

MEETING AGENDA



Del Norte Local Agency Formation Commission
REGULAR MEETING
In Person: Del Norte County Board of Supervisors Chambers
Flynn Center - 981 H St. Crescent City, CA 95531
November 27, 2023 4:00 pm

1. Call to Order/Roll Call/ Commission Introductions & Appointments
 - A. Pledge of Allegiance
2. Public Hearings
 - None
3. Regular Business
 - A. Draft Minutes July 24 2023 (ATTACHMENT 3A)
 - B. Del Norte LAFCo FY 2023-24 Quarter 1 Summary (ATTACHMENT 3B)
 - C. Klamath FPD – Update (ATTACHMENT 3C)
 - D. HRC CSD – Jed Smith HOA Potential Annexation (ATTACHMENT 3D)
 - E. Smith River CSD – Draft MSR/SOI Review (ATTACHMENT 3E)
 - F. 2024 Meetings Schedule (ATTACHMENT 3F)
 - G. CALAFCO 2023 Conference /Training Summary (ATTACHMENT 3G)
 - H. Annexations – Property Tax Revenue Sharing Update (INFORMATIONAL - verbal report)
4. 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.
5. Adjournment

Next Meeting scheduled for January 22, 2024, unless alternate date scheduled.

MEETING MINUTES

Del Norte Local Agency Formation Commission REGULAR MEETING

In Person: Del Norte County Board of Supervisors Chambers

Flynn Center - 981 H St. Crescent City, CA 95531

July 24, 2023

Members present: Darrin Short (County Member & Chair), Blake Inscore (City Member & Vice Chair), Jason Greenough (City Member), Dean Wilson (County Member), Lyle Armstrong (Public Member) and Donna DeWolf (Alternate Public Member)

Members absent:

Others present: George Williamson (Executive Officer), Jim Underwood, General Counsel.

This was an in-person commission meeting.

Call to Order/Roll Call

Commission Chair Short called the meeting to order at 4:01 p.m. Roll call was taken.

A. Pledge of Allegiance - Commissioner Short led the Pledge of Allegiance.

Public Hearings

A. Del Norte LAFCo FY 2022-23 Budget Amendment # 2 in accordance with California Government Code § 56381

The Commission received a budget amendments staff report, primarily covering the Interfund Transfer Cost increase, which has been reduced by the County Auditor. Commissioner Short noted a Resolution # correction that will be made.

On a motion by Commissioner Inscore seconded by Commissioner Wilson and carried by a 5-0 vote the Commission approved FY 2022-23 budget Amendment #2 by Resolution 23-03.

B. Del Norte LAFCo Final FY 2023-24 Budget in accordance with California Government Code § 56381.

The Commission received a staff report on the proposed FY 2023-24 budget. Staff which is reduced due to the Interfund Transfer Cost reduction by the County Auditor.

On a motion by Commissioner Inscore seconded by Commissioner Wilson and carried by a 5-0 vote the Commission approved the Amended FY 2023-24 budget by Resolution 23-04 and directed staff to distribute to City and County, noting the contribution reductions.

Regular Business

A. Draft March 27, 2023 Minutes Continued

The March 27, 2023 Minutes had been continued from the prior meeting to allow Commissioners that were present the opportunity to review.

Del Norte Local Agency Formation Commission
MEETING MINUTES: March 27, 2023

On a motion by Commissioner Wilson seconded by Commissioner Inscore and carried by a 5-0 vote the Commission approved the continued March 27, 2023, Meeting Minutes

B. Draft May 22, 2023 Minutes

On a motion by Commissioner Inscore seconded by Commissioner Wilson and carried by a 5-0 vote the Commission approved the May 22, 2023, Meeting Minutes

C. Member Dues Apportionments - informational

Commissioner Inscore raised the issue of the City – County LAFCo contributions apportionment and noted that much of LAFCo’s work is on services in the unincorporated portion of the County, An adjusted apportionment could be considered. Commissioners Short and Wilson expressed appreciation for the City contribution and indicated the County would not support an apportionment change. Adding Special Districts to the Commission and seeking apportionments from them over time might be one way to reduce City and County apportionments. This was an informational item and no action was taken.

D. Del Norte LAFCo FY 2022-23 Year End Cost Accounting

Staff presented the FY 2022-23 Year End Cost Accounting, showing overall expenses under budget. The Commission expressed appreciation for this, which increases the contingency fund balance. This was an informational item and no action was taken.

E. Annexations Update – Informational.

Staff noted that the two annexations – Smith River FPD & Klamath CSD, are still pending, until the Property Tax Revenue Agreements between the County and District are completed. This was an informational item and no action was taken.

F. Compliance Work Plan for FY 2023-24.

Staff described the MSR/SOI Updates scheduled for the coming year. This was an informational item and no action was taken.

4 Inquiries, Correspondence, Application Status and Referrals

A. Staff - The Executive Officer will provide a report of current projects, issues of interest, and pending legislation.

No additional staff comments.

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).

Del Norte Local Agency Formation Commission
MEETING MINUTES: March 27, 2023

Commissioner Inscore discussed the upcoming CALAFCO Annual Conference, to be held in October. CALAFCO had finished the prior Fiscal Year approximately \$50k under budget. Substantial savings were realized by hiring the new Executive Director Rene LaRoche as an employee. There are now 57 CLAFCO Member Counties as Kern County has dropped out.

Commissioner Wilson commented on the ongoing challenges for the Klamath Fire Protection District, including not filing a current budget with the County Auditor. This non-filing, which prevents the auditor from paying FPD bills, was one of several financial issues noted. The FPD and the Yurok Tribe do not seem to be communicating on fire protection and emergency response issues.

The Commission expressed concern that District preparedness and responsiveness could impact fire insurance rates, ISO ratings and even coverage, as more carriers are not providing fire insurance in California. The Commission requested that staff contact the District Board to request an update on District activities and invite District representatives to the next Commission meeting or see about scheduling a Commission meeting in Klamath with the District, community members and Yurok Tribe.

- 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.

5 Adjournment

The meeting was adjourned at 4:55 PM

Next Meeting scheduled for July 24 2023, was cancelled, The next meeting was scheduled for November 27, 2023.



DEL NORTE LOCAL AGENCY FORMATION COMMISSION

1125 16th Street, Suite 202

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AGENDA ITEM 3D

MEETING DATE: November 27, 2023
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: FY 2023-24 Quarter 1 Cost Accounting

DISCUSSION

Overall, Del Norte LAFCo is on track this Quarter. Some expenses incurred more than 25% of the budgeted amount, which is the target for Quarter 1. These include Legal Counsel, Executive Officer/Administrative Services, and Insurance. MSR/SOI preparation, Public Member Stipends, CALAFCO Membership, and Application Processing costs are all under or at 25% of the budgeted amount, balancing out those expenses using more than 25% of the budget. Details are below:

- Legal Counsel (Jim Underwood) expenses incurred this FY to date are \$1,732.50, or approximately 35% of the budget.
- Professional Services including both Executive Officer, Administrative and GIS services are \$13,564.92 of \$42,100 with \$28,535.08 or 68% remaining. This is due primarily to FY startup costs and multiple budget amendments.
- Insurance Costs, incurred this FY at \$3,350.74 were over budgeted amount of \$2,900.00. A mid year budget amendment will be needed.
- MSR/SOI Preparation costs are \$3,798.75 of the budgeted amount of \$32,000.00, using 11% of the budget, as of September 30 2023. This leaves \$28,201.25, approximately 88%, remaining for the next three quarters.
- Public members do not accept meeting stipends so no expenses for this quarter.
- CALAFCO Membership dues \$1,566.00 equal to budgeted amount.
- Travel Expenses were increased for Commissioner Inscore to attend CALAFCO Board events, as approved by the Commission
- Application processing costs were below the budgeted amount of \$10,000, recorded at \$0 this quarter. Three applications filed and still under review, no additional funds needed.
- FY 2023-2024 City & County revenues - waiting to see if these have been deposited.

RECOMMENDATION

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

Review FY 2023-24 Quarter 1 summary, attached below. This is an informational agenda item.

ATTACHMENT FY 2023-24 Amended Budget - Quarter 1 Summary



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FY 2023-24 Quarter 1 Revenues and Expenditure Report

Del Norte LAFCo FY 2023-24 Amended Budget - Quarter 1 Summary				
Account	EXPENDITURES	FY 2023-24 Approved	FY 2023-24 Amended	FY 2023-24 Quarter 1
Line #	SERVICES & SUPPLIES			
20150	Insurance	\$2,900.00	\$2,900.00	\$3,350.74
20200	CALAFCO Membership	\$1,447.00	\$1,566.00	\$1,566.00
20221	Printing	\$50.00	\$50.00	\$0.00
20223	Postage	\$50.00	\$50.00	\$0.00
20230	Professional Services			
	MSR/SOI Preparation	\$32,000.00	\$30,750.00	\$3,798.75
	Application Processing	\$10,000.00	\$10,000.00	\$0.00
20231	Prof. Serv. Executive Officer/ Admin.	\$42,100.00	\$42,100.00	\$13,564.92
20232	Prof. Serv. Legal Counsel	\$5,000.00	\$5,000.00	\$1,732.50
20240	Advertising/Publications	\$400.00	\$500.00	\$0.00
20290	Travel-Training (CALAFCO Conference)		\$1,250.00	\$1,211.00
70530	Interfund-Cost Plan (decreased)	\$10,000.00	\$1,691.00	\$400.00
20233	Public Member Stipend (@ \$40/mtg)	\$80.00	\$80.00	\$0.00
	EXPENDITURES	\$104,027.00	\$95,937.00	\$25,623.91
	REVENUES			
91125	Project Revenue (Application Deposit)*	\$10,000.00	\$10,000.00	\$10,000.00
90300	Interest	\$960.48	\$1,000.00	\$1,000.00
90780	Del Norte County (less App Deposits)	\$42,013.50	\$37,968.50	\$37,968.50
90781	City of Crescent City (less App Deposits)	\$42,013.50	\$37,968.50	\$37,968.50
07100	Funds from Account #42801007100			
	REVENUES	\$104,027.00	\$95,937.00	\$95,937.00
Contingency (Unrestricted) Fund				
7100	CALAFCO Board Travel Expenses - estimate	\$3,500.00	\$3,500.00	\$3,500.00
	FUND BALANCE			
07100	Account #42801 007 100	\$20,745.02	\$20,745.02	\$20,745.02
*Deposit paid by applicants to cover application processing. Projected amount for auditor use in issuing payment for expense claims.				



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AGENDA ITEM 3C

MEETING DATE: November 27, 2023
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: Klamath Fire Protection District - Update

DISCUSSION

At the last Commission meeting, staff was requested to contact District representatives and request update on their activities. Board Chair and President Walt Lara III was contacted and has been responsive on District matters. There have been several phone conversations and email exchanges, the following is a summary of District matters discussed:

Board Members:

- Walt Lara III, Board Chair and President
- Cindy Molder Board Member and Vice President
- George Badasci Board Member (Appointed by Supervisor Wilson)

Yurok Tribe staff - Council Support Assistant Georgiana (Myers) Gensaw attended a recent Board meeting and indicated interest in being a potential board member /secretary. At least one other community member has expressed interest in being appointed to the Board, to fill the remaining vacancy. There has been significant turnover in the Board and current members are retrieving past records for District operations.

Budget

The District did file the FY 2023-24 Budget with the County Auditor, it has been added to the attached five year budget. The FY 2022-23 Budget has not been filed with the Auditor. There are significant revenue limitations affecting District operations.

Meetings

The Board has been holding monthly meetings at the District Command Center. The next Board meeting was scheduled for November 15, with Del Norte LAFCo staff invited and planning to attend. This meeting was rescheduled to November 29, with Del Norte LAFCo Agenda items and staff planning to attend.

Del Norte LAFCO Agenda Items: - Board Member recruitment; Volunteer recruitment/training; Budgeting, Yurok Tribe relations; and revenue generation

Special Tax/ Assessments -

As noted in the attached budget the District operates on a small budget, given territory covered and population served. The need for a special tax increase was discussed. Mr. Lara felt that any special tax proposed to the community would need to be balanced with an annual BIA contribution for fee parcels not subject to State or County taxes and an annual contribution from the Yurok Tribe to cover their holdings. Del Norte LAFCo has prepared a special tax assessment process that will be shared with the District Board at their next meeting.



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Board Procedures, Meeting Noticing

The Board is progressing on updating bylaws and procedures. It was acknowledged that training was needed, including for Brown Act compliance. Meeting Agendas are posted at the Command Center.

RECOMMENDATION

The: Commission is encouraged to provide staff with direction on matters to be discussed with the FPD Board at the November 29th meeting.

ATTACHMENT

Multi-Year Budget

Klamath Fire Protection District Multi-Year Budgets

Line	Revenues	FY2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
90010	Property Tax-Secured	\$37,700.00	\$37,700.00	\$37,700.00	\$35,943.34	\$28,500.00
90011	Property Tax-Supplemental	\$100.00	\$100.00	\$275.00	\$1,714.13	\$350.00
90020	Property Tax-Unsecured	\$1,500.00	\$1,500.00	\$1,500.00	\$823.54	\$450.00
90091	Yield Tax	\$1,000.00	\$1,000.00	\$1,000.00	\$674.54	\$1,250.00
90140	Special Assessment Fees	\$17,688.00	\$17,688.00	\$17,688.00	\$15,942.48	\$16,600.00
90300	Interest-Klamath Fire	\$150.00	\$150.00	\$250.00	\$571.66	\$100.00
90540	OES CDF Grant	\$0.00	\$0.00	\$10,000.00	\$0.00	\$0.00
90601	HOPTR-Secured/Unsecured	\$500.00	\$500.00	\$500.00	\$471.10	\$500.00
90741	RPTTF Pass Thru	\$0.00	\$0.00	\$0.00	\$0.00	\$5,000.00
91121	Donations	\$0.00	\$0.00	\$5,000.00	\$0.00	\$0.00
91122	Insurance Reimbursements	\$5,065.00	\$2,140.00	\$0.00	\$0.00	\$0.00
91123	Miscellaneous Receipts	\$0.00	\$0.00	\$0.00	\$1,644.20	\$0.00
91125	Donations-Yurok Tribe	\$0.00	\$0.00	\$5,000.00	\$0.00	\$5,000.00
	Total Revenue	\$63,703.00	\$60,778.00	\$78,913.00	\$57,784.99	\$57,750.00
	Expenditures					
20110	Clothing	\$0.00	\$752.00	\$1,663.00		\$1,500.00
20120	Communications	\$2,800.00	\$2,500.00	\$2,500.00		\$2,000.00
20151	Insurance-Liability/Fire	\$8,000.00	\$8,500.00	\$8,500.00		\$15,000.00
20152	Insurance-Workers Comp	\$8,400.00	\$8,500.00	\$8,500.00		\$9,000.00
20170	Maintenance of Equipment	\$5,500.00	\$5,000.00	\$5,000.00		\$5,000.00
20171	Radio Maintenance	\$500.00	\$500.00	\$20,000.00		\$0.00
20180	Maintenance-Struc, Imp, Ground	\$5,765.00	\$7,700.00	\$7,500.00		\$5,000.00
20190	Medical Expense	\$2,000.00	\$4,140.00	\$2,500.00		\$2,500.00
20220	Office Expense	\$250.00	\$250.00	\$250.00		\$250.00
20230	Professional Services	\$3,700.00	\$4,436.00	\$3,500.00	\$4,297.82	\$4,500.00
20240	Public & Legal Notices	\$500.00	\$500.00	\$500.00		\$500.00
20270	Minor Equipment	\$500.00	\$0.00	\$500.00		\$500.00
20271	Small Tools	\$200.00	\$0.00	\$500.00		\$500.00
20280	Special Department Expense	\$300.00	\$500.00	\$500.00		\$0.00
20281	Spec. Department Exp-Firefighters	\$1,500.00	\$1,500.00	\$1,500.00		\$1,500.00
20282	Spec. Department Exp-Chief/Ofic	\$7,500.00	\$7,500.00	\$7,500.00		\$0.00
20290	Travel & Training	\$2,500.00	\$3,000.00	\$2,500.00		\$5,000.00
20292	Fireman Training	\$2,000.00	\$2,000.00	\$2,000.00		\$1,500.00
20300	Utilities	\$3,000.00	\$3,500.00	\$3,500.00		\$3,500.00
	Total Expenditures	\$54,915.00	\$60,778.00	\$78,913.00	\$4,297.82	\$57,750.00
	Net Cost (formula)	\$8,788.00	\$0.00	\$0.00	\$0.00	\$0.00
	Finances & Capital Improvements	FY2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
30410	Principal LTD - Fire truck					\$0.00
30411	Principal LTD - Pump					\$0.00
30412	Principal LTD - Tank					\$0.00
30440	Interest LTD - Fire truck					\$0.00
30441	Interest LTD - Pumper					\$0.00
30442	Interest LTD - Tanker					\$0.00
30500	Department Allotment					\$55,065.00
40610	Building and Improvements					\$0.00
40620	Equipment					\$0.00
40620	Equipment					\$0.00
40620	Fire Truck					\$0.00
	Total Finances & Capital Improver	\$0.00	\$0.00	\$0.00	\$0.00	\$55,065.00



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AGENDA ITEM 3D

MEETING DATE: November 27, 2023
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: HRC CSD - Jed Smith HOA Potential Annexation - Update

DISCUSSION

The State Waterboard, Drinking Water Division, is intending to fund studies and if feasible connection of the Jed Smith Homeowners Association (HOA) water system with the HRC CSD Water system. The Jed Smith HOA system has experienced source contamination issues from the system well the Waterboard would like to see remedied. This would involve annexation by LAFCo. The following are initial scopes for this system integration consideration:

Preliminary Engineering Report

- Contract Engineer to receive a signed Work Plan from the State by about February 2024.
- Contract Engineer will provide some limited engineering and analysis necessary to vet a couple of alternatives and recommend a consolidation project. Assuming the annexation (system consolidation) will go forward, assess water system details so that both systems have good services into the future.
- As part of preliminary engineering, get understanding whether annexation is politically possible and also to have total LAFCo process and total costs defined.
- Contract Engineer Phase 1 services will conclude with a Preliminary Engineering Report that will recommend a consolidation project. An Amended Work Plan to be submitted for State authorization to prepare required water system upgrade plans and specifications.
- The Amended Work Plan reviewed and approved by the State.
- Contract Engineer expects LAFCo staff will provide any additional services as part of the Amended Work Plan. This will be only time additional scope and budget can be added.
- Contract Engineer will begin Phase 2 services which includes detailed design, environmental consulting, permitting, and the necessary formal LAFCo actions. This will be all of the work necessary to get ready for construction.

Key takeaway is that pre-application scope and budget to include what's needed for Phase 1 evaluation. At the end of Phase 1, need a definite answer as to total LAFCo process and cost to complete annexation. need LAFCo process definition as part of Phase 1.

During Preliminary Engineering Report, Del Norte LAFCo would conduct pre-application assistance:

- HRC CSD Board Resolution of Application or, JS HOA property owner petition to annex
- Del Norte LAFCo Application signed by applicant (HRC CSD or, JS HOA)



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- Plan for Services, based on Phase 1 Preliminary Engineering Report
- Application Deposit (initial deposit of \$2,500)
- Method of CEQA Compliance
- Map of proposed change
- HRC CSD & JS HOA Board consultations

Budget: \$3,500 fee + \$2,500 initial deposit.

LAFCO Phase 2 will be application filing & processing, under separate scope & budget.

A HRC CSD MSR/SOI Update has been prepared for this potential annexation. An Administrative Draft of the MSR/SOI Update is attached

ATTACHMENT: HRC CSD Administrative Draft MSR/SOI Update

HRC Community Services District

Municipal Service Review &
Sphere of Influence Update

Administrative Draft November 2023



Del Norte Local Agency Formation Commission

Del Norte Local Agency Formation Commission

Commissioners

Darrin Short	Chair & County Member
Blake Inscore	Vice Chair & City Member
Dean Wilson	County Member
Jason Greenough	City Member
Lyle Armstrong	Public Member
Valerie Starkey	Alternate County Member
Isaiah Wright	Alternate City Member
Donna DeWolf	Alternate Public Member

Staff

George Williamson, AICP, Executive Officer
Jason Barnes, GIS Manager
Amber Chung, Planning Technician
Jim Underwood, Legal Counsel

Acknowledgements

LAFCo staff would like to thank the contributors to this Municipal Service Review. Input instrumental in completing this report was provided by HRC CSD Board President Wes White. This report would not have been possible without the District's assistance.

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INTRODUCTION

This report is prepared pursuant to legislation enacted in 2000 that requires Local Agency Formation Commissions (LAFCOs) to conduct a comprehensive review of municipal services and update the spheres of influence (SOI) of all agencies under LAFCo's jurisdiction. This service review focuses on the HRC Community Services District (HRC CSD or District).

Service Review Determinations

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 et seq.) requires LAFCo to review and update spheres of influence not less than once every five years and to review municipal services prior to or in conjunction with sphere updates. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California's anticipated growth.

Effective January 1, 2008, Government Code Section 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 determination with respect to each of the following topics:

- Growth and population projections for the affected area;
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence (effective July 1, 2012);
- 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);
- Financial ability of the agency to provide services;
- Status of, and opportunities for, shared facilities;
- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

Uses of This Report

The service review process provides LAFCo with a tool to study current and future public service conditions and to evaluate organizational options for fostering orderly growth and development, promoting the efficient delivery of services, and encouraging the preservation of open space and agricultural lands. The potential uses of this report are described below.

Update Spheres of Influence

LAFCo will use this report as a basis to update the sphere of influence of the District. Markedly, spheres of influence designate the territory that LAFCo believes represents the affected agencies' appropriate future jurisdictions and service areas. All boundary changes, such as annexations, must be consistent with the affected agencies' spheres of influence with limited exceptions.

Consider Jurisdictional Boundary Changes

LAFCo is not required to initiate any boundary changes based on service reviews. However, LAFCo, local agencies, or the public may subsequently use this report together with additional research and analysis, where necessary, to pursue changes in jurisdictional boundaries.

Resource for Further Studies

Other entities and the public may use this report for further studies and analysis of issues relating to water services in Del Norte County. The District may use this report to support grant applications.

Review Methods

The agency reviewed as part of this service review process demonstrated full accountability in disclosure of information and cooperation with LAFCo. The following information was considered in the service review:

- Agency-specific data: responses to LAFCo requests for information, budgets, fee schedules, maps, and district plans.
- Demographic data: U.S. Census Bureau; Department of Finance.

The information gathered was analyzed and applied to make the required determinations for the agency. All information gathered for this report is filed by LAFCo for future reference.

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. MSR's 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 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.

HRC COMMUNITY SERVICES DISTRICT

Overview

HRC CSD provides water for domestic and recreational uses. The District is located in northwestern Del Norte County, approximately ten miles northeast of Crescent City; it extends adjacent to North Bank Road (Highway 197) (Figure 1).

The District serves the neighborhoods of Bell Hole Loop, Club Drive, Low Divide Road, Jed Smith Lane, and other areas adjacent to North Bank Road. An MSR was previously prepared in 2018; this document updates the previous MSR and builds upon information provided therein.

Formation

The HRC CSD was established in 1965. The special district was formed for the purpose of providing water for domestic and recreational (golf course) use.

HRC CSD Mission Statement
HRC Community Services District strives to provide an adequate supply of high-quality water to residents of the District. Its goal is to provide this service at a reasonable cost and in a courteous manner for present and future needs.

Boundary and Sphere of Influence

The HRC CSD is located approximately ten miles northeast of Crescent City on North Bank Road (Highway 197). The district lies within the Smith River National Recreation Area and covers approximately 354 acres. The district sphere of influence is approximately 584 acres. Figure 1 shows the district boundary and sphere of influence.

Figure 1. HRC CSD Boundary and SOI

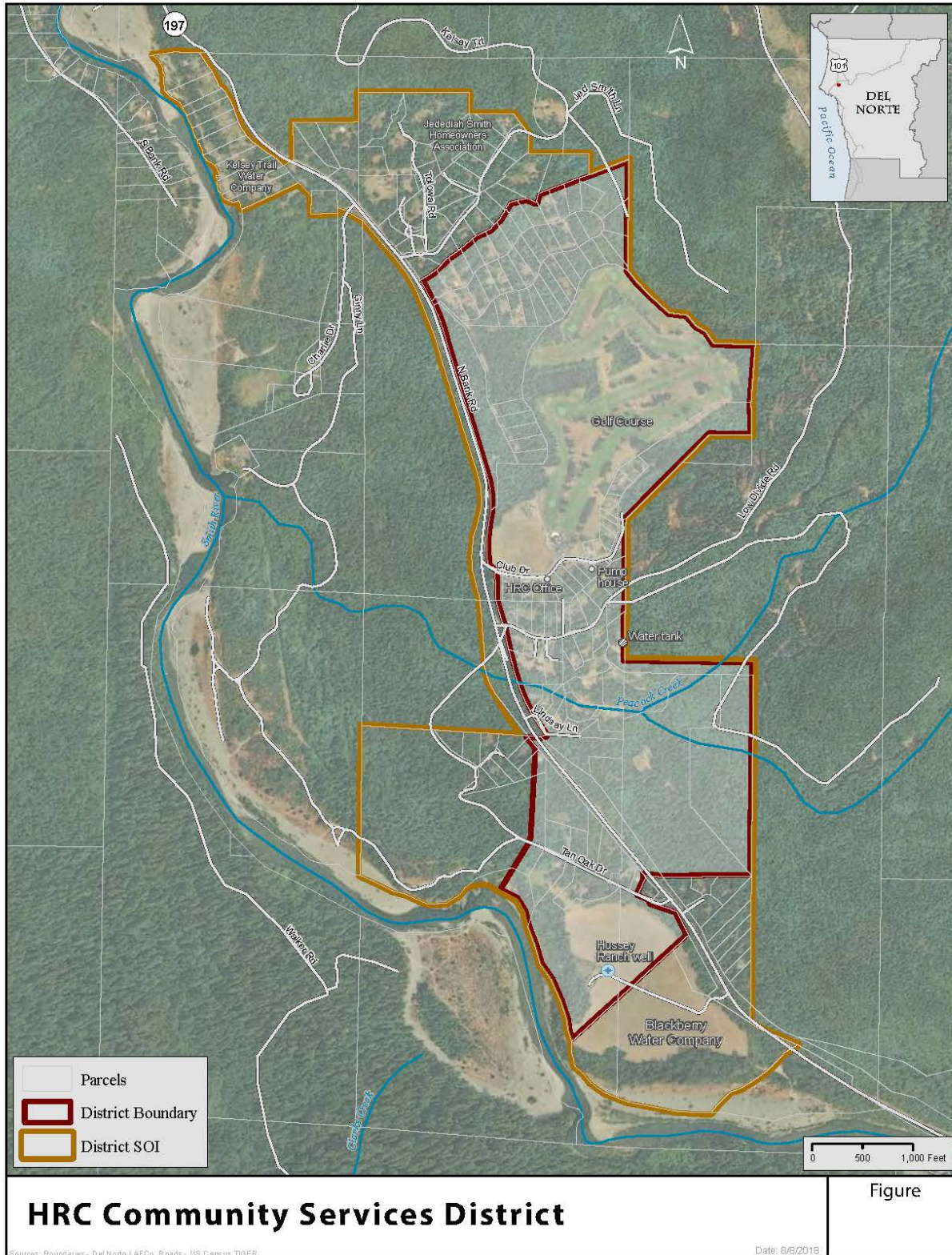


Table 1: HRC CSD Agency Profile

Formation	
Agency Name	HRC Community Services District
Date of Formation	1965
Enabling Legislation	Community Service District Law, CA Government Code 61000
Contact	
Contact	Wes White (President)
E-mail	hrcwater@gmail.com , wes.white@charter.net
Phone	(707) 951-4059
Website	No website - develop one or pass resolution for SB929 hardship exemption
Mailing Address	149 Club Drive, Crescent City, CA 95531
Physical Address	149 Club Drive, Crescent City, CA 95531
Services	
Services Provided	Domestic water
Areas Served	Neighborhoods along North Bank Road (Highway 197)

Accountability and Governance

HRC CSD is governed by a five-member Board of Directors (Table 2). The Board meets quarterly at the Hiouchi Fellowship Hall. Meeting dates and an agenda are posted at the District office, 149 Club Drive, 72 hours prior to the meeting. Agency decisions are overseen by the Board of Directors upon consideration of public input and discussion.

The District currently employs no full-time or part-time staff members. The District has two contract workers: one bookkeeper, and one operator who also works as the current Public Works Maintenance Manager for Crescent City.

Table 2: HRC CSD Board of Directors

Board Member	Title	Term Expiration
Wes White	President	12/31/2024
John Inman	Secretary	12/31/2026
Ron Mayhue	Director	12/31/2024
Richard Gugliemini	Director	12/31/2026
Alan Cranmore	Director	12/31/2024

Population and Land Use

Land Use

The Del Norte County General Plan (2003) and Zoning Code guides land use decisions within the unincorporated portion of Del Norte County including the community of HRC. The HRC CSD generally contains residential, timberland, commercial, golf course, a small amount of state and federal lands, and resource conservation areas. Figure 2 delineates the land uses of the District.

County Population and Growth

According to the Census, the total population in Del Norte County was 28,471 in 2010 and 27,692 in 2020¹. The population declined in Del Norte County at an overall rate of -2.7% between 2010 and 2020, or at an annual growth rate of -.27%. Between the years 2022 and 2027, Del Norte County is projected to decline at an annual average rate of .4% due to low birth rates and population shifts².

District Population and Growth

The HRC CSD estimates a District population of approximately 160. In 2022, the District added 6 connections, around a 10% increase. Due to interest rate increases, the District estimates about 6% growth for 2023. The District will likely continue to grow at rates exceeding the projected county-wide growth rate due to ongoing development of parcels on Bell Hole Loop Road and Tan Oak Road. The 2030 District population could increase by 20 or more residents.

Disadvantaged Unincorporated Communities

LAFCo is required to evaluate water service, sewer service, and structural fire protection within disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community (DUC) is defined as any area with 12 or more registered voters where the annual median household income is less than 80 percent of the statewide annual median household income (pursuant to Government Code Section 56033.5 and Water Code Section 79505.5).

According to the American Community Survey 1-Year Estimates, the California median household income (MHI) is \$84,907³. Census Tract 2.02 contains the HRC CSD and has an MHI of \$81,300⁴, classifying the District as not disadvantaged. With only one incorporated city, Crescent City, most of the County's population exists in unincorporated communities that qualify as "disadvantaged". Nearby areas, with the exception of Census Tract 2.01 and 1.06 (which contains Crescent City), are qualified as DUCs.

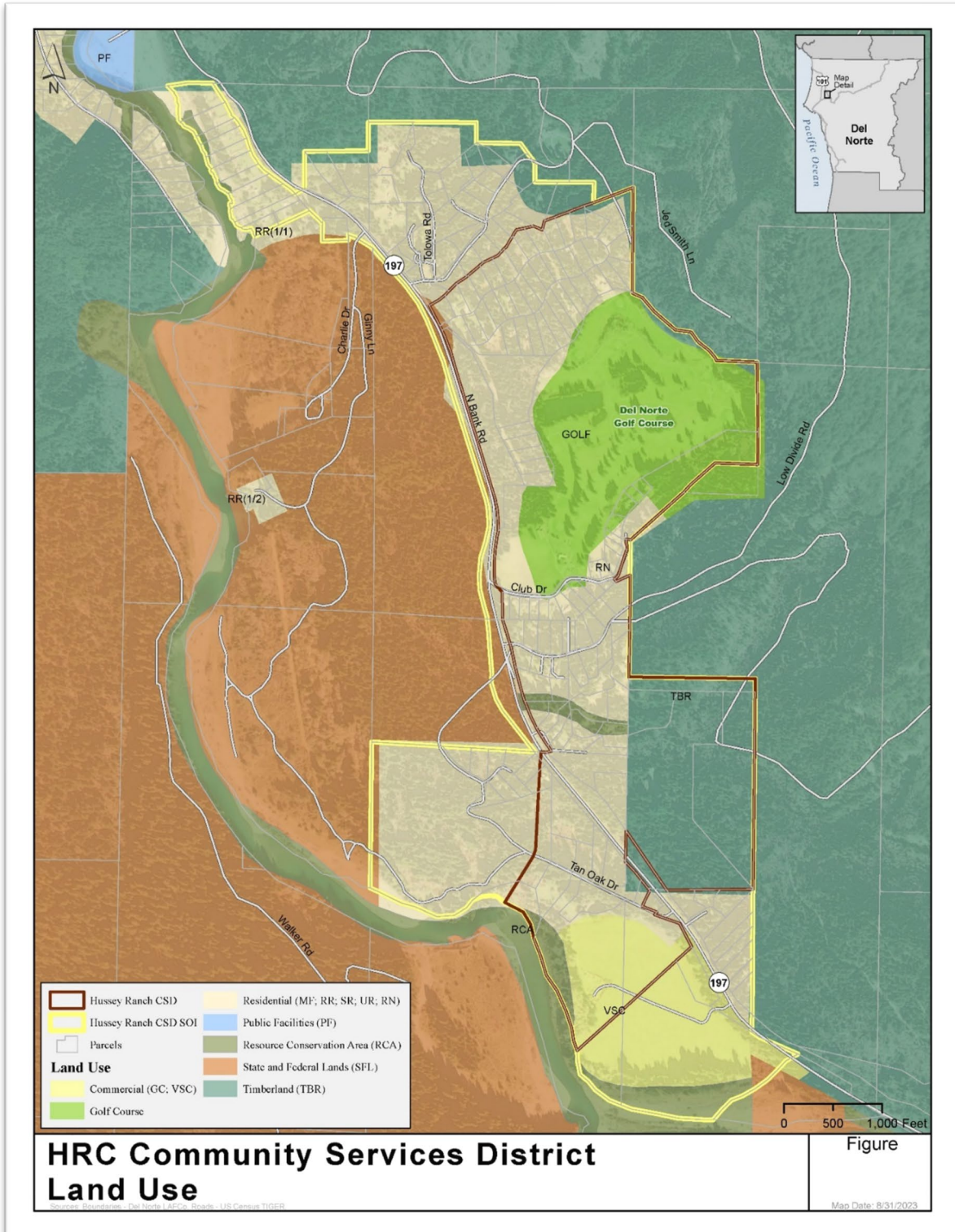
¹ US Census Bureau, Table DP05 ACS Demographic and Housing Estimates, 2010 & 2020.

² Caltrans, Del Norte County Economic Forecast, 2022.

³ US Census Bureau, Table S1903 Median Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars), 2021.

⁴ US Census Bureau, Table S1903 Median Income in the Past 12 Months (in 2020 Inflation-Adjusted Dollars), 2020.

Figure 2. HRC CSD Land Uses



Services & Infrastructure

Water Demand and System Capacity

The HRC CSD gets its water from a well on Peacock Ranch, located adjacent to the Smith River, which provides water to residential users and the Del Norte Golf Course. The owners of Peacock Ranch are open to drilling another well on their property; this additional water source may be pursued in future years. The board is currently in the process to revoke an emergency water right they currently have, which allows them to draw a limited amount of water from Peacock Creek. The District does not have the infrastructure to utilize this right and costs of maintaining the right are high, leading them to pursue revocation.

The HRC CSD provides water service to 63 connections and “in effect” residents within its boundary. The CSD supplies water to the Del Norte Golf Course club house, not water for the course itself. The course receives its water, subject to season and quantity restrictions, from a water right with Peacock Creek. All decisions concerning the provision of water services are made by the Board of Directors.

The District has a 132,000-gallon storage tank and distribution piping. The system has a maximum capacity of approximately 230 connections. A capacity study was completed earlier this year which estimated the usage as 700 gallons per day per connection, with the system losing a range of 5,000-7,000 gallons per day. Of this capacity, approximately 27% (44,110 gallons) is currently being utilized. Having 63 customers consuming 27% of the capacity indicates lower than normal per capita use. The State is interested in exploring the idea of HRC CSD implementing system integration with the Jedediah Smith Homeowners Association (JSHOA) due to this underutilized system capacity. This could take the form of the District supplying water without engaging in total system integration, which would involve taking over the JSHOA’s system and billing processes. This integration will be explored in the near future; the State Water Resources Control Board (SWRCB) will be funding a Preliminary Engineering Report to be conducted in 2024 to analyze the integration possibility.

The State Department of Health Services classifies the HRC CSD’s source water as groundwater. The classification of the type of water source dictates the water system regulations to ensure water quality. Water is disinfected prior to distribution to residential users. Some customers have water meters, but they are not read on a regular basis and customers are charged a flat fee for water use by the CSD monthly. This unregulated water usage offers no incentive to practice water conservation measures which are the subject of state legislation and may be required of water purveyors in the future. The HRC CSD should consider pro-actively implementing efficient water use and conservation measures now.

Infrastructure Overview

To Be Updated in the State Waterboard funded Preliminary Engineering Report

Hydrant and System Valves

The District checks system valves at least once every other year.

In-Progress Upgrades

The Board has approved a replacement project for up to \$25,000 to replace the poly piping line that stretches from 149 Club Drive to Highway 197. This is known as lower Club Drive. This project is in progress and is estimated to be completed by the end of the year.

The District is nearly complete with upgrading its telemetry. This project is making it possible for operators, maintenance workers, and board members to view water system levels and functions on cellphones. Previously, the alarm system for low tank levels was a physical light outside of the control building. This was frequently overlooked and also did not signal in regard to chlorine levels. With the telemetry upgrades, pump activity, chlorine monitoring, and tank levels are all easily accessed via personal cellular devices. This includes an alarm system which immediately alerts workers to high or low tank or chlorine levels.

Infrastructure Needs and Deficiencies

The HRC CSD's overall water system is in good condition. The existing system, except as noted below in upgrades, has no major deficiencies for serving the current population. However, based upon the potential for the District to expand their water services to additional connections, its water system infrastructure should ensure that it's updated and able to serve any additional growth. The District should also conduct a rate study to determine whether appropriate fees are being charged and implement a rate increase if warranted by system costs. Additionally, customers are currently charged a flat monthly rate, which does not incentivize water conservation. The District is located on land designated in 2022 as in drought by the United States Department of Agriculture (USDA)⁵ and should consider revising its rate structure to promote conservation of water resources to prepare for times of drought within the County.

Planned Upgrades

The poly piping line in upper Club Drive needs replacement and the District hopes to have this project completed by the end of 2024. The storage tank is in need of refurbishment within the next few years and will cost approximately \$130,000. Its interior bolts are corroding, and seals need replacement. As a long-term goal, the District would also like to acquire an additional well and tank. An additional well may be able to be obtained through Peacock Ranch and discussions will likely take place in the coming years. The State Waterboard will be funding a Preliminary Engineering Report in 2024 to analyze the connection of the District and JSHOA systems.

The District has discussed funding sources for these future upgrades. The upper Club Drive line replacement is expected to be financed by the Board in the same fashion as the lower Club Drive replacement project. State funds would ideally finance the system integration of the District and

⁵ USDA. (2023). State and County Level Records of Disaster Designation Information Made By the US Secretary of Agriculture [Microsoft Excel spreadsheet]. https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/Disaster-Assist/Secretarials/2023-Secretarial-Disasters/METADATA_CY2023_SEC_YTD.xlsx

Jedidiah Smith HOA and the establishment of an additional well and tank. The District has plans to possibly obtain a USDA loan to finance the tank refurbishment project and would consider incorporating funds for the upper Club Drive line replacement, the addition of another well and tank, and integration with JSHOA projects into the loan if other funding sources are not available. The District also plans to consider grant opportunities available for any of these projects.

Other Public Service Providers

The County of Del Norte provides general governmental services including social services, emergency services, planning, county roads and parks, etc. to the unincorporated areas of Del Norte County. Law Enforcement is provided by the Del Norte County Sheriff's Office.

The California Department of Transportation (CalTrans) is responsible for the condition of U.S. Highway 197 that passes through the southern portion of HRC CSD from northwest to southeast.

Fire Services

Fire protection is currently provided by the Smith River Fire Protection District (FPD). The FPD provides fire suppression, rescue/extrication, hazardous material response, emergency medical services, and public assistance. The FPD has an area of approximately 17,227 acres (27 square miles). They have mutual aid agreements with Fort Dick FPD, Crescent City, Gasquet FPD, Crescent FPD, Klamath FPD, Pelican Bay State Prison, NPS, CAL FIRE, USFS, Smith River Rancheria, and Harbor FPD in Oregon. The Smith River FPD Station #2 (Hiouchi) has an automatic aid agreement with Gasquet FPD. Smith River CSD, HRC CSD, and Big Rock CSD are located within the FPD's boundaries. The FPD has annexed parts of Oceanview SOI into the District. The annexation was prompted by the rapid growth of the adjacent Oceanview SOI. The growth represents an increase in the need for fire and emergency response services.

Del Norte Resource Conservation District

The purpose of the Del Norte Resource Conservation District (DNRCD) is to provide local leadership to help people within the district conserve, improve, and sustain their natural resources and environment and improve the area's economic viability. The DNRCD is located between the communities of Crescent City and Smith River, west of Highway 101 in Del Norte County. The District covers approximately two percent of Del Norte County's land area and lies in the alluvial plains of Smith River and Elk Creek. The district's boundary includes two main areas; Area One surrounds the lower Smith River and Area Two surrounds Lake Earl. The district covers approximately 18,093 acres (28 square miles).

Healthcare District

The Del Norte Healthcare District (DNHCD) serves all of Del Norte County, California, just south of the Oregon border along the Pacific coast. It serves a sparsely populated rural county with many low-income residents. The DNHCD provides funding and support for healthcare services; however, the district does not directly provide services. The District owned Wellness Center (20,000 ft²)

completed in 2007, provides space for the Del Norte Community Health Center (part of Open Door Community Health Centers) and other health related service providers on a 11.9 acre site at Northcrest Drive and Washington Blvd. The Wellness Center site allows for the consolidation of several service providers in one location and is centrally located near the Sutter Coast Hospital and other existing complimentary health facilities and services.

Private Water Services

In addition to the Peacock Ranch operation, two small privately owned water systems are in use. The Kelsey Trail Water Company, located in the northeast corner of the HRC CSD SOI between North Bank Road and the Smith River, serves residential users. The second privately owned system, Blackberry Water Company, located in the southern portion of the HRC CSD SOI between North Bank Road and Smith River, serves the immediately surrounding residential area.

The Jedediah Smith Homeowners Association (JSHOA) board members and residents have inquired about connecting their water system with the HRC CSD. The JSHOA is located just north of the district boundaries and in the sphere of influence. The HRC CSD responded that if the JSHOA is willing to provide additional infrastructure needed to compensate for the new system demand, a connection could be considered. The State Waterboard will be funding a Preliminary Engineering Report in 2024 to analyze connecting these systems. This would involve annexation.

Should HRC CSD and JSHOA reach agreement on annexation, then either the CSD Board would submit an annexation application to Del Norte LAFCo or the JSHOA may petition LAFCo directly. The information needed to determine capacity for extending services would be similar to the information provided in a Plan for Services, which is part of the application package filed with LAFCo. The Plan for Services contents from the Cortese Knox Herzberg Local Government Reorganization Act of 2000 Section 56653 are:

- (a) If a proposal for a change of organization or reorganization is submitted pursuant to this part, the applicant shall submit a plan for providing services within the affected territory.
- (b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:
 - (1) An enumeration and description of the services to be extended to the affected territory.
 - (2) The level and range of those services.
 - (3) An indication of when those services can feasibly be extended to the affected territory.
 - (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
 - (5) Information with respect to how those services will be financed.

Shared Facilities & Services

For maintenance projects, the District coordinates with and relies on other service providers. The Smith River Water District general manager and other team members often assist with these maintenance projects. Additional guidance is provided by the previous District operator who has since retired from HRC CSD and currently works as an operator for the Jedidiah Smith Water District. The District occasionally interacts with the Big Rock Water District, but this is infrequent. No other agency interactions occur.

Budget

The District's primary revenue sources include water fees and service fees (standby and hook-up fees). The District's primary operational expenditures are office and administrative fees, professional services, and repairs and maintenance.

The District entered into an agreement with the CA Department of Water Resources to receive a Davis Grunsky loan of \$30,000 in 1997. Payments were made every April and October 1 on a yearly basis. The loan's annual interest was 3.41% and principal and interest were repaid in semi-annual installments of \$896. In February of 2020, the District paid off this loan in full and had no outstanding loan payable amounts as of June 2020.

Table 3 below shows the HRC CSD's net position summary for the past three fiscal years. HRC CSD's past three fiscal year budget summaries are shown below in Table 4. In the past three fiscal years, the District has consistently operated with a net income deficit resulting from total expenditures exceeding total revenues.

Table 3: HRC CSD Net Position Summary

	FY 2020-21	FY 2021-22	FY 2022-23
Net Position (beginning of year)	\$1,469,393.00	\$1,702,038.00	\$1,704,499.00
Net Position (beginning of year, restated)	\$1,733,913.00	\$1,726,720.00	-
Net Position (end of year)	\$1,702,038.00	\$1,704,499.00	\$1,674,962.00
CHANGES IN NET POSITION	(\$31,875.00)	(\$22,221.00)	(\$29,537.00)

Table 4: HRC CSD Budget Summary

	FY 2020-21	FY 2021-22	FY 2022-23
Operating Revenues			
Water sales	\$43,740.00	\$42,624.00	\$41,360.00
Fees and penalties	\$550.00	\$6,650.00	\$15,700.00
Other	\$1,526.00	\$0.00	\$4,000.00
TOTAL OPERATING REVENUES	\$45,816.00	\$49,274.00	\$61,060.00
Operating Expenses			
Insurance	\$1,433.00	\$1,237.00	\$1,252.00

	FY 2020-21	FY 2021-22	FY 2022-23
Operating Revenues			
Material and supplies	\$3,892.00	\$1,909.00	\$4,593.00
Office and administrative	\$8,718.00	\$8,563.00	\$8,672.00
Permits, fees, and lab tests	\$1,561.00	\$2,070.00	\$1,468.00
Professional services	\$8,763.00	\$9,769.00	\$11,884.00
Repairs & maintenance	\$10,008.00	\$7,655.00	\$1,819.00
Utilities	\$6,420.00	\$4,959.00	\$3,549.00
Other expense	\$494.00	\$463.00	\$298.00
Depreciation	\$36,579.00	\$34,981.00	\$56,742.00
TOTAL OPERATING EXPENSES	\$77,868.00	\$71,606.00	\$90,277.00
Non-Operating Revenues/(Expenses)			
Interest income	\$264.00	\$111.00	\$320.00
Interest expense	\$87.00	\$0.00	\$0.00
TOTAL NON-OPERATING EXPENSES	\$177.00	\$111.00	\$320.00
TOTAL NET INCOME	(\$32,229.00)	(\$22,443.00)	(\$29,537.00)

Service Rates

HRC CSD Ordinance 95-5, as amended, establishes water service policy, rules, and regulations. The most recent amendment to water rates was approved by the Board of Directors and became effective on [July 1, 2011]. Monthly service rates are at a base of \$65. As of September 1, 2023, connection fees for both ¾" and 2" are increasing. The District only has one 2" connection, which is used for 5 small visitor serving cabins.

The table below shows the District's previous and updated connection fees and overall increase.

Table 5: HRC CSD Connection Fees

Size	Old Service Connection Fees	New Service Connection Fees	Increase
¾"	<u> </u>	\$6,880	<u> </u>
2"	<u> </u>	\$38,000	<u> </u>

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

The HRC CSD has a permanent resident population of approximately 160. The District will likely grow at rates exceeding the projected county-wide growth rate of -.4 percent due to the ongoing development of parcels on Bell Hole Loop Road and Tan Oak Road. The District's population is estimated to be approximately 180 or more residents by 2030.

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

Census Tract 2.02 contains the HRC CSD and has an MHI of \$81,300, classifying the District as not disadvantaged. The bulk of Del Norte County's population exists in unincorporated communities that qualify as disadvantaged, with the exception of Crescent City and another census tract.

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

The District currently provides adequate water service to its existing connections. It serves 63 connections at present and has capacity to serve approximately 230 connections. Since the system capacity is underutilized, there is interest in potentially integrating the District's system with the Jedediah Smith Homeowners Association (JSHOA). A preliminary engineering report, funded by the SWRCB, will be conducted in 2024 on this topic.

The District is working towards addressing infrastructure needs with two updates nearly complete. The in-progress updates are replacing poly piping lining on lower Club Drive and telemetry upgrades. The existing system has no major deficiencies for serving the current population, besides needing to replace poly piping lining on upper Club Drive. The storage tank will be in need of refurbishment within the next few years. Additionally, the District would like to acquire an additional well and tank in the long-term.

It is recommended that the District ensure its water system infrastructure is updated and able to serve any additional growth due to the potential for the District to increase their connections with possible JSHOA integration and ongoing development in the area.

Financial ability of agencies to provide services

The District appears to consistently operate with a budget deficit based upon the last three fiscal year net incomes. Primary revenue sources are water sales and service fees; primary expenditures

include office and administrative fees, professional services, and repairs and maintenance. In February of 2020, the District paid off its Davis Grunsky loan of \$30,000 it had acquired in 1997 and had no outstanding loan payable amounts as of June 2020.

The District has plans to pursue acquiring a USDA loan to cover necessary tank infrastructure upgrades and State funds for establishing an additional well, tank, and integrating with JSHOA. The Board plans to finance the upper Club Drive piping replacement in the same fashion as they financed the lower Club Drive replacement project. In addition, the District plans to consider grant opportunities that may be available for any of their planned upgrades.

Customers are charged a flat fee for water use monthly. Beginning September 1, 2023, the connection fees increased. Implementing this increased fee may assist the District with beginning to operate in a budget surplus in the coming fiscal years. In addition to this, it's recommended that the District conduct a rate study to ensure that the water use monthly fees are adequate.

Status of, and opportunities for, shared facilities

The HRC CSD uses the Hiouchi Fellowship Hall as a place for public meetings. The District currently contracts with other districts to receive or provide shared facilities or services. For maintenance projects, the District coordinates with and relies on the Smith River Water District general manager and other team members. Additional guidance is provided by the previous District operator who has since retired from HRC CSD and currently works as an operator for the Jedidiah Smith Water District. The District occasionally interacts with the Big Rock Water District, but this is infrequent.

There are limited opportunities for the District to share facilities with adjacent local agencies due to geographical constraints. The Smith River FPD provides services within District boundaries. The Del Norte Resource Conservation District operates within District boundaries and provides leadership on natural resource conservation and economic viability. Additionally, the Del Norte Healthcare District serves all of the County and provides funding and support for healthcare services.

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

The HRC CSD board meets quarterly in public meetings, which are noticed in compliance with the Brown Act. Board members are elected by District residents and hold four-year terms of office. The current government structure is operating efficiently, but must develop a website or pass a resolution for SB929 hardship exemption in order to comply with State law.

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

There are no further matters to report related to the municipal water service provided by the HRC CSD.

SPHERE OF INFLUENCE DETERMINATIONS

Sphere of Influence Status

HRC CSD's SOI was amended in the 2009 MSR/SOI Update to reduce their SOI from 967 acres to 584 acres as it is at present. The area excluded from the District's SOI was designated state and federal lands between North Bank Road and the Smith River. The District currently has no expansion plans and does not anticipate serving areas outside of the current District boundary at this time, with the exception of potentially integrating with JSHOA, which would require annexation. Based on the results of this MSR, no expansions or reductions to HRC CSD's SOI are recommended.

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

Lands within the District are primarily designated residential, timberland, commercial, golf course, a small amount of state and federal lands, and resource conservation areas. The District is surrounded by resource lands, mostly timber and state and federal lands. Land uses within the District are subject to the Del Norte County General Plan (2003) and Zoning Code. No change in actual or designated land uses within the District is anticipated over the next 20 years.

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

The HRC CSD is meeting the current water needs of its customers. The HRC CSD does anticipate moderate growth within the District, or a large increase in service demands, as a result of population growth from residential development in the District. A 6% growth in connections is estimated in 2023 and the District will likely grow at a rate larger than the projected county-wide growth rate. Growth of the District's connections may also increase in coming years if integration with JSHOA takes place.

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

The District provides water services and has adequate capacity to provide the necessary water services to its customers. The District has capacity to serve over 150 additional connections and is currently using approximately 27% of its capacity. In the current timeframe or in the foreseeable future, the District is not projected to be in short water supply. The District does not have plans to significantly increase capacity besides the potential JSHOA integration and moderate population growth from residential development. It is recommended that the District continue to address the District's infrastructure needs and provide for any future growth or demand by implementing updates to its system.

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

The District provides water service to the neighborhoods adjacent to North Bank Road (Highway 197). There are other known communities of interest in the area, JSHOA, that may engage in integration with the District. This could take the form of the District supplying water without engaging in total integration, which would involve taking over the JSHOA's system and billing processes. The SWRCB is financing a preliminary engineering report to explore the integration possibilities, to be conducted in 2024.

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 bulk of Del Norte County's population exists in unincorporated communities that qualify as disadvantaged; HRC CSD is located in Census Tract 2.02 which is not considered disadvantaged. Therefore, the District does not provide water service to areas that are considered disadvantaged. There are no sewer services within District boundaries, residents rely on private septic systems. Structural fire protection services are the responsibility of the Smith River Fire Protection District.

REFERENCES

Caltrans (2022). Del Norte County Economic Forecast.

Del Norte LAFCo, 2010. *Hussey Ranch Community Services District Municipal Service Review & Sphere of Influence Update*, Adopted December 6, 2010.

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AGENDA ITEM 3E

MEETING DATE: November 27, 2023
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: Smith River CSD - Administrative Draft Municipal Service Review (MSR) and Sphere of Influence (SOI) Update

BACKGROUND

Smith River CSD provides domestic water, community hall rental and management and streetlighting services. As of 2021, the District's population was estimated to be approximately 1,403 people, with no expected growth in the coming years. The District's boundary and SOI are coterminous and encompass approximately 4,736.3 acres.

The District is located in northwestern Del Norte County, approximately 13 miles north of Crescent City; it extends along Highway 101 to the Oregon border. The Smith River CSD was established in 1970 and was formed for the purpose of providing potable water for District residents. The District is governed by a five-member Board of Directors.

DISCUSSION

A District Draft MSR/SOI update was written and distributed to the General Manager. Once feedback is received, any necessary edits will be incorporated into the Draft prior to a second round of review by the General Manager. A Commission Draft will then be brought to LAFCO for approval and adoption. Notable MSR/SOI Update issues include the following:

- **Boundary Discrepancy:** There is a difference between the Tax Rate Area (TRA) boundaries on file with the California State Board of Equalization (BOE) and the boundary on file with the District. There is reasonable argument to support the District' boundary as it is currently displayed in its records. Coordination with the BOE is ongoing, with a finalized boundary anticipated to be determined as part of the MSR/SOI Update.
- **Notable Accomplishments/Upgrades:** The District has integrated all five pump stations into a SCADA system, with plans to upgrade the control room and chemical feed system in this as well. Also, meters are being replaced with advanced metering infrastructure (AMI), billing system has been upgraded, and the District is in the process of acquiring an emergency generator.
- **Service rate increase:** In 2018, the District initiated a rate increase to incrementally increase rates over a five-year period with final increased rates to be implemented in 2023. Providing service to hill customers has increased difficulties, resulting in a larger overall cost of providing services. The District conducted a cost analysis to determine the proper hill customer cost.

This Administrative Draft has been submitted to the CSD for review and comment.

RECOMMENDATION

Review and provide comments, this will then be scheduled for hearing in January 2024

ATTACHMENT Smith River CSD Administrative MSR/SOI Draft November 2023

Smith River Community Services District

Municipal Service Review & Sphere of Influence Update

Administrative Draft November 2023



Del Norte
Local Agency Formation Commission

Del Norte Local Agency Formation Commission

Commissioners

Darrin Short	Chair & County Member
Blake Inscore	Vice Chair & City Member
Dean Wilson	County Member
Jason Greenough	City Member
Lyle Armstrong	Public Member
Valerie Starkey	Alternate County Member
Isaiah Wright	Alternate City Member
Donna DeWolf	Alternate Public Member

Staff

George Williamson, AICP, Executive Officer
Jason Barnes, GIS Manager
Amber Chung, Planning Technician

Acknowledgements

LAFCo staff would like to thank the contributors to this Municipal Service Review. Input instrumental in completing this report was provided by Smith River CSD General Manager Jeff Beard. This report would not have been possible without the District's assistance.

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INTRODUCTION

This report is prepared pursuant to legislation enacted in 2000 that requires Local Agency Formation Commissions (LAFCo) to conduct a comprehensive municipal service review (MSR) and update the spheres of influence (SOI) of all agencies under LAFCo's jurisdiction. This service review focuses on the Smith River Community Services District (Smith River CSD or District).

Service Review Determinations

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 et seq.) requires LAFCo to review and update spheres of influence not less than once every five years and to review municipal services prior to or in conjunction with sphere updates. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California's anticipated growth.

Effective January 1, 2008, Government Code Section 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 determination with respect to each of the following topics:

- Growth and population projections for the affected area;
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence (effective July 1, 2012);
- 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);
- Financial ability of the agency to provide services;
- Status of, and opportunities for, shared facilities;
- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

Sphere of Influence Determinations

A 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 a MSR and adopt related determinations. It must also make the following SOI determinations:

- The present and planned land uses in the area, including agricultural and open-space lands;
- The present and probable need for public facilities and services in the area;

- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- 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
- 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).

Uses of This Report

The service review process provides LAFCo with a tool to study current and future public service conditions and to evaluate organizational options for fostering orderly growth and development, promoting the efficient delivery of services, and encouraging the preservation of open space and agricultural lands. The potential uses of this report are described below.

Update Spheres of Influence

LAFCo will use this report as a basis to update the sphere of influence of the District. Markedly, spheres of influence designate the territory that LAFCo believes represents the affected agencies' appropriate future jurisdictions and service areas. All boundary changes, such as annexations, must be consistent with the affected agencies' spheres of influence with limited exceptions.

Consider Jurisdictional Boundary Changes

LAFCo is not required to initiate any boundary changes based on service reviews. However, LAFCo, local agencies, or the public may subsequently use this report together with additional research and analysis, where necessary, to pursue changes in jurisdictional boundaries.

Resource for Further Studies

Other entities and the public may use this report for further studies and analysis of issues relating to water services in Del Norte County. The District may use this report to support grant applications.

Review Methods

The agency reviewed as part of this service review process demonstrated full accountability in disclosure of information and cooperation with LAFCo. The following service review information was considered:

- Agency-specific data: responses to LAFCo requests for information;
- Demographic data: U.S. Census Bureau; Department of Finance;
- Finances: budgets, rates, and fees; and
- Other Reports: State Water Resources Control Board, Division of Drinking Water; Consumer Confidence reports.

The information gathered was analyzed and applied to make the required determinations for each agency. All information gathered for this report is filed by LAFCo for future reference.

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 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.

SMITH RIVER COMMUNITY SERVICES DISTRICT

Overview

Smith River CSD provides domestic water, community center management, and street lighting services. The District is located in northwestern Del Norte County, approximately 13 miles north of Crescent City; it encompasses the mouth of the Smith River and extends along Highway 101 north to the Oregon border (Figure 1). The District serves the unincorporated community of Smith River as well as Oceanview Drive, Wilson Lane, and other neighborhoods adjacent to Highway 101.

Tolowa Dee-ni' Nation (a federally recognized Native American Tribe) lands are located within District boundaries. A MSR was previously prepared in 2018; this document updates the previous MSR and builds upon information provided therein.

Formation

The Smith River CSD was formed by Del Norte County Board of Supervisors Resolution on June 22, 1970. The special district was formed for the purpose of providing potable water to District residents.

Smith River CSD Mission Statement

Our mission is to provide Smith River community with safe and reliable water services in an environmentally and fiscally responsible manner.

District's Principal Act

Community Service Districts (CSDs) are independent special districts governed under Community Service District law (Government Code § 61000 – 61850). A CSD can be authorized to provide a wide variety of services including domestic water, wastewater treatment, garbage collection, security, fire protection public recreation, street lighting, and many others to unincorporated areas. CSDs are governed by a board of five directors, all of whom are elected at large.

Smith River CSD is authorized to provide water and street lighting services. All other remaining services, facilities, functions, or powers enumerated in the District's principal act but not identified in the formation resolution are "latent," meaning that they are authorized by the principal act under which the District is formed but are not being exercised. Activation of these latent powers and services requires LAFCo authorization.

Boundary and Sphere of Influence

The Smith River CSD covers approximately 4,736.3 acres (7.4 square miles) according to Figure 1 below. The District boundary and SOI are coterminous, as shown. No recent District boundary changes have been initiated.

Upon reviewing boundary and SOI data for the preparation of this report, it was determined that there is a discrepancy between the boundary on file with the California State Board of Equalization (BOE) and the boundary on file with the District. The District's filed boundary contains approximately 32 more parcels than that of the BOE's, grouped in two main clusters – one in the northern part of the District, and one in the southern area. Some of the parcels are developed and inhabited and do receive water service from the District. There is reasonable argument to support the District's boundary as shown in Figure 1 due to this and due to the boundary having been in place for at least the past 14 years. Conversations and the subsequent determination of the correct boundary are in place between Del Norte LAFCo and the BOE, with a status update likely to come in the next update of the District's MSR/SOI.

Figure 1: District Boundary and SOI

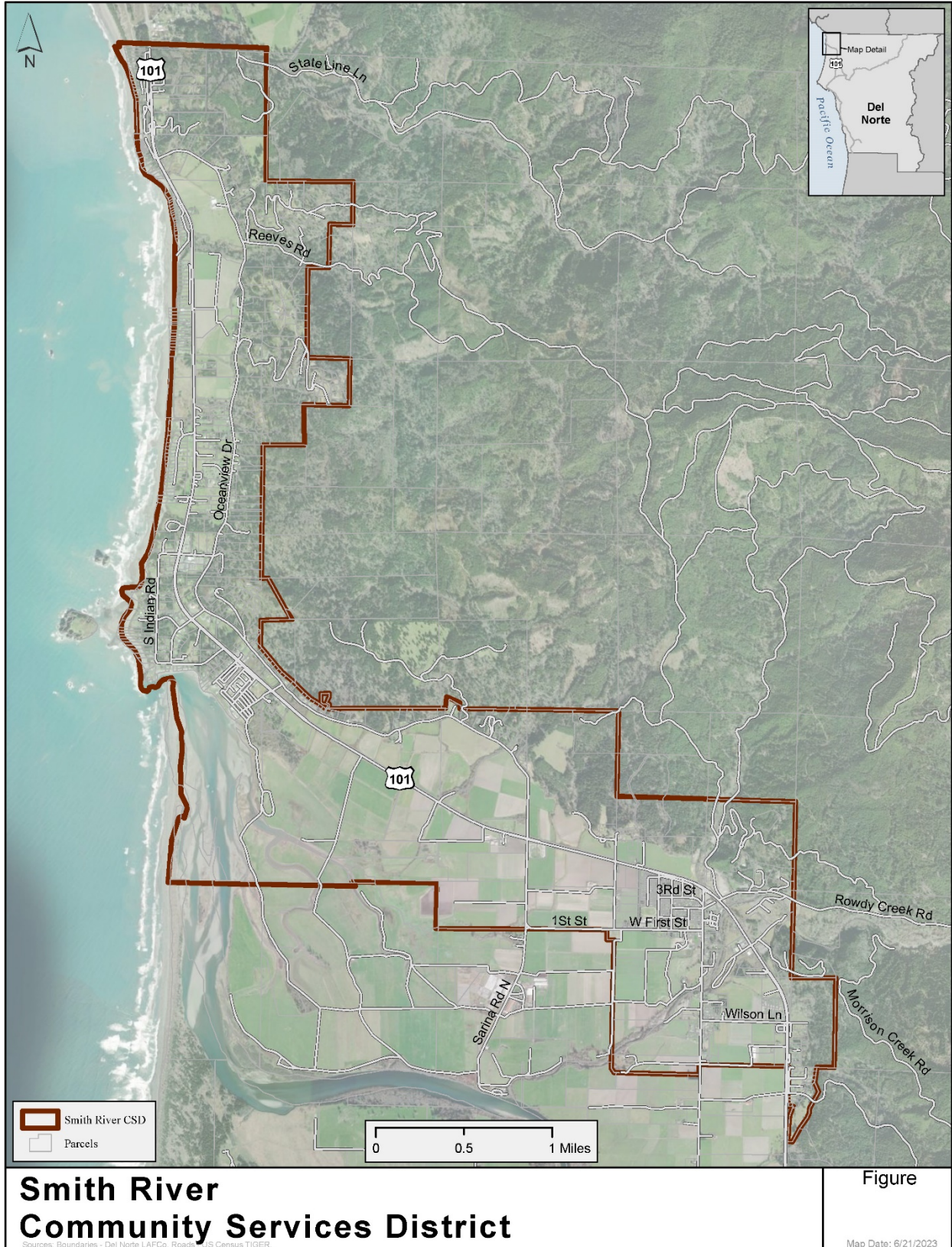


Table 1: Smith River CSD Agency Profile

Formation	
Agency Name	Smith River Community Services District
Date of Formation	June 22, 1970
Enabling Legislation	Community Service District Law, CA Government Code 61000
Contact	
Contact	General Manager Jeff Beard
E-mail	General.manager@srwater.net
Website	www.smithrivercsd.com
Mailing Address	241 West First St., Smith River, CA 95567
Physical Address	241 West First St., Smith River, CA 95567
Phone/ Fax/ Email	Phone: (707) 487-5381 After Hours Hotline: 1 (888) 214-3378 Fax: (707) 487-5191 Email: office.admin@srwater.net
Services	
Services Provided	Domestic water, street lighting, and community hall management
Areas Served	The unincorporated community of Smith River and adjacent neighborhoods along Highway 101 to the Oregon border.

Accountability and Governance

Smith River CSD is governed by a five-member Board of Directors, elected at large by District residents to serve four-year terms (Table 2). The Board meets on the fourth Tuesday of each month at 6:00 p.m. at the Community Hall, located at 241 W First St., Smith River, CA 95567. Meeting dates and agendas are posted 72 hours prior to the meetings at the Community Hall and are also posted on the website. District Staff can be reached by phoning the Community Hall at the phone numbers provided in Table 1.

The District currently employs three full-time staff members: A General Manager, one field staff, and one office administration staff. In the coming months, the District will be hiring one part-time field staff member. All agency decisions are overseen by the Board of Directors upon consideration of public input and discussion.

Table 2: Smith River CSD Board of Directors

Board Member	Title	Term Expiration
Rachel Sarina	President	2020-2024
Dan Floyd	Vice President	2022-2026
Sam Hernandez	Fiscal Officer	2023-2024
Matt Westbrook	Director	2020-2024
Kent Van Valkenburgh	Director	2022-2026

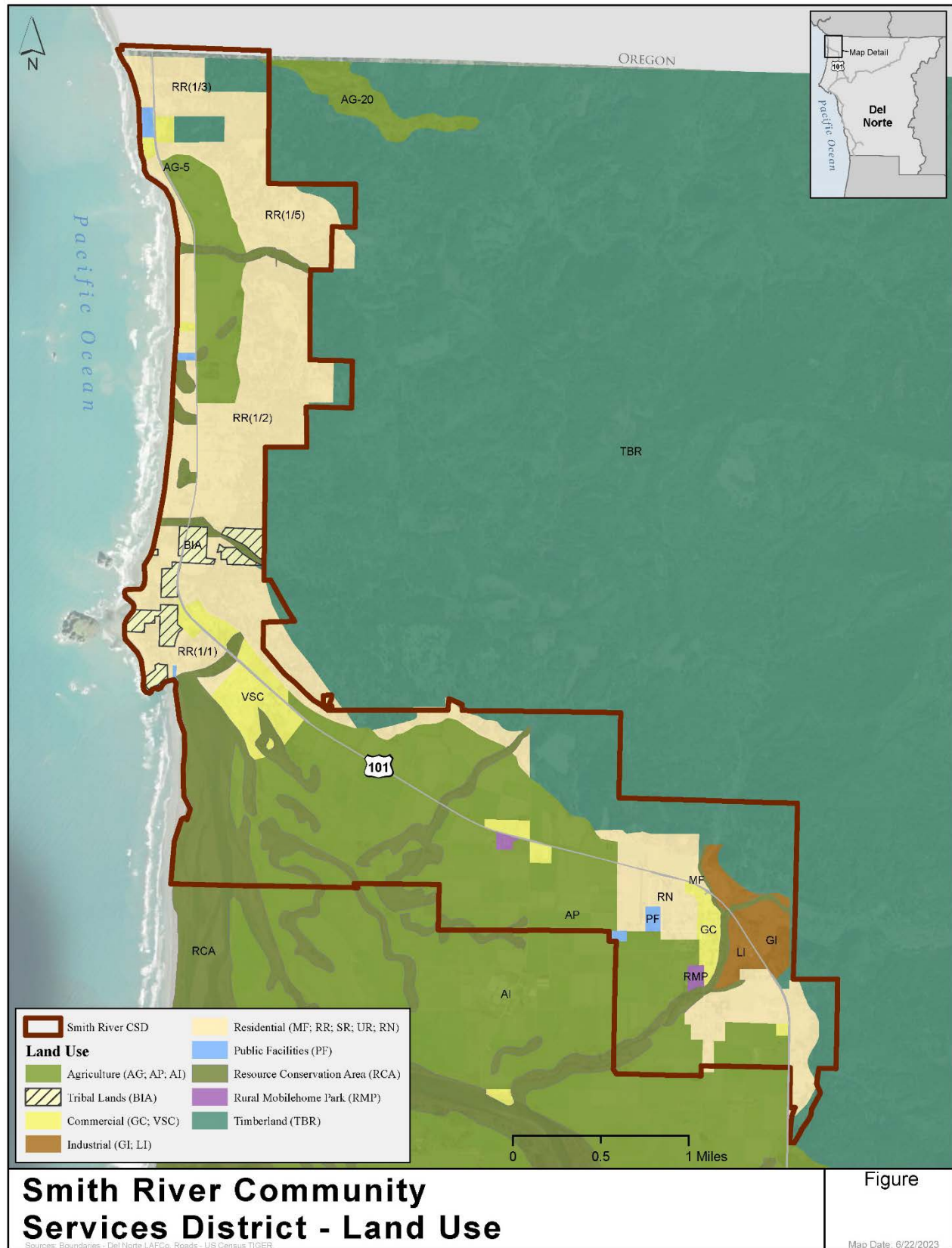
Population and Land Use

Land Use

The Del Norte County General Plan (2003) and Zoning Code guides land use decisions within the unincorporated portion of Del Norte County including the community of Smith River. The area served by Smith River CSD is made up of land uses including agricultural, timberlands, resource conservation, tribal

lands, public facilities, rural mobile home park, and low density residential (Figure 2). More concentrated residential areas are located in the communities of Smith River and Tolowa Dee-ni' Nation trust lands. The District also contains areas of light industrial and commercial areas, generally along the Highway 101 corridor, and includes the federally recognized Wild and Scenic Smith River estuary. Much of the western border of the CSD is located along the coast and in the tsunami inundation zone.

Figure 2: District Land Uses



County Population and Growth

According to the Census, the total population in Del Norte County was 28,471¹ in 2010 and 27,692² in 2020. The Del Norte County population grew at an overall rate of -2.7%, or annual rate of -.27%, between 2010 and 2020. Between the years 2022 and 2027, Del Norte County is projected to decline at an annual average rate of 0.4% due to low birth rates and population shifts³.

District Population and Growth

The District has a population of approximately 1,403⁴ as of 2021. The District will likely continue to develop at or less than the projected county-wide growth rate of -.4% per year, estimating the District population at approximately 1,066 in 2027.

Block Group 1, Census Tract 2.02 which contains the District and a large amount of additional lands to the east has a 2021 population estimate of 1,403⁵. Due to all of the additional lands contained in this Tract that are not part of the District, this number is likely an overestimation. However, most of the additional land outside of the District's boundaries that is accounted for in Block Group 1, Census Tract 2.02 is rural and forested, with limited residential development and inhabitation. As such, the population estimates of the Block Group should be fairly accurate to the District and are the best available data for this analysis.

Smith River CDP, which excludes all of the residences and population data of the District besides the Smith River community, has a 2021 estimated population of 812⁶. This is an underestimation for the District as a large, northern section of land within the District boundaries with residential developments is excluded from the Smith River CDP value.

The District's most accurate population likely lies between these two estimates in the range of 812-1,403 people. GIS analysis indicates that the population likely is on the higher end of this range due to the characteristics of Census Tract 2.02. For the purposes of this analysis, a population estimate of 1,250 is used. The District will likely continue to develop at or less than the projected county-wide growth rate of -.4% per year, estimating the District population at approximately 1,215 in 2027.

Disadvantaged Unincorporated Communities

LAFCo is required to evaluate water service, sewer service, and structural fire protection within disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community (DUC) is defined as any area with 12 or more registered voters where the annual median household income is less than 80 percent of the statewide annual median household income (pursuant to Government Code Section 56033.5 and Water Code Section 79505.5).

According to the American Community Survey 1-Year Estimates, the California median household income (MHI) is \$84,907⁷. Block Group 1, Census Tract 2.02 has a MHI of \$89,808⁸ and contains the entirety of Smith River CSD within its boundaries in addition to numerous other forested, largely undeveloped lands

¹ US Census Bureau, Table DP05 ACS Demographic and Housing Estimates, 2010.

² US Census Bureau, Table DP05 ACS Demographic and Housing Estimates, 2020.

³ Caltrans, Del Norte County Economic Forecast, 2022.

⁴ US Census Bureau, Table B01001 Sex by Age, 2021.

⁵ US Census Bureau, Table B01001 Sex by Age, 2021.

⁶ US Census Bureau, Table DP05 ACS Demographic and Housing Estimates, 2021.

⁷ US Census Bureau, Table S1903 Median Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars), 2021.

⁸ US Census Bureau, Table B19013 Median Household Income in the Past 12 Months, 2021.

to the east. The Smith River CDP has a MHI of \$86,250⁹ and only contains the neighborhood of Smith River, excluding additional District residences to the north.

As was the case with population estimates, neither of these MHIs are specific to the Smith River CSD. However, it is more than likely that the District MHI lies somewhere between the two MHI estimates. GIS analysis indicates that the population and residential characteristics of Census Tract 2.02 are more similar to Smith River CSD than those of Smith River CDP. For the purposes of this analysis, the estimated MHI of \$89,808 is used for the District. Therefore, the District does not qualify as disadvantaged.

The Smith River CSD does not provide one of the three basic services - water service – to areas that are considered disadvantaged. There are no sewer services within District boundaries as residents rely on private septic systems. Smith River Fire Protection District provides fire protection services within all of Smith River CSD. Nearby areas that qualify as disadvantaged include the communities of Gasquet CDP and Klamath CDP. With only one incorporated city, Crescent City, much of the County's population exists in unincorporated communities that qualify as disadvantaged. Should the District expand services to other areas, any disadvantaged communities should be considered.

Services & Infrastructure

Smith River CSD provides water storage, treatment and distribution, as well as street light services and a Community Hall for the Smith River community. The water system has a total of 568 residential and 63 commercial service connections. Based on the Department of Water Resources Groundwater Basin Maps (Bulletin 118), Smith River CSD is located in the Smith River Plain Groundwater Basin in the Smith River Watershed.

Water

Water Source

The water system is supplied by four wells that are located at 325 South Fred D. Haight Drive, Smith River, CA 95567 (Table 3). There are also five pump stations that supply the hillside subdivisions throughout the District.

Table 3: Smith River CSD Water Source Data

Source	Status	Capacity (gpm)
Well 01	Active	290
Well 02	Active	175
Well 03	Active	140
Well 04	Active	200
Total		805

Water Treatment and Storage

Water is treated with sodium hypochlorite and a sodium silicate additive is used.

The District has eight water storage tanks: two 250,000 gallon, two 100,000 gallon, two 75,000 gallon, one 40,000 gallon, and one 10,000 gallon capacity tanks. The District's total storage capacity is 900,000 gallons. The four main storage tanks have a 700,000-gallon combined storage capacity and the four smaller storage tanks, located in proximity to various hillside subdivisions, have a 200,000-gallon combined storage capacity.

⁹ US Census Bureau, Table S1903 Median Household Income in the Past 12 Months, 2021.

Infrastructure Overview

The water system includes four 40-foot wells and the storage tanks described above. There are four 25-horsepower pumps and 35-miles of eight-inch mainline for water distribution.

Water Demand and System Capacity

Smith River is a community where water demand varies widely with the seasons. There are significantly more visitors in the summer than in the winter, therefore peak summer demand is usually considerably larger than other typical seasonal demand. In 2022, the average monthly water demand was approximately 5.68 million gallons (or 6,613,131 gallons) during the months of October through April. The summer months of May through September had an approximate average monthly water demand of 10.01 million gallons (or 11,646,724 gallons), highlighting the seasonal demand variations. For this year, the yearly demand was approximately 94.14 million gallons.

The District receives surface water from the Smith River at the confluence of the North Fork and Middle Fork. The District holds four appropriative water rights permits, with maximum diversion amounts in acre-feet per year (AFY) and maximum direct diversion rates in cubic feet per second (CFS) shown in Table 4 below. Total, the District can source 689.4 acre-feet, or approximately 224.5 million gallons per year. The four water sources have a cumulative maximum direct diversion rate of 1, which computes to diverting approximately 235.9 million gallons per year. With the 2022 consumption rates of 94.14 million gallons, the District is using approximately 42% of its total face value water diversion and has capacity to provide water services to additional connections.

The District sources its water from the Rowdy Creek Underflow and Subterranean Flow, both of which are not appropriated streams. An appropriated stream is one with insufficient supply for new water right applications, meaning that the District could apply for an additional water right if ever desired in the future. At present, the demand and capacity do not warrant the sourcing of an additional right as the District has a large amount of capacity currently available and not in use.

Table 4: District Water Rights Permits

Application ID	Permit ID	License ID	Status	Date	Face Amount (AFY)	Maximum Direct Diversion Rate (CFS)	Source
A030097	021022	-	Permitted	04/08/1992	72.4	0.1	Rowdy Creek Underflow
A029291	020337	-	Permitted	06/13/1989	200	0.3	Rowdy Creek Underflow
A027137	018845	-	Permitted	12/10/1981	217	0.3	Rowdy Creek Underflow
A023844	016367	011426	Licensed	08/13/1971	200	0.3	Rowdy Creek Subterranean Flow

The District’s contract Engineer prepared a Water Treatment Plant Capacity Report (WTPCR) in December 2009. The purpose of the report was to “evaluate the water treatment plant capacity limitations in order

to develop an improvement program to systematically meet the future system water demands”. The need to meet future anticipated demands, along with the need for an adequate fire suppression supply, led the District to prepare its WTPCR.

System Monitoring

The District’s public water system No. 0810002 was originally permitted March 31, 1980. A sanitary survey of the water system is conducted at least every three years. These sanitary surveys are reviews of the public water system to ensure that it has capability to supply safe drinking water, typically conducted by the State primacy agency. All of the sanitary surveys since 1988 have found zero significant deficiencies in the water system.

System monitoring is performed annually and is reported to customers via the Annual Consumer Confidence reports. The most recent report available is from February 1, 2023, and reports that the District’s water met all EPA and State drinking water health standards.

The District has had four violations of its water system since establishment: one regarding the total coliform rule in 2001, two regarding the revised total coliform rule in 2017 and in 2021, and one regarding the consumer confidence rule in 2018. The coliform rule related violations are the result of coliform levels being higher than the maximum contaminant levels (MCLs) set by state and federal standards. All four violations have since been resolved and the District has returned to compliance with no recent violations.

Notable Accomplishments

In the past two years, the District has completed a number of successful projects. All five of the pump stations have been updated and are now capable of being integrated into a supervisory control and data acquisition (SCADA) system. SCADA systems allow for high-level supervision and control of machines, which are crucial for time-sensitive events and decisions. To streamline financial processes, the District has implemented an upgraded billing system and established more effective processes for the collection and depositing of revenue. Additionally, the District has completed a grant project focusing on acquiring an emergency generator.

In-Progress Upgrades

The District is working towards upgrading its control room and chemical feed system to be integrated into the SCADA system to complement the other components of the system, such as the pump stations. Additionally, the District has been working towards replacing the meters throughout the system with advanced metering infrastructure (AMI), an upgraded meter reading program.

Infrastructure Needs and Deficiencies

The District is seeking to replace all of its existing redwood water storage tanks with bolted glass-lined steel tanks. At current, the District is in the application process for a hazard mitigation grant to finance this project. Additionally, the mainline that crosses through the Fred Haight/Rowdy Creek Bridge is in need of repair. This mainline was improperly installed when the bridge was replaced in previous years.

Street Lighting

The Smith River CSD provides streetlights within the community of Smith River. Streetlights are funded by direct charges on monthly utility bills and the District’s general fund. The charge is \$4 per month, billed annually each January for a total of \$48.

Community Hall Management & Maintenance

Smith River CSD has a community hall that it provides to the community as a rental space for events. The hall rental provides a significant source of income for the District with rental income of approximately \$15,100 for FY 2022-2023. The District maintains and manages the hall.

The rental fee includes available tables and chairs. For rentals including the kitchen space, available pots, pans, and dishes are included in the fee. Renters must secure hall liability insurance of \$1,000,000 and provide proof at least one day prior to the event in order to use the space.

Table 5: Community Hall Rental Rates

Location	Rate
Hall Rental (includes main hall, kitchen, and dining room)	\$300
Cleaning Deposit	\$200
Security Deposit	\$200
Dining Room and Kitchen	\$200
Cleaning Deposit	\$200
Security Deposit	\$200
Dining Room (kitchen not included)	\$85
Cleaning Deposit	\$100
Security Deposit	\$100
Extra Day for Setting Up	\$35
Extra Day for Cleaning Up (clean-up must be complete by 10 am)	\$35

Latent Powers

As mentioned in the Agency Overview section, CSD's have the ability to exercise latent powers after receiving LAFCo approval. Two potential latent powers, telecommunications and wastewater services, are described below.

Telecommunications Services

The Smith River area community members lack high speed telecommunications infrastructure available to other areas. Special Districts have the authority to provide this service in underserved areas. Prior to providing this service, a telecommunications feasibility study would need to be conducted that would include four steps: Technological Infrastructure Analysis, Customer Analysis, a Financial Plan and an Implementation Plan. Within the Feasibility Study, the Technological Infrastructure section would include a review of existing fiber, microwave telecommunications, wireless communications towers, and potential service providers co-located on these facilities, a topographical analysis, and an emergency services telecommunications inventory. Customer Analysis would consist of developing a subscriber database and conducting a community meeting to assess community members' willingness to pay for locally provided high-speed internet access. Financial Planning would develop initial costs and ongoing operations and maintenance costs and identify potential funding sources. Implementation Planning would consist of preparing a business plan to summarize findings and demonstrate a path forward.

At current, the District is not interested in providing this service. Should this change, the District would need to conduct the telecommunications feasibility study as outlined above.

Wastewater

The Smith River CSD does not currently provide wastewater services and is not interested in offering this service in the near future. Like telecommunications services described above, Special Districts have the

authority to provide this service as well. Some municipal wastewater collection and treatment is provided by Tolowa-Smith River Rancheria for the casino hotel area.

Other Public Service Providers

The County of Del Norte provides general governmental services including social services, emergency services, planning, county roads and parks, etc. to the unincorporated areas of Del Norte County. Law enforcement is provided by the Del Norte County Sheriff's Office. The California Department of Transportation (CalTrans) is responsible for the condition of U.S. Highway 101 that bisects the Smith River CSD.

Fire Protection

Fire protection is currently provided by the Smith River Fire Protection District (FPD). The FPD provides fire suppression, rescue/extrication, hazardous material response, emergency medical services, and public assistance. The FPD has an area of approximately 18,164 acres (approximately 28 square miles). They have mutual aid agreements with Fort Dick FPD, Crescent City, Gasquet FPD, Crescent FPD, Klamath FPD, Pelican Bay State Prison, NPS, CAL FIRE, USFS, Smith River Rancheria, and Harbor FPD in Oregon. The FPD also has a contract with the Tolowa Dee-ni' Nation which enables them to provide fire protection and medical response on tribal trust lands. The Smith River FPD Station #2 (Hiouchi) has an automatic aid agreement with Gasquet FPD. Smith River CSD, Hussey Ranch CSD, and Big Rock CSD are located within the FPD's boundaries.

The FPD has proposed annexation of parts of Oceanview SOI into its boundaries. The proposed annexation was prompted by service considerations - an increase in the need for structural and vegetation fire and emergency response services. The proposed annexation would add an additional 972 acres (or approximately 1.5 square miles) to the FPD's area. The parcels proposed to be annexed either already receive service from the FPD or desire the service; capacity will not be exceeded by the annexation and no development is proposed. The FPD submitted an annexation application to Del Norte LAFCo, which has deemed the application complete and issued a Notice of Filing to affected organizations. The annexation is subject to Property Tax Revenue Sharing under the State Tax & Revenue Code, which allows for property tax revenue sharing by County Board of Supervisors Resolution. After revenue sharing agreement, the proposed annexation will be scheduled for a Del Norte LAFCo Commission hearing.

Del Norte Resource Conservation District

The purpose of the Del Norte Resource Conservation District (DNRCD) is to provide local leadership to help people within the District conserve, improve, and sustain their natural resources and environment and improve the area's economic viability. The DNRCD is located between the communities of Crescent City and Smith River, west of Highway 101 in Del Norte County in the northwest corner of the State of California. The District covers approximately two percent of Del Norte County's land area and lies in the alluvial plains of Smith River and Elk Creek. The District's boundary includes two main areas; Area One surrounds the lower Smith River and Area Two surrounds Lake Earl. The District covers approximately 18,426 acres (approximately 28 square miles).

Healthcare District

The Del Norte Healthcare District (DNHCD) serves all of Del Norte County, California, just south of the Oregon border along the Pacific coast. It serves a sparsely populated rural county with many low-income residents. The DNHCD provides funding and support for healthcare services; however, the district does not directly provide services. The District owned Wellness Center (20,000 ft²) completed in 2007, provides

space for the Del Norte Community Health Center (part of Open Door Community Health Centers) and other health related service providers on a 11.9 acre site at Northcrest Drive and Washington Blvd. The Wellness Center site allows for the consolidation of several service providers in one location and is centrally located near the Sutter Coast Hospital and other existing complimentary health facilities and services.

Smith River Cemetery District

The SRCD is located approximately ten miles north of the City of Crescent City. The District lies between the Pacific Ocean and the Smith River National Recreation Area and is bisected by Highway 101. The District’s northernmost border parallels the California/Oregon State line. The District covers 9,109 acres (approximately 14.2 square miles) including the unincorporated town of Smith River and the Tolowa-Dee-Ni’ Nation. The SRCD’s boundary lies within and overlaps the Smith River Community Service District (SRCSD) and Smith River Fire Protection District (SRFPD) boundaries. The District was formed on July 28, 1969, for the purpose of maintaining the Smith River Cemetery. Cemetery Districts are independent public agencies, authorized under State of California Health and Safety Code § 9000.

Shared Facilities & Services

The Tolowa Dee-ni’ Nation, a federally recognized tribe of the Tolowa Indians, has property holdings within District boundaries. The Tribe maintains its own water and wastewater systems that serve tribal enterprises and residents in the Smith River area in and around the Lucky 7 Casino and Hotel. At this point, there are no plans to expand the District’s water system onto reservation lands. However, this may be explored in the future and addressed in subsequent MSR/SOI update cycles.

Financial Overview

Budget

The District maintains three separate budgets: one for water services, one for streetlight services, and one for community hall rental services. The District’s primary revenue sources include water fees, service fees (standby and hook-up fees), and tax revenues from streetlighting and hall rental services. The District’s expenses are primarily made up of salaries, electric utilities, insurance, and equipment. For FY 23-24, the District’s revenues are expected to exceed its expenditures by \$21,234.77. This expectation follows the trend of the past three fiscal years with the District achieving an overall net gain for all three (Table 6).

Table 6: Smith River CSD Budget Summary

	FY 2021/22	FY 2022/23	FY 2023/24
Revenues			
Water Services Revenue	\$843,216.00	\$668,910.00	\$681,159.23
Hall Rental Revenue	\$35,780.00		\$35,107.00
Streetlight Revenue	\$20,660.00		\$19,667.97
Interest Income	\$0.00	\$0.00	\$0.00
Miscellaneous	\$0.00	\$0.00	\$0.00
Total Revenues	\$899,656.00		\$716,266.23
Expenses			
Salaries			
Water	\$347,694.46	\$294,194.46	\$307,694.46
Hall Rental	\$9,757.00		\$9,042.00

Streetlight	\$2,441.00		\$2,260.00
Operations			
Water	\$244,875.00	\$188,075.00	\$183,125.00
Hall Rental	\$24,224.00		\$21,850.00
Streetlight	\$9,580.00		\$10,125.00
Supplies and Services			
Water	\$82,675.00	\$103,675.00	\$118,875.00
Hall Rental	\$1,794.00		\$1,794.00
Streetlight	\$156.00		\$266.00
Other			
Transfers out - Water	\$40,800.00	\$20,000.00	\$20,000.00
Transfers out/Capital Improvements	\$30,000.00	\$30,000.00	\$20,000.00
Grant Reimbursements	\$0.00	\$0.00	\$0.00
Total Expenditures	\$796,437.46		\$695,031.46
NET GAIN/(LOSS)	\$103,218.54		\$21,234.77

Audits

No audits were received for this MSR/SOI Update.

Service Rates

The District initiated a rate increase in 2018. The adopted water rate plan included incremental raises over a five-year period beginning July 1, 2018, through FY 2022-2023, shown below (Table 7). At present, the final rates moving forward have been officially implemented and are shown below in bold (Table 7).

Prior to adopting the rate increase, the District conducted a cost analysis to determine the difference in service costs to hill customers versus town customers. Due to the topography, there are difficulties posed by providing service to customers in these areas that increase the overall cost of providing services. The cost analysis determined that the hill customers would be charged 5.63% more for base charges and 13.45% more for usage rate charges. All District customers are charged a usage fee for every 100 cubic feet (c.f.) of usage over 500 c.f.

As of 2022, the .625 sized meters are no longer available for new customers. The capacity fees per service connection for the District are shown below in Table 8. For all other meter sizes than those listed, the General Manager will need to prepare an installation estimate. All District APNs with a connection and paid capacity fee, but do not have an installed/active meter, are charged \$4 per month (or \$48 annually) as a standby water charge.

The cost of fire sprinkler connections is based on actual installation costs including labor, materials, and a "cheat meter" cost to monitor unauthorized usages. If connections are specifically installed for fire sprinkler systems, the capacity fee and monthly charge are waived. Any accidental or intentional, non-fire, water usage is billed to the property owner.

All other charges are outlined below in Table 8. If a service request is made outside of normal working hours, fees will double and may be subject to an additional charge to cover the hourly wages of the staff performing the request for service.

Table 7: Service Rate Increase

Meter Size	Year 1 (2018-2019)	Year 2 (2019-2020)	Year 3 (2020-2021)	Year 4 (2021-2022)	Year 5 (2022-2023)
Town Customers					
0.625*	\$30.85	\$32.40	\$34.02	\$35.72	\$37.50
0.750	\$46.28	\$48.59	\$51.02	\$53.58	\$56.25
1.00	\$77.13	\$80.99	\$85.04	\$89.29	\$93.76
1.50	\$77.13	\$80.99	\$85.04	\$89.29	\$93.76
2.00	\$246.83	\$259.17	\$272.13	\$285.74	\$300.02
3.00	\$246.83	\$259.17	\$272.13	\$285.74	300.02
4.00	\$771.35	\$850.41	\$850.41	\$892.93	\$937.58
6.00	\$1542.69	\$1700.82	\$1,700.82	\$1,785.86	\$1875.15
8.00	\$1542.69	\$1700.82	\$1,700.82	\$1,785.86	\$1875.15
Usage Rate	\$1.35	\$1.42	\$1.49	\$1.56	\$1.64
Hill Customers					
0.625*	\$32.59	\$34.22	\$35.93	\$37.73	\$39.62
0.750	\$48.89	\$51.33	\$53.90	\$56.59	\$59.42
1.00	\$81.48	\$85.55	\$89.83	\$94.32	\$99.04
1.50	\$81.48	\$85.55	\$89.83	\$94.32	\$99.04
2.00	\$260.73	\$273.77	\$287.46	\$301.83	\$316.92
3.00	\$260.73	\$273.77	\$287.46	\$301.83	\$316.92
4.00	\$814.79	\$855.53.	\$893.30	\$943.22	\$990.38.
6.00	\$1,629.57	\$1711.05	\$1,796.61	\$1,886.44	\$1980.76
8.00	\$1,629.57	\$1711.05	\$1,796.61	\$1,886.44	\$1980.76
Usage Rate	\$1.53	\$1.61	\$1.69	\$1.77	\$1.86

Table 8: Other District Service Charges 2022

Capacity Fees	
Meter Size	Fees
.750	\$6,880
1.00	\$10,320
1.50	\$17,200
2.00	\$55,040
4.00	To be determined by engineer
6.00	To be determined by engineer
Other Charges	
Type of Charge	Fees
Non-refundable new account processing fee	\$65.00
Returned Check	\$35.00
Shut Off/Turn on Fee	\$25.00
Meter Installation/Removal	\$50.00
Late Fee	10% on monthly balance if payment is not received by the 20 th of each month

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

- a) The Smith River CSD has a permanent resident population of approximately 1,403. The District will likely continue to develop at or less than the current county-wide rates of -0.4% per year, putting the District population at approximately 1,066 in 2027.
- b) There is no population data available specific to the boundaries of the District. The population estimates were derived from those of Block Group 1, Census Tract 2.02 which fully contains the District but has additional lands not within District boundaries; however, much of these additional lands are forested and largely undeveloped and should not cause a significant difference in population. Smith River CDP has population data available, but only contains part of the District and does not account for a large number of residences that do fall under District boundaries. It is recommended that the District conduct a District-specific survey if more accurate population estimates are desired, which can be a component in acquiring grant or State funding opportunities.

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

- a) The bulk of Del Norte County's population exists in unincorporated communities that qualify as disadvantaged, with the exception of a few areas including the community of Smith River. Smith River CSD has an approximate 2021 MHI of \$89,808, which is larger than the California MHI. As such, Smith River CSD does not provide one of the three basic services - water service - to areas considered disadvantaged.

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

- a) The District currently provides adequate water service to its existing connections. The District is allowed to source approximately 224.5 million gallons per year according to its water rights permits with the State Water Resources Control Board and used approximately 42% of its total face value water diversion in 2022. Thus, the District does have capacity to provide water services to additional connections.
- b) The District has 900,000 gallons of storage capacity and would need to increase its storage to significantly increase its water service provision capacity. The District has plans to replace all of its existing redwood water storage tanks with bolted glass-lined steel tanks and is in the grant application process to fund this project. Other water service infrastructure has been upgraded in recent years or updates are currently in progress, including SCADA system implementation and meter replacement. The water system is in good condition and has sanitary surveys every three years. There have been few violations since establishment, and all have since been resolved.
- c) Streetlighting and hall rental services are provided adequately by the District and no upgrades are planned.

Financial ability of agencies to provide services

- a) The District appears to consistently operate with a budget surplus which has allowed the District to build up capital and emergency reserve funds. Primary revenue sources are water fees and tax

revenues from streetlighting and hall rental services; primary expenditures include salaries, utilities, insurance, and equipment. *Insert text about audits once we have info*

- b) While the District is capable of continuing to efficiently provide the current service offered, some existing infrastructure is aging. Therefore, it is recommended that the District pursue adoption of a Capital Improvement Program (CIP) which would address the financing of future infrastructure upgrades, including the repair of a mainline that was improperly installed when the Fred Haight/Rowdy Creek Bridge was replaced.

Status of, and opportunities for, shared facilities

- a) The District does not currently contract with other districts to receive or provide shared facilities or services. There are limited opportunities for the District to share facilities with adjacent local agencies due to geographical constraints.
- b) The Smith River FPD provides services within District boundaries and uses Smith River CSD maintained fire hydrants and valves as necessary. The Tolowa Dee-ni' Nation has property holdings within District boundaries but maintains its own water and wastewater systems. At present, there are no plans to extend service onto reservation lands, but could be relevant in the future if the Tolowa Dee-ni' Nation should be interested in this service extension.

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

- a) The Smith River CSD board meets regularly in public meetings, which are noticed in compliance with the Brown Act. Board members are elected by District residents and hold four-year terms of office. The current government structure is operating efficiently and appears to have sufficient governance structure and operational capacity.
- b) The District maintains a website and designates a section of the website to accountability and transparency. This section of the website includes consumer confidence reports, District staff member compensation reports, code of ethics policy, financial information on the State Controller's Office, and more. However, it is recommended that the District make budget information, audits for the past three years, and previous Board agendas and meeting minutes available to increase transparency and be further in compliance with SB929.

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

- a) There are no further matters to report related to the municipal water service provided by the Smith River CSD.

SPHERE OF INFLUENCE DETERMINATIONS

Sphere of Influence Status

Smith River CSD's SOI was amended by Del Norte LAFCo Resolution 10-05 on December 6, 2010 to include 67.5 acres located adjacent to and west of the existing Smith River CSD district boundary; designated in the Del Norte County General Plan as "Residential" and "Visitor Serving Commercial" (See Figure 1). The District currently has no expansion plans and does not anticipate serving areas outside of the current District boundary at this time. Based on the results of this MSR, no expansion or reduction to the Smith River CSD's SOI are recommended.

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

- a) Lands within the District are primarily designated low-density residential, agriculture, commercial, tribal lands, timberland, and resource conservation areas, with a small portion of public facility and rural mobile home park designations. The District is surrounded by resource lands, mostly timberlands and state and federal lands. Land uses within the District are subject to the Del Norte County General Plan (2003) and Zoning Code. Little change in actual or designated land uses within the District is anticipated over the next 20 years.

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

- a) The Smith River CSD is meeting the current water needs of its customers. The Smith River CSD does not anticipate considerable growth within the District, or a significant increase in service demands as a result of population growth. The District will likely continue to develop at or less than the projected county-wide growth rate of -.4%. Growth of the District's connections may increase in coming years if extension of services onto Tolowa Dee-ni' lands is initiated.

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

- a) The District provides an adequate level of services with adequate capacity to provide the necessary water services to its customers. The District has 900,000 gallons of water treatment capacity available and is not anticipated in the current timeframe or in the foreseeable future to be in short water supply. The District does not have plans to significantly increase capacity.
- b) It is recommended that the District continue to pursue implementation of the WTPCR and CIP, which appears to address the District's infrastructure needs and would provide for anticipated future growth and demand.

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

- a) The District provides water service to the community of Smith River. Smith River CSD is located north of the City of Crescent City, which provides a major shopping and service industry hub for local residents in Del Norte County. Smith River's commercial and public businesses support daily local needs of the population.

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.

- a) The bulk of Del Norte County's population exists in unincorporated communities that qualify as disadvantaged; however, Smith River CSD does not currently provide water service to areas that are considered disadvantaged. There are no sewer services within District boundaries, except for the Tolowa De' Ni' wastewater system in and around the Howonquet Village-Casino-Resort. All other residents rely on private septic systems. Structural fire protection services are the responsibility of the Smith River Fire Protection District. Should extension of services or expansion of SOI occur, any adjacent DUCs should be considered.

REFERENCES

Caltrans, 2022. *Del Norte County Economic Forecast*.

Department of Water Resources (DWR) 2014. Public Water System Statistics for Smith River CSD.

Del Norte LAFCo, 2010. *Smith River Community Services District Municipal Service Review & Sphere of Influence Update*, Adopted 2018.

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US Census Bureau, 2020. *Table DP05 ACS Demographic and Housing Estimates*.

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Young, Michael. 2009. *Smith River CSD Water Treatment Plant Capacity Report (WTPCR)*, December 2009.



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AGENDA ITEM 3F

MEETING DATE: November 27, 2023
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: 2024 Meeting Dates

DISCUSSION

The Commission generally meets on the fourth Monday of every other month, unless rescheduled due to holidays or other considerations. The 2024 meeting dates are listed below:

January 22, 2024

March 25, 2024

May 27, 2024

July 22, 2024

September 23, 2024

November 25, 2024



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AGENDA ITEM 3G

MEETING DATE: November 27, 2023
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: California Association of Local Agency Formation Commissions

CALAFCO

The California Association of Local Agency Formation Commissions (CALAFCO) is a 501(c)3 non-profit founded in 1971. CALAFCO serves as an organization dedicated to assisting member LAFCos with educational, technical and legislative resources that otherwise would not be available. The Association provides state-wide coordination of LAFCo activities, serves as a resource to the Legislature and other bodies, and offers a structure for sharing information among the various LAFCos and other governmental agencies.

CALAFCO represents LAFCos throughout the state and is proud to partner with a variety of Associate Members in supporting the work of LAFCos throughout California.

The Association has a sixteen (16) member Board of Directors, representing all four regions of the Association. There are four representatives each from the Northern, Southern, Coastal and Central regions. Each of the four regions has one County, one City, one Special District and one Public Member on the Board. <https://www.calafco.org/about-us>

2023 Annual Conference Sessions:

- What's New with New Or Extended Services Outside Jurisdictional Boundaries?
- Your Community's Fire Service: Top Notch or Ticking Time Bomb?
- Municipal Services in the 21st Century
- LAFCos and Special Districts: A Look at the History, Current Challenges, and Future Opportunities Among These Agencies
- Guiding Adrift Agencies Back on Course

CALAFCO University Example: Fire & EMS Service Basics, Challenges, LAFCos' Role & Responsibility

- Session 1 -Service model basics, preparing for Municipal Service Review & evaluating community needs
- Session 2 - Current staffing, training, facilities, operations, equipment, anticipated growth and service needs projections, and finances
- Session 3 Governance, DUCs, shared services opportunities, SOI updating & contracts.
- Session 4 - So, you've done a great Municipal Service Review, now what? A look at rural, suburban & urban case studies

Next Conference: Tenaya Lodge at Yosemite -October 16 to October 18 2024