

REGULAR MEETING AGENDA

**Del Norte Local Agency Formation Commission
Board of Supervisors Chambers
981 H Street, Suite 100, Crescent City, CA 95531
January 28th, 2019 4:00 pm**

1. Call to Order/Roll Call
Pledge of Allegiance
2. Election of Officers for 2019
3. Public Hearings
 - A. Crescent City 2018 MSR& SOI Update (ATTACHMENT 3A- Continued)
4. Regular Business
 - A. Approval of December 10, 2018 Draft Minutes (ATTACHMENT 4A)
 - B. FY 2018-19 Mid-year Budget Review (ATTACHMENT 4B)
 - C. Budget Amendment- CALAFCO Board Meeting Expenses (ATTACHMENT 4C)
 - D. Klamath Area Fire Services Update– with Yurok Tribe (ATTACHMENT 4D)
 - E. Special District Recruitment for 2019 (ATTACHMENT 4E)
5. Inquiries, Correspondence, Application Status and Referrals
 - A. Staff - The Executive Officer will provide a report of current projects, issues of interest, and pending legislation.
 - B. Commission - On their own initiative, Commission members may make brief announcements or reports on their own activities. They may ask questions for clarification, make a referral to staff or request a business matter for a future agenda per Government Code Section 54954.2 (a).
 - C. Public - Public comment on items of interest within LAFCo subject matter jurisdiction, and not otherwise appearing on the agenda. No action may be taken on any item not appearing on the agenda.
6. Adjournment

Next Meeting Scheduled for March 25, 2019.

Americans with Disabilities Act: Del Norte LAFCo meetings are held in a wheelchair accessible facility. Individuals requiring special accommodations to participate in this meeting are requested to contact the LAFCo office at (707) 825-9301. Notification 48 hours prior to the meeting will enable the Commission to make reasonable arrangements to ensure accessibility to this meeting.

**DEL NORTE
LOCAL AGENCY FORMATION COMMISSION**
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Arcata, California 95521
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AGENDA ITEM 3A

MEETING DATE: January 28, 2019
TO: Del Norte Local Agency Formation Commission
SUBJECT: City of Crescent City Municipal Service Review and Sphere of Influence Update

RECOMMENDATION

At the December 10, 2018 Commission meeting, the committee requested additional information on water service potential in resource lands related to cannabis use. Public lands are not available for cannabis use but private lands are present within resource land areas and are potentially available.

The following procedures are recommended for the Commission's consideration of this item:

- Receive verbal report from staff;
- Open the continued public hearing and invite testimony; and
- Discuss item and - if appropriate - close the hearing and consider action on recommendation.

Staff recommends the Commission approve Resolution No.18-05 approving the City of Crescent City Municipal Service Review and Sphere of Influence Update.

DISCUSSION

The City of Crescent City provides water treatment and distribution, wastewater collection and treatment, fire protection, law enforcement, city street and sidewalk maintenance, a housing authority, storm drains, community development and parks and recreation services within its jurisdictional boundaries, including to Pelican Bay State Prison an incorporated island. In addition, the City provides water service to agencies serving adjacent unincorporated communities including the Bertsch-Oceanview Community Services District (BOV CSD), the Church Tree Community Services District (CT CSD), Crescent Fire Protection District W-1 (FDW1) and the Meadow Brook (MB) area of the Del Norte Flood Control District. The City covers approximately 1.8 square miles (1,1522 acres) and is located along the Northern California Coast approximately 20 miles south of the Oregon border.

The City currently provides adequate water service to its existing connections. The City sources high-quality water from the Smith River aquifer and has sufficient capacity to serve the City and surrounding communities. The City of Crescent City commissioned a preliminary engineering report (PER) for a water improvement project that was presented to the City Council. The report covered needed upgrades to the water system including identifying planned upgrades to the existing reservoirs and select transmission lines. The City is implementing a USDA rural development funding entitled Water Systems Improvement Project. As this project moves forward, it is addressing water system infrastructure needs and deficiencies.

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In its annual budgeting process, the City establishes annual appropriations for General; Special Revenue; Enterprise; Internal Service; General CIP; and Fiduciary Funds as part of their budget process. These allocated funds are used to provide the range of City services.

The current SOI includes 12,031 acres and is described in labeled areas delineated in MSR Figure 1. At the December Commission meeting, it was requested that private resource lands in the SOI be differentiated. These lands are identified with a hatch pattern overlay on MSR Figure 1 updated for this staff report. The Commission noted that some resource lands private owners may seek water connections for cannabis uses. The SOI is proposed to be reduced to remove publicly owned resource lands not anticipated to need city services, and descriptions of the labeled areas in Figure 1 are given below:

1. Crescent City Harbor District, in the City Urban Services Boundary and recommended to remain in the SOI;
2. Martin Ranch (Elk Valley Off-Reservation Tribal Land), for which the City received out of agency service approval for a water extension; to remain in SOI;
3. Bertsch-Oceanview Community Services District (CSD) to remain in SOI;
4. Publicly owned Resource lands adjacent to Jedidiah Smith Redwoods State Park to be excluded from SOI; with privately-owned lands noted with a hatch pattern;
5. Church Tree CSD to remain in SOI;
6. Rural Residential land (Elk Valley Crossroad area and Meadowbrook) to remain in SOI;
7. Publicly owned Resource lands (Jordan Creek watershed) to be excluded from SOI; with privately-owned lands noted with a hatch pattern;
8. Residential lands adjacent to the City Urban Services Boundary remaining in SOI;
9. Resource lands (near Lake Earl) to be excluded from SOI; with privately-owned lands noted with a hatch pattern; and
10. McNamara Field, regional airport to be added to the SOI.

The proposed SOI will include special districts that currently receive water service from the City including the Bertsch-Oceanview Community Services District (CSD) and the Church Tree CSD. The current city limits encompass approximately 1,533 acres and the Urban Boundary limits include 4,221 acres as designated in the Crescent City and County of Del Norte General Plans. The Urban Services Boundary is the area surrounding the City limits that encompasses land considered for future water and sewer service expansion.

In addition, a January 22 Letter has been received from LACO regarding Green Diamond Resource Company (GRDCo) lands. The letter is attached. The letter requests that the Commission acknowledge potential future uses of the Crescent City raw water supply from the Smith River and treated water supply lines. This information is discussed in the 2019 City of Crescent City MSR and SOI Update and demonstrates that there are potentially appropriate uses for water service along the existing facilities.

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These uses could support economic development and public safety goals. Many of the properties adjacent to the City's water delivery lines have the potential for rural density residential development with subdivision potential to five or fewer acres. Cannabis cultivation for medical and other uses presents a new and under-evaluated opportunity. The raw and water treated water facilities leading from the Smith River to the City are a valuable resource with the potential to be used flexibly along their length for a variety of purposes.

ATTACHMENTS

Attachment 1: City of Crescent City MSR & SOI Update

Attachment 2: Resolution 18-05 Approving the City of Crescent City MSR & SOI Update

Attachment 3: January 22 Letter from LACO regarding GRDCo lands

City of Crescent City

Municipal Service Review & Sphere of Influence Update

Commission Draft
January 28, 2019



Del Norte
Local Agency Formation Commission

Del Norte Local Agency Formation Commission

Commissioners

Blake Inscore	Chair & City Member
Bob Berkowitz	Vice Chair & County Member
Roger Gitlin	County Member
Jason Greenough	City Member
Duane (Sparky) Countess	Public Member
Lori Cowan	Alternate County Member
Darrin Short	Alternate City Member
Judy Dobbs	Alternate Public Member

Staff

George Williamson, AICP, Executive Officer
Vanessa Blodgett, Services Analyst/ Administrator
Elizabeth Cable, Legal Counsel
Nicole Burshem, PS Business Services, Clerk
Emily Morris, Assistant Analyst
Jason Barnes, GIS & Spatial Data Analyst

Acknowledgements

LAFCo staff would like to thank City staff, including City Manager Eric Wier and Finance Director Linda Leaver, for their contributions to this Municipal Service Review. This report would not have been possible without the City's assistance.

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INTRODUCTION

This Municipal Service Review (MSR) and Sphere of Influence (SOI) Update provides information about the services and boundaries of the City of Crescent City. The report is for use by the Del Norte Local Agency Formation Commission (LAFCo) in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that the Commission conduct periodic reviews and updates of Spheres of Influence of all cities and special districts in Del Norte County (Government Code § 56425). State law also requires that, prior to SOI adoption, LAFCo must conduct a review of the municipal services provided by that local agency (Government Code §56430). This report provides LAFCo with a tool to study current and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

Service Review Determinations

Government Code § 56430 requires LAFCo 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 determinations with respect to each of the following topics:

1. Growth and population projections for the affected area;
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
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);
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; and
7. Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

State Guidelines and Commission policies encourage stakeholder cooperation in the municipal service review process. It also provides a basis to evaluate, and make changes to Spheres of Influence, if appropriate.

Sphere of Influence Determinations

A Sphere of Influence (SOI) is a LAFCo-approved plan that designates an agency's probable physical 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 organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCo is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCo must update those SOIs every five years. For a SOI

update, LAFCo is required to conduct an MSR and adopt related determinations. It must also make the following SOI determinations:

1. The present and planned land uses in the area, including agricultural and open-space lands;
2. The present and probable need for public facilities and services in the area;
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
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; and
5. The present and probable need for public facilities and services related to sewers, municipal or industrial water, or structural fire protection of any disadvantaged unincorporated communities within the existing sphere of influence (effective July 1, 2012).

Review Methods

The following information was considered in the development of this service review:

- Agency-specific data: responses to LAFCo Requests for Information from Crescent City Departments;
- Crescent City and Del Norte County General Plan and Zoning data; and GIS data;
- City of Crescent City 2010 Urban Water Management Plan
- Demographic data: U.S. Census Bureau; Department of Finance; CA Water Resources Board;
- Finances: budgets, rates and fees; and
- Infrastructure Plans

California Environmental Quality Act

The California Environmental Quality Act (CEQA) is contained in Public Resources Code § 21000 et seq. Public agencies are required to evaluate the potential environmental effects of their actions. MSRs are statutorily exempt from CEQA pursuant to § 15262 (feasibility or planning studies) and categorically exempt pursuant to CEQA Guidelines § 15306 (information collection). CEQA requirements are generally applicable to SOI Updates. The CEQA lead agency for SOI Updates is most often LAFCo, unless an agency has initiated an SOI expansion or update.

CITY OF CRESCENT CITY

Table 1: Crescent City Agency Profile

Formation	
Agency Name	City of Crescent City
Incorporation Date	February 26, 1854
Enabling Legislation	California Government Code §34000 et seq.
Contact	
Contact	Eric Wier City Manager
E-mail	ewier@crescentcity.org
District Office	377 J Street Crescent City, CA 95531
Mailing Address	377 J Street Crescent City, CA 95531
Phone	(707) 464-7483
Governance	
Governing Body	City Council
Board Meetings	1 st and 3 rd Monday of every month
Meeting Location	981 H St. Crescent City, CA 95531
Services	
Services Provided	Water treatment and distribution, wastewater collection and treatment, fire protection, law enforcement, city streets and sidewalks, housing authority, storm drains, community development, parks and recreation
Areas Served	The incorporated City of Crescent City which includes Pelican Bay State Prison. The City also provides water and wastewater treatment to some unincorporated areas.

Overview

Crescent City is located on the Northern California Coast approximately 20 miles south of the Oregon border along Hwy 101, is Del Norte County's only incorporated city and serves as the county seat. Fishing, crabbing, timber, healthcare and tourism are Crescent City's major industries.

Pelican Bay State Prison is an incorporated island, approximately one mile north of the main incorporated area. It opened in December 1989 and has had major physical and economic impacts on Crescent City. The prison initially brought an influx of prison staff (approximately 1,500 employees) that located in the Crescent City area. The prison increased activity for many small businesses, including medical transcription, psychological services, vehicle services, food services/food contracts, lodging, recreation contracts, and counseling contracts. The 1992 prison lands annexation resulted in the addition of inmates to the City group quarters census population. This population increase results in additional state assistance to the city for local services.

Crescent City municipal services reviewed in this document include: water treatment and distribution; wastewater collection and treatment; fire protection; law enforcement; city streets; parks and recreation, a housing authority, storm drainage, public facilities; community development and planning, and administration. The City also contracts with outside agencies to provide certain municipal services such as garbage and recycling collection, and engineering services and other specialized services as needed. The City has an estimated population of approximately 7,120. A municipal service review was previously conducted in 2011. This will update the previous MSR and be the basis for a Sphere of Influence (SOI) Update.

There are several special districts adjacent to the City. The Crescent City Harbor District, adjacent to the south, provides significant commercial fishing opportunities and plays a vital role in the City's economy. The Harbor District serves as a commercial boat basin for salmon, shrimp, tuna, cod and Dungeness crab fishing vessels, as well as a providing recreational boating facilities. Other adjacent districts include the Bertsch Oceanview and Church Tree CSDs and County Service Area #1.

Initially, the Yurok and Tolowa Indigenous peoples occupied what is now Del Norte County. There are now four federally recognized tribal governments in the region, including the Tolowa Dee-ni' Nation, the Elk Valley Rancheria, the Resighini Rancheria and the Yurok Tribe. These groups still occupy parts of Del Norte County. Europeans arrived as early as 1828 and populations grew rapidly with the discovery of gold in the Smith River.

Formation

Crescent City was incorporated as a city in 1854. Crescent City was also the name of an ocean-going schooner built in 1848. It is the northernmost City on the California Coast.

Boundary and Sphere of Influence

The City of Crescent City includes approximately 1.8 square miles (1,152 acres) within its jurisdictional boundaries. The current Crescent City Sphere of Influence (SOI) encompasses 12,031 acres, which is over 10 times bigger than the current city boundaries. The current SOI encompasses an area surrounding the City that extends as far north as the Lake Earl/Northcrest area and as far east as the Elk Valley community (Municipal Service Review, 2011).

The current SOI includes agricultural and resource conservation lands that are not likely to need city services. These areas, at the edges of the current SOI, are proposed for removal. At the December 10, 2018 Del Norte LAFCO Commission meeting, the committee requested additional information on water service potential in resource lands related to cannabis use. Public lands are not available for cannabis use, but private lands are present within resource land areas and are potentially available.

Because this SOI reduction will not affect any provision of services, it is eligible for a CEQA exemption under CEQA Guidelines Section 15061(b)(3). LAFCo staff will file a notice of exemption as lead agency under CEQA Guidelines Section 15062.

There is coastal grazing land zoned Resource Conservation Area (RCA) and Agriculture Lands (AG-5) present north of the city boundary that does not need city services. A large wetland and timberland area with Elk Creek running through it is directly east of the city boundary. Southeast of the Elk Creek wetland area is the Bertsch-Oceanview Community Services District (BOVCSD) and below the BOVCSD is Martin Ranch held as Elk Valley Off-Reservation Trust Land. Both the BOVCSD and Martin Ranch are proposed for continued inclusion in the proposed SOI.

The BOVCSD is adjacent to the Crescent City boundary located east of the city limits within the current SOI. BOVCSD is organized as an independent special district under Community Service District law (Government Code Section 61000 et seq). BOVCSD provides domestic water service to the unincorporated community of Bertsch-Ocean View located along the coast, adjacent to, and south of Crescent City. The CSD serves a population of approximately 1,600 people through 629 connections. The water system is maintained by the CSD, but water is purchased from the City.

The Church Tree Community Services District (CTCSD) is located within the Crescent City SOI at the edge of land zoned agriculture (AG-3) in the northeast part of the City's SOI. CTCSD is organized as an independent special district under Community Service District law (Government Code Section 61000 et seq). Located approximately two miles north of the Bertsch Ocean-View CSD along Elk Valley Road and adjacent to the Jedidiah Smith Redwood

State Park, the CTCSD provides domestic water service to a population of approximately 40 people through 26 connections. Church Tree CSD customers purchase water from the City of Crescent City.

The Crescent City Harbor District (CCHD or District) is adjacent to the City of Crescent City, approximately 20 miles south of the Oregon border. Crescent City Harbor is located in Crescent Bay, just south of town, both on lands granted by the State Lands Commission (SLC) to the Harbor District and lands owned fee and title by the District. The Harbor is a shallow-draft critical harbor of refuge, supporting a Coast Guard search and rescue station, commercial and sport fishing, and recreational boating. The District was formed in 1951 to assume responsibility for improvements, maintenance, and management of the Crescent City Marina and related harbor facilities.

CSA No. 1 provides wastewater collection services to unincorporated areas within the Crescent City urban area. The collection system connects to the City of Crescent City's collection system where it is treated at the City's wastewater treatment plant.

The current SOI is proposed to be reduced to 10,270 acres which is a 15 percent reduction. The SOI reduction will remove portions of Del Norte County designated Resource Conservation Areas and Agriculture General that are adjacent to federal and state conservation areas (Initial Study Municipal Service Review and Sphere of Influence Update 2011). The City is responsible for water service to Pelican Bay State Prison but has no obligation to provide fire or law enforcement services. Figure 1 shows the City Boundary, land use designations and the current and proposed SOI. Private inholdings within resource lands are shown on Figure 1 as cross-hatched areas. The Crescent City Urban Boundary (Figure 1), includes 4,221 acres as designated in the Crescent City and County of Del Norte General Plans, and is the area surrounding the City limits that encompasses all land considered for future water and sewer service expansion and thus, for urban development and expansion.

Accountability and Governance

Table 2: City Council Members

Board Member	Title	Term Expiration
Blake Inscore-Mayor	Mayor	November 2022
Heidi Kime-Mayor Pro Tem	Mayor Pro Tem	November 2020
Alex Fallman	Councilmember	November 2020
Jason Greenough	Councilmember	November 2020
Darrin Short	Councilmember	November 2022

Governance

Crescent City is a general law city formed under state legislative statutes and governed by a body of laws in the California Government Code § 34000 et seq. Crescent City employs a City Council-City Manager government. The City Council consists of five council members elected at large with staggered four-year terms. A Mayor and a Mayor Pro Tem are selected from the council members during the first meeting after the election. The Mayor and Mayor Pro Tem are elected by the City Council each year. Councilmembers are elected to four-year terms. The City Council meets every first and third Monday of the month at the Flynn Center on 981 H Street in Crescent City. There is a new building under renovation that will be used as the future City Hall located on 2nd and H Streets.

Special meetings and workshops may be held at the Wastewater Treatment Plant located at 210 Battery Street. Special cultural events such as the signing of the sister city agreement with Rikuzentakata Japan and celebration in 2018 was held at the Cultural Center, on Front Street.

Administration

The management of the City is the responsibility of the City Council members in concert with the City Manager as appointed by the Council. The Council establishes the policies under which the City operates and appoints a City Manager to administer the affairs of the City. City Manager responsibilities include hiring of City staff, preparation of the annual budget, administration and coordination of the City's operations, general supervision over all property under the control of the City, and enforcement of City ordinance and applicable state laws. Administrative and fiscal recommendations are made by the City Manager to the Council for approval. The City currently has over seventy budgeted staff positions. The departments are organized as shown in Figure 2:

Figure 1 District Boundary and SOI

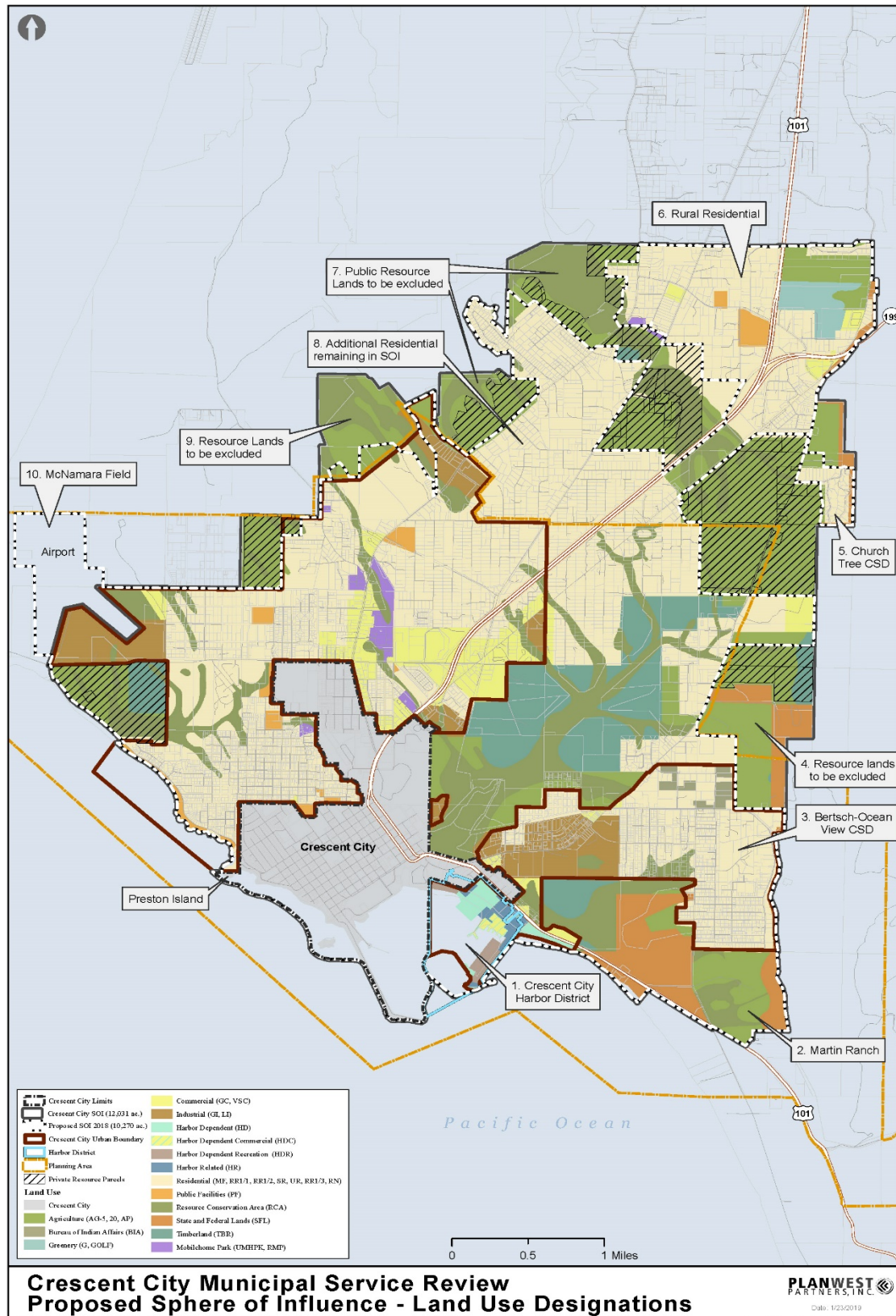
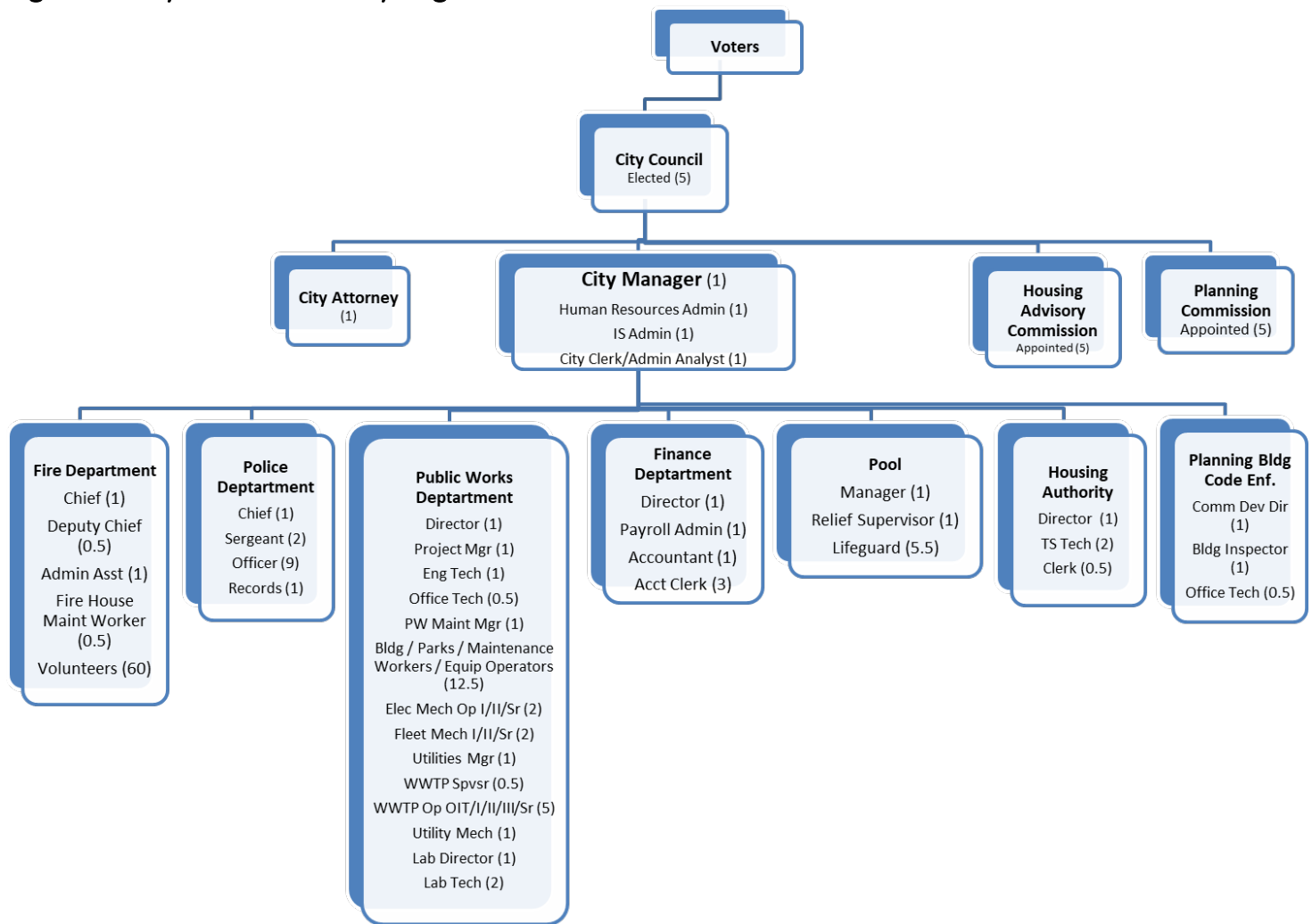


Figure 2: City of Crescent City Organizational Chart



Other Service Providers

The Del Norte Solid Waste Management Authority is a joint powers authority formed by the City of Crescent City and the County of Del Norte in 1992 to administer and manage all solid waste, recycling, composting and household hazardous waste facilities.

Present and Planned Land Use

Existing Land Uses

California Planning and Zoning Law requires the City to adopt a comprehensive, long term general plan for its development. City land use designations include single and multi-family residential, commercial, industrial, public facilities, harbor, and conservation and open space. The prevailing land use is residential. Land use outside the city limits is determined by Del Norte County. The City is surrounded by land designated as Residential (MF, RR, SR, UR), Public Facilities, Commercial (GC, VSC), Agriculture (AG-5, 20), Industrial (GI, LI), and Resource Conservation Area (RCA). The distribution of these land uses is shown on Figure 1.

Future Development Potential

The City has adequate open land and potential to provide services to a wider area. The main constraints to increased development are a lack of employment and low population growth. There has been no significant

development activity since the previous MSR. The SOI reduction will remove portions of Del Norte County designated Resource Conservation Areas (RCA) and Agriculture General (AG) adjacent to federal and state conservation areas.

Population and Growth

According to the US Census Bureau, the 2015 5-year population estimate for Crescent City was 7,120. A 2016 Department of Finance (DOF) document reports a 0.73 percent increase in the population of Crescent City between 2015 and 2016, however, county population predictions report a lower rate of annual growth at only about 0.1 percent (CA Department of Transportation, 2016). Using the 0.1 percent annual growth estimate, and the 2010 population, the Crescent City population could increase to 7,300 by the year 2035. Based on this analysis, it is unlikely that the City will have a significant increase in demand for services during the MSR timeframe.

Disadvantaged Unincorporated Communities

LAFCo is required to evaluate disadvantaged unincorporated communities (DUCs) as part of this municipal service review, including the location and characteristics of any such communities. Per California Senate Bill 244, a DUC is defined as any area with 12 or more registered voters where the median household income (MHI) is less than 80 % of statewide MHI. Within a DUC, three basic services are evaluated: water, sewer, and fire protection. The City of Crescent City provides water, sewer services and fire protection and is responsible for assuring that those services are adequately provided to the community.

The City of Crescent is a Census Designated Place with a MHI of \$27,885, 44 % of California's reported \$63,783 MHI, thereby qualifying the area as disadvantaged (CA Dept. of Water Resources Disadvantaged Community Mapping Tool). Crescent City is incorporated, and therefore does not qualify as a DUC. However, unincorporated territory surrounding the City may qualify as disadvantaged. Should the City pursue annexation, DUC communities within its vicinity would be examined.

SERVICES & INFRASTRUCTURE

Crescent City Housing Authority

The Crescent City Housing Authority (CCHA) serves the affordable housing needs of Del Norte county. It has offices located at 235 H Street and has staff including a full-time director. The CCHA prepares 5-Year and Annual Public Housing Authority (PHA) Plans that provide information for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs Housing and Urban Development (HUD or Section 8) programs, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low-income, very low-income, and extremely low-income families. The CCHA is developing an affordable housing project with Project Based Vouchers (PBVs) as a partial funding source. They have secured property, committed vouchers and selected a contractor, Danco Communities, and entered into a deferred development agreement to build the "Harbor Point Apartments" an affordable housing project with subsidized units.

Water Services

The Crescent City water system provides water collection, treatment and distribution to the incorporated city of Crescent City, certain unincorporated areas near the city, and the Pelican Bay State Prison through a system comprised of one well in the Smith River, and 60 miles of water mains to approximately 1,800 residential customers and 1,600 wholesale customers. As of July 2016, there are approximately 4,624 total connections (meters) and 4,238 active water accounts (Coleman Engineering, July 2017). In 2010, the water system also delivered service to 107 commercial connections, six industrial connections, and one connection for the Pelican Bay State Prison.

The City delivers water directly to customers to additional unincorporated areas outside of the City. Under contractual agreements, the City also delivers water within the Bertsch-Oceanview Community Services District (BOV CSD), the Church Tree Community Services District (CT CSD), Crescent Fire Protection District W-1 (FDW1) and the Meadow Brook (MB) area of the Del Norte Flood Control District.

The City has an Urban Water Management Plan (UWMP) (Amended 2010) in compliance with the California Department of Water Resources (DWR) requirements pursuant to the Urban Water Management Act (UWMP Act) and the Water Conservation Bill of 2009. The UWMP Act (California Water Code §10610 et seq.) requires urban water suppliers to report, describe, and evaluate the following:

- Water deliveries and uses;
- Water supply sources;
- Efficient water uses; and
- Demand Management Measures (DMMs), including implementation strategy and schedule.

The UWMP includes a water use reduction plan. “The City of Crescent City has established a 2020 water consumption goal of 87.3 GPCD. Due to ongoing conservation measures the GPCD has been significantly reduced in the past 10 years from over 100 GPCD in 2000 to less than 80 GPCD in 2010 surpassing the 2020 water consumption goal. The City of Crescent City is committed to initiating public and school education programs. These additional water conservation measures should result in additional reductions beyond the 2020 GPCD goal.”

In addition, the Water Conservation Bill of 2009 requires urban water suppliers to report in their UWMPs base daily per capita water use (baseline), urban water use target, interim urban water use target, and compliance daily per capita water use.

Water Source

The City of Crescent City's only water source is provided by groundwater from the Smith River Plain Groundwater Basin. The Smith River provides an abundant supply of high quality fresh water. The drainage basin of the Smith River, which covers about 700 square miles, produces runoff of about 2.9 million acre-feet per year (AFY) (944,265 million gallons per year), making it the highest water-producing drainage in California based on runoff per square mile (UWMP). Production from the Smith River between 2005 and 2010 was 690-830 million gallons per year, well below the permitted amount of 1,194 million gallons per year. The City has a state designated place of use that extends along the main transmission line from the Smith River.

Table 3: Crescent City Water Source Data

Source	Status	Capacity (gpd)
Smith River – Ranney Well	Active	10 million gpd/ 626,000 acre feet

Water Demand

Peak demand for water use in the City of Crescent City is currently 3 mgd/day. A 2017 inspection showed good water quality and adequate capacity. The storage and pumping facility located on Washington Blvd was upgraded in 2001 from a 1-million-gallon storage reservoir to a 4-million gallon reservoir (Freshwater Environmental Services, 2014). This upgrade allowed the system to supply adequate water for fire protection.

Table 4: Storage Data

Name	Type	Capacity	Comments
Washington Reservoir	Welded steel, above ground	4 million gallons	Independent evaluations conducted in 2013 and 2016 related to conditions, efficiencies and recommendations.
Amador Reservoir	Welded steel, above ground	1.5 million gallons	

Water Treatment

Water from the Smith River is naturally filtered through the sand and gravel bed of the river and collected by intake lines 30 feet below the river. From there, water is pumped southward to the treatment facility off Kings Valley Road, where chlorine is added to meet State compliance standards. The City ceased adding fluoride to its water supply on November 8, 2012 per ballot measure A. Under Water Resources Control Board water rights permits, the appropriation from the Smith River (underflow) is specified as an average of 12.8 cubic feet per second (cfs) (8.3 million gallons per day) with a maximum annual diversion of 3,666 AFY (1,194 million gallons per year) (Freshwater Environmental Services, 2014).

Water Distribution

After treatment, the water enters the Ranney collector, a 2.85 mile transmission line, to a 50,000 gallon elevated storage tank. From the storage tank, the water is gravity fed approximately two miles via a 24-inch line to the City's distribution system consisting of booster pumps and storage tanks. According to the City's 2016 annual water quality report, a total of 656 million gallons were collected through the Ranney Collector, which is approximately 1.8 million gallons per day.

Water Meters

There are currently no electronic water meters installed. Potentially in the future electronic meters will be installed and allow for automatic meter reading. The average water meter age is over 40 years and although multiple repairs and replacements have occurred within the system no complete replacement of the system has taken place (Coleman, 2017).

System Monitoring

Water is analyzed daily for chlorine, turbidity and acidity. Additionally, microbiological tests are analyzed from various locations throughout the system to further ensure that it meets health and quality standards. Water monitoring test results showed that all contaminants were below Maximum Contaminant Levels (MCLs) (Crescent City Annual Water Quality Report, 2016).

Water System Infrastructure Planned Upgrades

City staff has indicated that the current system provides adequate water volume and pressure for the City's residential, commercial, and fire protection needs. The City of Crescent City commissioned a preliminary engineering report (PER) for a water improvement project that was presented to the City Council. The report covered needed upgrades to the water system including identifying planned upgrades to the existing reservoirs

and select transmission lines (Coleman, 2017). The City submitted a pre-application for USDA rural development funding entitled Water Systems Improvement Projects 2015. As this project moves forward, it will address the majority of the water system infrastructure needs and deficiencies. In addition, the system is undergoing a multi-year seismic retrofit to prepare for potential earthquakes and to increase system performance. During the retrofit, city staff will install a Supervisory Control and Data Acquisition (SCADA) system, which will improve efficiency and promote reductions in maintenance costs and will replace the water tanks with hydrostatic pumps to supply reliable water in the event of a power outage.

Wastewater Service Overview

Major renovations and upgrades to the Crescent City wastewater treatment facility were completed in 2010. The Wastewater Treatment Facility (WWTF) consists of new influent pumping equipment and controls, new grit removal system, primary clarifier modifications, upsized and upgraded site piping, removal of underground storage tank and contaminated soil, and addition of membrane bioreactors, ultraviolet disinfection and effluent pumping for the production water that comports with the California Code of Regulations Title 22 (Title 22) requirements.

The City's WWTF is capable of producing, tertiary-treated recycled water meeting Title 22 Water Recycling Criteria and the City looks for recycled water use opportunities. The reclamation system capacity is 0.6 mgd; however, the membrane bioreactor can treat up to 1.6 mgd. Effluent that is not recycled is discharged to the Pacific Ocean. The 24- inch diameter ductile iron pipe outfall discharges into a rocky slot in the surf zone adjacent to Battery Point Lighthouse and has an effluent conveyance capacity up to 13 mgd (UWMP).

Wastewater Collection System

There are approximately 3,850 sewer connections, 21 lift stations, and 51 miles of sewer line inside the City and in Community Service Areas served by the City.

Infrastructure Needs and Deficiencies

The City's wastewater system, originally constructed in the late 1950's, underwent a major Wastewater Treatment and Disposal System upgrade which was completed in 2010. Recent upgrades include the B Street Sanitary Sewer Rehabilitation Project and the 2nd & B Street Sewer Main Line Replacement. The B Street main line is one of the most critical main lines in the city's sewer infrastructure. The line was over 50 years old and in urgent need of replacement.

Wastewater System Planned Upgrades

There is currently a project in place to upgrade lift stations. The upgrade is a joint project with the County and will rebuild two lift stations as well as installing Supervisory Control and Data Acquisition (SCADA) systems for stations, which will improve the efficiency and promote reductions in maintenance costs.

Law Enforcement

The Crescent City Police Department is located at 686 G. St. and can be contacted at 707-464-2133 or ccpd@crescentcity.org. The department is comprised of one police chief, two sergeants, nine officers, and one records clerk and is currently fully staffed. The department also has a K-9 program with two K-9 officers. The dogs are valuable in their ability to locate illegal narcotics.

There are current public safety needs that should be addressed. The department will need to build a new police station or rehabilitate the old one. An ongoing study is underway and potential funding is being reviewed. The department continues Peace Officer Standards and Training (POST) trainings every 24 months to ensure officer performance.

Crescent City provides all aspects of law enforcement for the City, such as patrol, investigations, traffic enforcement, and traffic collision investigations. The Department responds to a wide range of calls for service and provides a number of community support and outreach programs to promote policy/community partnerships. These programs include volunteer programs such as Volunteers in Police Service (VIPS), Crescent City Explorers, and Reserve Officers; and other programs including School Resource Officer (SRO) and Lunch with the Law. The City Police Chief Ivan Minsal enjoys a good working relationship with the County Sheriff. The department responded to 8,119 calls for service in 2017 and 8056 calls in 2016.

Fire Protection

The Crescent City Volunteer Fire Department provides fire protection within city limits. In 2015, the Crescent City Volunteer Fire Department and the Crescent Fire Protection District entered into a memorandum of understanding to combine administration, fire prevention, training, operations and support services as part of “Crescent City Fire and Rescue” (CCF&R). This was prompted by efforts to maintain a high level of service in an environment of ever-increasing costs and service demands. The two fire agencies have a long history of successful cooperative efforts. This has allowed for the blending of operations without changing the underlying structure of the existing agencies. In 2016, the Fire Department received funds for a seismic retrofit, modernization of facilities and equipment purchases.

The agency is composed of one full-time Fire Chief, one part-time Deputy Chief, one part-time maintenance worker, a full-time Administrative Assistant and 50-60 volunteer firefighters. CCFR responds to approximately 1,600 structural and wildland fire, medical and other emergencies yearly within Del Norte County, as well as with other agencies and departments provided through Memorandum of Understanding Agreements. The agencies will continue to have separate budgets and oversight from two elected bodies and will retain their own buildings and equipment. Crescent City provides human resources, financial, and other related services. The CCFR fire hall is located at 255 West Washington Blvd. in Crescent City. The Crescent City Volunteer Fire Hall is located at 520 I Street inside the city limits. Recent infrastructure improvements include seismic retrofitting and modernization of the fire hall, and a new apparatus. The City maintains 492 hydrants (Countywide Fire Services MSR 2016).

City Streets

Infrastructure

The City Public Works Department maintains 23 miles of roads and five downtown parking lots.

Infrastructure Needs and Deficiencies

The City is pursuing a maintenance and rehabilitation schedule to help improve the surface conditions of the streets. (MSR 2011). The 23 miles of roads maintained by the City were evaluated in a 2017 Pavement Management Plan. The City uses the Pavement Surface Evaluation and Rating system (PASER) to rate the City’s paved surfaces on a 1-10 scale, where 1 represents a failed surface and a 10 an excellent one. The average PASER rating for all city streets was a 6.2 down from a 7.5 in 2008. The City continues to upgrade streets to improve pedestrian and bicycle safety and access as per the 2016 Regional Transportation Plan developed by the Del Norte Local Transportation Commission. In 2015, the Del Norte Local Transportation Commission prepared a Climate Change and Stormwater Management Plan that addresses localized flooding and the vulnerability of transportation assets, including city streets, to flooding, erosion and sea level rise.

Planned Upgrades

The City has planned for the following roadway improvements: Front St Design and Reconstruction; “A” Street to Front St Realignment; and “A” St to Pacific Ave Rehabilitation. The City has plans to implement the Pebble Beach

Drive Improvement project that will connect Preston Island to downtown Crescent City. The route will be safe for active transportation users like cyclists and pedestrians while accommodating all modes of transport including cars and buses. The City also has plans to improve pedestrian access and safety throughout the city.

Parks, Recreation and Public Facilities

The city maintains a total of 70 acres of parkland and the following recreational facilities:

- Crescent City Cultural Center
- Fred Endert Municipal Swimming Pool
- Shoreline RV Park
- Beachfront Park (picnic area, gazebo, horseshoe pits, monuments, dog park and Kids Town)
- Fraser Park (a playground, basketball courts, and restrooms)
- Peterson Park (a baseball field, tennis and Pickleball courts, and restrooms)
- Howe Park (picnic area)
- Harbor Trail (a bridge and parking area)

Recent improvements and upgrades include the reconstruction of Shoreline RV Park which consisted of new grading, new utilities, WIFI & Cable TV, and upgrades to the shower and laundry facilities and renovations to the Fred Endert Municipal Swimming Pool which included skylight and roof replacement and improved exterior accessibility as well as installation of LED lighting and installation of an ADA lift. Beachfront Park has plans to include disc golf, soccer fields and improved beach access and now includes an amphitheater (Beachfront Master Design Plan, 2016). The City has built the dog park included in the Beachfront design plan. The dog park is located between Front Street and Battery Street next to the SS Emidio Memorial. The City is dedicated to increasing community involvement in the Beachfront Park Plan through avenues such as the Beachfront Park Fund (Crescent City Strategic Plan, 2016).

The Cultural Center, located at 1001 Front St., is available for rental for special events. Beachfront and Peterson Park are also available for special events. All rentals are available by contacting the Public Works Department office technician.

Infrastructure Needs and Deficiencies

There are no current needs or deficiencies.

Planned Improvements

A Master Design plan has been developed for proposed upgrades and improvements to the existing Beachfront Park. The plan includes construction of new roads and a roundabout, new pedestrian walkways, an amphitheater, a town square, disc golf course, picnic area, soccer fields, and a game center.

Other Public Service Providers

Schools

The Del Norte County Unified School District and Office of Education is located at 301 West Washington Boulevard. County and District Schools are illustrated in Tables 5 and 6 below.

Table 5: Del Norte County Schools

Kindergarten - 6th Grade	Kindergarten - 8th Grade	Kindergarten - 12th Grade	7th- 12th Grades
Community Day Schools	Unchartered Shores Academy	Avalon/Paragon School	Community-Day Schools Elk Creek School

		Castle Rock Charter School	McCarthy Community School
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Table 6: Del Norte District Schools

Elementary Schools	Middle Schools	High Schools
Bess Maxwell; Joe Hamilton; Margaret Keating; Mary Peacock Mountain; Pine Grove; Redwood Smith River	Crescent Elk	Sunset Continuation Del Norte

Solid Waste and Recycling

The City's solid waste and recycling services are overseen by the Del Norte Solid Waste Management Authority (DNSWMA). Weekly recycling and trash pick-up are provided by Recology Del Norte. The Del Norte County Transfer Station is located at 1700 State Street, Crescent City. Solid waste from the Station is transferred to the Dry Creek Landfill, located in the Medford, Oregon area. In 2006, the Dry Creek Landfill was estimated to have a capacity of 47.5 million tons remaining, which is estimated to provide at least 50 years of continued disposal.

Public Transportation

Local public transit is provided by Redwood Coast Transit, providing local service as well as service from Smith River to Arcata.

Shared Facilities & Services

The City of Crescent City and Del Norte County are cooperating on a Pavement Management Assessment. The Del Norte Local Transportation Commission compiled a 2016 Regional Transportation Plan that serves as a guide for the development of a coordinated and balanced multi-modal regional transportation system. The plan addresses future transportation development projects that will be implemented by Del Norte County and the City of Crescent City. Rural Human Services is an outreach organization based in the City that coordinates programs throughout Del Norte County. It runs a Farmer's market at the Del Norte County fairgrounds in Crescent City, a food bank program, a shelter for victims of domestic violence, a natural resources outreach program and a supported living services program.

BUDGET

The City's Budget is organized by fund type, divided into the following categories: General Fund, Special Revenue Funds, Enterprise Funds, Internal Service Funds, Fiduciary Funds and Capital Project Funds.

The City's adopted fiscal year 2018-19 (City Council Resolution No. 2018-26) sets budget amounts shown in Table 7. The City's primary source of General Fund revenues derives from Taxes. The City's primary source of General Fund expenditures is Wages and Salaries.

Table 7: Crescent City Budget Information 2018-19

Type of Fund(s)	Budget Amount
General	\$5,922,059
Special Revenue	\$4,376,830
Enterprise	\$9,907,728
Internal Service	\$1,174,757
General CIP Funds	\$413,292

Fiduciary Funds	\$103,056
Total	\$ 21,897,722

The appropriated Enterprise and Internal Service Fund amounts do not include depreciation. The appropriated amounts do include transfers between funds.

Audit Report

The City's assets exceeded its liabilities by \$21,693,983 for the fiscal year ending June 30, 2016. The biggest increases in expenditures include increases in spending on community projects and increases in insurance and retirement expenses. Maintaining infrastructure and increases in employee expenses are unavoidable, but charges for services could be increased to offset increased expenses.

Service Rates

New service water connection charges are determined by estimated usage figured at a single-family equivalency of 250 gallons per day at a rate of \$2,700.00 per single family equivalent. Water and wastewater rates and fees are set by Proposition 218 passed by the City Council. Other fees are set by a city approved resolution and may be amended only after a properly noticed public hearing. (Ord. 566, 1980; Ord. 563 § 2, 1980; prior code § 16-126). Water service charges are \$2.62 for every 100 c.f. above the 500 c.f. minimum charge. The current Crescent City Fee schedule is available on-line on the City's webpage.

Table 8: Crescent City Fee Schedule

Size	Service Connection Fees	Monthly Service Rate
5/8" – 3/4"	Set by Resolution 2017-22	22.49 up to 500 cf
1"	Set by Resolution 2017-22	22.49 up to 500 cf
1-1/2"	Set by Resolution 2017-22	22.49 up to 500 cf
2"	Set by Resolution 2017-22	22.49 up to 500 cf

Financing Constraints and Opportunities

The City of Crescent City conducts an annual budgeting process and controls costs to limit expenses. The City actively pursues grant funding from numerous agencies that provide rural area funding to cover infrastructure and other City improvements.

Cost Avoidance Opportunities

The City already shares staff members across departments to reduce staffing costs. The City also uses volunteers and works with non-profit organizations to provide services at low costs.

MUNICIPAL SERVICE REVIEW DETERMINATIONS

This chapter addresses the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56430). As part of the municipal service review process, LAFCo is required to make written statements of determinations in each of the categories listed below.

Growth and population projections

According to the US Census Bureau, the 2015 5-year population estimate for Crescent City was 7,120. Using a 0.1 percent annual growth estimate, and the 2010 population, the Crescent City population could increase to

7,300 by the year 2035 (CA Department of Finance, 2016). The city has plenty of space to accommodate this level of growth.

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the Sphere of Influence.

Although the City of Crescent City is considered a Disadvantaged Community Place with place ID number 0617022, it is incorporated so it is not considered a DUC. It is directly adjacent to the Bertsch-Oceanview CSD, which is within the current sphere of influence. Bertsch-Oceanview has a population of 2,568 and a MHI of 35,678 and is considered to be a disadvantaged community (Department of Water Resources, Disadvantaged Community Mapping Tool, 2017). Crescent City provides water to the Bertsch-Oceanview CSD which then distributes it to the community.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

Growth in the incorporated Crescent City area is expected to be minimal and the current public facilities and infrastructure should be adequate to accommodate future increases. A building at 2nd and H Streets was recently purchased for future renovation as the new City Hall location. There is a need for a new police station and a study looking at feasibility and funding sources is still underway.

Financial ability of agencies to provide services

The City establishes annual appropriations for General; Special Revenue; Enterprise; Internal Service; General CIP; and Fiduciary Funds as part of their budget process. These funds are allocated to provide the range of services offered by the City.

Status of, and opportunities for, shared facilities

The City of Crescent City provides potable water service to the City, some unincorporated areas around the City and Pelican Bay State Prison. The City delivers water directly to customers within the City, the County Service Area/Assessment District Number One (CSA1/AD1) and additional unincorporated areas outside of the City. Under contractual agreements, the City also delivers water to the Bertsch-Ocean View Community Services District, the Church Tree Community Services District and Meadow Brook for their customers.

CSA1/AD1 also provides wastewater conveyance for customers within their jurisdiction. However, wastewater from the CSA1/AD1 is treated by the City's WWTP. The BOV CSD has the same boundary and serves the same customers as the CSA1/AD1. The BOV CSD provides water service and the CSA1/AD1 provides wastewater collection service. The BOV CSD purchases its water from the City and the CSA1/AD1 conveys its wastewater to the City for treatment and disposal.

Given the above conditions, and because these areas are within the Crescent City SOI, a future annexation of one or both of these Special Districts to the City of Crescent City may be warranted, as would consideration of a future Special District consolidation. Furthermore, in order for urban densities designated in the City of Crescent City and the Del Norte County General Plans to be developed, services must first be available. Crescent City could pursue the annexation of the Bertsch-Oceanview CSD and the Crescent City Harbor District.

Accountability for community service needs, including governmental structure and operational efficiencies

The City is governed by the Crescent City City Council. The City Council is comprised of five elected members that serve a four year term. The current government structure is operating efficiently, and the City appears to have sufficient governance structure and operational capacity. No change is needed.

Any other matter related to effective or efficient service delivery, as required by commission policy

The future annexation of the Bertsch-Oceanview CSD and the Crescent City Harbor District would allow for more efficient service delivery to these areas. The Harbor District is pursuing financial solutions to address deficits that should improve its ability to provide adequate services and be more viable for future annexation.

SPHERE OF INFLUENCE DETERMINATIONS

The current sphere of influence (SOI) surrounding the City of Crescent City is very large and is proposed for reduction as part of a SOI update. The SOI will still include the Church Tree Community Services District, the Bertsch Ocean-View CSD and the Meadowbrook subdivision north of city limits. The Commission carefully considered the areas within the SOI, especially resource lands. The Commission is particularly concerned with private land within resource lands and would like to consider their retention within the SOI to make access to the water supply more available for cannabis use and other small agricultural businesses.

Present and planned land uses in the area, including agricultural and open-space lands.

The area surrounding Crescent City is primarily agricultural, commercial timber production lands, recreation areas, residential developments and mobile home parks. There are areas of light industrial and commercial areas, some of which are vacant. Opportunities for growth exist, but physical hazards and constraints such as flood plains and hillsides are barriers to growth. The Commission would like to consider resource land retention within the SOI to make access to the abundant water supply more available for cannabis use and other small agricultural businesses in the future.

Present and probable need for public facilities and services in the area.

Given the low growth estimates for the City, there are no anticipated needs for the expansion of public services and facilities. The proposed reduction in the SOI will remove areas that will not need public services from the City. Development is currently in progress in the industrial areas around the airport and the airport itself is proposed for inclusion in the SOI. State and Federal lands will not be developed, will not rely on an extension of city services and are proposed for removal. However, private inholdings within resource lands could potentially be used for small agriculture businesses and require water service in the future.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The current capacity of public facilities provided by the City appear to be adequate to serve current demand.

Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The City of Crescent City is a shopping and service industry hub for local residents in Del Norte County. Crescent City's commercial and public businesses support the daily local needs of the greater population of the County.

For an update of a sphere of influence 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.

The current SOI is proposed for reduction due to a lack of demand for development on the edges of the current SOI. There are no disadvantaged unincorporated communities that will be removed from the current SOI that will no longer be able to receive services from the City.

REFERENCES

City of Crescent City, 2016. Beachfront Master Design Plan.

City of Crescent City, 2016. Annual Water Quality Report. <http://crescentcity.org/docs/2016CCR.pdf>

City of Crescent City, 2016. Strategic Design Plan

Coleman Engineering, 2017. City of Crescent City Water Improvement Project Preliminary Engineering Report.

CA Dept. of Water Resources: http://www.water.ca.gov/irwm/grants/resources_dac.cfm

CA Dept of Water Resources Groundwater Information Center

http://www.water.ca.gov/pubs/groundwater/bulletin_118/basindescriptions/1-1.pdf

Freshwater Environmental Services, 2014. 2010 Urban Water Management Plan Amendment, Crescent City CA

North Coast Resource Partnership: http://www.northcoastresourcepartnership.org/app_pages/view/7897

State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2016 and 2017*. Sacramento, California, May 2017.

California Department of Transportation:

http://www.dot.ca.gov/hq/tpp/offices/eab/index_files/2016/DelNorte2016.pdf

US Census Bureau: <https://www.census.gov/quickfacts/table/PST045215/06>

US EPA Safe Drinking Water Information System Accessed 2017

https://sdwis.waterboards.ca.gov/PDWW/JSP/WaterSystemDetail.jsp?tinwsys_is_number=277&tinwsys_st_code=CA&counter=0

US Census Bureau https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml

January 22, 2019

6872.21/2401

Del Norte County Local Agency Formation Commission
1125 16th Street
Arcata, California 95521

Attention: George Williamson, Executive Officer

Subject: Crescent City Municipal Services Review and Sphere of Influence

Dear Director Williamson:

On behalf of our clients, Green Diamond Resource Company (GDRCo), LACO Associates is requesting that the Del Norte County Local Agency Formation Commission take formal notice of the potential future uses of the Crescent City raw water and treated water supply lines. Those facilities currently run a total of approximately 8.5 miles from the Smith River, to the City's treatment facility and continuing south to the City's water storage and distribution facilities. The currently adopted Crescent City Municipal Services Review (MSR) describes these facilities in general terms, but does not address the potential that the available infrastructure could be effectively and efficiently used for domestic, public safety and/or small scale agricultural purposes. As described in more detail below, we are requesting that such uses be enumerated in the ongoing MSR update, that Crescent City and other affected agencies be encouraged to study such uses in anticipation of future service requests, and acknowledge that such study may indicate that a Sphere of Influence Amendment is justified and that extra-territorial services or other similar service arrangements may become appropriate.

In order to support our position, we will demonstrate that there are potentially appropriate uses for water service along the existing facilities with the potential to support economic development and public safety goals, that there is precedent for the expanded use of the transmission facilities and, finally, that the acknowledgement of such uses is consistent with the definition and purposes of a Municipal Service Review and Sphere of Influence.

Appropriate Uses: The existing water delivery lines run primarily along existing rights of way through some of the limited area of privately held land available in Del Norte County. With approximately 80% of the entire area of the County in public ownership, and a considerable portion of the privately held land in use for timber production, the relatively modest remaining private holdings are a valuable resource. Such lands provide the County's primary opportunities for housing, economic development and economic diversification. As such, it is imperative that such lands be used efficiently and effectively within the limits established by the City and County General Plans. Many of the properties adjacent to the City's water delivery lines have the potential for rural density residential development with subdivision potential to five or fewer acres. Where the General Plan and Zoning anticipate such use, water in the municipal supply lines may be valuable to replace or supplement available groundwater supplies, helping to maximize the housing potential for each lot. More importantly, especially in light of recent events, municipal supplies may be made available to supplement on-site firefighting capabilities. In the past two years, the State of California has witnessed devastating examples of the result of wildfire at the urban edge. Even if domestic water continues to be solely available from on-site groundwater, enhanced fire protection should be considered where adequate capacity exists.

Supplemental supply and appropriately placed hydrants in rural residential areas have the potential to protect lives and property. Such uses should be acknowledged and studied as State and Local agencies adapt their policies to address the information learned from the fires in Santa Rosa, Paradise, and elsewhere.

While the potential use for domestic and fire protection services is well understood, it should also be noted that the changes in state and local laws and regulations to permit additional cultivation of cannabis for medical and other purposes presents a new, and under-evaluated opportunity. As the industry adapts to the new regulatory environment, there is the potential for operations to relocate from environmentally precarious locations along small streams in hillside areas to more easily managed locations in more typical agricultural lands. Greater enforcement of water quality regulations in the hillsides, along with a permitting process for compliant operations may accelerate this change, provided that adequate and reliable sources of irrigation for small scale agricultural operations can be identified. As requests for such uses are likely to accelerate over the next several years, it is appropriate for the Municipal Services Review to anticipate such requests and encourage Crescent City, Del Norte County and others to prepare a response consistent with the County's policies and goals for the industry.

Precedent: We note that at least one user, the Pelican Bay State Prison, makes use of water drawn from the same water supply facilities under discussion for use by private owners. While we acknowledge that there are considerable differences in circumstance, we also note that, when an opportunity presenting an appropriate combination of public need and economic development arose, local and state policy makers found a beneficial solution to ensure that water supplies were made available. Our primary request is simply to acknowledge that new opportunities are likely to arise and that policy makers should be prepared to consider a full range of potential responses.

MSR and Sphere of Influence: As you are aware, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (CKH) defines a Sphere of Influence as *"a plan for the probably physical boundaries and service area of a local agency, as determined by the commission."* We believe that we have provided substantial evidence that the future service area of Crescent City may reasonably include properties along the raw water and treated water lines leading from Smith River to the City's storage and distribution systems.

CKH Section 56430 provides guidelines for Municipal Service Reviews. Such reviews are encouraged to cover a sufficient geographic area to analyze the services and are to include written statements with respect to growth projections for the area, present and planned capacity of public facilities, adequacy of public services, within and contiguous to the sphere of influence, accountability for community service needs and any other matter related to effective or efficient service delivery. Municipal Service Reviews are to be comprehensive and may assess various alternatives for improving the efficiency and affordability of infrastructure and service deliver within and contiguous to the sphere of influence. All of those standards tend to support the inclusion of a discussion of the potential for future flexible use of the existing water delivery facilities from Smith River to Crescent City. As described above, such uses may provide efficient, effective and affordable services to areas adjacent to the existing sphere of influence. When considered with the existing, successful use of those facilities to supply water to the Pelican Bay State Prison, there appears to be ample justification to raise the issue in the Crescent City MSR.

As noted above, our current request is to simply acknowledge within the Crescent City MSR that the raw water and treated water facilities leading from the Smith River to the City of Crescent City are a valuable resource with the potential to be used flexibly along their length for a variety of purposes. Further, we are requesting that the MSR encourage Crescent City and others to actively study available facilities, capacities, and policy to determine which uses might be supportable and under what circumstances, and to consider whether some or all of the land adjacent to those facilities meets the criteria for inclusion in the Sphere of Influence. Placing the discussion in the MSR does not commit LAFCO or the City to a future course of action but provides a valuable forum for consideration of the unique opportunities available in the vicinity.

Please feel free to contact me to discuss our proposal in more detail or with any questions LAFCO Staff or Commissioners may have.

Sincerely,

LACO Associates

A handwritten signature in blue ink, appearing to read "Michael D. Nelson".

Michael D. Nelson, AICP
President

MDN:jlh

Document3

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

**RESOLUTION 18-05
APPROVING THE CITY OF CRESCENT CITY MUNICIPAL SERVICE REVIEW AND SPHERE OF
INFLUENCE UPDATE**

WHEREAS, the Del Norte Local Agency Formation Commission, hereinafter referred to as the “Commission”, is authorized to establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Del Norte County; and

WHEREAS, the Commission staff prepared a municipal service review to evaluate the availability and performance of governmental services provided by the City of Crescent City (City), pursuant to California Government Code Section 56430; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner prescribed by law; and

WHEREAS, the Executive Officer’s report and recommendations on the sphere of influence update were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission opened a public hearing on September 24th, 2018 and continued the hearing to January 28, 2019 to allow City review; and

WHEREAS, the Commission heard and fully considered all evidence presented at a public hearing on January 28, 2019; and

WHEREAS, the Commission considered all the factors required under California Government Code Section 56425.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission hereby accepts the City of Crescent City Municipal Service Review, incorporated herein by reference.
2. The sphere of influence for the City of Crescent City included within the Municipal Service Review has been appropriately informed by the Commission’s evaluation of the level and range of governmental services provided.
3. Pursuant to Government Code Section 56425(e), the Commission makes written statement of determinations for the City of Crescent City Municipal Service Review & Sphere of Influence Update, hereby incorporated by reference.
4. The Commission, as Lead Agency, determines that the sphere of influence update is exempt from further review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3). This finding is based on the Commission

determining with certainty the update will have no possibility of significantly effecting the environment given no new land use or municipal service authority is granted.

5. The Executive Officer shall revise the official records of the Commission to reflect the updated spheres of influence for each district.

PASSED AND ADOPTED at a meeting of the Del Norte Local Agency Formation Commission, State of California, on the 28th day of January 2019, by the following vote:

AYES:	Commissioners:
NOES:	Commissioners:
ABSENT:	Commissioners:
ABSTAIN:	Commissioners:

_____,
Chair

Attest:

George Williamson, Executive Officer

REGULAR MEETING MINUTES

Del Norte Local Agency Formation Commission Board of Supervisors Chambers December 10, 2018 4:00 pm

Members present: Blake Inscore (Chairman), Bob Berkowitz (Vice-Chair), Roger Gitlin, Jason Greenough, Public Member Sparky Countess

Members absent: None

Others present: Executive Officer George Williamson, Nicole Burshem, PS Business Services, Elizabeth Cable, legal counsel.

1. Call to Order/Roll Call

Chairman Inscore called the meeting to order at 4:00 p.m. Nicole Burshem took roll call. Commissioner Gitlin led the Pledge of Allegiance

2. Public Hearings

A. Crescent City 2018 MSR& SOI Update - Continued

Chair Inscore opened the continued public hearing and received staff report. Commission requested additional information on water service potential in resource lands related to cannabis use. Commission directed staff to find more information on private holdings within resource lands and to present information at the next meeting.

On a motion by Commissioner Gitlin, seconded by Commissioner Berkowitz, and carried by a 5-0 vote the Commission continued the hearing to January 28, 2018.

3. Regular Business

A. Approval of December 10, 2018 Draft Minutes

On a motion by Commissioner Berkowitz, seconded by Commissioner Greenough, and carried by a 4-0 vote the December 10, 2018 Minutes were approved.

B. FY 2018-19 First Quarter Accounting Review

The Commission reviewed First Quarter Expenditures from the FY 2018-19 Adopted and Actual budget presented by the Executive Officer. Revenues have been deposited/requested from both the City and County. The First Quarter budget accounting for FY 2018-19 has been reviewed and filed.

C. CALAFCO Annual Conference – Materials

The conference materials were reviewed and filed for further reference. There was discussion about Chair Inscore's potential

appointment to the CALAFCO Northern region Board. Commission directed staff to research cost and budget options for chair attendance at future CALAFCO meetings.

D. Meeting Schedule

The Commission reviewed the meeting schedule and approved the meeting dates as listed.

E. Website Requirements

Staff presented recent legislation (SB 929) that requires all independent special districts to have and maintain a website by January 1, 2020. Information on Website Requirements and text of SB 929 was reviewed and filed.

4. Inquiries, Correspondence, Application Status and Referrals

Staff - The Executive Officer provided a report of current projects, issues of interest, and pending legislation. Status: None.

Commission - On their own initiative, Commission members may make brief announcements or reports on their own activities. They may ask questions for clarification, make a referral to staff or request a business matter for a future agenda per Government Code Section 54954.2 (a).

Public - Public comment on items of interest within LAFCo subject matter jurisdiction, and not otherwise appearing on the agenda. No action may be taken on any item not appearing on the agenda. Public comment: None.

5. Adjournment

Chairman Inscore Adjourned the meeting at 4:53PM.

Respectfully Submitted

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AGENDA ITEM 4B

MEETING DATE: January 28, 2019
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: FY 2018-19 Midyear Accounting

DISCUSSION

The FY 2018-2019 Midyear Accounting is attached. Revenues have been deposited /requested from both the City and County.

RECOMMENDATION

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

By order of Chair, with Commission concurrence, review FY 2018-2019 Midyear Budget Accounting.

ATTACHMENTS

Exhibit A - FY 2018-2019 Midyear Accounting

DEL NORTE LOCAL AGENCY FORMATION COMMISSION

ATTACHMENT 4B FY 2018-19 Budget Revenues and Expenditure Midyear Report

FY 2018-19 EXPENDITURES	Adopted Budget	Quarter 2
SERVICES & SUPPLIES		
Insurance	\$2,100.00	\$2,100.00
CALAFCO Membership	\$925.00	\$925.00
Printing	\$50.00	\$0.00
Postage	\$50.00	\$0.00
Professional Services		
MSR/SOI Preparation	\$24,500.00	\$8,942.54
Application Processing	\$10,000.00	\$0.00
Prof. Serv. Exec Officer/ Admin.	\$47,520.00	\$22,022.29
Prof. Serv. Legal Counsel	\$2,000.00	\$245.04
Advertising/Publications	\$400.00	\$0.00
Conferences (CALAFCO)	\$0.00	\$0.00
Interfund-Cost Plan	\$1,692.00	\$0.00
Public Member Stipend (up to 8 mtgs @ \$40/mtg)	\$320.00	\$0.00
TOTAL EXPENDITURES	\$89,557.00	\$34,234.87
2018-19 REVENUES		
Project Revenue (App Deposits)*	\$10,000.00	\$0.00
Interest	\$11.00	\$0.00
Del Norte County	\$39,768.50	\$39,768.50
City of Crescent City	\$39,768.50	\$39,768.50
Funds from Account #42801007100	\$5,306.61 (Reserve)	\$0.00
TOTAL REVENUES	\$89,557.00	\$79,537.00

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AGENDA ITEM 4C

MEETING DATE: January 28, 2019
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: Budget Amendment- CALAFCO Board Meeting Expenses

DISCUSSION

Commission member Blake Inscore served on the California Local Area Formation Commission (CALAFCO) ad-hoc Finance Committee for Del Norte LAFCo in 2017-18 and is being considered for a position on the CALAFCO Northern Region Board as the City member representative.

The Board sets direction and policy, with membership input, for the statewide association. This can have statewide impact on LAFCOs, especially in terms of legislation. Board members meet with other LAFCo commissioners, from around the state to discuss LAFCo and association issues. The board participates (as volunteers) on the conference program planning committee so there is influence on conference educational offerings for all commissioners.

Board members are kept informed about statewide matters (and often directly participate in those statewide discussions) and can relay those issues and discussions directly back to this commission.

According to CALAFCO staff, as an active ad hoc Finance Committee member representing rural LAFCOs (and the northern region), Blake has been invaluable in terms of his contributions to the conversation and representing the voice of rural LAFCOs. This appointment would represent the first time one of the three most northern LAFCOs have had a seat on the Board.

If appointed, there would be attendance at CALAFCO board meetings and concurrent travel expenses. This would include \$1,449.00 for FY 2018-19 and additional expenses for the following year. These expenses could come from unrestricted reserve funds in the FY 2018-19 budget.

RECOMMENDATION

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

By order of Chair, with Commission concurrence, approve the budget amendment for CALAFCO Board travel expenses for the remainder of FY 2018-19.

Attachment County Auditor Budget Amendment Form

Del Norte LAFCo Budget Transfer Request

Department Name	Fund	Dept.	Line Item	Description	Budget Transfer Amount(s)	
					Reduce Expenditures or Increase Revenue	Increase Expenditures or Reduce Revenue
Del Norte LAFCo	428	429	7100	Account 42801007100	\$1,449.00	
Del Norte LAFCo	428	429	20290	Conferences (CALAFCO when funds available)		\$1,449.00
Total Amounts					\$1,449.00	\$1,449.00

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

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

January 28, 2018

Date

Department Head Signature

Auditor's Office: Sufficient balances exist per above
(Under \$100 Auditor's Office approves)

County Administrative Officer:

(Under \$1000 - CAO approves)

Recommendation: Approve

Denv

Deny

Submit for Board approval

Submit for Board approval

TR No. _____ Budget Revision No. _____

Budget Revision No.

Date

Includes Revenue Appropriation			Requires 4/5ths Vote
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ropriation

Requires 4/5ths Vote

Passed by Del Norte LAFCo on: January 28, 2018

Ayes: 4

Noes: 0

Absent: 1

Attest: Executive Officer

By: _____

Chairperson
Del Norte LAFCo

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AGENDA ITEM 4D

MEETING DATE: January 28, 2019
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: Klamath Area Fire Services Status Report

In 2015 Del Norte LAFCO Prepared a Countywide Fire Services Municipal Services Review and Sphere of Influence Update. This MSR and SOI Update for fire protection service providers at a county-wide level served to determine the best approaches to address common service needs. The service review provided a fire protection services overview along with agency profiles, evaluated services provisions, and identified opportunities to increase service provision efficiencies. The report included MSR determinations and SOI recommendations and determinations for each of the following fire protection districts:

- Crescent Fire Protection District
- Fort Dick Fire Protection District
- Gasquet Fire Protection District
- Klamath Fire Protection District
- Smith River Fire Protection District

The Del Norte Countywide fire services MSR described characteristics and opportunities for emergency medical services, training, response times/ recruitment of active volunteers, level of service, mutual and automatic aid, dispatch coordination, emergency response services, and funding challenges.

This is an update of information presented in the 2015 Countywide Fire Services MSR & SOI Update and from Klamath FPD board information provided to the Del Norte LAFCo Executive Officer and Fire Services Specialist.

The 2015 MSR laid out options for future Klamath FPD governance including whether to maintain the independence of the District. The Klamath FPD opted to remain an independent special district. This option was presented in the MSR along with certain necessary steps to improve District transparency, accountability, and financial stability. Under this alternative, the District could remain intact and continue to make improvements, including the following:

- Long-term planning by the District, including conducting a staffing plan for the recruitment and retention of volunteers, a capital improvement program, and/or a strategic plan to evaluate service, infrastructure, and funding needs with goals, objectives and performance measures.

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- Enhancing accountability and transparency by implementing the Brown Act (ongoing), adopting policies and administrative regulations (where needed), improving financial reporting, and developing and implementing a plan to enhance outreach to district residents in an effort to increase interest in board activities.
- Develop a formal contract or fee-based auto aid agreement with the Crescent City Fire Department and Crescent FPD (i.e., Crescent City Fire and Rescue) due to the frequency of mutual aid requests.
- Develop a memorandum of understanding/agreement with the Yurok tribe to provide a new source of stable ongoing funding to help offset the costs to provide fire protection services.
- Consider other revenue generating options. Lack of funding ultimately results in limited administrative capacity; inadequate facilities, equipment, and apparatus; and contributes to the lack of adequate personnel.

Since the MSR and SOI Update adoption by Del Norte LAFCo, the Klamath FPD has been working to:

1. Increase Klamath FPD volunteer recruitment and training efforts. The FPD contracted with the Eel River Valley Fire Academy to conduct recruitment training. Both District residents, and those that work in District are eligible to be volunteers.
2. The District is able to offer workers compensation insurance for new volunteers, especially to Yurok Tribe/ Redwood Casino Hotel employees. Tribal employees that are volunteers can be covered by the District's insurance.
3. District FY 2019-20 Budget preparation and adoption will start in Spring 2019. The District typically presents a draft budget at their May meeting and approve it at the June meeting.
4. The Klamath Auxiliary donated funds for new radios. The Del Norte LAFCo Fire Specialist arranged for a local telecommunications vendor to supply the radios.
5. An assistant fire chief has been appointed to cover for seasonal chief absences.
6. A local volunteer, also a mechanic has been maintaining fire services apparatus.
7. The District has signed a County-wide auto aid agreement.
8. The District is working towards increasing its parcel-based assessment.

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AGENDA ITEM 4E

MEETING DATE: January 28, 2019
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: Special District Recruitment

BACKGROUND

Currently 30 out of 58 Local Agency Formation Commissions (LAFCo) have special district representation. Del Norte LAFCo does not. Recent legislation has streamlined the process of adding special district representatives and in addition the California Special Districts Association (CSDA) has been encouraging and actively promoting special district representation.

DISCUSSION

The Commission should consider extending an offer to special districts to become LAFCo members. The benefits of membership include informing decisions on the formation of new districts, changes to existing districts and updates to sphere of influence boundaries. The process of seating special district members on the LAFCo board is outlined below

To consider seating special district representatives on LAFCo, LAFCo must receive resolutions requesting representation from a majority of special districts. The commission would then adopt a Resolution of Intention and the Executive Officer would call a meeting of the special districts to select representatives. The Commission may appoint two members and an alternate to represent special districts to serve on LAFCo.

The Independent Special District Selection Committee must consist of the presiding officer of each independent district or an alternate appointed by the presiding officer. The members appointed to LAFCo must be special district officers residing within the county, but not on the Board of Supervisors or a city council.

Independent special districts typically pay one-third of the operational cost of LAFCo unless an alternate method of apportionment is approved. Some LAFCo's reduce initial costs to encourage special district representation. A Memorandum of Understanding (MOU) would be required between LAFCo, the Del Norte County Board of Supervisors, the Crescent City City Council and special districts if an alternate method of apportionment is enacted.

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Information on What is the Del Norte LAFTco? (Attachment 3) and Seating Independent Special Districts on LAFTco (Attachment 4) would be distributed with the letter to special districts.

RECOMMENDATION

The Executive Officer recommends that the commission send out the attached letter soliciting interest in special district representation. The Commission may also consider, as an incentive to special districts to apply for membership, an alternative level of contribution which would be the subject of a Memorandum of Understanding (see attached).

Attachment 1: Letter: Del Norte Local Agency Formation Commission Membership

Attachment 2: Alternate Funding MOU Form

Attachment 3 What is the Del Norte LAFTco?

Attachment 4 Seating Independent Special Districts on LAFTco

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Special District
ADDRESS

MAIL SERVE

January 24, 2019

_____, CA

Subject: Del Norte Local Agency Formation Commission Membership

Dear Board Members:

This letter is to ask for your support in becoming Del Norte Local Agency Formation Commission (LAFCo) members. LAFCo's main duty is to establish boundaries for the City and special districts in the County. Presently, since Del Norte LAFCo does not have special district representation, your district does not have a voice equal to the County and the City in LAFCo affairs, including new district formation, consolidation, merger or dissolution of existing districts, annexations and changes of organization and the establishment, amendment and updates to spheres of influence boundaries. Since AB 2838 passage, the special districts role has increased with the mandate to conduct service reviews as necessary every 5 years. Having a direct voice in LAFCo affairs is now more compelling given LAFCo's mandates and independence.

Even before the AB 2838 revisions became effective, several LAFCo's had previously seated special districts. Del Norte LAFCo wants to know if your district wants to be represented on a commission with oversight over your continued operations, services and growth? LAFCo can make decisions that would affect a particular district without the perspective and concern that only special districts seated on the Commission could provide.

Many LAFCOs have seated special districts. The California Special Districts Association has been active in promoting the seating of Special Districts on LAFCo such as in Santa Cruz. Other rural LAFCOs such as Nevada, El Dorado and Mendocino have seated special districts since special districts in these counties collectively expressed a desire to be involved.

One of the major barriers to special district representation is the cost. The law has a formula requiring special districts to pay a third of LAFCo's operating costs unless another formula is otherwise agreed to by the Cities and the County. A Memorandum of Understanding (MOU) will be required between LAFCo, the Del Norte County Board of Supervisors, the Crescent City City Council and special districts if an alternate method of apportionment is enacted.

Del Norte LAFCo would like to invite you to a Commission meeting on **Monday, March 25 at 4PM at the County Board of Supervisors Chambers 981 H St Crescent City, CA** to discuss an arrangement to seat special districts on Del Norte LAFCo.

If you have any questions, please do not hesitate to call Roger Gitlin, LAFCo Chairman at (707) 464-0801 or George Williamson, Executive Officer at (707) 825-8260.

Sincerely,

Executive Officer
Del Norte Local Agency Formation Commission

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MEMORANDUM OF UNDERSTANDING

Alternate Funding Formula for Special District Membership on LAFCo

This Agreement by and between the _____, a political subdivision of the State of California, hereinafter referred to as "_____"; the City of Crescent City, hereinafter referred to as "CITY" and the Del Norte County Special Districts, hereinafter referred to as "DISTRICTS", provides as follows:

WHEREAS, each of the above parties is a member of the Del Norte Local Agency Formation Commission (LAFCo);

WHEREAS, pursuant to California Government Code Section 56381 (b) (1), each of the parties would be required to pay one-third (1/3rd) of the net operating expenses of LAFCo; and

WHEREAS, Del Norte County, by and through its Board of Supervisors, has agreed to a potential reallocation of the net operating expenses of LAFCo; and

WHEREAS, the CITY, _____ has agreed to a reallocation of the net operating costs: and

WHEREAS, a majority of the DISTRICTS in _____ have approved a resolution stating the following:

1. District requests independent special districts representatives be seated on Del Norte LAFCo.
2. District supports the election of independent special district representatives (two members and one alternate) to LAFCo through a nomination and election process as provided by the Cortese-Knox-Hertzberg Act of 2000.
3. District support is conditional upon a Memorandum of Understanding (MOU) between the County, Cities and Independent Special Districts providing for independent special districts to pay 10 percent of LAFCo's operational costs.
4. District understands that LAFCo funding may be re-examined in three years from the date of execution of the MOU with involvement of districts.

WHEREAS, the parties agree, pursuant to California Government Code Section 56381 (b) (4), that a fair and equitable reallocation of the above expense is warranted;

NOW, THEREFORE, the parties mutually agree as follows:

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1. Pursuant to California Government Code Section 56381 (b) (4), the parties do hereby agree, for the fiscal budget year 2005-2006, commencing July 1, 2005 and ending June 30, 2006, to allocate the net operating expense of LAFCO as follows:

DEL NORTE County	_____ Percent (____%)
CITIES	_____ Percent (____%)
DISTRICTS	_____ Percent (____%)

2. The parties agree that the Del Norte County Auditor will compute the actual amount due from each party pursuant to California Law according to this Agreement.

3. The allocation of the net operating expense shall automatically renew for each of the next five fiscal years from the date of execution of this MOU and said funding shall be re-examined during the fifth fiscal year.

The Undersigned representatives, by executing this Agreement, covenant that they are authorized to execute this Agreement by their respective public entities.

Dated: _____

COUNTY OF DEL NORTE

By _____

Approved as to form

_____, County Counsel

Dated: _____

CITY OF CRESCENT CITY

By _____
City Attorney

What is the Del Norte Local Agency Formation Commission?

LAFCo is an intra-local independent agency that was created by state legislation to ensure that changes in governmental organization occur in a manner which provides efficient and quality services and preserves open space land resources. The Legislature has charged Del Norte LAFCo with carrying out changes in governmental organization to promote specified legislative policies now codified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Cortese-Knox-Hertzberg Act commences with Section 56000 of the Government Code.

The creation of LAFCo was a legislative response to actions by local jurisdictions in the 1940's and 1950's. These agencies incorporated or annexed large, irregular portions of land in a manner which resulted in irrational urban boundaries and isolated populations without efficient services or with no services at all. In 1963, the Legislature established a Local Agency Formation Commission in each county and delegated to them its regulatory authority over local agency boundary changes.

Additional legislation in the 1960's extended LAFCo's authority. In the 1970's the Legislature recognized the connection between decisions concerning governmental organization and the issues of urban sprawl and loss of prime agricultural land. In response to these concerns, LAFCos were charged with implementing changes in governmental organization in a manner which would preserve agricultural and open space land resources and provide for efficient delivery of services. Concerned that LAFCos were responding reactively without considering long-term regional issues, in 1972 the Legislature began requiring LAFCo to adopt a sphere of influence for each agency in its jurisdiction. The sphere is the physical boundary and service area each local government agency is expected to serve and each proposal the Commission considers must be consistent with the sphere plan. The Legislature and the courts require LAFCos to implement the California Environmental Quality Act (CEQA) as it applies to LAFCo actions.

In 1985, the Cortese-Knox Local Government Reorganization Act consolidated all statutes relative to local government changes of organization. Later, in 1997, the Legislature assembled a Commission on Local Governance in the 21st Century to examine governance issues with special attention to the Local Government Reorganization Act. Many of the Commission on Local Governance's recommendations were incorporated into the Cortese Knox Hertzberg Local Government Reorganization Act, which was adopted by the Legislature in 2000, and became effective in 2001.

LAFCo has the specific authority to review and approve or disapprove:

- Annexations to, or detachments from, cities or districts.
- Formation or dissolution of districts.
- Incorporation or disincorporation of cities.
- Consolidation or reorganization of cities or districts.
- The establishment of a subsidiary district(s).
- The development of, and amendments to, Spheres of Influence.
- Extensions of service beyond an agency's jurisdictional boundaries.

- Provision of new or different services by districts.
- Pursuant to Section 56434, the Commission may review and approve proposals that extend service into previously unserved territory in unincorporated areas.
- LAFCo is now empowered to initiate and conduct Municipal Service Reviews for services within its jurisdiction.

The State Legislature recognized the validity of the findings of the Commission on Local Governance for the 21st Century and codified a tool that could be used to collect information and evaluate service provision from a broader perspective. The tool for conducting service reviews is provided in Section 56430 of Government Code. Section 56430 requires “that in order to prepare and to update Spheres of Influence in accordance with section 56425 of the LAFCo law; LAFCos are required to conduct a service review of the municipal services provided in the county or other appropriate designated area. LAFCos must include in the area designated for service review the county, the region, the sub-region, or other geographic area as is appropriate for an analysis of the service or services to be reviewed and, as noted previously, must prepare a written statement of its determination with respect to each of the following (as modified in 2007 and effective 1 January 2008):

- (1) Growth and population projections for the affected area.
- (2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
- (3) Financial ability of agencies to provide services.
- (4) Status of, and opportunities for, shared facilities.
- (5) Accountability for community service needs, including governmental structure and operational efficiencies.
- (6) Any other matter related to effective or efficient service delivery, as required by commission policy.

In addition to LAFCo’s regulatory responsibilities, Del Norte LAFCo considers that an important part of its role is to encourage communication and collaborative planning and studies between public agencies.

Seating Independent Special Districts on LAFCo

THE PROCESS

The commission may appoint two members and an alternate to represent special districts to serve on LAFCo (56325c).

All commission members shall exercise their independent judgment on behalf of the interests of residents, property owners, and the public as a whole: *“Any member appointed on behalf of local governments shall represent the interests of the public as a whole and not solely the interests of the appointing authority”* (56325.1)

Section 56332.5 states: “The commission shall initiate proceedings for representation of independent special districts upon the commission if requested by independent special districts.” A majority of the independent special districts need to adopt resolutions proposing representation on LAFCo. Once LAFCo receives resolutions from a majority of special districts the commission shall adopt a Resolution of Intention. The Executive Officer shall give notice and call a meeting of the independent special districts to select special district representation on the commission.

The Independent Special District Selection Committee shall consist of the presiding officer of the legislative body of each independent special district. An alternate may be appointed by the legislative body of an independent special district if the presiding officer of that independent special district is unable to attend. Districts must be wholly located within the county. Each member of the selection committee shall have one vote. A quorum shall consist of a majority of the eligible districts (56332a).

The Executive Officer shall call and give written notice of all meetings for the Selection Committee so it can select members if a vacancy occurs (56332b).

If the Executive Officer determines that a meeting of the special district selection committee is not feasible, he may conduct the business of the committee in writing. The Executive Officer may call for nominations (for special district representation on LAFCo) to be submitted in writing within 30 days. At the end of the nominating period, the Executive Officer shall prepare and deliver, or send by certified mail, to each independent special district one ballot and voting instructions. Email may also be used with written evidence of receipt and prior concurrence of each district. The districts have at least 30 days to return the ballots by a specified date (56332c). The ballot shall contain the names of all nominees. Terms shall be four years.

The members appointed to LAFCo shall be elected or appointed special district officers residing within the county but shall not be on the Board of Supervisors or a city council.

Independent special districts shall pay one-third of the operational cost of LAFCo unless the independent special districts, the county and the cities approve an alternate method of apportionment. A Memorandum of Understanding (MOU) will be required between the LAFCo, the Board of Supervisors, the city councils and the special districts to seat independent special districts on LAFCo if an alternate method of apportionment as recommended is enacted. District designees need to sign the MOU on behalf of the independent special districts.