

Shasta LAFCO

Shasta Local Agency Formation Commission

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MINUTES

Regular Meeting – June, 11, 2009

(These minutes are not intended to be a verbatim transcription of the proceedings and discussion associated with the business on the Commission's agenda; rather, what follows is a summary of the order of business and general nature of testimony, Commission deliberation, and action taken.)

CALL TO ORDER/ROLL CALL/INTRODUCTIONS

Chairman Gover called the meeting to order at 9:00 am at the City of Anderson Council Chambers, 1887 Howard Street, Anderson, CA. Commissioners Baugh, Farr, Fust, Gover, Haynes, Kehoe & Webster were present. Commissioner Dickerson was absent. Executive Officer Mickelson, Counsel Johnson and Clerk Smith were present as staff.

PLEDGE OF ALLEGIANCE

Commissioner Fust led the Pledge of Allegiance.

PUBLIC COMMENT

There was no public comment submitted.

MINUTES

The minutes of April 2, 2009 were presented. By motion made and seconded (Baugh, Haynes) the Commission approved the April 2, 2009 minutes as amended. Commissioner Webster abstained.

BUDGET & FISCAL AFFAIRS

Fiscal Year 2008-09 4th Quarter Transaction Register to Date

The 4th Quarter Transaction Register was presented for review and adoption. By motion made and seconded (Baugh, Fust) the Commission approved the Transaction Register.

Consideration of Checking Account Statements

Ms. Mickelson presented the following bank statements: US Bank: two statements dated March 31, 2009 and April 30, 2009; Tri Counties Bank: two statements dated April 19, 2009 and May 17, 2009; and LAIF: two statements dated March 2009 and April 2009. By motion made and seconded (Baugh, Haynes) the Commission approved the bank statements as presented.

Consideration of Continuation of Annual Independent Audit Practice

Ms. Mickelson reminded the Commission that Shasta LAFCO went out for an audit RFP almost one year ago. At the time, the RFP specified that the audit may be an annual or biennial process. Our current CPA firm responded that a biennial audit wouldn't save LAFCO much money because they would have to audit back to the previous audit anyway. An audit was then completed for the 2007-08 Fiscal Year and no decision was made as to the frequency of the audits performed.

Commissioner Fust noted that the cost is almost the same to do either an annual or biennial audit. Commissioner Baugh added that he felt that the cost seemed high to him considering that LAFCO is a small agency. Ms. Mickelson stated that LAFCO could generate and circulate another RFP.

Commissioner Kehoe asked if the Shasta County Auditor's office could perform an audit and if would be cost effective for LAFCO. Ms. Mickelson stated that when she had previously discussed that option with the Auditor's office, they had declined to perform such a service.

Commissioner Baugh brought up the idea of looking for some possible alternatives, such as employing an accountant that could perform the audit.

By motion made and seconded (Baugh, Kehoe) the Commission directed staff to re-circulate an audit RFP as well as explore other options and report back findings to the Commission.

Public Hearing: Consideration and Adoption of 2009-10 Final Budget as Required by Government Code Section 56381 (c)

Ms. Mickelson presented the Commission the 2009-10 Final Budget. She noted that the requested Final Budget was \$9,000 less than the adopted draft budget (a 3% decrease).

Commissioner Kehoe questioned why LAFCO was requesting an increase of fees when other public entities are taking cuts. Commissioner Baugh added that he too did not feel comfortable increasing rates during these current economic conditions. While he acknowledged that in the very near future LAFCO is going to face some very steep increases he would like to hold off any type of increases for as long as possible since we are dealing with economic conditions that are not typical.

Discussion followed as to what items in the budget could be cut to keep contributions the same as last fiscal year.

At 9:47 a.m. public comment on the 2009-10 Proposed Final Budget was opened.

Alternate Public Member Mathena suggested appointing an Audit Committee to replace the Annual Audit, as well as considering the potential cost of legal counsel since LAFCO's current legal counsel submitted a termination of services letter.

Ms. Char Workman-Flowers of Clear Creek CSD stated that they had to cut back on employees and they have had reduced fees of 22%.

At 9:55 a.m. the public comment period was closed.

The Commission again began discussion as to which line items could be reduced or cut.

Commissioner Kehoe asked how the contribution amounts were calculated. Ms. Mickelson stated that it's based on Government Section Code 56381. The revenue figures are based on revenue that is reported to the State Controller and that the report runs about 2-3 year years behind. Each independent special district's share is then apportioned in proportion to each district's total revenues. This is all calculated by the Auditor's office, as per Government Code Section 56381(a).

The Commission asked Ms. Mickelson if staff would be able to rework the numbers, thereby reducing expenses and keeping contributions the same as last fiscal year.

Ms. Mickelson responded that if the Commission would take a ten minute recess, staff should be able to collaborate and make adjustments to the presented Final Budget.

At 10:07 the Commission took a ten minute recess.

At 10:17 the meeting resumed with Ms. Mickelson presenting four suggested changes to the budget: (1) decreasing the Accrued Benefits line item by \$8350, (2) decreasing the Audit line item by \$3500, (3) decreasing the Travel & Conferences by \$3000 which would preclude any of the Commissioners from attending the annual conference and (4) thus since the Contingency line item is based on total expenditures this item would decrease by \$741. All four changes to the budget would decrease total expenditures by \$18,091, which would allow contribution rates to remain the same as last fiscal year.

Commissioner Baugh asked Ms. Mickelson if staff recommends adopting the budget with the changes proposed. Ms. Mickelson stated that the Final Budget she originally presented to the Commission is what staff recommends, however, she would certainly support the Commission's decision. Ms. Mickelson again noted that the Commission had been living on a carry-over budget for years and that marked increases would be soon-coming in the following years.

Commissioner Baugh suggested looking at LAFCO's fee schedule as a way to increase revenues in the future. Commissioner Haynes asked if it was necessary to pay for legal counsel to attend LAFCO Commission Meetings. Commissioners Baugh and Kehoe concurred with Commissioner Haynes and suggested that it be brought back as an agenda item.

By motion made and seconded (Baugh,Fust) the Commission adopted the 2009-10 Final Budget, with amendments, as required by Government Code Section 56381 (c). The amendments noted were: **1)** Decreasing the Accrued Benefits line item by \$8,350. **2)** Decreasing the Audit line item by \$3,500. **3)** Decreasing the Travel & Conferences by \$3,000 **4)** Decreasing the Contingency line item by \$700. Commission Farr dissented. When asked by another Commissioner, Commissioner Farr explained that he supported the staff recommendation, specifically the Final Budget that was presented to the Commission.

SPECIAL STUDIES AND REPORTS

Municipal Services Review: Final City of Shasta Lake

By motion made and seconded (Farr, Baugh) the Commission approved the City of Shasta Lake Final Municipal Services Review as presented.

Commissioner Farr thanked staff for all the time and effort that went into preparing the City of Shasta Lake MSR.

Commissioner Fust appreciated the document and thought it was well done.

Report/Opinion from Counsel, re: Principal County Status

Counsel Johnson presented her findings to the Commission regarding Principal County Status. Commissioner Fust asked that if an annexation were to take place, would a tax exchange agreement have to take place. Counsel Johnson stated that yes there would have to be an agreement set in place.

By motion made and seconded (Farr, Fust) the Commission accepted the Report/Opinion from Counsel, re: Principal County Status.

CHANGES OF ORGANIZATION AND/OR REORGANIZATION

Report on Upcoming or Potential Proposals

The Executive Officer provided a brief summary to the Commissioners regarding upcoming and expected proposals. Discussion followed. No action was taken.

OPERATIONS & ADMINISTRATION

Consider PTO Accrual Limit and Administrative Leave Cash-out Policy and Contract Amendment

Ms. Mickelson presented the Commission with Contract and Policy changes drafted by legal counsel.

By motion made and seconded (Kehoe, Fust) the Commission adopted the Draft Contract and Policy Changes, which includes the Executive Officer accruing no more than 300 hours of PTO and to receive payment of up to a maximum of 48 hours per year of unused Administrative Leave.

Discussion: Commissioner Farr asked if under paragraph 7, line 5, it should say in lieu of Administrative Leave and not PTO. Counsel Johnson agreed that it should say Administrative Leave and would make the change.

COMMISSIONER ANNOUNCEMENTS

None

STAFF ANNOUNCEMENTS

The next regular LAFCO meeting will be at 9:00 am on August 6, 2009 at the City of Redding.

CLOSED SESSION

None

CLOSED SESSION REPORT

None

ADJOURNMENT

There being no further business, Chairman Gover adjourned the meeting at 11:30 am.

Respectfully submitted,

Jessica Smith

Clerk to the Commission

Date