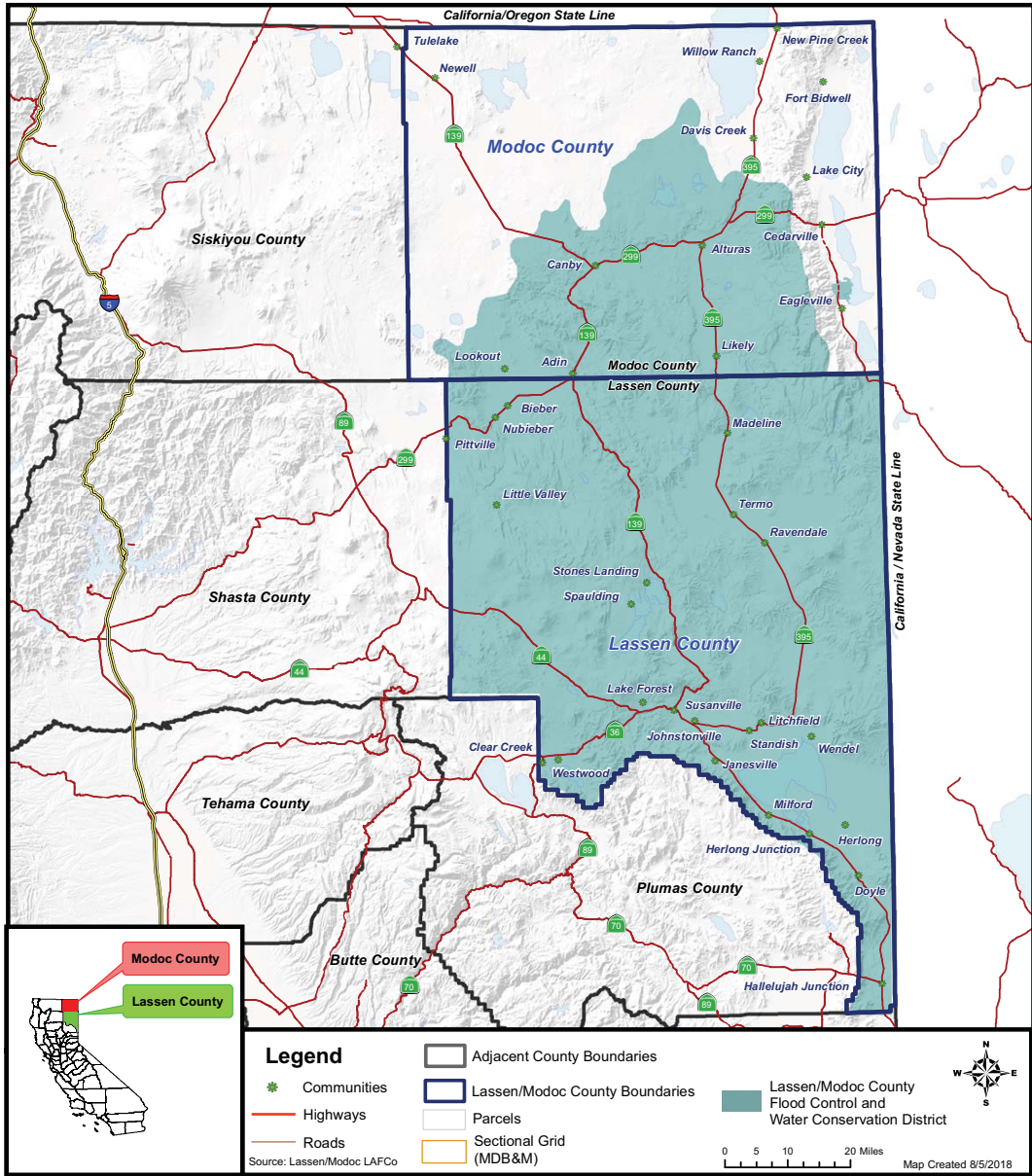
<sup>26</sup> California Government Code Section 56425 (e)(4)

<sup>27</sup> California Government Code Section 56425 (e)(5)

**LASSEN/MODOC LOCAL AGENCY FORMATION COMMISSIONS**  
**LASSEN/MODOC FLOOD CONTROL DISTRICT**



**LASSEN/MODOC LOCAL AGENCY FORMATION COMMISSIONS**  
**LASSEN/MODOC COUNTY FLOOD CONTROL**  
**AND WATER CONSERVATION DISTRICT**



## ABBREVIATIONS

AB	Assembly Bill
CEQA	California Environmental Quality Act
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CSA	County Service Area
DUC	Disadvantaged Unincorporated Community
EPA	Environmental Protection Agency (US)
FY	Fiscal Year
GSA	Groundwater Sustainability Area
JPA	Joint Powers Authority
LAFCo	Local Agency Formation Commission
MHI	Median Household Income
MSR	Municipal Service Review (LAFCo)
OPR	Office of Planning and Research (California)
SB	Senate Bill
SOI	Sphere of Influence (LAFCo)

## DEFINITIONS

**Agriculture:** Use of land for the production of food and fiber, including the growing of crops and/or the grazing of animals on natural prime or improved pastureland.

**Bond:** An interest-bearing promise to pay a stipulated sum of money, with the principal amount due on a specific date. Funds raised through the sale of bonds can be used for various public purposes.

**California Environmental Quality Act (CEQA):** A State Law requiring State and local agencies to regulate activities with consideration for environmental protection. If a proposed activity has the potential for a significant adverse environmental impact, an environmental impact report (EIR) must be prepared and certified as to its adequacy before taking action on the proposed project.

**Community Facilities District:** Under the Mello-Roos Community Facilities Act of 1982 (Section 53311, et seq.) a legislative body may create within its jurisdiction a special tax district that can finance tax-exempt bonds for the planning, design, acquisition,



construction, and/or operation of public facilities, as well as public services for district residents. Special taxes levied solely within the district are used to repay the bonds.

Environmental Impact Report (EIR): A report required pursuant to the California Environmental Quality Act that assesses all the environmental characteristics of an area, determines what effects or impact will result if the area is altered or disturbed by a proposed action, and identifies alternatives or other measures to avoid or reduce those impacts. (See California Environmental Quality Act.)

Impact Fee: A fee, also called a development fee, levied on the developer of a project by a county, or other public agency as compensation for otherwise-unmitigated impacts the project will produce. California Government Code Section 66000, et seq., specifies that development fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged. To lawfully impose a development fee, the public agency must verify its method of calculation and document proper restrictions on use of the fund.

Local Agency Formation Commission (LAFCo): A five-or seven-member commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexation to special districts or cities, consolidation of districts, and merger of districts with cities. Each county's LAFCo is empowered to approve, disapprove, or conditionally approve such proposals. The LAFCo members generally include two county supervisors, two city council members, and one member representing the general public. Some LAFCos include two representatives of special districts.

Mello-Roos Bonds: Locally issued bonds that are repaid by a special tax imposed on property owners within a community facilities district established by a governmental entity. The bond proceeds can be used for public improvements and for a limited number of services. Named after the program's legislative authors.

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