

Minutes

Buzztail Community Services District Public Hearing and Board Meeting

Thursday, April 30, 2015 at 6:00 PM

Location: Tooker Residence, 4501 Wilder Dr.

The meeting was called to order at 6:05PM.

Public Hearing

On April 8, 2015, The Buzztail Community Service District (BCSD) published the legal notice attached as Exhibit A in the Chico Enterprise Record Newspaper, regarding a BCSD Board resolution asking LAFCo to divest the District of its responsibility to provide potable water to the residents of the District, in connection with the sale of the Buzztail Water Company to Del Oro Water Company.

The legal notice was subsequently filed with the Superior Court of the State of California in and for the County of Butte; that filing is attached as Exhibit B. Publication of the legal notice took place 22 days before the date of the hearing, in satisfaction of the LAFCo-dictated requirement that publication should precede the hearing by at least 21 days.

The Resolution itself is also attached, as Exhibit C.

Richard Tooker, BCSD President of the Board of Directors, asked for any comments or protests from the meeting attendees regarding the resolution. There were none.

Accordingly, Richard stated that he would forward the referenced resolution, the legal notice/court filing, and minutes of the meeting to LAFCo as proof of satisfaction of the regulatory requirement to solicit comments from the public.

Board Meeting

Consent Agenda

1. Meeting minutes December 15, 2014 and February 7, 2015 were reviewed. Robin Wilder motioned for approval, William Ward seconded, and the minutes for both meetings were unanimously approved.
2. Financial Statements As of April 28, 2015 were reviewed. Balances are \$109,352.76 in the road fund and \$30,871.99 in the water account. Robin Wilder motioned for approval and William Ward seconded. The financial statements were unanimously approved.

Old Business

Richard Tooker reviewed the status of the sale of the Buzztail Water Company to Del Oro Water Company. With this public Hearing, all Board actions requested by LAFCo have now been satisfied. Richard stated that he will follow up with LAFCo to see if there are any other actions the Board needs to take, and to determine how soon LAFCo believes the sale will be approved. He will also

follow up with Del Oro Water Company to check on the status of the regulatory approvals they are seeking from the PUC and others.

He will notify the board of the status of both via email once he has the information.

Richard also stated that the District's final proceeds from the sale should be approximately \$74,000, based on:

- The fact that all legal bills in connection with the sale have been paid, and no other legal requirements are anticipated.
- LAFCo's assurance that the monies already paid by the District in fees to LAFCo to cover their expenses for the approval process are all that will be requested.

New Business:

1. Richard Tooker and William Ward presented an initial and preliminary feasibility study and pro forma on repaving Wilder Drive from the Highway 32 gate to its intersection with Al Road and the road to the Doe Mill Vineyard. The road is 40 years old, and nearing the end of its useful life unless it is properly repaved. This opinion has been confirmed by an initial look at the road by North Star Engineering.
 - a. We are told that county standards are for a 2-inch asphalt depth. We are seeking a 3-inch depth, but may reduce that to 2 inches if further investigation determines that is enough to make sure the road lasts.
 - b. A quote of \$380,800.00 has been received from Knife River Construction, but it is preliminary and assumes a longer paving distance than we really need. William is working on getting them out to review the scope of the project and re-quote. He is also asking for a bid on the job from Franklin Construction.
 - c. Due to the participation of Howard Isom in assisting us, we have received conditional approval to borrow up to \$275,000 with a 15-year term and a 5.75% interest rate from Golden Valley Bank. Howard is a stockholder and a member of the Board of Directors of the bank, and introduced/recommended us to the bank's Chief Loan Officer. Richard Tooker represented BCSD at that meeting with the bank.
 - i. Howard has also committed to increase Hall-Isom's annual contribution of \$1,700 for road maintenance to \$5,000 a year for ten years if we repave the road, after which time the contribution would revert back to \$1,700. This is an incremental increase of \$33,000 over ten years.
 - d. Richard has sought another quote for a loan from both Chase Bank and Bank of America. Chase is not interested because it does not do the type of lending we need, and in fact recommended that we talk to Golden Valley Bank (which we had already done, of course). Bank of America is looking into the request and will let us know for sure, but preliminarily says it does not do this type of lending, either.
 - e. The combination of a bank loan, existing monies from tax assessments in the road fund held by the county, the Hall-Isom contribution, and the proceeds of the water company sale (which can only be used for the road) should be more than adequate to fund the project, with an appropriate amount of money left over for maintenance and emergencies, unless the quoted price for the work is ultimately higher than we expect it to be.
 - f. Loan payments, when added to the District's other expenses for ongoing road management and general operations (some of which will be reduced by the sale of the

water company) will likely make it necessary raise the tax assessment that residents and landowners in the District have to pay, but we need further information (primarily a firm quote for the work) before making that determination. There was general agreement in the discussion that the objective - of course - will be to minimize any needed assessment increase as much as possible.

- i. Present yearly assessments are \$648.00 for properties with a home, and \$260.24 for properties without a home. Each 1% increase in the rate equates to \$0.54 per month, and \$0.22 per month, respectively.
 - ii. Richard noted that the District has raised assessments only twice in the last ten years, once for 4% and another for 5%.
- g. Jim McCrossin suggested that since resident Ron Gunn has extensive experience in road engineering, his advice and counsel should be sought to assist in this initiative. Richard Tooker stated that he will contact Gunn to enlist his help if he is willing.

After review of all the facts noted above, there was general agreement among all attendees that Richard and William should continue to pursue the initiative aggressively, and report to the board regarding further findings. No funds were authorized to be spent at this time, so no vote was required.

2. District Manager Scott Armstrong had requested approval of \$300.00 for fire abatement weed control. Richard Tooker motioned that the request be approved, and Robin Wilder seconded. The motion was unanimously approved.

Board members attending were Richard Tooker, Robin Wilder, and William Ward, establishing a quorum. Others attending were residents Bruce Hall, Pat Hightower, Leonard Lutz, Julian Henneberry, Jim McCrossin, and Jackie McCrossin.

The Public Hearing and the Board's business having been concluded, the meeting ended at 7:22 PM.

Exhibit A - Published Legal Notice

The Buzztail Community Services District (BCSD) has agreed to sell the Buzztail Water Company to Del Oro Water Company. Accordingly, the BCSD Board of Directors has passed the resolution below. A public hearing will be held at 6:00 PM on Thursday, April 30, at 4501 Wilder Dr, Chico, CA 95928, to solicit comments from the public prior to submitting the resolution to the Butte County Local Area Formation Commission (LAFCo) for regulatory approval. Interested parties are invited to attend.

RESOLUTION BY THE BOARD OF DIRECTORS OF THE BUZZTAIL COMMUNITY SERVICES DISTRICT OF APPLICATION TO REQUEST THE INITIATION OF THE DIVESTITURE OF POWER TO PROVIDE WATER SERVICES

WHEREAS, on May 9, 2014, the Board of Directors of the Buzztail Community Services District, a California Community Services District (the "CSD") entered into an agreement to sell the Buzztail Water Company to Del Oro Water Company, a California Corporation (Del Oro); and

WHEREAS, on December 3, 2014, LAFCo requested that the CSD provide a resolution requesting that LAFCo initiate the divestiture of CSD's power to provide potable water; and

WHEREAS, the Act, at Government Code section 56654, subdivision (b), provides that any "proposal for . . . the divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, shall only be initiated by the legislative body of that special district in accordance with the Government Code, at [s]ections 56824.10, 56824.12 and 56824.14"; and

WHEREAS, Government Code sections 56824.10, 56824.12 and 56824.14 set forth the requirements for this Resolution and the required procedure to accomplish the divestiture of CSD's power to provide water services; and

WHEREAS, under Government Code section 56824.12, this Resolution must contain certain matters specified in Government Code section 56700, to wit:

- (1) This Resolution is made pursuant to part 3 of the Act.
- (2) The purpose of this Resolution is to request that LAFCo divest the CSD of its power to provide water services and any related activities, so that the services can be provided by Del Oro Water Company.
- (3) Attached as Exhibit A to this Resolution is a copy of the Agreement of Purchase and Sale of Assets between the CSD and Del Oro, which agreement describes the assets that are a part of the above-referenced Agreement.
- (4) The divestiture should occur when Del Oro completes the purchase of the Buzztail Water Company as provided for in the above-referenced Agreement.
- (5) The reason for the requested initiation of divestiture is to avoid duplication of water services to the water rights holders of the CSD.
- (6) The chief petitioner of this Resolution to request LAFCo initiate divestiture proceedings is the CSD.
- (7) The CSD requests that proceedings be taken for the initiation of the divestiture pursuant to part 3 of the Act.
- (8) The proposal is consistent with the sphere of influence of any affected district or city.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE BUZZTAIL COMMUNITY SERVICES DISTRICT that:

- (1) The matters set forth in the recitals above are incorporated herein by reference.
- (2) Pursuant to the matters and plan for services and as conditioned herein, the CSD requests that LAFCo initiate proceedings to divest the CSD of its power to provide potable water services.
- (3) The CSD consents to the waiver of any applicable protest proceedings, whether under the Act or as otherwise required by law so that LAFCo may proceed directly to divest the CSD of its power to provide potable water services.

Upon motion of CSD board member Robin Wilder and seconded by CSD Board Member Matt Wallen, the CSD adopts the foregoing resolution on this 7th day of February, 2015.

ATTEST:

Richard N. Tooker
President of the Board of Directors
Buzztail Community Services District
Publish: 4/8/15

Exhibit B - Court Filing

**IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA,
IN AND FOR THE COUNTY OF BUTTE**

In The Matter Of

Legal Notice.

No.

AFFIDAVIT OF PUBLICATION

State of California

SS. }

County of Butte.

The undersigned resident of the county of Butte, State of California, says:


That I am, and at all time herein mentioned Was a citizen of the United States and not a party To nor interested in the above entitled matter; That I am the principal clerk of the printer and Publisher of

--
**The Chico Enterprise Record
The Oroville Mercury Register**

That said newspaper is one of general circulation as defined by Section 6000 Government Code of the State of California, Case No. 156720 By the Superior Court of the State of California, In and for the County of Butte; that said newspaper at all times herein mentioned was printed And published daily in the City of Chico and County of Butte; that the notice of which the Annexed is a true printed copy, was published in Said newspaper on the following days:

April 8, 2015.

Dated April 9, 2015
At Chico, California.



(Signature)

Exhibit C - Resolution

RESOLUTION BY THE BOARD OF DIRECTORS OF THE BUZZTAIL COMMUNITY SERVICES DISTRICT OF APPLICATION TO REQUEST THE INITIATION OF THE DIVESTITURE OF POWER TO PROVIDE WATER SERVICES

WHEREAS, on May 9, 2014, the Board of Directors of the Buzztail Community Services District, a California Community Services District (the "CSD") entered into an agreement to sell the Buzztail Water Company to Del Oro Water Company, a California Corporation (Del Oro); and

WHEREAS, on December 3, 2014, LAFCo requested that the CSD provide a resolution requesting that LAFCo initiate the divestiture of CSD's power to provide potable water; and

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WHEREAS, Government Code sections 56824.10, 56824.12 and 56824.14 set forth the requirements for this Resolution and the required procedure to accomplish the divestiture of CSD's power to provide water services; and

WHEREAS, under Government Code section 56824.12, this Resolution must contain certain matters specified in Government Code section 56700, to wit:

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- (4) The divestiture should occur when Del Oro completes the purchase of the Buzztail Water Company as provided for in the above-referenced Agreement.

(5) The reason for the requested initiation of divestiture is to avoid duplication of water services to the water rights holders of the CSD.

(6) The chief petitioner of this Resolution to request LAFCo initiate divestiture proceedings is the CSD.

(7) The CSD requests that proceedings be taken for the initiation of the divestiture pursuant to part 3 of the Act.

(8) The proposal is consistent with the sphere of influence of any affected district or city.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE BUZZTAIL COMMUNITY SERVICES DISTRICT that:

(1) The matters set forth in the recitals above are incorporated herein by reference.

(2) Pursuant to the matters and plan for services and as conditioned herein, the CSD requests that LAFCo initiate proceedings to divest the CSD of its power to provide potable water services.

(3) The CSD consents to the waiver of any applicable protest proceedings, whether under the Act or as otherwise required by law so that LAFCo may proceed directly to divest the CSD of its power to provide potable water services.

Upon motion of CSD board member Robin Wilder and seconded by CSD Board Member Matt Wallen, the CSD adopts the foregoing resolution on this 30th day of April, 2015.

ATTEST:



Richard N. Tooker
President of the Board of Directors
Buzztail Community Services District