

MENDOCINO

Local Agency Formation Commission

Ukiah Valley Conference Center | 200 South School Street | Ukiah, California 95482

Telephone: (707) 463-4470 | Fax: (707) 462-2088 | E-mail: eo@mendolafco.org | Web: www.mendolafco.org

COMMISSIONERS

Jerry Ward, Chair & Treasurer
Public Member

Carre Brown, Vice Chair
County Board of Supervisors

Kevin Doble
Ukiah City Council

Gerardo Gonzalez
Willits City Council

Dan Hamburg
County Board of Supervisors

Theresa McNerlin
Ukiah Valley Sanitation District

Tony Orth
Brooktrails Township CSD

Scott Ignacio, Alternate
Point Arena City Council

John McCowen, Alternate
County Board of Supervisors

Carol Rosenberg, Alternate
Public Member

Vacant
Special District Seat, Alternate

STAFF
Executive Officer
Uma Hinman

Analyst
Larkyn Feiler

Commission Clerk
Elizabeth Salomone

Counsel
Scott Browne

Regular Meetings
First Monday
of each month
at 9:00 AM
in the Mendocino
County Board
of Supervisors Chambers
501 Low Gap Road

A G E N D A

Regular Meeting of Monday, December 4, 2017 9:00 AM
County Board of Supervisors Chambers 501 Low Gap Road, Ukiah, California

Live web streaming and recordings of Commission meetings are available via the County of Mendocino's YouTube Channel. Links to recordings and approved minutes are available on the LAFCo website (<http://mendolafco.org/recorded-meetings/>).

Meeting documents are available online: <http://mendolafco.org/meeting-documents-2017/>

1. CALL TO ORDER and ROLL CALL

2. PUBLIC EXPRESSION

The Commission welcomes participation in the LAFCo meeting. Any person may address the Commission on any subject within the jurisdiction of LAFCo which is not on the agenda. There is a three minute limit and no action will be taken at this meeting. Individuals wishing to address the Commission under Public Expression are welcome to do so throughout the meeting.

3. OTHER BUSINESS

None

4. CONSENT CALENDAR

The following consent items are expected to be routine and non-controversial, and will be acted on by the Commission in a single action without discussion, unless a request is made by a Commissioner or a member of the public for discussion or separate action.

4a) Approval of the November 6, 2017 Regular Meeting Summary Minutes

4b) Approval of the November 2017 Claims and Financial Report

4c) Approval of the 2018 Lease Contract Renewal for Office Space at the Ukiah Valley Conference Center

4d) Acceptance of the Draft Fiscal Year 2016/17 Financial Statements

4e) Approval of the 2018 Meeting Calendar

5. PUBLIC HEARING ITEMS

Public Hearings are scheduled for Commission consideration and possible adoption of items. Questions and comments from the Commission, participating agencies, and members of the public are welcome. Documents are available for review at:

<http://mendolafco.org/meeting-documents-2017/>.

(12-4-17 Agenda Continued...)

- 5a) Continued Public Hearing to Consider Adoption of a Resolution Approving the City of Fort Bragg & Municipal Services District No. 1 Municipal Service Review/Sphere of Influence Update**
Continuance of a public hearing to consider a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update as required by LAFCo law. The final report includes written determinations regarding the level and range of services provided by the City and District. RECOMMENDED ACTIONS: 1) determine the MSR/SOI Update 2017 exempt from further review under the California Environmental Quality Act (CEQA) pursuant to Title 14 California Code of Regulations §15306 and §15061(b)(3) and approve the Notice of Exemption for filing; and 2) adopt Resolution 17-18-05 approving the MSR and SOI determinations and affirming the existing SOI for each agency.

6. WORKSHOP ITEMS

Workshops are scheduled for Commission review of draft reports prior to the noticing for public hearing. Questions and comments from the Commission, participating agencies, and members of the public are welcome. Documents are available for review at: <http://mendolafco.org/meeting-documents-2017/>.

6a) South Coast Fire Protection District (FPD) MSR SOI Update

The Commission will review a Draft MSR and SOI Update for the South Coast FPD. The Commission is invited to discuss the draft report and provide feedback to staff in anticipation of receiving a final MSR and SOI Update for formal action as part of a public hearing at a future meeting. No action will be taken by the Commission as part of this item.

6b) Albion-Little River Fire Protection District (FPD) MSR SOI Update

The Commission will review a Draft MSR and SOI Update for the Albion-Little River FPD. The Commission is invited to discuss the draft report and provide feedback to staff in anticipation of receiving a final MSR and SOI Update for formal action as part of a public hearing at a future meeting. No action will be taken by the Commission as part of this item.

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

None

8. INFORMATION AND REPORT ITEMS

The following informational items are reports on current LAFCo activities, communications, studies, legislation, and special projects. General direction to staff for future action may be provided by the Commission.

8a) Work Plan, Current and Future Proposals (Written)

8b) Correspondence (copies provided upon request)

8c) Executive Officer's Report (Verbal)

8d) Committee Reports (Verbal)

8e) Commissioner Reports, Comments or Questions (Verbal)

8f) CALAFCO Business and Legislative Report

ADJOURNMENT

The next Regular Commission Meeting is scheduled for
Monday, January 8, 2018 at 9:00 AM

in the County Board of Supervisors Chambers 501 Low Gap Road, Ukiah, California

Notes: Participation on LAFCo Matters

All persons are invited to testify and submit written comments to the Commission on public hearing items. Any challenge to a LAFCo action in Court may be limited to issues raised at a public hearing or submitted as written comments prior to the close of the public hearing.

Americans with Disabilities Act (ADA) Compliance: If you are a disabled person and need a disability-related modification or accommodation to participate in a meeting, please contact the LAFCo office at 707-463-4470, by e-mail to eo@mendolafco.org, or by FAX to 707-462-2088. Requests must be made as early as possible, and at least two full business days prior to the meeting. Fair Political Practice Commission (FPPC) Notice: State Law requires that a participant in LAFCo proceedings who has a financial interest in a Commission decision, and who has made a campaign contribution of more than \$250 to any Commissioner in the past 12-months, must disclose the contribution. If you are affected, please notify the Commission prior to the agenda item.

MENDOCINO

Local Agency Formation Commission

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First Monday
of each month
at 9:00 AM
in the Mendocino
County Board
of Supervisors Chambers
501 Low Gap Road

Agenda Item No. 4a

MINUTES

Local Agency Formation Commission of Mendocino County

Regular Meeting of Monday, November 6, 2017

County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California

1. **CALL TO ORDER and ROLL CALL** (Video Time 0:30)

Chair Ward called the meeting to order at 9:04am.

Members Present: Commissioners Carre Brown, Kevin Doble, Gerardo Gonzalez, Dan Hamburg, Theresa McNerlin, Tony Orth, and Jerry Ward

Members Absent: None

Alternate Members Present: Commissioners John McCowen, and Carol Rosenberg

Alternate Members Absent: Commissioners Scott Ignacio

Staff Present: Uma Hinman, Executive Officer
Elizabeth Salomone, Clerk

*The Commission observed a **MOMENT OF SILENCE** in remembrance of Gabriel Madrigal, husband of former LAFCo Commissioner, Holly Madrigal, and in remembrance of the great losses of life, property, and environment in Mendocino County and neighboring counties in the Northern California Fires.*

2. **PUBLIC EXPRESSION** (Video Time: 1:30)

No one from the public addressed the Commission.

3. **OTHER BUSINESS** (Video Time: 1:54)

3a) Special District Alternate Seat

EO Hinman reported on the procedure and proposed timeline for filling the vacant Special District Alternate seat and recommended the Commission approve the proposed timeline for the election process with an included option in the nomination packet for Special Districts to vote for an extended term. Comments and questions were offered by Commissioners Orth, Ward, and McCowen.

The Commission directed staff to review the pertinence of AB 979 to the proposed extension of the Special District Alternate Seat and implement the proposed process with adjustments as necessary to prevent conflict with cited legislation.

The Commission directed the Policies & Procedures Committee to develop written policy on the Special District Election process held by LAFCo on behalf of Mendocino County Special Districts.

Upon motion by Commissioner Orth and second by Commissioner Brown, the proposed timeline for the Alternate Special District Seat election process timeline and option for an extended term in the nomination packet as allowed by legislation, was approved by roll call vote:

Ayes: (7) Brown, Doble, Gonzalez, Hamburg, McNerlin, Orth, and Ward

4. CONSENT CALENDAR (Video Time 7:33)

4a) Approval of the October 2, 2017 Regular Meeting Summary Minutes

4b) Approval of the October 2017 Claims and Financial Report

4c) Approval of the 2018 Lease Contract Renewal for Office Space at the Ukiah Valley Conference Center

The Commission pulled Item 4c) Approval of the 2018 Lease Contract Renewal at UVCC and directed Chair Ward to review the contract's 90 day termination clause (8.1 of the contract) and the Consumer Price Index used by the City of Ukiah to calculate the rate increase.

Commissioner McCowen provided staff with typographical edits to the October 2, 2017 Regular Meeting Summary Minutes in writing.

Upon motion by Commissioner Gonzalez and second by Commissioner Brown, the Consent Calendar, listed below, were approved by roll call vote:

4a) Approval of the October 2, 2017 Regular Meeting Summary Minutes

4b) Approval of the October 2017 Claims and Financial Report

<u>October 2017 Claims totaling:</u>	\$ 13,027.94
Uma Hinman Consulting:	\$ 10,728.25
Ukiah Valley Conference Center:	\$ 436.54
P. Scott Browne:	\$ 600.00
Commissioner Reimbursement	\$ 1,024.61
County of Mendocino (audio/video, GIS, etc):	\$ 124.32
Hometown Shopper:	\$ 114.22

Ayes: (7) Brown, Doble, Gonzalez, Hamburg, McNerlin, Orth, and Ward

5. PUBLIC HEARING ITEMS – (Video Time 10:35)

5a) Public Hearing to Consider Adoption of a Resolution Approving the City of Fort Bragg and Municipal Improvement District No. 1 Municipal Service Review (MSR) and Sphere of Influence (SOI) Update

EO Hinman noted a correction in the Item title on the Agenda to read: **“Municipal Services Improvement District No 1.”**

EO Hinman presented the MSR and SOI Update Public Hearing, noting the current document incorporates comments from the LAFCo workshop on August 7, 2017 and has been reviewed by City of Fort Bragg staff who provided no further comments. The Proof of Publication of the Public Hearing Notice was provided in the packet.

The Public Comment Period was opened at 10:14am. There were no comments from the public. ***The Public Comment Period was closed at 10:14am.***

Comments and questions were offered by Commissioners McCowen, Orth, Brown, Ward, and Rosenberg.

The following points were discussed:

- Adding a determination to re-evaluate the suitability of including the two rural residential areas located south of the City limits within the City SOI in the next MSR/SOI Update.
- Review the City's annexation plan and consider adding a determination for the City to study the feasibility of annexing the Noyo Harbor prior to the next MSR/SOI Update.
- Providing more information regarding the Cost Allocation Plan accounting error.
- The following edits were requested by Commissioners during the meeting and in writing:
 - Pg 2-2 2nd Para, 10:00 ~~p.m.~~ a.m.
 - Pg 2-5, 2.5, 1st Sentence on economic downturn removed.
 - Pg 2-9 2nd Para, "sufficiently"
 - Pg 2-14, 2st Para, replace "be tapped" with "allocated" or "used"
 - Pg 3-2, ~~College of the Redwoods~~ Mendocino Coast College
 - Pg 3-3, 3.3.1 Remove "maintaining the financial integrity of the City by"
 - Pg 3-3, 3.4.1 The last sentence to replace the first sentence in the section.
 - Pg 4-1, 4.2.1 1st Para, "was reduced to more **closely** correspond...."
 - Pg 4-1, 4.2.1 2nd Para, "...and includes **in addition** five island areas" [this explains the discrepancy between 2.7 and 2.98 square miles]
 - Pg 4-1, 4.2.1, 3rd Para, Clarification on the SOI size descriptions of the City and District.
- Direction to staff to address the Commission's requested modifications to the study, provide the revised document to the Fort Bragg City Manager, and return with the revised document for the continued Public Hearing on December 4, 2017.

Upon motion by Commissioner Doble and second by Commissioner Gonzalez, continuation of the Public Hearing to December 4, 2017 to consider adoption of a Resolution approving the City of Fort Bragg and Municipal Improvement District No. 1 Municipal Service Review (MSR) and Sphere of Influence (SOI) Update was approved by roll call vote:

Ayes: (7) Brown, Doble, Gonzalez, Hamburg, McNerlin, Orth, and Ward

The Public Hearing remained open and was continued to December 4, 2017.

6. WORKSHOP ITEMS (Video Time 31:50)

6a) None

7. MATTERS FOR DISCUSSION & POSSIBLE ACTION

7a) Annual Legislative Platform Development for 2017 (Video Time 32:00)

EO Hinman presented. No comments and questions were offered by Commissioners.

Upon motion by Commissioner Brown and second by Commissioner Gonzalez, Adoption of Resolution 17-18-04 approving the Annual Legislative Platform Development for 2017 as presented in the agenda packet was adopted by roll call vote:

Ayes: (7) Brown, Doble, Gonzalez, Hamburg, McNerlin, Orth, and Ward

7b) Policy Amendment for Application Requirements – Tax Exchange Agreement Process

EO Hinman presented. Comments and questions were offered by Commissioners Ward and McCowen. It was noted that by law, a tax exchange agreement is required to move forward with the annexation process, even if the agreement is that there will be no agreement.

Upon motion by Commissioner Brown and second by Commissioner Gonzalez, adoption of Resolution 2017-18-04 approving the Policy Amendment for Application Requirements – Tax Exchange Agreement Process as presented in the agenda packet was adopted by roll call vote:

Ayes: (7) Brown, Doble, Gonzalez, Hamburg, McNerlin, Orth, and Ward

8. INFORMATION/ REPORT ITEMS (Video Time: 38:14)

8a) Status of Applications, Future Projects, MSR and SOI Updates

Current Projects: No updates from last month.

Future Projects: No updates from last month.

MSR/SOI Updates

- *South Coast and Albion Little River Fire District SOIs* are scheduled for Workshop in December 2017.
- *Mutual Water Companies* profiles continue.
- *Brooktrails CSD MSR/SOI* update is pending District response.
- *City of Willits SOI Update* is pending City staff review of its SOI.
- *Fire District SOIs* have been on hold during October due to extreme fire events but staff will begin contacting the remainder of the fire districts in November.

Comments and questions were offered by Commissioner McCowen, Orth, Ward, and Rosenberg. The Commission discussed options for streamlining the Fire District SOIs.

8b) Correspondence (Video Time: 48:45)

No comments offered.

8c) Executive Officer's Report (Video Time: 48:50)

EO Hinman updated the Commission on recent public records requests and a deposition subpoena received for records. Comments and questions were offered by Commissioner Ward.

8d) Committee Reports (Video Time: 51:09)

Neither committee met during the month of October 2017.

8e) Commissioners Reports, Comments or Questions (Video Time: 51:20)

CALAFCO Conference: Commissioners Doble, Gonzalez, and Ward provided information on their recent attendance to CALAFCO conference with EO Hinman. It was noted the sessions were available on the CALAFCO website. The following points were discussed:

- Electronic Device Policy development.
- Importance of LAFCo being proactive rather than reactive.
- Communication expectations between Chair and EO.
- Legal Counsel attendance for regular meetings.
- Report on election of CALAFCO Board.
- Legislative and litigation issues experienced by LAFCos.

The conference attendees thanked the Commission for sending them and the staff for managing the travel arrangements.

The Commission directed the Policies & Procedures Committee to explore development of an electronic device policy.

Commissioner Orth thanked the Fire Departments for responding to all the Fire Districts and County for responding to the emergencies in Mendocino County and expressed the regret for the loss of life experienced in the recent wildfires. He provided an update on Brooktrails CSD.

Commissioner Ward asked for clarification on procedures for documenting motions within a meeting.

8f) CALAFCO Business and Legislation Report (Video Time: 1:19:17)

EO Hinman provided a CALAFCO handout summarizing the Legislative Update, October 27, 2017.

ADJOURNMENT

There being no further business, at 10:21am the meeting was adjourned. The next regular meeting is scheduled for Monday, December 4, 2017 at 9:00am in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah, California.

Live web streaming and recordings of Commission meetings are now available via the County of Mendocino's YouTube Channel. Links to recordings and approved minutes are also available on the LAFCo website. November 6, 2017

<https://www.youtube.com/watch?v=rtPtBcrIpo>

MENDOCINO Local Agency Formation Commission

Staff Report

DATE: December 4, 2017
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: Financial Report and Claims for November 2017

Claims The following claims are recommended for payment authorization:

Name	Account Description	Amount	Total
Hinman & Associates	5300 Basics Services	\$ 5,543.75	\$ 8,760.75
	6200 Bookkeeping	\$ 264.00	
	7000 MSR SOI Workplan	\$ 2,903.00	
	5601 Office Supplies	\$ 50.00	
	8017 Millview CWD Pre Application	\$ -	
Ukiah Valley Conf. Center	5502 Office space	\$ 404.00	\$ 434.00
	5503 Work room	\$ 30.00	
	5603 Photocopy (November 2017)	TBA	
	5605 Postage (November 2017)	TBA	
P. Scott Browne	<u>6300 Legal Counsel</u>	\$ 600.00	\$ 600.00
	Monthly flat fee (November 2017)		
Commissioner Reimbursements	<u>6740 In-County Travel & Stipends:</u>		\$ 601.34
	Rosenberg (November 2017)	\$ 51.07	
	McNerlin (November 2017)	\$ 50.00	
	Orth (November 2017)	\$ 77.00	
	<u>6750 Travel & Lodging Expenses:</u>		
Ward (CALAFCO conference 2017)	\$ 423.27		
County of Mendocino	6000 Video Recording of Meetings	\$ 190.86	\$ 190.86
	7501 GIS Mapping	\$ -	
California Special Districts Association	6600 2018 Membership	\$ 1,299.00	\$ 1,299.00
Total:			\$ 11,885.95

Notes: None

Other Financial Activity:

11/14/17: \$50,000 from County held account to LAFCo Checking account

Attachments:

- Budget Track Spreadsheet
- Hinman & Associates Consulting Invoice & Scott Browne Invoice

Please note that copies of all invoices, bank statements, and petty cash register were forwarded to Commission Treasurer.

Mendocino Local Agency Formation Commission
 FY 2017-18 Budget and Application Tract

Acct #	Task	FY 16-17 Budget	1st Qtr Subtotals	October	Nov	2nd Qtr Subtotal	Year to Date	Remaining Budget
EXPENSES								
5300	Basic Services - EO/Analyst/Clerk	\$66,815	\$15,543.00	\$5,064.50	\$5,543.75	\$10,608.25	\$26,151.25	\$40,663.75
5500	Rent	\$5,360	\$1,302.00	\$434.00	\$404.00	\$838.00	\$2,140.00	\$3,220.00
5600	Office Expenses	\$3,350	\$231.56	\$52.54	\$50.00	\$102.54	\$334.10	\$3,015.90
5700	Internet & Website Costs	\$1,300	\$0.00			\$0.00	\$0.00	\$1,300.00
5900	Publication & Legal Notices	\$2,000	\$0.00	\$114.22		\$114.22	\$114.22	\$1,885.78
6000	Televising Meetings	\$3,000	\$259.02		\$190.86	\$190.86	\$449.88	\$2,550.12
6100	Audit Services	\$3,100	\$1,550.00			\$0.00	\$1,550.00	\$1,550.00
6200	Bookkeeping	\$4,800	\$1,614.00	\$52.50	\$264.00	\$316.50	\$1,930.50	\$2,869.50
6300	Legal Counsel (S Browne)	\$7,200	\$1,800.00	\$600.00	\$600.00	\$1,200.00	\$3,000.00	\$4,200.00
6400	A-87 Costs County Services	\$1,100	\$0.00			\$0.00	\$0.00	\$1,100.00
6500	Insurance - General Liability	\$1,000	\$0.00			\$0.00	\$0.00	\$1,000.00
6600	Memberships (CALAFCO/CSDA)	\$2,200	\$0.00		\$1,299.00	\$1,299.00	\$1,299.00	\$901.00
6670	GIS Contract with County	\$5,000	\$571.90	\$124.32		\$124.32	\$696.22	\$4,303.78
6740	In-County Travel & Stipends	\$2,000	\$128.08	\$178.07	\$178.07	\$356.14	\$484.22	\$1,515.78
6750	Travel & Lodging Expenses	\$4,000	\$533.80	\$846.54	\$423.27	\$1,269.81	\$1,803.61	\$2,196.39
6800	Conferences (Registrations)	\$3,000	\$2,125.50			\$0.00	\$2,125.50	\$874.50
7000	Work Plan (MSRs and SOIs)	\$45,000	\$8,616.75	\$5,561.25	\$2,903.00	\$8,464.25	\$17,081.00	\$27,919.00
Monthly/ Year to Date Totals		\$160,225.00	\$34,275.61	\$13,027.94	\$11,855.95	\$24,883.89	\$59,159.50	\$101,065.50
APPLICATIONS								
		DEPOSIT	1st Qtr Subtotals	October	Nov	2nd Qtr Subtotal	Year to Date	Remaining Budget
A-2009-8001	Irish Beach WD Moores Annexation	\$-610.56	\$0.00			\$0.00	\$0.00	\$-610.56
P-2014-8010	City of Ukiah Detachment of UVCSO lands	\$1,532.75	\$0.00			\$0.00	\$0.00	\$1,532.75
P-2017-8017	Millview CWD Annexation	\$1,500.00	\$0.00			\$0.00	\$1,490.00	\$10.00
Applications to Date Totals		\$922.19	\$1,490.00	\$0.00	\$0.00	\$0.00	\$0.00	
EXPENSES AND APPLICATION TOTALS			\$35,765.61	\$13,027.94	\$11,855.95	\$24,883.89	\$59,159.50	

Operations (Checking) Account Balance	\$	10,986.34				from statement as of	10/31/2017
Legal Reserve Balance	\$	50,000.00				from statement as of	10/31/2017
Operations Reserve Balance	\$	40,264.83				from statement as of	10/31/2017



Hinman & Associates Consulting

PO Box 1251 | Cedar Ridge, CA 95924

(916) 813-0818

uhinman@comcast.net

Date November 27, 2017
To Mendocino LAFCo
Project Executive Officer Services
Work Period October 30, 2017 - November 26, 2017

Invoice No. 348
Invoice Total \$ 8,760.75

Account	Description	Staff/Hours			Other (At Cost)	Totals
		Hinman EO (\$90)	Feiler Analyst (\$65)	Salomone Clerk (\$42)		
5300	Basic Services	45.25	3.25	30.00		\$ 5,543.75
5601	Office Supplies Quickbooks Online Fee				\$ 50.00	\$ 50.00
6200	Bookkeeping	2.00		2.00		\$ 264.00
7001	Municipal Service Reviews		28.25	0.25		\$ 1,846.75
7501	Sphere of Influence Updates		16.25			\$ 1,056.25
Totals		\$ 4,252.50	\$ 3,103.75	\$ 1,354.50	\$ 50.00	\$ 8,760.75

5300 Basic Services

Prepared November and December Commission meeting agenda, staff reports and meeting packet. Draft meeting minutes for review at next meeting. File maintenance. Staffed office during the time period.

6200 Bookkeeping (Other Services)

Compiled claims for Commissioner review and approval at December meeting. Entered claims into Quickbooks and prepared checks for claims to be authorized at December 4th meeting. Reviewed claims, bank records, etc. Finalized FY 2016-17 Draft Financial Report

7501 Sphere of Influence Updates

Workshop Draft Soath Coast FPD and Albion-Little River FPD SOIs. Continued outreach to fire districts to solicit RFI responses. Coordinated mapping with County GIS.

7001 Municipal Service Reviews

Revisions to Fort Bragg MSR/SOI Update and coordinated with City staff. Drafted Brooktrails CSD MSR/SOI Update and sent out RFI for missing information.

8017 Application

Nothing additional this month.

Law Offices of P. Scott Browne

131 South Auburn Street
Grass Valley, CA 95945

(530) 272-4250
(530) 272-1684 Fax

Marsha A. Burch
Of Counsel

Mendocino Lafco
200 South School Street, Suite F
Ukiah, CA 95482

Period Ending:

11/15/2017

Payment due by the 15th of next month

In Reference To: CLIENT CODE: MENDO-01

Professional Services

	<u>Hours</u>	
10/25/2017 PSB Attend CALAFCo conference. (Time split evenly between all LAFCo clients.)	1.50	
10/26/2017 PSB Attend CALAFCo conference. (Time split evenly between all LAFCo clients.)	1.50	
10/27/2017 PSB Attend CALAFCo conference. (Time split evenly between all LAFCo clients.)	1.50	
11/14/2017 PSB Respond to Uma re: special district elections.	0.75	
11/15/2017 PSB Telephone call from Uma	0.50	
	<hr/>	
SUBTOTAL:	[5.75]	
		<hr/>
Total Professional Hours	5.75	Amount \$600.00
Per Representation Agreement, flat fee of \$600/month.		
Previous balance		\$600.00
 <u>Payments and Credit Activity</u>		
11/13/2017 Payment - Thank You. Check No. 7526		(\$600.00)
		<hr/>
Total payments and adjustments		(\$600.00)

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: December 4, 2017
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: 2018 Office Space Lease Renewal

RECOMMENDATION

Authorize the Mendocino LAFCo Chair to negotiate and sign the 2018 Lease Agreement between the City of Ukiah and Mendocino County Local Agency Formation Commission for office space at the Ukiah Valley Conference Center and return for ratification in January 2018.

DISCUSSION

The Commission leases office space in the Ukiah Valley Conference Center, which is subject to an annual lease renewal. The Ukiah Valley Conference Center issued the 2018 lease renewal for office space, which was provided to the Commission for review in the November 6, 2017 Regular Meeting Agenda Packet. The letter informed that in accordance with the terms of the current lease, the proposed rent increase was from \$404.00 to \$424.00, effective January 1, 2018. The terms of the current Lease provides for annual increases in rent at the rate equal to the Consumer Price Index, not to exceed 5 percent. The Commission authorized Chair Ward to review the Consumer Price Index and negotiate the rent increase with the City of Ukiah, if appropriate. Chair Ward is awaiting reply from the City of Ukiah.

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: December 4, 2017
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: Report on Draft Fiscal Year 2016/17 Financial Statements

RECOMMENDATION

Informational.

DISCUSSION

Staff and the Commission's Treasurer have prepared Draft Financial Statements for Fiscal Year 2016/17. The Draft Financial Statements have been provided to the contracted auditor for use in preparation of the annual audit. They are provided to the Commission for information.

Attachments

Fiscal Year 2016/17 Financial Report

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

DRAFT

**LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2017 & 2016**

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DRAFT

**Mendocino Local Agency Formation Commission
Management Discussion & Analysis of
Fiscal Years Ending June 30, 2017 & 2016**

1. Discussion of Basic Financial Statements

Mendocino Local Agency Formation Commission's (LAFCo) primary funding source for its annual budget is mandated by Government Code Section 56381. Section 56381 requires that the costs of LAFCo are to be paid in equal one-third shares by the agencies represented on the Commission; that is, the County pays one-third of the adopted budget, the four Cities pay one-third and the fifty Special Districts pay one-third. LAFCo does not receive its annual income directly; instead, an independent third party, the County Auditor, receives and holds the funds for LAFCo.

LAFCo's General Fund is its primary operating fund; it is used to account for most all transactions of the Commission. When application fees are received, a Project Fund will be developed for the income and expenditures associated with that particular Project.

LAFCo has no other specialized funds such as enterprise funds, capital asset funds, debt payment funds, or other similar funds. Because of the size of its budget, the type of income, and the nature of the funding process mandated by Government Code Section 56381 and the keeping of the funds by the County Auditor, LAFCo has historically utilized a modified cash basis of accounting.

2. Comparative Financial Information

All services needed by LAFCo, including County services received by LAFCo, must be paid for from LAFCo's budget. This includes such services as staff, legal counsel, GIS, County surveyor, Auditor, (A-87 costs), Assessor and Recorder, Engineering services, publications of legal notices, communications, website, insurance, the cost of annual audits, etc. These costs have been reflected in LAFCo's budget since Fiscal Year 2001-2002. Additionally, the costs of the Sphere of Influence/Municipal Service Review process as mandated by G.C. 56425 and 56430 have been reflected in LAFCo's budget.

For Fiscal Years 2011/2012, 2012/2013, 2013/2014 and 2014/2015 apportionment costs to the County, Cities, and Special Districts remained at \$45,000 each. For Fiscal Year 2015/2016 apportionment costs were lowered to \$41,667 and again lowered to \$40,000 for Fiscal Year 2016/2017.

3. Condensed Financial Information

A summation of LAFCo's financial circumstances is provided in the below tables:

Statement of Net Position		
June 30, 2017 & 2016		
Assets	2017	2016
Cash	165,947	180,695
Accounts Receivable	2,726	1,010
Total Assets	168,673	181,705
Liabilities	26,214	16,003
Total Net Position	142,459	165,702

Statement of Activities		
June 30, 2016 & 2015		
	2017	2016
Program Expenses	149,366	179,695
Program Revenues	126,000	162,187
Net Program Income	(23,366)	(17,508)
General Revenue	124	232
Increase in Net Position	(23,242)	(17,276)
Net Position-July 1	165,702	182,978
Net Position-June 30	142,459	165,702

4. LAFCo's Overall Financial Position

The particular financial circumstances of LAFCo are different from most public agencies. LAFCo has no authority to tax, borrow or enter into capital projects. It does have the power to assess fees for applications and services provided. By law, fees can only be the actual, direct costs of providing the service, and cannot be used to fund the operating costs of LAFCo. The primary expenditures for the budget are paid by the participating agencies rather than from fees, taxes or assessments on property. LAFCo has no debt. Its primary monetary assets are its reserve funds. For Fiscal Year 2017-2016, reserve funds were as follows: General Reserves of \$90,238.

5. Analysis and Transactions of General Fund-LAFCo's Budget

Following is the adopted budget for Fiscal Year 2016/2017, which was adopted by the Commission in June 2016.

Commission's Final Budget Fiscal Year 2016/2017			
Quick Books			Fiscal Year
Line #	Account #	Description	2016/2017
Revenue			
1	4000	LAFCo Apportionment Fees	\$ 120,000
2	4030	Application Filing Fees	30,000
3	4800	Miscellaneous	-
4	4910	Interest Income	120
5		Total	\$ 150,120
6		Use of Residual Cash	46,477
7		Total Income	\$ 196,597
Expenses			
8	5300	Contract Services - Office & Staff	65,680
9	5500	Office Rent	5,160
10	5600	Office Expense	2,000
11	5700	Internet & Website Costs	1,200
12	5900	Publication & Legal Notices	2,000
13	6000	Televising Commission Meetings	1,700
14	6100	Audit Services	3,025
15	6200	Bookeeping	4,800
16	6300	Legal Counsel	6,000
17	6400	A-87 Costs - County Services	2,010
18	6500	Insurance - General Liability	1,000
19	6600	Memberships (CALAFCO/CSDA)	2,100
20	6740	In-County Travel & Stipends	4,300
21	6750	Travel & Lodging	5,000
22	6800	Conferences (Registrations)	3,000
23	7001	MSR Reviews-Administration	15,000
24	7501	SOI Updates	42,622
25		Total Expenses before Application Fees	\$ 166,597
26	8000	Application Filing Fees	30,000
27		Total Expense	\$ 196,597

6. Analysis of Significant Budgetary Variations-Unspent Funds

LAFCo policy (Chapter III, Section O, Item 7 of the Policy & Procedures) states: "The annual budget will include a fund set by the Commission for the purpose of funding sphere updates or sphere reviews, service reviews and special studies and any tasks, consultants, special staff, or CEQA review associated with this process. This fund may be carried over from year-to-year for purposes of accumulating sufficient reserves to accomplish the indicated tasks. Excess funds not used as budgeted shall accumulate to this reserve."

Each year, since the beginning of the budget process under Cortese-Knox-Hertzberg (C-K-H), there have been unspent funds from the various line items. The Commission through its budget deliberations process has determined that money not spent in one budget year from various line items, is to be used in the next year's budget to increase reserves and as a Fund Balance Carryover to offset the forthcoming year's budget for G.C. 56425 & 56430 mandates.

7. Description of Significant Capital Assets and Long-term Debt Activity

Except for a provision in C-K-H that allows the Board of Supervisors to lend temporary operational funds to the Commission, LAFCo has no authority to borrow or to develop capital projects. The Commission has no mortgages, leases, liens, short-term loans, long-term debt, or any other encumbrances. It owns no stocks, bonds, securities or other investments. It has no capital assets or capitalization programs. The Commission does have the authority to pursue grants to assist in its decision making, but has no grants at this time.

8. Discussion of Significant Changes in Conditions and Estimated Maintenance Expenses for Infrastructure Assets

The Commission owns no land, buildings or infrastructure. Other than normal office furniture, filing cabinets, telephone, computer, and printer, the Commission has no physical assets. Paper and electronic records or past actions and activities are maintained in the LAFCo office, and from the date of inception of LAFCo in 1963.

9. Currently Known Facts, Decisions or Conditions

There are no facts, decisions or conditions that are currently known that are expected to significantly alter LAFCo's future financial picture.

10. Additional Financial Information

This financial report is designed to provide LAFCo's participating agencies, members of the public, customers, and other interested parties with an overview of LAFCo's financial results and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Mendocino LAFCo at 200 South School Street, Suite F, Ukiah, CA 95482; 707-463-4470.

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
STATEMENT OF NET POSITION
& GOVERNMENTAL FUNDS BALANCE SHEET
AS OF JUNE 30, 2017 & 2016

	General Fund	Adjustments Note 3	Statement of Net Position 2017	General Fund	Adjustments Note 3	Statement of Net Position 2016
Assets						
Cash - Note 2	\$ 165,947	\$ -	\$ 165,947	\$ 180,695	\$ -	\$ 180,695
Accounts Receivable	2,726	-	2,726	1,010	-	1,010
Total Assets	\$ 168,673	\$ -	\$ 168,673	\$ 181,705	\$ -	\$ 181,705
Liabilities						
Accounts Payable	17,149	-	17,149	16,003	-	16,003
Fees Received in Advance	9,065	-	9,065	3,341	-	3,341
Total Liabilities	\$ 26,214	\$ -	\$ 26,214	\$ 19,344	\$ -	\$ 19,344
Fund Balance/Net Position						
Fund Balances						
Reserved for Legal	90,238	(90,238)	-	100,145	(100,145)	-
Reserved for Municipal Service Reviews	-	-	-	-	-	-
Unassigned	52,221	(52,221)	-	65,557	(65,557)	-
Total Fund Balance	\$ 142,459	\$ (142,459)	\$ -	\$ 165,702	\$ (165,702)	\$ -
Total Liabilities & Fund Balances	\$ 168,673	\$ (142,459)	\$ -	\$ 181,705	\$ (165,702)	\$ -
Net Position						
Unrestricted		\$ 142,459	\$ 142,459		\$ 165,702	\$ 165,702
Total Net Position		\$ 142,459	\$ 142,459		\$ 165,702	\$ 165,702

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 & 2016

	2017	2016
<u>General Government - Planning</u>		
Insurance-General	\$ 987	\$ 807
Memberships	1,231	2,781
Audit Fees	4,550	4,575
Internet and Website Costs	999	999
Legal Counsel	6,121	6,873
Architect, Engineering and Planning Services	-	-
Professional Services	100,250	118,440
Rent	5,184	4,985
Office Expenses	2,458	2,855
Publication and Legal Notices	1,610	1,883
County Support Services	-	-
Televising Commissioner Meetings	2,781	780
Bookkeeping-Financial	2,412	4,819
Professional Fees-Applications	14,981	12,585
Transportation and Travel Out of County	1,805	260
In-County Travel & Stipends	2,328	1,950
Miscellaneous Expense	1,279	3,103
Special District Training Support	391	12,000
	\$ 149,366	\$ 179,695
<u>Program Revenues</u>		
Assessments	120,000	135,000
Application Fees & Reimbursements	6,000	27,187
	\$ 126,000	\$ 162,187
Net Program Income	\$ (23,366)	\$ (17,508)
<u>General Revenues</u>		
Interest Earnings	124	232
	\$ 124	\$ 232
Increase in Net Position	\$ (23,243)	\$ (17,276)
Net Position - July 1,	165,702	182,978
Net Position - June 30,	\$ 142,459	\$ 165,702

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Mendocino Local Agency Formation Commission
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017 & 2016

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Mendocino Local Agency Formation Commission's (LAFCo) primary operates under the rules and requirements of the Cortese-Knox-Hertzberg Local Government Act of 2000. This act is commonly referred to as C-K-H or AB 2838. This act is found in the Government Code beginning with Section 56000. However, this part of the Government Code does not comprise of all the requirements of laws that LAFCo must meet. Other elements of the law such as the Public Resources Code, Guidelines to California Environmental Quality Act (CEQA), Revenue and Taxation Code, Election Code, Brown Act, case decisions, state and local policies and the policies and procedures of LAFCo also affect the decision making responsibilities of LAFCo. However, the primary controlling authority of LAFCo is the Government Code beginning with Section 56000 and LAFCo's policies which implement the law.

Accounting Policies

The Commission's accounting and reporting policies conform to the generally accepted accounting principles as applicable to state and local governments. The following is a summary of the more significant policies.

Basis of Presentation

The Statement of Net Position and Statement of Activities display information about the reporting of the Commission as a whole.

The Commission is comprised of only one fund, the General Fund. The General Fund is the primary operating fund of the Commission and is always classified as a major fund. It is used to account for all activities.

Basis of Accounting

Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, asset and liabilities resulting from an exchange are recognized when the exchange takes place.

When an expense is incurred for the purpose for which both restricted and unrestricted net assets are available, the Commission's policy is to apply restricted net assets first.

Risk Management

The Commission is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Commission carries insurance for all risks. Settled claims resulting from these risks have not exceeded insurance coverages in the past three years.

Equity Classifications – Government-wide Statements

Equity is classified as net position and displayed as follows:

- a. Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by outstanding liabilities used for acquisition, construction or improvement of these assets.
- b. Unrestricted net position – All other net assets that do not meet the definition of “Investment in capital assets, net of unrelated debt”.

Equity Classifications – Fund Statements

Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned.

Note 2 – Cash

The Commission maintains an account with the County of Mendocino used for issuing warrants for the payment of general operating expenses. Cash on deposit in the County of Mendocino’s treasury is a pooled money investment account similar to a money market account. The funds deposited with the County are invested in accordance with Sections 53601 and 53635 of the California Government Code that specify the authorized investments that an investment pool can purchase.

The County’s investment policy as of July 7, 1997 prohibits the following: reverse repurchase agreements, collateralized mortgage securities, futures or options, lend securities or security with a stated or potential maturity longer than five years. Interest earnings recorded by the Commission for these funds for the fiscal year ended June 30, 2017 and 2016 were \$124 and \$232, respectively. The County of Mendocino issues a separate comprehensive annual financial report. Copies of the County of Mendocino’s annual financial report may be obtained from the County of Mendocino’s Auditor-Controller’s office, 501 Low Gap Road, Room 1080, Ukiah, CA 95482.

The Commission’s deposits with County Treasury have a risk category of “uncategorized” which represents investments in pools where the Commission’s investments are not evidenced by specific identifiable securities.

In the General Fund Financial Statements, government funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

When an expense is incurred for the purpose for which either committed, assigned or unassigned net assets are available, the Commission’s policy is to apply committed or assigned net asset first.

Budget

The Commission is required to adopt an annual budget for the Commission’s general operations each fiscal year. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by the Commission. The budget is amended from time-to-time as needed and is approved by the Board of Commissioners with each amendment.

Deposits and Investments

It is the Commission’s policy for deposits and investments to either be insured by the FDIC or collateralized. The Commission’s deposits and investments are categorized to give an indication of the level of risk assumed by the Commission as of June 30, 2017 and 2016. The categories are described as follows:

- Category 1 Insured, registered or collateralized, with securities held by the entity or its agent in the entity’s name.
- Category 2 Uninsured and unregistered or collateralized, with securities held by the counter party’s trust department or agent in the entity’s name.
- Category 3 Uninsured and unregistered, or uncollateralized, with securities held by the counter party, or its trust department or agent but not held in the entity’s name.

Deposits and Investments as of June 30, 2017 and 2016 consist of Category 1 type only.

State law requires uninsured deposits of public agencies to be secured by certain state approved investment securities. The Commission’s deposits are secured as part of an undivided collateral pool covering all public deposits with the financial institution. The market value of the pool must be equal to at least 110% of the total public deposits held by the financial institutions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Note 3 – Reconciliation to Statement of Net Position

There are no differences in the amounts reported for government activities in the Statement of Net Position.

Note 4 – Subsequent Events

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the final reports, which may have a material effect on the financial statement or disclosures therein.

There are no subsequent events that have occurred that meet the above definition.

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SUPPLEMENTAL INFORMATION

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LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
BUDGETARY COMPARISONS SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted	Amounts	Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	\$ 182,978	\$ 182,978	\$ 182,978	\$ -
Resources (Inflows)				
Assessments	\$ 120,000	\$ 120,000	\$ 120,000	-
Fees & Reimbursements	30,000	30,000	3,155	(26,845)
Miscellaneous	-	-	-	-
Interest Earnings	120	120	124	4
Total Resources	\$ 150,120	\$ 150,120	\$ 123,279	(26,841)
Charges (Outflows)				
Insurance-General	1,000	1,000	987	13
Memberships	2,100	2,100	2,130	(30)
Audit Services	3,025	3,025	3,000	25
Bookkeeping	4,800	4,800	2,242	2,558
Internet and Website Costs	1,200	1,200	3,149	(1,949)
Legal Counsel	6,000	6,000	6,121	(121)
Contract Services-Office & Staff	62,000	65,680	68,716	(3,036)
Office Rent	5,160	5,160	5,188	(28)
Office Expenses	2,000	2,000	2,551	(551)
Publication & Legal Notices	2,000	2,000	1,735	265
Televising Commission Meetings	1,700	1,700	2,903	(1,203)
A-87 Costs-County Services	2,010	2,010	1,060	950
In-County Travel & Stipends	4,300	4,300	2,306	1,994
Travel & Lodging	5,000	5,000	1,805	3,195
Conferences (Registrations)	3,000	3,000	1,216	1,784
MSR Reviews-Administration	15,000	15,000	6,762	8,238
Contract Services-SOI Updates	39,000	42,622	29,772	12,850
Special District Training Support	-	-	160	(160)
Application Filing Expenses	30,000	30,000	12,737	17,263
Total Charges	\$ 189,295	\$ 196,597	\$ 154,540	\$ 42,057
Ending Budgetary Net Position	\$ 143,803	\$ 136,501	\$ 151,717	\$ 8,224

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WORK PAPERS

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End of FY 2016-17 Accounts Payable
June 2016 Expenses (paid in July 2017)

Uma Hinman Consulting	5300 Basics Services	\$	4,908.23	\$	
	6200 Bookkeeping	\$	99.75		
	7001 MSRs	\$	4,306.25		
	7501 SOI Updates	\$	1,756.23		11,126.46
	5601 Office Supplies	\$	56.00		
	8016 Applications (AVCSD)	\$	-		
Ukiah Valley Conf. Center	5502 Office space	\$	-		
	5503 Work room	\$	-		40.94
	5603 Photocopy - (April and May)	\$	32.20		
	5605 Postage - (April and May)	\$	8.74		
P. Scott Browne	6300 Legal Counsel	\$	500.00		500.00
	Monthly flat fee (April 2017)				
Commissioner Reimbursements	6740 In-County Travel & Stipends:				
	Rosenberg (June 2017)	\$	51.08		
	McNerlin (June 2017)	\$	50.00		178.08
	Orth (June 2017)	\$	77.00		
	Silver (absent June 2017)	\$	-		
County of Mendocino	6000 Video Recording of Meetings	\$	208.96		208.96
	7501 GIS Mapping	\$	-		
Newspapers	5900 Public Hearing Notices	\$	370.99		370.99
	Budget, AVCSD protest hearing				
CALAFCo	6600 Annual Membership	\$	899.00		899.00
Pacific Internet	5700 Internet & Website costs	\$	979.08		979.08
Anderson Valley Ambulance Services	8016 Adjustment to application filing fees	\$	2,845.00		2,845.00
	Total:	\$			17,148.51

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: December 4, 2017
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: 2018 Meeting Schedule

RECOMMENDATION

Approve the following proposed Mendocino LAFCO Regular Meeting Schedule for the 2018 calendar year. All meetings fall on Mondays at 9 a.m. in the Mendocino County Board of Supervisors Chambers on Low Gap Road, Ukiah.

*Monday, January 8, 2018 (Note: second Monday, the first is New Year's Day)

Monday, February 5, 2018

Monday, March 5, 2018

Monday, April 2, 2018

Monday, May 7, 2018

Monday, June 4, 2018

Monday, July 2, 2018

Monday, August 6, 2018

* Monday, September 10, 2018 (Note: second Monday, the first is Labor Day)

Monday, October 1, 2018

Monday, November 5, 2018

Monday, December 3, 2018

MENDOCINO
Local Agency Formation Commission

Staff Report

DATE: December 4, 2017
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: **Continued Public Hearing** to Consider Adoption of a Resolution Approving the City of Fort Bragg and Fort Bragg Municipal Improvement District No. 1 Municipal Service Review and Sphere of Influence Update

RECOMMENDATION

- (1) Find the City of Fort Bragg and Fort Bragg Municipal Improvement District No. 1 MSR/SOI Update 2017 is exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 California Code of Regulations §15306 and §15061(b)(3) and approve the Notice of Exemption for filing; and
- (2) Adopt LAFCo Resolution 17-18-05, approving the City of Fort Bragg and Fort Bragg Municipal Improvement District No. 1 MSR/SOI Update 2017 and affirming the existing sphere of influence for each agency.

DISCUSSION

The Commission held a Public Hearing on November 6, 2017 to consider public testimony and proposed adoption of the City of Fort Bragg and Fort Bragg Municipal Improvement District No. 1 (District) Municipal Service Review (MSR) and Sphere of Influence (SOI) Update. The Commission continued the Public Hearing to the December 4, 2017 meeting, to allow staff time to address the Commission's following requested modifications to the study:

1. Add a determination to re-evaluate the suitability of including the two rural residential areas located south of the City limits within the City SOI in the next MSR/SOI Update.
2. Consider adding a determination for the City to study the feasibility of annexing the Noyo Harbor prior to the next MSR/SOI Update.
3. Provide more information regarding the Cost Allocation Plan accounting error.
4. Address typos, suggested word changes, value statements, the change from College of the Redwoods Mendocino Coast to Mendocino College, and the size discrepancy for the SOI areas.

Attachments:

- (1) Fort Bragg MSR/SOI Update 2017
- (2) Notice of Exemption
- (3) Proof of Publication
- (4) LAFCo Resolution No. 17-18-05

Public Hearing Draft

**CITY OF FORT BRAGG &
FORT BRAGG MUNICIPAL
IMPROVEMENT DISTRICT No. 1**

**Municipal Service Review and
Sphere of Influence Update**

Prepared for:

MENDOCINO LAFCO

200 South School Street
Ukiah, California 95482

<http://www.mendolafco.org/>

Workshop: August 7, 2017

Public Hearing: November 6, 2017

December 4, 2017

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1 INTRODUCTION

1.1 LOCAL AGENCY FORMATION COMMISSION

Local Agency Formation Commissions (LAFCo) are quasi-legislative, independent local agencies that were established by State legislation in 1963 to oversee the logical and orderly formation and development of local government agencies including cities and special districts. There is one LAFCo for each county in California.

LAFCo is responsible for implementing the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 (California Government Code Section 56000 et. seq.) in order to promote orderly growth, prevent urban sprawl, preserve agricultural and open space lands, and oversee efficient provision of municipal services.

LAFCo has the authority to establish and reorganize cities and special districts, change their boundaries and authorized services, allow the extension of public services, perform municipal service reviews, and establish spheres of influence. Some of LAFCo's duties include regulating boundary changes through annexations or detachments and forming, consolidating, or dissolving local agencies.

1.2 MENDOCINO LAFCO

The CKH Act provides for flexibility in addressing State regulations to allow for adaptation to local needs. Mendocino LAFCo has adopted policies, procedures and principles that guide its operations. These policies and procedures can be found on Mendocino LAFCo's website at the following location: <http://www.mendolafco.org/policies.html>.

Mendocino LAFCo has a public Commission with seven regular Commissioners and four alternate Commissioners. The Commission is composed of two members of the Mendocino County Board of Supervisors, two City Council members, two Special District Representatives, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category.

1.3 MUNICIPAL SERVICE REVIEW

The CKH Act (GC §56430) requires LAFCo to prepare a Municipal Service Review (MSR) for all local agencies within its jurisdiction. MSRs are required prior to and in conjunction with the update of a Sphere of Influence (SOI).

An MSR is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area. An MSR must address the following seven factors:

1. Growth and population projections for the affected area
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence
3. Present and planned capacity of public facilities and adequacy of public services including infrastructure needs or deficiencies
4. Financial ability of agency to provide services

5. Status of, and opportunities for, shared facilities
6. Accountability for community service needs, including government structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy

MSRs include written statements or determinations with respect to each of the seven mandated areas of evaluation outlined above. These determinations provide the basis for LAFCo to consider the appropriateness of a service provider's existing and future service area boundary.

1.4 SPHERE OF INFLUENCE

The CKH Act requires LAFCo to adopt a Sphere of Influence (SOI) for all local agencies within its jurisdiction. A Sphere of Influence (SOI) is "a plan for the probable physical boundary and service area of a local agency or municipality as determined by the Commission" (GC §56076).

When reviewing an SOI for a municipal service provider, LAFCo will consider the following five factors:

1. The present and planned land uses in the area, including agricultural and open space lands
2. The present and probable need for public facilities and services in the area
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
4. The existence of any social or economic communities of interest in the area if LAFCo determines that they are relevant to the agency
5. The present and probable need for sewer, water, and/or fire protection public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence

SOI Updates include written statements or determinations with respect to each of the five mandated areas of evaluation outlined above. These determinations provide the basis for LAFCo to consider the appropriateness of establishing or modifying a service provider's sphere of influence or probable future boundary.

1.5 SENATE BILL 215

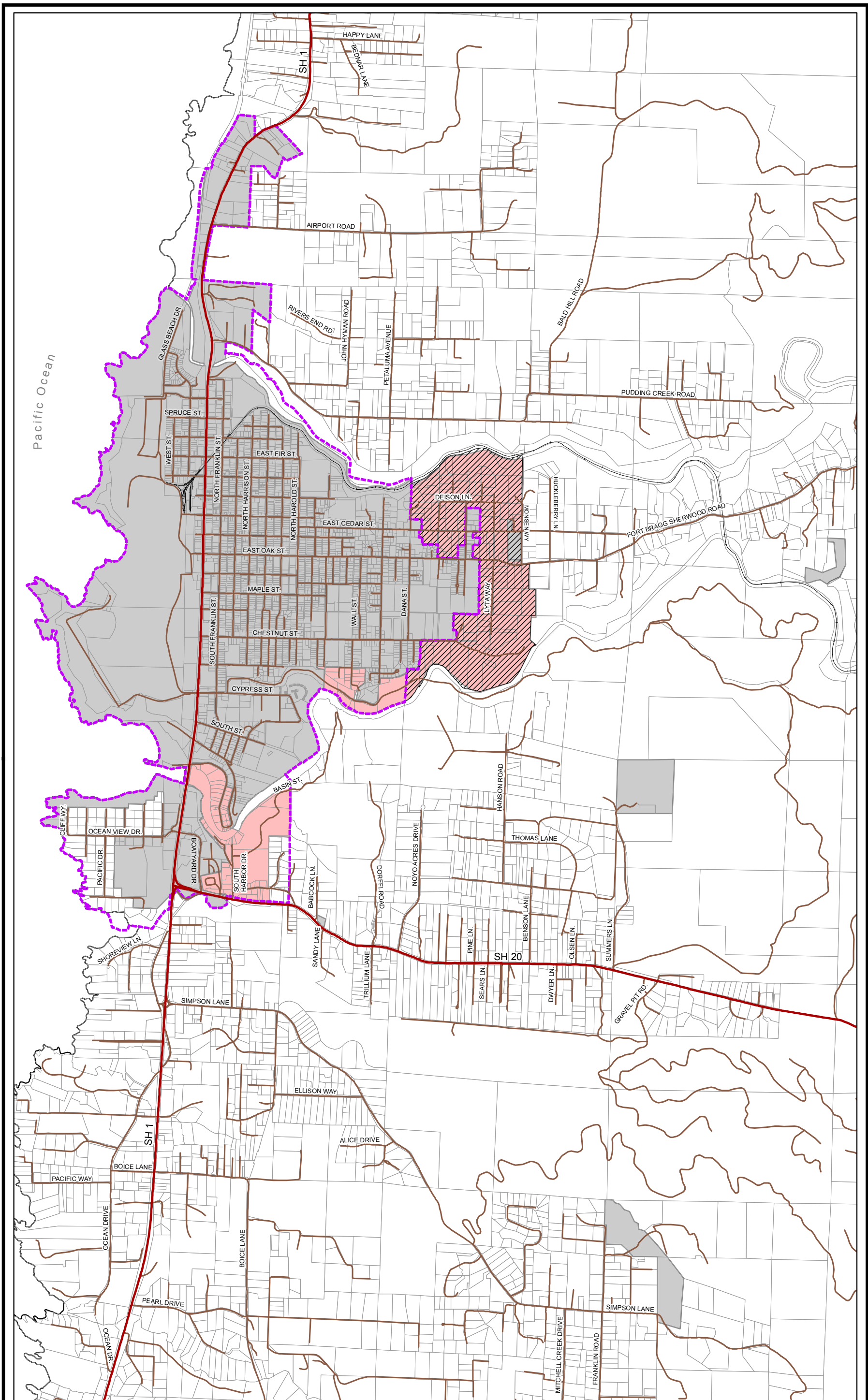
Senate Bill (SB) 375 (Sustainable Communities and Climate Protection Act) requires each metropolitan planning organization (MPO) to address regional greenhouse gas (GHG) emission reduction targets for passenger vehicles in their Regional Transportation Plan (RTP) by integrating planning for transportation, land-use, and housing in a sustainable communities strategy. Senate Bill (SB) 215 (Wiggins) requires LAFCo to consider regional transportation plans and sustainable community strategies developed pursuant to SB 375 before making boundary decisions.

Mendocino County is not located within an MPO boundary and therefore is not subject to the provisions of SB 375. However, the Mendocino Council of Governments (MCOG) supports and coordinates the local planning efforts of Mendocino County and the Cities of Fort Bragg, Point Arena, Ukiah, and Willits to address regional housing and transportation needs and helps provide a framework for sustainable regional growth patterns through the Vision Mendocino 2030 Blueprint Plan. MCOG is also responsible

for allocating regional transportation funding to transportation improvement projects consistent with the 2010 RTP for Mendocino County.

Mendocino County and the Cities of Fort Bragg, Point Arena, Ukiah, and Willits are the local agencies primarily responsible for planning regional growth patterns through adoption and implementation of a General Plan and Zoning Regulations.

Mendocino County is not located within an MPO and there is no proposal to expand the boundary or Sphere of Influence for the City of Fort Bragg or the Fort Bragg Municipal Improvement District No. 1. Therefore, there will be no further discussion of the requirements of SB 375 or SB 215 in this MSR.



City of Fort Bragg and the Municipal Improvement District

Source: This map was prepared by the Mendocino County Department of Information Services GIS Program, August 2017.

Note: This map is not a survey product.

- City of Fort Bragg
- Fort Bragg SOI
- Municipal Improvement District
- Municipal Improvement Dist SOI
- Highways
- Roads
- Rail Road
- Parcels



2 OVERVIEW

2.1 AGENCY PROFILE

Table 2.1 City of Fort Bragg Profile	
Agency Name:	City of Fort Bragg
Phone Number:	(707) 961-2823
Mailing Address (City Hall):	416 North Franklin Street, Fort Bragg, CA 95437
Town Hall:	363 N. Main Street, Fort Bragg, CA 95437
Website:	https://city.fortbragg.com/
Date of Formation:	August 5, 1889
Enabling Legislation:	General Law City: Government Code Section 34000 et seq.
Dependent Special District(s):	Fort Bragg Municipal Improvement District No. 1
City Council Meetings:	2nd and 4th Mondays at 6 p.m. at Town Hall

2.2 FORMATION, BOUNDARY, AND SERVICES

The City of Fort Bragg incorporated on August 5, 1889 and operates as a General Law City. The City is located approximately 35 miles west of the City of Willits and US Highway 101 on the Pacific coast of Mendocino County along State Highway 1. The City is approximately 2.92 square miles in size and includes five island areas (non-contiguous land) totaling 0.15 square miles in size and comprised of city-owned property that was annexed on April 7, 1997 by LAFCo Resolution No. L97-03.

The City provides a wide range of municipal services including general government, finance, community development, law enforcement, public works, parks, water, and wastewater. For more information regarding these services and other services provided by contract or Joint Powers Authority (JPA), refer to Chapter 3 of this report.

The Fort Bragg Municipal Improvement District (MID) No. 1 was established as a dependent special district to provide wastewater services to the Fort Bragg community under the auspices of the Municipal Sewer and Water Facilities Law of 1911. The Fort Bragg City Council established the MID on April 28, 1969 by Resolution No. 369. As a subsidiary of the City, the legislative body of MID No. 1 is the Fort Bragg City Council. MID No. 1 is approximately 2.98 square miles in size and the District boundary generally follows the City limits, excluding the island areas. The District serves an area slightly larger than the City boundaries, encompassing unincorporated areas of Mendocino County to the south of the City including Noyo Harbor and coastline, and to the southeast of the City north of Dolphin Cove. Refer to Figure 1-1 for a map showing the boundaries of the City of Fort Bragg and MID No. 1 and their respective Spheres of Influence. (LAFCo, 2008)

2.3 GOVERNMENT STRUCTURE

The City operates under the Council-Manager form of government. The five members of the Fort Bragg City Council are elected by the voters to serve overlapping four-year terms (Table 2.2). City Council members are paid a stipend for meetings attended in the amount of \$300/month. The Mayor is elected

by the members of the City Council following the seating of new Council-members in even-numbered election years, and serves a two-year term. The City Council is the policy-setting body that is responsible for enacting ordinances, establishing policy, adopting and amending the budget, adopting resolutions, and appointing committees. The City Council also serves as the governing board for the Successor Agency to the Fort Bragg Redevelopment Agency and Fort Bragg Municipal Improvement District No. 1. The City Council appoints the City Manager to support their efforts and oversee the daily operations of the City to ensure that the Council's policies, programs, and priorities are implemented. Several boards, commissions, and committees assist in carrying out various functions of city government.

Council Member	Title	Term Expiration
Lindy Peters	Mayor	December 2018
Will Lee	Vice-Mayor	December 2020
Bernie Norvell	Councilmember	December 2020
Dave Turner	Councilmember	December 2018
Michael Cimolino	Councilmember	December 2018

Regularly scheduled City Council meetings are held on the second and fourth Mondays of every month starting at 6:00 p.m. at Town Hall located at 363 N. Main Street in Fort Bragg. Regularly scheduled Planning Commission meetings are held on the second and fourth Wednesdays of every month starting at 6:00 p.m. at Town Hall. There are four standing committees that meet once a month at Town Hall on the following regular schedule: the Community Development Committee meets at 3:00 p.m. on the fourth Tuesday, the Finance and Administration Committee meets at 1:00 p.m. on the first Wednesday, the Public Safety Committee meets at 10:00 a.m. on the third Wednesday, and the Public Works and Facilities Committee meets at 3:00 p.m. on the second Wednesday.

All meetings are open to the public in accordance with the Brown Act and are publicly posted a minimum of 72 hours prior to the meeting in the notice case and lobby at City Hall located at 416 N. Franklin Street, on the City's website, and provided to all interested media outlets via fax.

In addition to posting public meeting notices as outlined above, Public Workshop Flyers are also posted at public kiosks located at Main Street and Laurel Street, Franklin Street and Laurel Street, and Franklin Street and Alder, at the Public Library located at 499 E. Laurel Street, at the Post Office located at 203 N. Franklin Street, and on public counters and front doors at City Hall. Workshops are also advertised through press releases and local media including the radio and newspaper.

The City offers multiple ways to keep citizens informed about workshops, hearings, projects, and overall governance of the community. The following table provides a list of the various public involvement opportunities available to citizens.

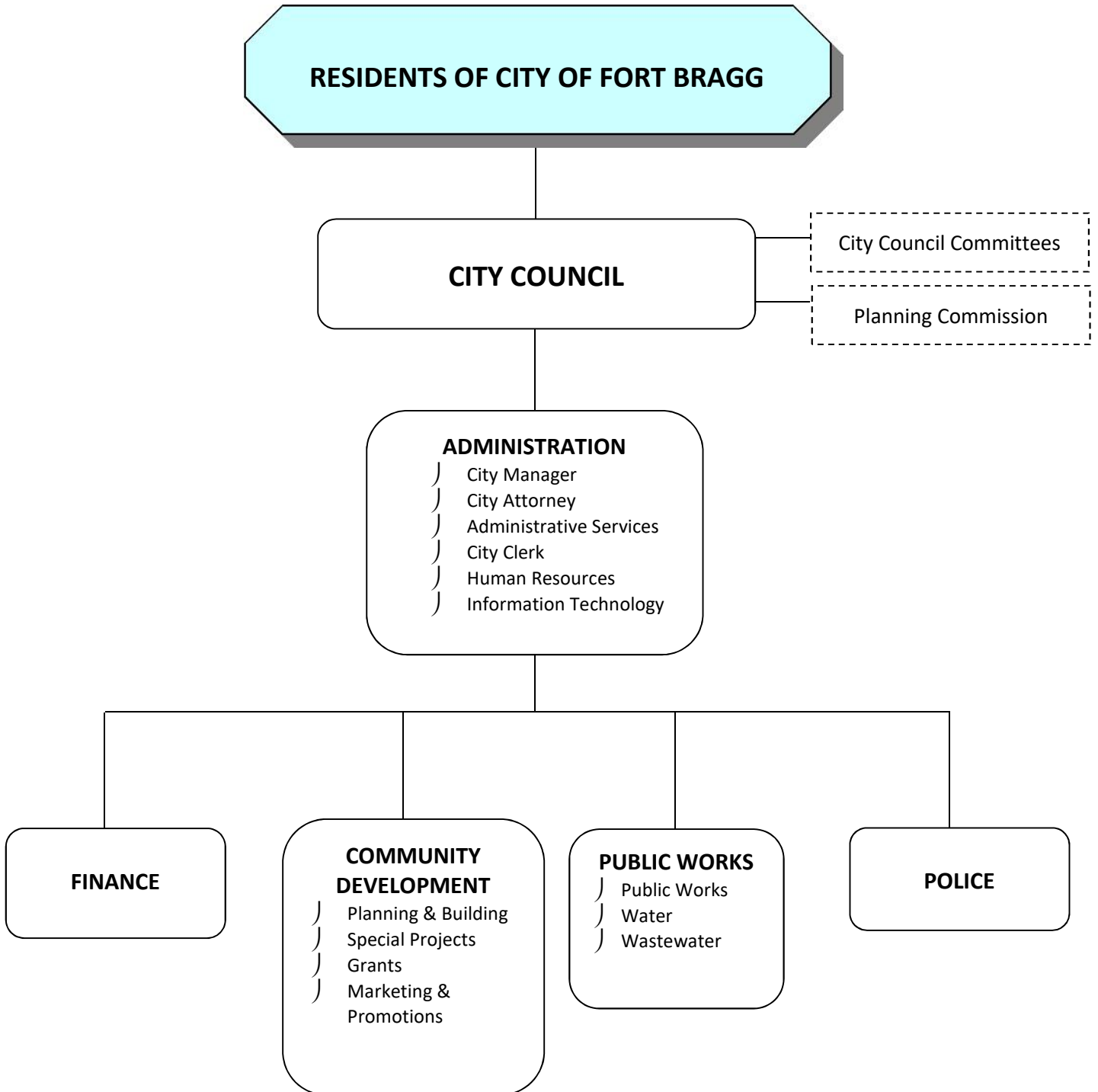
Method	Link
City Website	http://city.fortbragg.com/
City Meetings Archives	https://cityfortbragg.legistar.com/Calendar.aspx
City Meetings Live Stream	http://city.fortbragg.com/501/Council-Meeting-Live-Stream
Public Hearing Notices	http://city.fortbragg.com/417/Public-Hearing-Notices
City Dialogue Meetings	http://city.fortbragg.com/290/City-Dialogue
Public Notification Portal	http://city.fortbragg.com/list.aspx
Online Request Tracker	http://city.fortbragg.com/requesttracker.aspx
City Manager's Biweekly Reports	https://city.fortbragg.com/167/City-Notes
Facebook	https://www.facebook.com/CityFortBraggCA/
Instagram	https://www.instagram.com/cityfortbragg/
Twitter	@CityFortBraggCA
YouTube Channel	https://www.youtube.com/channel/UCHVi8EInW9Davk_zr7CDx7g
Source: Fort Bragg, March 2017	

The public can submit written comments and complaints online using the Request Tracker or by completing a customer satisfaction survey and submitting it in the anonymous Customer Service Questionnaire box at City Hall or electronically by email. The public may also provide verbal comments or complaints by phone or in person at City Hall during business hours and/or at City Council meetings during the general public comment period.

2.4 MANAGEMENT AND STAFFING

The City Manager is responsible for directing and supervising the administration of all departments of the City to ensure that laws, ordinances, orders, resolutions, contracts, leases, and franchises are enforced and executed, and for hiring all City employees. The City's five municipal departments include Administration, Finance, Community Development, Police, and Public Works (Figure 2-2). The City has 58 full-time employees, two part time employees, and four seasonal workers (Fort Bragg, July 2017). More detailed information related to staffing is provided in Chapter 3 of this document under the Staffing section for the specific City department.

Figure 2-2 City of Fort Bragg Organizational Chart



Source: Fort Bragg, July 2017

2.4.1 OPPORTUNITIES FOR COLLABORATION OR SHARED FACILITIES

The primary public service issue facing remote coastal communities is typically the provision of adequate public services rather than issues of overlapping or duplicative services provided by another public agency. Due to the isolated location of Fort Bragg, the services and facilities provided by the City and District are critical to residents of the area. The City collaborates with other public agencies to provide service more efficiently or effectively. Some of Fort Bragg’s collaborative activities include the following:

- The City passed a sales tax increase to finance the CV Starr Center and took over ownership of the facility, while it continues to be managed by the Mendocino Coast Park and Recreation District.
- The City has partnered with California State Parks for the operation of Glass Beach Headlands and Noyo Headlands Park. The City obtained grant funding and constructed a joint parking lot and restroom facility that serves both park units. State Parks provided a permanent easement for a portion of the new facility.
- The City has a long-term relationship and agreement with the County of Mendocino for building permit processing and inspection services. The Mendocino County Building Department conducts all plan check reviews, on-site building inspections, and building permit processing for all properties located within the City of Fort Bragg.
- The City has a long-term relationship with the County of Mendocino for the operation of the Caspar landfill, which provides self-haul solid waste transfer services for the Coast. The City and County have been working together for years to complete a new Solid Waste Transfer Station, which will further reduce solid waste management costs for both entities.
- The City has a long-term relationship with the Fort Bragg Rural Fire Protection District. The City provides \$400,000 in general fund revenues on an annual basis to the fire district for fire protection services within the City of Fort Bragg. The funds provided by the City go toward the cost of three full-time positions with benefits and volunteer fire protection services provided at a reduced cost. The Fire District covers a large geographic area from Caspar to Westport.
- The City of Ukiah Police Department provides dispatch services to the City of Fort Bragg Police Department.

There were no additional opportunities for the City to collaborate with other public service providers to achieve management or operational efficiencies identified during the preparation of this MSR.

2.5 FINANCING

2.5.1 ANNUAL BUDGET

The City prepares an annual budget that serves as the financial planning and budget control system. The annual budget provides a comprehensive statement of the City’s organization, operations, and resources, and it expresses City Council policies and priorities. The budget process is the vehicle through which the City establishes goals and objectives and prioritizes desired programs and services. In addition, the budget presents a summary of prior year accomplishments. The budget is prepared by fund, function, and department. It is the means through which policy decisions are made, effected, controlled and monitored. The City Manager is responsible for submitting and recommending an operating budget and a capital improvements budget for City Council consideration and adoption. Throughout the year, the budget serves as a financial management tool and an operational plan for the delivery of City services and the implementation of funded capital projects.

In addition to the budget planning process, the City maintains budgetary controls. The City's objective in maintaining budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within funds as deemed necessary in order to meet the City's needs and subject to adopted fiscal policies. The City Council amends the budget as needed by resolution during the fiscal year. Additionally, the City completes a mid-year budget review to ensure that the City is on target with departmental and fund budget amounts and to verify the necessity of any budget amendments.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders, contracts, and other commitments for expenditure of money are secured in order to reserve that portion of the applicable appropriation. Total expenditures of each fund may not exceed fund appropriations and total expenditures for each department may not exceed departmental appropriations. Outstanding encumbrances at year-end are reported as committed fund balance. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year's budget. (Fort Bragg, January 2017)

2.5.2 FINANCIAL AUDIT REPORT

The City prepares an annual audit that serves as financial assurance for the use of public funds. Financial statements are prepared upon completion of each fiscal year (July 1 through June 30) which forms the basis of the Comprehensive Annual Financial Report (CAFR). The financial statements are audited by JJACPA, Inc., an accounting firm fully licensed and qualified to perform financial audits and prepare an Independent Auditor's Report.

In the financial statements, all of the City's activities are grouped into Governmental Activities and Business-type activities. Governmental activities are services supported by general City revenues such as taxes and by specific program revenues such as developer fees. All of the City's basic services are considered to be governmental activities, including general government, finance, community development, law enforcement, and public works. Unlike governmental services, Business-type activities are services supported by charges paid by users based on the amount of the service they utilize (rate-based service charges). The City's enterprise activities include Water and Wastewater. Additionally, the City is considering developing a drainage enterprise fund.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City a Distinguished Budget Presentation Award in June of 2016 and a Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year ended June 30, 2015, marking the fifth year in a row that the City of Fort Bragg had received this recognition. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies generally accepted accounting principles and applicable legal requirements. (Fort Bragg, January 2017)

2.5.3 GENERAL FUND

The City has three major operating funds: the General Fund, Water Enterprise, and Wastewater Enterprise. In addition, the City's chart of accounts includes the C.V. Starr Center Enterprise, special revenue, grant and capital project funds, and internal service funds. The following table summarizes the revenues, expenses, and changes in fund balance for the City's General Fund based on audited financial statements for Fiscal Years (FY) 2013-14, 2014-15, and 2015-16.

Table 2.4 City of Fort Bragg Financial Summary (General Fund)			
	FY 2013-14	FY 2014-15	FY 2015-16
Beginning Fund Balance	\$ 4,254,434	\$ 4,619,710	\$ 4,757,789
Prior Period Adjustments	\$ 33,417	\$ -	\$ -
Ending Fund Balance	\$ 4,619,710	\$ 4,757,789	\$ 5,388,494
Revenues			
Taxes and Assessments	\$ 4,705,187	\$ 4,902,171	\$ 5,012,651
Licenses and Permits	\$ 233,793	\$ 253,970	\$ 272,924
Fines and forfeitures	\$ 27,871	\$ 17,201	\$ 18,140
Intergovernmental	\$ 76,752	\$ -	\$ 33,466
Use of money and property	\$ 16,284	\$ 33,101	\$ 44,011
Charges for services	\$ 2,872,945	\$ 417,374	\$ 206,855
Reimbursements	\$ -	\$ 2,929,978	\$ 3,413,306
Other revenues	\$ 178,035	\$ 59,068	\$ 112,311
Total Revenues	\$ 8,110,867	\$ 8,612,863	\$ 9,113,664
Expenses			
General Government	\$ 1,549,164	\$ 2,875,646	\$ 2,655,894
Public Safety	\$ 3,584,448	\$ 3,521,118	\$ 3,670,183
Public Works	\$ 1,509,993	\$ 1,448,279	\$ 1,596,338
Community Development	\$ 1,437,841	\$ 369,180	\$ 405,360
Capital Outlay	\$ 76,836	\$ -	\$ -
Debt Service Principal	\$ 111,821	\$ 116,542	\$ 121,418
Debt Service Interest & Charges	\$ 35,748	\$ 31,027	\$ 26,152
Total Expenses	\$ 8,305,851	\$ 8,361,792	\$ 8,475,345
Other Financing Sources (Uses)			
Proceeds from Sales of Assets	\$ -	\$ -	\$ 40
Transfers In	\$ 739,130	\$ -	\$ 73,276
Transfers Out	\$ (212,287)	\$ (112,992)	\$ (80,930)
Total Other Financing	\$ 526,843	\$ (112,992)	\$ (7,614)
Net Income/(Loss)	\$ 331,859	\$ 138,079	\$ 630,705

Source: (Fort Bragg, January: 2015, 2016, & 2017)

The core operations of the City are accounted for in the General Fund and the General Fund balance is a key measure of the fiscal health of the City. For FY 2013-14, the General Fund ending balance increased by \$331,859 (7.8%) from the beginning balance. For FY 2014-15, the General Fund ending balance increased by \$138,079 (2.99%) from the beginning balance. For FY 2015-16, the General Fund ending balance increased by \$630,705 (13.25%) from the beginning balance. For the years audited, the annual growth in the General Fund balance indicates that the City does not need to utilize reserve funds to balance the General Fund budget.

Comparing revenues to expenses is another way to measure the annual fiscal health of City operations. In FY 2013-14, expenses exceeded revenues by \$194,984. Revenues exceeded expenses by \$251,071 in FY 2014-15. In FY 2015-16, revenues again exceeded expenses by \$638,319. For the years audited, the City's

annual revenue sufficiently covers annual expenses indicating that under current levels of public service, the General Fund is fiscally healthy.

2.5.3.1 Cost Allocation Plan Correction

During the FY 2016-17 budget process, staff discovered an accounting error in the City's Cost Allocation Plan that occurred between Fiscal Years 2010-11 and 2015-16 and which resulted in a disproportionate share of non-personnel overhead costs being allocated to the Water and Wastewater Enterprise Funds. The part of the City's Cost Allocation Plan related to non-personnel overhead costs is based on a schedule of the total non-salary General Fund costs to be allocated for a particular fiscal year and the percentage of the total cost to be paid from each participating fund. There were two errors in the methodology used for the prior cost allocation plan. First, the total cost was based on budgeted amounts instead of adjusted at fiscal year-end to account for actual results. Second, the calculation of percentages did not include the General Fund and therefore the Water and Wastewater Enterprise Funds contributed more towards shared costs. In correcting these errors, the cost allocation percentages for the enterprise funds were reduced. For example, in Fiscal Year 2015-16, the Water Enterprise Fund percentage was reduced from 33.84% (\$494,599) to 10.06% (\$148,058) and the Wastewater Enterprise Fund percentage was reduced from 50.46% (\$737,479) to 16.34% (\$240,515). (JJACPA, September 2016)

The methodology used to calculate the over-allocation amounts were found to be reasonable and accurate by the City's external auditors, JJACPA Inc. In FY 2016-17, the City's Emergency Contingency Reserve, the Economic Stabilization Reserve, and \$100,000 from the Litigation Reserve were used to repay the Water Enterprise Fund \$847,175 and the Wastewater Enterprise Fund \$1,152,825, in addition to the General Fund and the Wastewater Enterprise Fund entering into a five-year interfund loan in the amount of \$187,105 plus interest to repay the over-allocation. The corrected methodology for the City's Cost Allocation Plan has been used by staff since Fiscal Year 2016-17. (Fort Bragg, November 2016)

The result of the new Cost Allocation Plan for non-personnel overhead costs is a significant loss of reoccurring revenue to the General Fund, or a budget basis structural deficit. In Fiscal Year 2016-17, the amount of General Fund revenue loss was \$788,000 when compared with FY 2015-16. In Fiscal Year 2017-18, the amount of General Fund revenue loss is projected to be \$692,000 when compared with FY 2015-16. The loss of General Fund revenue is currently being somewhat offset by growth in other revenue categories and containing costs. While the General Fund has sufficient undesignated fund balance to withstand the General Fund deficits in FY 2016-17 and FY 2017-18, the City will need to find a long-term solution potentially involving both cost saving and revenue-generating measures. (Fort Bragg, June 2017)

2.5.3.2 Fiscal Year 2017-18 Budget

The information provided in this section is from the May 24, 2017 City Council Staff Report which accompanied the Proposed Budget for Fiscal Year 2017-18. In FY 2017-18, the General Fund operating budget is projected to have revenues of \$9.05 million and appropriations budgeted at \$9.38 million. While some portion of the \$354,000 operating deficit is comprised of one-time capital projects, the General Fund is generally operating at a loss. The fund balance in the General Fund is expected to decrease from \$2.41 million in FY 2016-17 to \$2.05 million in FY 2017-18. Once reserves and encumbrances are taken into account, the unassigned fund balance in the General Fund is projected to be \$301,000. The decline in fund balance for the General Fund is primarily due to the implementation of a new cost allocation plan beginning in FY 2016-17, repayment to the Water and Wastewater Enterprise Funds for prior year over-

payment based on the old cost allocation plan, and increasing expenses outpacing slow revenue growth. (Fort Bragg, May 2017)

Personnel costs are the largest part of the City's operating budget, totaling \$8.37 million in FY 2017-18 which is an increase of 4.2% from FY 2016-17. This includes increases in salaries and wages as a result of scheduled merit increases, negotiated wage increases, and increases in the cost of employee benefits. While City Council has some control over these costs through the authorization of staff positions and collective bargaining agreements, many of the forces driving up personnel costs are outside the City's control, including increased premiums for health benefits, CalPERS, and workers compensation. (Fort Bragg, May 2017)

The primary sources of General Fund revenue are taxes, including sales tax, Transient Occupancy Tax (TOT), property tax, and franchise taxes, and charges for services. TOT is projected to increase significantly as a result of Measure AA, which raised the TOT rate from 10% to 12%. The additional funds generated by Measure AA will not directly address the General Fund deficit since the revenue will be fully offset by new expenditures in accordance with Measure AB. However, general TOT revenues are expected to increase by 5.5% in FY 2017-18 and this projected revenue gain will help to address the General Fund deficit. (Fort Bragg, May 2017)

While the City faces revenue constraints, there are no proposed reductions in City services. In addition, the City continues to address high priority public facility and infrastructure needs through grants, low interest loans, and special revenue funds.

2.5.4 ENTERPRISE FUNDS

As enterprise operations, the City's water system and MID No. 1's wastewater system are financed and operated such that the cost of providing services to customers is almost entirely financed or recovered through use charges or service rates. The following tables show the revenues, expenses, and changes in fund balance for the City's Water and Wastewater Enterprise Funds based on audited financial statements for FYs 2013-14, 2014-15, and 2015-16.

	FY 2013-14	FY 2014-15	FY 2015-16
Beginning Fund Balance	\$ 2,726,698	\$ 2,388,578	\$ 2,787,966
Prior Period Adjustments	\$ (85,386)	\$ -	\$ -
Ending Fund Balance	\$ 2,388,578	\$ 2,787,966	\$ 3,806,373
Operating Revenues			
Charges for services	\$ 2,228,589	\$ 2,460,658	\$ 2,595,679
Other operating revenues	\$ -	\$ 34,955	\$ 28,267
Total Operating Revenues	\$ 2,228,589	\$ 2,495,613	\$ 2,623,946
Operating Expenses			
Personnel services	\$ 672,254	\$ 669,320	\$ 673,226
Administration	\$ 463,937	\$ 636,837	\$ 622,660
Repairs and maintenance	\$ 408,547	\$ 53,894	\$ 98,235
Materials and supplies	\$ 187,663	\$ 274,495	\$ 227,644
Utilities	\$ 95,386	\$ 106,887	\$ 105,090
Contractual services	\$ 107,300	\$ 64,918	\$ 90,478

Table 2.5 City of Fort Bragg Financial Summary (Water Enterprise)			
	FY 2013-14	FY 2014-15	FY 2015-16
Insurance	\$ 18,103	\$ -	\$ 16,755
Depreciation	\$ 323,135	\$ 332,729	\$ 298,264
Total Operating Expenses	\$ 2,276,325	\$ 2,139,080	\$ 2,132,352
Non-Operating Revenues (Expenses)			
Interest income	\$ 21,782	\$ 27,168	\$ 14,847
Other non-operating revenues	\$ 13,270	\$ 63,741	\$ 182,744
Loss on disposition of capital assets	\$ (23,761)	\$ -	\$ -
Bond issue costs	\$ (67,700)	\$ -	\$ -
Interest expense	\$ (171,191)	\$ (147,070)	\$ (131,645)
Total Non-Operating Income/(Loss)	\$ (227,600)	\$ (56,161)	\$ 65,946
Other Financing Sources (Uses)			
Transfers In	\$ 22,602	\$ 1,809,025	\$ 547,175
Transfers Out	\$ -	\$ (1,710,009)	\$ (86,308)
Total Other Financing	\$ 22,602	\$ 99,016	\$ 460,867
Net Income/(Loss)	\$ 252,734	\$ 399,388	\$ 1,018,407

Source: (Fort Bragg, January: 2015, 2016, & 2017)

The water enterprise operating revenue in FY 2015-16 consisted of \$2,595,679 in service charges and \$225,858 in other revenues, including interest income. The water enterprise operating expenditures in FY 2015-16 were \$2,132,352, which included depreciation, and \$131,645 in interest expense. In addition, there was a net total of \$460,867 transferred into the water enterprise fund in FY 2015-16.

Comparing revenues to expenses is one way to measure the annual fiscal health of enterprise operations. In FY 2013-14, expenses exceeded revenues by \$275,336. In FY 2014-15, revenues exceeded expenses by \$300,372. In FY 2015-16, revenues exceeded expenses by \$557,540. This indicates that under current levels of maintenance and capital improvements, the City's water enterprise annual revenue is generally sufficient to cover annual operating costs. In addition, the FY 2015-16 year-end water enterprise fund balance was \$3,806,373.

Table 2.6 City of Fort Bragg Financial Summary (Wastewater Enterprise)			
	FY 2013-14	FY 2014-15	FY 2015-16
Beginning Fund Balance	\$ 7,940,554	\$ 7,929,094	\$ 7,687,401
Prior Period Adjustments	\$ (16,878)	\$ (690,158)	\$ -
Ending Fund Balance	\$ 7,929,094	\$ 7,687,401	\$ 8,203,285
Operating Revenues			
Charges for services	\$ 3,004,493	\$ 3,194,149	\$ 3,332,333
Total Operating Revenues	\$ 3,004,493	\$ 3,194,149	\$ 3,332,333
Operating Expenses			
Personnel services	\$ 1,061,418	\$ 1,127,997	\$ 1,150,738
Administration	\$ 689,511	\$ 785,794	\$ 849,141
Repairs and maintenance	\$ 418,749	\$ 133,670	\$ 84,425
Materials and supplies	\$ 148,731	\$ 189,140	\$ 196,505

Table 2.6 City of Fort Bragg Financial Summary (Wastewater Enterprise)			
	FY 2013-14	FY 2014-15	FY 2015-16
Utilities	\$ 120,050	\$ 119,030	\$ 119,393
Contractual services	\$ 168,763	\$ 88,856	\$ 102,494
Insurance	\$ 25,502	\$ 23,821	\$ 17,967
Other operating expenses	\$ -	\$ 1,721	\$ 47,404
Depreciation	\$ 308,851	\$ 314,016	\$ 317,785
Total Operating Expenses	\$ 2,941,575	\$ 2,784,045	\$ 2,885,852
Non-Operating Revenues (Expenses)			
Interest income	\$ 8,146	\$ 12,157	\$ 8,420
Other non-operating revenues	\$ 6,512	\$ 52,310	\$ 82,957
Loss on disposition of capital assets	\$ (34,057)	\$ -	\$ -
Interest expense	\$ (16,841)	\$ (16,456)	\$ (11,627)
Total Non-Operating Income/(Loss)	\$ (36,240)	\$ 48,011	\$ 79,750
Other Financing Sources (Uses)			
Transfers In	\$ -	\$ 933,394	\$ 335,589
Transfers Out	\$ (21,260)	\$ (943,044)	\$ (345,936)
Total Other Financing	\$ (21,260)	\$ (9,650)	\$ (10,347)
Net Income/(Loss)	\$ 5,418	\$ 448,465	\$ 515,884

Source: (Fort Bragg, January: 2015, 2016, & 2017)

The Wastewater Enterprise operating revenue in FY 2015-16 consisted of \$3,332,333 in service charges and \$91,377 in other revenues, including interest income. The wastewater enterprise operating expenditures in FY 2015-16 were \$2,885,852, which included depreciation, and \$11,627 in interest expense. In addition, there was a net total of \$10,347 transferred out of the wastewater enterprise fund in FY 2015-16.

As with the Water Enterprise Fund, revenues consistently exceeded expenses during the audited fiscal years provided: in FY 2013-14 by \$26,678, in FY 2014-15 by \$458,115, and in FY 2015-16 by \$526,231. This indicates that under current levels of maintenance and capital improvements, the City's Wastewater Enterprise annual revenue is generally sufficient to cover annual operating costs. In addition, the FY 2015-16 year-end Wastewater Enterprise fund balance was \$8,203,285.

2.5.4.1 Fiscal Year 2017-18 Budget

The Wastewater and Water Enterprise Funds are fiscally healthy. In FY 2016-17, both funds received an increase in revenue from the General Fund Cost Allocation Plan repayments and will incur lower costs from the corrected cost allocation formula in moving forward. The fund balances in the Wastewater and Water Funds are projected to decline in FY 2017-18 due to implementing the Capital Improvement Program and utilizing fund balance for one-time capital expenses, including \$11.1 million in expenditures for Wastewater Enterprise projects and \$3.4 million in expenditures for Water Enterprise projects. On-going operating revenues in the Enterprise Funds are keeping pace with operating expenditures. Revenue in the Wastewater Enterprise is projected to increase from \$3.24 million in FY 2016-17 to \$3.34 million in FY 2017-18 and operating expenses (excluding transfers) are projected to decrease from \$2.69 million in FY 2016-17 to \$2.36 million in FY 2017-18. Water Enterprise Fund revenues are projected to increase from

\$2.57 million in FY 2016-17 to \$2.67 million in FY 2017-18 and operating expenses (excluding transfers) are projected to decrease from \$2.12 million in FY 2016-17 to \$2.10 million in FY 2017-18. (Fort Bragg, May 2017)

2.5.4.2 Service Rates

Charges for Water and Wastewater Enterprise services provided within and outside the City limits are periodically reviewed and adjusted to ensure that sufficient revenue is generated to pay all operating expenses as well as build capital reserves. The current water rates went into effect on July 1, 2013 and are shown in Figure 2-3. The water rate structure includes a fixed monthly charge based on the size of the water connection and type of property, and a variable charge based on actual monthly water usage per 100 cubic feet of metered water.

Figure 2-3 City of Fort Bragg Water Service Rates

Adopted Water Rates as of September 1, 2014

Customer Classes/Meter Sizes	FY 2014/2015	FY 2015/2016	FY 2016-2017	FY 2017/2018
Fixed Charges for Residential Customers:				
5/8 & 3/4 inch	\$ 29.00	\$ 31.90	\$ 35.10	\$ 38.61
1 inch	\$ 41.25	\$ 45.38	\$ 49.92	\$ 54.92
1.5 inch	\$ 49.42	\$ 54.36	\$ 59.81	\$ 65.79
2 inch	\$ 85.92	\$ 94.51	\$ 103.96	\$ 114.36
3 inch	\$ 124.17	\$ 136.59	\$ 150.25	\$ 165.27
4 inch	\$ 162.44	\$ 178.68	\$ 196.55	\$ 216.20
6 inch	\$ 391.98	\$ 431.18	\$ 474.30	\$ 521.72
Fixed Charges for Non-Residential Customers:				
5/8 & 3/4 inch	\$ 59.00	\$ 64.91	\$ 71.40	\$ 78.55
1 inch	\$ 90.56	\$ 99.63	\$ 109.60	\$ 120.57
1.5 inch	\$ 111.61	\$ 122.78	\$ 135.07	\$ 148.59
2 inch	\$ 216.82	\$ 238.52	\$ 262.40	\$ 288.66
3 inch	\$ 322.03	\$ 354.27	\$ 389.73	\$ 428.74
4 inch	\$ 427.25	\$ 470.01	\$ 517.06	\$ 568.82
6 inch	\$ 971.75	\$ 1,068.93	\$ 1,175.82	\$ 1,293.40
Commercial Low-Usage Customers:				
5/8 & 3/4 inch	\$ 29.00	\$ 31.90	\$ 35.10	\$ 38.61
Variable Charges:				
Single Family Residential Rates per HCF				
Tier 1: 1-5 HCF	\$ 2.74	\$ 3.02	\$ 3.32	\$ 3.65
Tier 2: 6-10 HCF	\$ 4.11	\$ 4.52	\$ 4.98	\$ 5.47
Tier 3: 11+ HCF	\$ 6.17	\$ 6.78	\$ 7.46	\$ 8.21
Non-Single Family Residential				
Rate per HCF	\$ 4.73	\$ 5.20	\$ 5.72	\$ 6.30

The current wastewater rates also went into effect on July 1, 2013 and are shown in Figure 2-4. The wastewater rate structure includes a fixed monthly charge for each dwelling and commercial unit and a variable charge based on actual monthly water usage for all accounts, except single family residences, which is based on winter water usage between November and February.

Figure 2-4 City of Fort Bragg Wastewater Service Rates

Adopted Sewer Rates as of July 1, 2014

Customer Class	FY 2014/2015	FY 2015/2016	FY 2016-2017	FY 2017/2018
Fixed Charges:				
<u>Residential:</u>				
Single Family Residential	\$ 24.50	\$ 26.46	\$ 28.05	\$ 29.73
Multifamily Residential	\$ 24.50	\$ 26.46	\$ 28.05	\$ 29.73
Mobile Home Parks	\$ 24.50	\$ 26.46	\$ 28.05	\$ 29.73
<u>Commercial:</u>				
Low Strength	\$ 24.50	\$ 26.46	\$ 28.05	\$ 29.73
Medium Strength	\$ 24.50	\$ 26.46	\$ 28.05	\$ 29.73
High Strength	\$ 24.50	\$ 26.46	\$ 28.05	\$ 29.73
Variable Charges:				
<u>Residential:</u>				
Single Family Residential	\$ 6.19	\$ 6.69	\$ 7.09	\$ 7.52
Multifamily Residential	\$ 2.78	\$ 3.00	\$ 3.18	\$ 3.38
Mobile Home Parks	\$ 0.20	\$ 0.21	\$ 0.22	\$ 0.24
<u>Commercial:</u>				
Low Strength	\$ 8.40	\$ 9.07	\$ 9.61	\$ 10.19
Medium Strength	\$ 8.63	\$ 9.33	\$ 9.89	\$ 10.48
High Strength	\$ 21.52	\$ 23.24	\$ 24.64	\$ 26.12

In FY 2016-17, the City prepared updated rate studies for water and wastewater services to determine the appropriate timing for implementing the rate increase schedule that was approved in 2013 and which was temporarily suspended in FY 2016-17. Based on revenue transfers from the General Fund to the Enterprise Funds due to the cost allocation error, the rate increases for the enterprise funds will be postponed until FY 2018-19.

2.5.5 LONG TERM FINANCIAL CONSIDERATIONS

2.5.5.1 Reserves

The City's fiscal policies, including Fund Balance and Reserve Policies, were updated as part of the FY 2016-17 budget process and prompted the City Council to commit to new reserve levels. Updated policies are listed below.

Emergency Contingency Reserve: The General Fund balance committed for emergency contingencies is established at an amount equivalent to 10% to 15% of the City's annual operating budget for the General Fund. Depending on the type and severity of the emergency, this range is intended to provide for an initial municipal response to events such as natural disasters, catastrophic accidents, or other declared emergency incidents sufficient to provide a bridge until access to county, state or federal support can be achieved. The Emergency Contingency Reserve is committed fund balance and may only be used when there is a declaration of a state or federal state of emergency or a local emergency as defined in Fort Bragg Municipal Code Section 2.24.020.

Economic Stabilization Reserve: The General Fund balance committed for the purpose of stabilizing the delivery of City services during periods of severe operational budget deficits and to mitigate the effects of major unforeseen changes in revenues and/or expenditures is established at an amount equivalent to 5%

to 10% of the City's annual operating budget for the General Fund. This range serves as a cushion to safeguard the City's fiscal health against fluctuations in revenues and costs due to economic volatility. City Council approval shall be required before expending any portion of this committed fund balance. Access to these funds will be reserved for economic emergency situations such as unanticipated major declines in revenue, budgeted revenue taken over by another entity, or a catastrophe exceeding of funds in the Emergency Contingency Reserve.

General Fund Operating Reserve: The City will maintain an unrestricted fund balance of at least 15% to 20% of the annual operating expenditures in the General Fund, as an "Operating Reserve" to ensure liquidity of the General Fund and to ensure adequate cash flow throughout the year. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The reserve is not committed fund balance and may be allocated, with Council authorization, for unforeseen operating or capital needs.

Litigation Reserve: The City will maintain a \$300,000 Litigation Reserve to cover unforeseen legal expenses, including unbudgeted settlement costs that are not covered by the City's insurance pool.

In FY 2016-17, the Emergency Contingency Reserve and Economic Stabilization Reserve were used to help reimburse the Water and Wastewater Enterprise Funds for past year over-allocations to the General Fund. If funded at the levels designated by the reserve policies, the Emergency Contingency Reserve would require \$938,000 and the Economic Stabilization Reserve would require \$469,000. In future years, these two reserves will be replenished as funding becomes available. In FY 2017-18, the General Fund is projected to have two funded reserves totaling \$1.6 million, including an Operating Reserve funded at 15% of the operating budget (\$1.4 million), and a Litigation Reserve of \$200,000. The three Internal Service Funds include small reserves to help pre-fund large purchase and repairs and maintain fund stability. In FY 2017-18, the Water Capital Reserve is projected to be reduced to \$1.94 million and the Wastewater Capital Reserve is projected to either be reduced to zero or long-term financing will be used for the Wastewater Treatment Plant Upgrade Project. (Fort Bragg, May 2017)

2.5.5.2 Outstanding Debt

The City has a number of long-term bonds and loans for the General Fund and the Water, Wastewater, and CV Starr Enterprise Funds, as shown in Figure 2-5. As of Fiscal Year 2016-17, the City owed \$811,145 in outstanding debt. The City has not defaulted on repayment of any bonds or other debt.

Figure 2-5 City of Fort Bragg Debt Summary

Debt Summary Fiscal Year 2016-2017						
Fund	Balance 6/30/2016	Fees	Interest Expense	Principal Payment	Total FY 2016/17	Balance 6/30/2017
Caspar Closure 2005 Certificates of Participation						
General Fund	\$ 538,764	\$ -	\$ 21,060	\$ 126,509	\$ 147,569	\$ 412,255
Water Enterprise Revenue Bond						
Water O&M	2,418,000	3,000	69,768	276,000	348,768	2,142,000
Water Enterprise Department of Water Resource Loan *						
Water O&M	1,099,552	400	39,228	66,550	106,178	1,033,002
Municipal Improvement District #1 Bonds						
Wastewater O&M	160,000	2,200	7,155	50,000	59,355	110,000
Capital Leases						
Water Enterprise Equipment Purchase						
Water O&M	121,945	-	4,621	121,945	126,566	-
CV Starr Enterprise Energy Commission 1% Loan						
CV Starr Enterprise	43,900	-	1,349	21,360	22,709	22,540
Total required for debt service in FY 2016/17						
					147,569	
					581,512	
					59,355	
					22,709	
				Total	\$ 811,145	

Source: (Fort Bragg, March 2017)

2.5.5.3 Capital Improvement Plan

The City's Five-Year Capital Improvement Program (CIP) is a planning tool that identifies current and future major capital projects for the City and prioritizes capital funding needs. The CIP identifies funding needs for infrastructure construction and non-routine maintenance. CIP projects, including streets, buildings, recreational facilities, and parks are defined as assets with an initial individual cost of at least \$50,000 and an estimated useful life of greater than two years. (Fort Bragg, May 2017)

The CIP identifies expenditures and funding for capital projects over the next five years, including FY 2017-18 through FY 2021-22. The CIP is comprised of 35 projects with a total cost of approximately \$40 million as shown in Figure 2-6. For projects which span multiple years, a "Prior Year" funding column is shown. There is also a "Beyond CIP" funding column for future significant capital projects that extend beyond the five-year CIP planning period. There are 15 projects, totaling approximately \$16.8 million, planned for appropriation in FY 2017-18. Projected expenditures shown for FY 2018-19 through FY 2021-22 and Beyond CIP do not reflect a commitment of funds and will be considered for approval in the appropriate fiscal year. (Fort Bragg, May 2017)

Figure 2-6 City of Fort Bragg Capital Improvement Program

Fund	Project Number	Project Category/Name	Prior FY(s)	FY 17/18 Proposed Budget	FY 18/19 Projected	FY 19/20 Projected	FY 20/21 Projected	FY 21/22 Projected	5 year CIP Total	Beyond CIP	Total Project Costs
MUNICIPAL FACILITIES											
416	PWP-00094	Guest House Rehabilitation	\$ 213,730	\$ 70,000	\$ 80,000	\$ -	\$ -	\$ -	\$ 363,730	\$ -	\$ 363,730
417	PWP-00095	City Hall - Painting, Roofing & Generator	77,000	-	60,000				137,000		137,000
418	PWP-00102	East City Hall, Structural, Pool Bldg & Other	72,700	226,500	68,000				367,200		367,200
	PWP-00108	Police Station Garage		20,000	180,000				200,000	70,000	270,000
		Town Hall Exterior Painting		-				60,000	60,000		60,000
	N/A	Main St Fire Station Rehab		-					-	1,950,000	1,950,000
	N/A	Highway 20 Fire Station		-					-	500,000	500,000
	N/A	Rule 20 Project (undergrounding utilities)		-					-	1,200,000	1,200,000
		Total Municipal Facilities	363,430	316,500	388,000	-	-	60,000	1,127,930	3,720,000	4,847,930
PARKS & COMMUNITY SERVICES											
407	CDD-00020	Glass Beach Staircase	32,807	162,000					194,807		194,807
415	CDD-00020	Coastal Trail - Phase II (central Segment)	99,422	950,578	170,000				1,220,000		1,220,000
		Guest House Park Signs & Walkway		-	45,000				45,000		45,000
419	PWP-00096	Bainbridge Park Improvements	75,000	33,290					108,290		108,290
		Total Parks & Community Services	207,229	1,145,868	215,000	-	-	-	1,568,097	-	1,568,097
STREET MAINTENANCE & TRAFFIC SAFETY											
414	PWP-00097	Alley Rehabilitation	300,000	750,000		750,000		750,000	2,550,000		2,550,000
	PWP-00099	Downtown Crosswalk Rehabilitation	-	62,300	-				62,300	62,300	124,600
405	PWP-00100	Street Resurfacing & Structural Repairs	1,084,879	-	2,000,000		2,000,000		5,084,879		5,084,879
413	PWP-00079	Chestnut Street Multi Use Trail	1,380,000	-					1,380,000		1,380,000
	PWP-00101	South Main St Bike & Ped Improvements		-					-	800,000	800,000
		Total Street Maint. & Traffic Safety	2,764,879	812,300	2,000,000	750,000	2,000,000	750,000	9,077,179	862,300	9,939,479
WATER ENTERPRISE											
615	PWP-00017	Summers Lane Reservoir Cover		700,000					700,000		700,000
		Water Tank Installation		1,395,349					1,395,349		1,395,349
	PWP-00092	Water Treatment Plant Overhaul		50,000		800,000	500,000		1,350,000		1,350,000
		Putding Creek Water Main Relocation		205,000	1,495,000				1,700,000		1,700,000
		Raw Water Line Engineering, Phases II through V		400,000					400,000		400,000
		Raw Water Line Replacement: Phase II - Noyo River to Water Treatment Facility		682,000					682,000		682,000
		Raw Water Line Replacement: Phase III - Newman Reservoir to Noyo River		-	906,000				906,000		906,000
		Raw Water Line Replacement: Phase IV - Hare Creek to SR 20		-		420,000			420,000		420,000
		Raw Water Line Replacement: Phase V - Forest Road 450 to Hare Creek		-				241,000	241,000		241,000
		Raw Water Pond Rehabilitation		-	200,000				200,000		200,000
		Cedar Street Water Distribution Line Replacement		-			195,000		195,000		195,000
	PWP-00078	Water Tank Replacement		-					-	1,600,000	1,600,000
	WTR-00012	East FB Pressure Zone (EFBPZ), Phase 1		-					-	525,000	525,000
	N/A	EFBPZ - Phase 2		-					-	320,000	320,000
	N/A	EFBPZ - Phase 3		-					-	560,000	560,000
		Total Water Enterprise	-	3,432,349	2,601,000	1,220,000	695,000	241,000	8,189,349	3,005,000	11,194,349
WASTEWATER ENTERPRISE											
716	WWP-00010	WW Treatment Facility Upgrade- Activated Sludge	699,000	11,000,000					11,699,000	-	11,699,000
		Sewer Main Rehabilitation		60,000	60,000	60,000	60,000	60,000	300,000	-	300,000
	WWP-00011	Sanderson Way Sewer Main Replacement - Oak to Cedar		-			215,000		215,000	-	215,000
		Total Wastewater Enterprise	699,000	11,060,000	60,000	60,000	275,000	60,000	12,214,000	-	12,214,000

Grand Total	\$ 4,034,538	\$ 16,767,017	\$ 5,264,000	\$2,030,000	\$ 2,970,000	\$ 1,111,000	\$ 32,176,555	\$ 7,587,300	\$ 39,763,855
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2.6 GROWTH AND POPULATION PROJECTIONS

2.6.1 PRESENT AND PLANNED LAND USE AND DEVELOPMENT

While Fort Bragg is a small community, it is the largest city on the coast between San Francisco and Eureka and is a popular tourist and recreational destination. Commercial land uses in the City are located along the State Highway 1 and Franklin Street corridors. The Central Business District, located between Oak Street and Pine Street, is the historic, civic and cultural core of the community. Industrial lands are located on the Georgia-Pacific mill property located west of State Highway 1 on North Franklin Street, immediately north of the Central Business District, and on State Highway 1 north of Pudding Creek. Residential neighborhoods are located east of the commercial core and in the west Fort Bragg area. (Fort Bragg, 2012b)

Commercial fishing and recreational boating and fishing operate out of Noyo Harbor, which is an all-weather port and the most active harbor between Bodega Bay and Eureka. The Noyo Harbor District has constructed 256 berths since 1968. The berths are regularly occupied, with approximately 43% of the boats moored there being commercial craft. The lower harbor area also contains parking and ship building areas, boat launching and repair facilities, fish processing plants, and marine supply stores. Commercial businesses, including visitor-oriented restaurants, are clustered on the north bank of the harbor. Approximately a half-mile upriver, on the south side of the river, the Dolphin Cove private commercial marina provides berths for about 150 boats, most of which are recreational. Several jurisdictions share responsibility for the Noyo Harbor, which is largely located in the County's jurisdiction and within the City's Sphere of Influence. (Fort Bragg, 2008)

The City has a full range of land uses including low to high density residential, retail and service commercial, manufacturing, public facilities, recreation, and open space. The General Plan Land Use Element establishes policies and programs to maintain the existing pattern of land uses within the City while anticipating and providing for future growth and development. The 2012 Inland General Plan Land Use Element includes the following land use designations for the Inland area of the City:

- Large Lot Rural Residential (RR5)
- Medium Lot Rural Residential (RR2)
- Rural Residential (RR1)
- Suburban Residential (RS)
- Low Density Residential (RL)
- Medium Density Residential (RM)
- High Density Residential (RH)
- Very High Density Residential (RVH)
- Central Business District (CBD)
- Neighborhood Commercial (CN)
- General Commercial (CG)
- Highway Visitor Commercial (CH)
- Office Commercial (CO)
- Heavy Industrial (IH)
- Light Industrial (IL)
- Parks and Recreation (PR)
- Agriculture (A)
- Open Space (OS)
- Public Facilities and Services (PF)

These land use designations are implemented by the City's zoning regulations established by the Inland Land Use and Development Code provided in Chapter 18 of the Fort Bragg Municipal Code.

Making up a large area of the City is the old Georgia Pacific mill site, which has not been in operation since 2002. The site is located in the Coastal Zone and is currently zoned for industrial uses. The City is working on rezoning this 320-acre property based on the Draft 2012 Mill Site Specific Plan. In addition to the land use designations listed above, the 2008 Coastal General Plan Land Use Element includes Timber Resources

Industrial (IT) and Harbor District (HD). For land within the Coastal Zone, land use designations are implemented by the City's zoning regulations established by the Coastal Land Use and Development Code provided in Chapter 17 of the Fort Bragg Municipal Code.

The largest employment categories in the City include health care, public education, local government, wholesale and retail trade, and tourism. The City's largest employers include the hospital, school district, City government, Caito Fisheries, a number of retailers including Safeway, Harvest Market, Rite Aid, Mendo Mill, Rossi's Lumber Company, and a number of restaurants and hotels (Fort Bragg, 2014).

It is expected that City growth will continue to occur at a slow but regular pace. No significant growth is projected for the City within the next five years, barring any unanticipated new businesses or major expansion of existing business. In addition, no significant growth is projected in adjacent unincorporated areas of Mendocino County over the next five years. The following potential new development projects may occur within the planning horizon of this MSR:

- Hare Creek Center, a 29,500 square-foot retail development at the corner of State Highway 1 and State Highway 20. The City Council is anticipated to consider this project in 2017.
- Avalon Hotel, a 65 unit hotel with a restaurant and bar. This application is currently deemed incomplete.
- A 15,000 square-foot retail development south of Noyo River Bridge. No application is on file for this project.
- Replacement of an asphalt plant. No application is on file for this project.
- 50 unit housing project, 25 units affordable and 25 units market rate housing. No application is on file for this project.

(Fort Bragg, March 2017)

Over the next 10-20 years, a portion of the Mill Site property may be slowly built out with a mix of residential, commercial, industrial, and visitor-serving development. The January 2012 Draft Mill Site Specific Plan includes preliminary projects including 532 new residences contributing approximately 1,233 in population growth, 795,00 square-feet (SF) in new commercial and industrial space contributing approximately 1,772 new jobs, and 450 hotel rooms contributing approximately 175 new jobs (Fort Bragg, March 2017). However, the Community is restarting the planning process for this site and anticipates a reduction in the total area dedicated to new uses.

Based on the 2012 Inland General Plan Land Use Element 2022 buildout projections, there are 3,313 existing residential units within the City and an additional 200 residential units within the City's SOI. Further, it is estimated that an additional 250 residential units will be built within the City and 15 residential units within the City's SOI by 2022, for a total increase of 265 residential units. In addition to new residential development, the City has projected an increase of 143,000 SF in new commercial development, 20,000 SF in new industrial development, and 100 new Lodging rooms by 2022. (Fort Bragg, 2012b)

2.6.2 EXISTING POPULATION AND PROJECTED GROWTH

There are approximately 7,287 people residing in the City of Fort Bragg and the average household size is 2.47 persons (U.S. Census Bureau, 2016b). To determine the estimated population size for the City's SOI, MID No. 1, and the District's SOI, the number of residential units or residential service connections is multiplied by the average household size as shown in the table below. As noted in the section above, there

are approximately 200 residential units within the City's SOI. MID No. 1 has approximately 2,450 residential service connections. The SOI for MID No. 1 contains 125 parcels but the number of residential units is unknown.

Area	Population
City of Fort Bragg	7,287
City SOI	494
MID No. 1	6,052
District SOI	Unknown

With an annual growth rate of 0.2% (U.S. Census Bureau, 2016b), the City and surrounding areas are anticipated to experience minimal change in population size over the next 5-10 years. The table below shows the projected growth for the City in 2026 based on this annual growth rate.

2016 Population	Annual Growth Rate (%)	Projected Population (2026)
7,287	0.2	7,433

2.7 DISADVANTAGED UNINCORPORATED COMMUNITIES

Senate Bill (SB) 244, which became effective in January 2012, requires LAFCo to evaluate any Disadvantaged Unincorporated Communities (DUCs), including the location and characteristics of any such communities, when preparing an MSR that addresses agencies that provide water, wastewater or structural fire protection services. A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income of 80% or less of the statewide median household income (MHI) of \$61,818 (U.S. Census Bureau, 2016a). This State legislation is intended to ensure that the needs of these communities are met when considering service extensions and/or annexations in unincorporated areas.

The median household income for Fort Bragg is \$33,867, which is 55% of the statewide median household income (U.S. Census Bureau, 2016b). The City is therefore considered to be a disadvantaged community and may have adjacent DUCs. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy. The City is responsible for providing water and wastewater services. The Fort Bragg Fire Protection Authority is responsible for providing structural fire protection services.

Pursuant to GC §65302.10(b), SB 244 also requires each City to plan for DUCs in their General Plan Land Use Element in conjunction with adopting their Housing Element. To comply with this requirement, each City must identify, describe, and map each island and fringe community within the City's Sphere of Influence that qualifies as a DUC; analyze the water, wastewater, stormwater drainage, and structural fire protection needs or deficiencies of the DUCs; and analyze potential funding mechanisms that could make the extension of services to the DUCs financially feasible.

3 MUNICIPAL SERVICE REVIEW

3.1 SERVICE OVERVIEW

This section provides information regarding the wide range of municipal services provided by the City of Fort Bragg including the following:

- General Government
- Finance
- Community Development
- Law Enforcement
- Public Works
- Water
- Wastewater

Additional City services are provided by other public agencies, independent special districts, contractors, and Joint Powers Authorities (JPAs) as detailed in Table 3.1. This MSR only reviews services provided by the City and MID No. 1. This is the second MSR prepared for the City; the first one was adopted by the Commission in 2008.

Table 3.1 City of Fort Bragg Municipal Service Providers	
Municipal Service	Service Provider
General Government	
City Manager	City of Fort Bragg
City Attorney	Contract Service
City Clerk	City of Fort Bragg
Finance	City of Fort Bragg
Human Resources	City of Fort Bragg
Information Technology	City of Fort Bragg
Public Safety	
Law Enforcement	City of Fort Bragg
Emergency Medical Care	Mendocino Coast Health Care District
Fire Protection	Fort Bragg Fire Protection Authority JPA
Animal Control	Mendocino County (Contract Service)
Community Development	
Planning, Economic Development, Grant Writing	City of Fort Bragg
Building Permit Processing & Inspection	Mendocino County (Contract Service)
Community Services	
Parks & Recreation	City of Fort Bragg
	Mendocino Coast Recreation and Park District
Library	Mendocino County
Marina & Boating Services	Noyo Harbor District
Public Works	
Engineering, Drafting, Surveying	City of Fort Bragg
Roads, Traffic Control, Non-Motorized Facilities	City of Fort Bragg & Caltrans
Water Collection, Treatment, & Distribution	City of Fort Bragg
Wastewater Collection, Treatment, & Discharge	Fort Bragg Municipal Improvement District No. 1
Stormwater Management	City of Fort Bragg
Public Buildings & Facilities Maintenance	City of Fort Bragg
Street Lighting & Landscaping	City of Fort Bragg
Solid Waste Disposal & Recycling	Waste Management
Energy	Sonoma Clean Power
Cable TV/Internet Services	Comcast
Public Education	
K-12 Grade Levels	Fort Bragg Unified School District
College Level	Mendocino College
Other Services	
Housing Assistance Programs	Community Development Commission DANCO
Public Transportation	Mendocino Transit Authority
Cemetery	Mendocino-Little River Cemetery District
	Westport-Ten Mile Cemetery District

3.2 GENERAL GOVERNMENT

3.2.1 SERVICE OVERVIEW

The City's Administration includes the City Manager, City Attorney, and the Administrative Services Department, who together provide organizational leadership, implement City Council policy objectives, and administer City services and programs. The City's Administration works closely with and provides support to each City department in the delivery of quality public services, to ensure efficient, responsive, and accountable government, and promote fiscal stability, economic vitality, quality of life, and citizen involvement.

The City has a Council-Manager form of government whereby City Council establishes key goals, policies, and priorities for the City and the City Manager is responsible for ensuring sound and effective management of the City based on implementing those goals, policies, and priorities.

The Administrative Services Department is responsible for a wide array of administrative services including (Fort Bragg, July 2016):

- Technology infrastructure development and management
- Employee and labor relations
- Contract negotiations
- Personnel and administrative policies and regulations
- Employee benefits administration
- Personnel recruitment and retention
- Employee classification
- Compensation and evaluations
- Risk management
- Assistance with budget preparation and monitoring
- Preparing agenda packets, maintaining official records, responding to public records requests
- Monitoring compliance with Fair Political Practices Commission requirements
- Preparing ordinances for codification
- Maintaining and developing the City's official website and social media pages
- Maintaining updates to the Fort Bragg Municipal Code

3.2.2 STAFFING

The City's Administration is a General Government support function. In addition to the City Manager and City Attorney, the City's Administration is comprised of the Administrative Services Department, which has six fulltime staff members including an Administrative Services Director, City Clerk, Human Resources Technician, Administrative Assistant, Technology Support Technician, and an Audio-Visual Technician. The City is seeking a new City Attorney as the existing contract with Burke, Williams, Sorenson, LLP, expires in October of 2017. (Fort Bragg, July 2016; Fort Bragg, July 2017)

3.3 FINANCE

3.3.1 SERVICE OVERVIEW

The Finance Department is responsible for providing oversight to the City's fiscal management and operations, maintaining accurate fiscal records and reports, and providing advice regarding fiscal policies

and transactions. The Department directs, monitors, and controls all assets and financial activity and provides a framework for financial planning and analysis to support the operations of City departments. The functions of the Finance Department include utility billing, business licensing, Transient Occupancy Tax collections, accounts payable, account receivable, payroll, purchase orders, financial reporting to Federal, State, and other outside agencies, treasury and cash management, budget preparation, budgetary control, audit liaison and oversight of other fiscal activities of the City, Municipal Improvement District, and the Successor Agency to the Fort Bragg Redevelopment Agency. (Fort Bragg, July 2016)

3.3.2 STAFFING

The Finance Department is a General Government support function. The Department has four full-time staff members including a Finance Director, two Government Accountants, and a Finance Technician. (Fort Bragg, July 2016)

3.4 COMMUNITY DEVELOPMENT

3.4.1 SERVICE OVERVIEW

The Community Development Department serves the community by facilitating, guiding, and regulating land use and development activities in Fort Bragg and with planning and implementing City improvement projects. Department services include:

- Providing effective long-range planning, including rezoning and land use planning for the Georgia Pacific Mill Site, updates to the City's General Plan and Land Use and Development Code, updates to the City's Housing Element.
- Current planning services including permit processing and CEQA review for all land use permit applications and environmental review (CEQA and NEPA) for all City projects.
- Implementation of a variety of special City projects including construction of the Fort Bragg Coastal Trail Phase I and II and Bainbridge Park improvements.
- Review of all building and sign permits and code enforcement.
- Implementation of the City's economic development strategy, management of the City's tourism promotions and Marketing Action Plan, and grant writing and administrative services.

(Fort Bragg, July 2016; Fort Bragg, July 2017)

3.4.2 STAFFING

The Community Development Department has four full-time employees including a Community Development Director, Special Projects Manager, Associate Planner, Administrative Assistant, and a Grants Assistant who is part-time at 0.8 FTE. (Fort Bragg, July 2016; Fort Bragg, July 2017)

3.5 LAW ENFORCEMENT

3.5.1 SERVICE OVERVIEW

The Fort Bragg Police Department provides public safety services on a 24-hour a day, seven-days a week basis. The Police Department Administrative Office is located at 250 Cypress Street in Fort Bragg and

normal business hours are Monday through Friday from 8:00 am to 5:00 pm. The Fort Bragg Police Department contracts with the Ukiah Police Department for dispatch services.

The Police Department provides emergency and non-emergency police services to the community through uniformed police officers and community service officers who provide public safety, investigate crimes and traffic accidents, arrest law violators, enforce traffic and parking regulations, and provide a variety of other community-oriented policing services. The department also provides customer service to the community and supports police operations through administrative and business offices of the Police Department, including the following: executive leadership, management and supervision, management of reports, telephone inquiries, statistics, employee training, property and evidence management, fingerprinting, and court coordination.

The following table provides a summary of calls for service for years 2013 through 2016.

Table 3.2 Fort Bragg Police Department Service Calls					
Summary of Calls by Type	2013	2014	2015	2016	TOTAL
Crime Reports	1,925	1,681	1,643	1,749	6,998
Calls for Service	17,148	16,350	15,629	14,819	63,946
Arrests	869	721	722	548	2,860
TRAFFIC SAFETY					
Collisions	176	185	182	186	729
Citations (VC only)	352	506	458	204	1,520
DUI	46	41	22	42	151
TOTAL	574	732	662	432	2,400
GANG					
Gang Related Cases	11	9	6	11	37
Gang Affiliated	78	48	69	130	325
TOTAL	89	57	75	141	362
PROPERTY CRIMES					
Burglary	96	53	31	52	232
Theft	284	195	219	254	952
10851 Motor Vehicle Theft	18	19	19	13	69
Vandalism	151	130	97	146	524
TOTAL	549	397	366	465	1,777
CRIMES AGAINST PERSONS					
Homicide	1	1	0	1	3
Rape	6	7	8	8	29
Robbery	3	5	5	4	17
Assault	193	112	212	135	652
TOTAL	203	125	225	148	701

Source: (Fort Bragg, March 2017)

3.5.2 STAFFING

The Police Department has five administrative staff consisting of the Chief of Police, the Police Lieutenant, an Administrative Coordinator, and two Police Service Technicians. The operations staff is comprised of

four Sergeants, ten Police Officers, and three Community Service Officers. The department has one Police Officer assigned to work the Mendocino County Major Crimes Task Force.

The Chief and Lieutenant, with the support of the Administrative Coordinator, are responsible for providing department personnel with strategic goals and objectives, ensuring adequate staffing and equipment, ensuring training and certification in accordance with California Peace Officers Standards and Training (POST) regulations, managing the Department's budget, and providing leadership direction. They also serve as a liaison between the Police Department and other City departments and with community members.

The Police Service Technicians ensure that all police records are kept, filed, released, and purged in accordance with applicable laws. They are responsible for numerous State reports and validations, provide Live Scan fingerprinting services to the public, process and forward criminal reports to the appropriate agencies, and provide information to the public. They assist the public with a wide variety of inquiries both over the phone and in person. One Police Service Technician is the Department's Property and Evidence Technician who assists with the intake of property for safe keeping and property held as evidence, oversees the release and purging/destruction of department property, and is also the Department's subpoena clerk and is responsible for all criminal and civil subpoenas received by the department. The other Police Service Technician is the Department's Records Supervisor and is responsible for overseeing all records activities.

The Police Officers and Community Service Officers, under the day-to-day supervision of the Sergeants, respond to calls for service, conduct investigations, and write police reports relating to those calls. They also respond to traffic accidents, traffic and parking complaints, and animal control issues. They deliver a variety of prevention and awareness information to community members, service organizations, and schools.

3.6 PUBLIC WORKS

3.6.1 SERVICE OVERVIEW

The Public Works Department designs, builds, operates, and maintains essential public infrastructure and facilities. The basic services provided by the Public Works Department include

- Managing consultants and contractors who undertake a variety of public improvement projects to the City's public buildings, wastewater and water infrastructure, street system and public parks.
- Maintaining and repairing City-owned facilities, parks, and streets, installing and maintaining traffic signage.
- Managing, repairing, and expanding the drinking water system including collection, storage, treatment, distribution and necessary reporting.
- Managing, repairing, and improving the wastewater system for MID No. 1 including collection, treatment, discharge, and necessary reporting and managing the stormwater runoff system.
- Managing and necessary reporting for all stormwater pollution prevention permits.
- Assisting with the review of proposed development projects for planning and building permits.
- Processing all roadway encroachment permits.

The Public Works Department is organized into six divisions including: Administration and Engineering, Parks and Facilities, Corporation Yard and Fleet, Street Maintenance, Water Enterprise, and Wastewater Enterprise. The Administration and Engineering Division provides administrative support, fiscal management, and engineering services to the entire Public Works Department. In addition, this division is also responsible for implementation of the City's Capital Improvement Program and works closely with various regulatory agencies to maintain permit compliance. The Parks and Facilities Division provides maintenance and repairs for City facilities and grounds, parks, streets, and trees and also assist with capital projects, as needed. The Corporation Yard and Fleet Division is responsible for maintenance of City streets, including painted curbs, crosswalks, and signage, and maintenance and repairs of the City's wastewater collection lines, storm drains, water distribution system, utility meters, and fire hydrants. The crew of this division also responds to sewage spills and leaks in water service lines. Fleet is responsible for the maintenance of all City vehicles, heavy equipment, and other large equipment throughout the City. The Public Works crew also provides support for civic and community events. Water and Wastewater are operated as separate enterprises and are addressed in Sections 3.7 and 3.8 of this document.

3.6.2 STAFFING

The Public Works Department has 22 full-time employees including a Public Works Director, Assistant Public Works Director, Public Works Project Analyst, two Engineering Technicians, a Lead Maintenance Worker who oversees a Mechanic and seven Maintenance Workers, and 2 Lead Treatment Operators that oversee 5 Treatment Plant Operators and an Environmental Compliance Coordinator. (Fort Bragg, July 2016)

3.6.3 CAPITAL ASSETS

Capital assets include land, easements, buildings, equipment, and infrastructure that the City owns, operates, and maintains to provide a variety of services to its citizens and customers.

3.6.3.1 Public Facilities

The City owns and maintains multiple public buildings including the City Hall, Town Hall, Police Station, Guest House Museum, Fort Building, Gymnasium, Highway 20 Fire Station, and the Main Street Fire Station. The City also owns and/or operates various public facilities including the Water Treatment Plant, Summers Lane Reservoir, Corporation Yard, Caspar Transfer Station, C.V. Starr Center, Harold O. Bainbridge Park, Otis R. Johnson Wilderness Park, Noyo Beach, Noyo Headlands Park, Pomo Bluffs Park, and the Harbor Lite Trail. MID No. 1 owns the Wastewater Treatment Plant, collection system, and discharge facilities that are accounted for in the District's capital assets.

The City's investment in capital assets for its governmental and enterprise activities totals \$73 million as of June 30, 2016, and includes land, construction in progress costs, buildings, machinery, equipment, and vehicles, infrastructure, and land improvements, as shown in Table 3.3 below. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. An exception to this is for infrastructure assets (roads, sidewalks, and similar items) which have the same estimated minimum useful life but only account for infrastructure projects that cost more than \$50,000. (Fort Bragg, January 2017)

Asset Type	Governmental	Enterprise	Total
Land	\$12,952,262	\$785,079	\$13,737,341
Construction in Progress	\$379,412	\$1,427,055	\$1,806,467
Buildings	\$1,885,295	\$22,938,385	\$24,823,680
Machinery, Equipment, & Vehicles	\$387,745	\$1,936,376	\$2,324,121
Infrastructure	\$23,581,455	\$6,415,750	\$29,997,205
Land Improvements	\$0	\$320,863	\$320,863
TOTAL	\$39,186,169	\$33,823,508	\$73,009,677

Source: (Fort Bragg, January 2017)

The City plans for capital projects through the rolling five-year Capital Improvement Program (CIP) as part of the annual budget development process. Refer to Figure 2-6 for a list of public facilities projects identified in the Fiscal Year 2018-2022 CIP.

3.6.3.2 Public Infrastructure

The Public Works Department is responsible for maintaining over 25 miles of City streets (not including alleys) and associated infrastructure, traffic signage, and street markings. The street system in Fort Bragg is laid out in a grid pattern with Main Street (State Highway 1) functioning as the primary north-south roadway. Franklin Street is located one block east of Main Street and provides access along the main commercial corridor. A number of streets, including Cypress Street, Chestnut Street, Oak Street, Redwood Avenue, Pine Street, and Elm Street provide east-west connections.

State Highway 1 is the only continuous north-south road serving the Coast of Mendocino County, providing a local transportation corridor for many communities and the primary access route for visitors. Traffic volumes on this roadway have increased steadily over the years. A portion of the traffic in Fort Bragg is through-traffic (trips that originate or have destinations outside of the City). The logging industry, tourist travel, and people coming to Fort Bragg from around the region for shopping, educational, medical, and other services generate much of the traffic. Traffic into and out of Fort Bragg is constrained by the capacity of two bridges, Hare Creek and Pudding Creek, and by the two-lane roadway sections along State Highway 1. The Hare Creek and Pudding Creek bridges are limited to one lane of traffic in each direction. Caltrans is working on plans to rebuild both bridges in order to better accommodate non-vehicular travel (pedestrians and cyclists). The Noyo River Bridge is a four lane bridge with a center lane for emergency vehicles and a sidewalk on both sides. The bridge provides access at the south end of the City and to State Highway 20 and generally operates at Level of Service "A".

Level of Service (LOS) standards provide an indicator of the functional capacity of a roadway or intersection and describe the relative ease or congestion of traffic movement on a roadway or at an intersection. LOS "A" represents free flow conditions and LOS "F" represents jammed conditions where traffic flow is at or over the capacity of the roadway and consequently moves very slowly. The most congested street in the City is Main Street between the northbound merge area located just south of Laurel Street through Elm Street. The northbound section of this road currently operates at LOS D to LOS E during peak hours.

Although the volume of traffic on Main Street has increased over the past few years, intersections with traffic signals, including State Highway 20, Ocean View Drive, Cypress Street, Chestnut Street, Oak Street,

Laurel Street, Elm Street, and Redwood Avenue, are operating at LOS B or better. The side street stop sign-controlled intersections with Main Street are also operating at LOS B or better for traffic traveling on Main Street; although traffic turning onto Main Street from some side streets can experience LOS D, E, or F during peak hours.

Land use and transportation must be coordinated so that the capacity of the transportation system will accommodate the traffic generated by the development of the community. To understand the relationship between land use and transportation, the new traffic that would be generated by the 10-year buildout projections (2022) were added to existing traffic volumes on major streets for a summer Friday mid-day peak hour when traffic is generally the most congested. Traffic projections indicate that LOS will remain virtually identical to current conditions, taking into consideration anticipated development in the Inland General Plan area. If all potential future development is taken into consideration throughout the City, including anticipated development on the Mill Site, all intersections and roadway segments will conform to the standards established by the Inland General Plan.

As Fort Bragg continues to grow, vacant and underdeveloped land east and west of Main Street will be developed. The City's annexation policies discussed in the Inland General Plan Land Use Element establish priorities for expansion of City boundaries in an orderly and planned manner. Annexation and development in these areas will require development of and/or improvement to east-west access routes, the development of new roads in some areas, and the extension of existing roads in other areas.

The City has a fairly complete sidewalk system. There are a few streets that have discontinuous sidewalks, sidewalks on one side of the street, or substandard sidewalks. However, in recent years the City has undertaken and completed many sidewalk improvement projects, specifically geared towards providing safe-routes-to-school. Sidewalk widths vary, primarily based on the street type and the width of the existing right-of-way. However the City has established minimum sidewalk width standards for all new sidewalks. The City also has a system of Class I, II, and III bicycle facilities, which given the relatively flat topography of the City, provides an effective bicycle system. The City continues to improve and expand the pedestrian and bicycle facilities consistent with the 2011 Bicycle Master Plan, provide safe and complete sidewalks throughout the City, and provide a mix of land use designations which reduce dependence on vehicle travel between residential areas, schools, parks, and commercial centers. (Fort Bragg, 2012a; Fort Bragg, July 2017)

There are approximately 100 alleys or alley segments included within the City limits. Most of these are located within public right-of-ways, typically 20 feet in width, and there are a few privately-owned alleys. The City's alleys are used by vehicles, bicycles and pedestrians. The alleys serve as the primary corridor for service providers (fire department, police department, solid waste collection, deliveries) and are the preferred alignment for utilities including underground water, sanitary sewer and storm drain pipelines and overhead and underground power, telephone and cable television/internet services. It is the City's goal to improve the condition of the City's alleys to enhance the use of these corridors for access and service. The 2011 Alley Master Plan provides an inventory and evaluates the condition of City alleys and includes a prioritized list of alley improvement projects which the City is working to implement. The City passed a gas tax increase to fund alley improvements and each year the City undertakes about \$200,000 of alley resurfacing capital improvement projects. In 2017, four alleys will be resurfaced. (KASLConsulting Engineers, 2011; Fort Bragg, July 2017)

The priority storm drain improvements in the 2004 Storm Drainage Master Plan have been implemented. Much of the area north of Pudding Creek and south of the Noyo River generally do not have improved drainage systems in place. Drainage in these areas is generally through natural channels or site installed drainage pipes. Chapter 12.14, 17.60 and 18.60 of the City's Municipal Code require the City to review and condition new development to ensure that adequate on-site and off-site drainage is included in the development. New development is required to pay a drainage impact fee and thereby fund improvements necessary to ensure adequate capacity within the storm drain system. (Fort Bragg, 2012c; Fort Bragg, July 2017)

The City plans for capital projects through the rolling five-year Capital Improvement Program (CIP) as part of the annual budget development process. Refer to Figure 2-6 for a list of public infrastructure projects identified in the Fiscal Year 2018-2022 CIP.

3.7 WATER ENTERPRISE

3.7.1 SERVICE OVERVIEW

The City public water system includes raw water collection, treatment, and distribution facilities, which are owned and operated by the City. The Water Treatment Plant (WTP) is located at 31301 Cedar Street in Fort Bragg. The WTP operates under Domestic Water Supply Permit Number 02-03-09P2310001, issued by the State Water Resources Control Board Drinking Water Division on October 6, 2009 (Fort Bragg, March 2017). The City currently serves approximately 2,829 water connections consisting primarily of residential homes, 356 commercial customers, and 32 customers located outside the City (Fort Bragg, July 2017).

3.7.2 STAFFING

The City has two Lead Treatment Operators, five level II Treatment Plant Operators, including one Electrician, that operate and maintain the water treatment system and the wastewater treatment system. For the water system, City staff is responsible for operating and maintaining the water treatment plant, source water intakes, three water storage facilities, and various pump stations. The transmission and distribution systems including water meters are maintained by the Public Works maintenance crew; this division includes five distribution operators. (LAFCo, 2008; Fort Bragg, July 2017).

3.7.3 CAPACITY OF FACILITIES

The City's water system is comprised of three surface water sources including the new Summers Lane Reservoir constructed in 2015; three raw water transmission mains; two raw water storage ponds located at the WTP; the WTP that was originally constructed in the 1950's and upgraded in the 1980's and has a capacity of 2.2 million gallons per day (MGD); two 1.5 million gallon (MG) steel storage tanks and one 300,000 gallon storage tank; over 30 miles of distribution lines that deliver water throughout Fort Bragg; and one booster pump station for the East Fort Bragg pressure zone (LAFCo, 2008). Additionally the City has funding for and will add an additional 1.5 million gallon finished water storage tank in Fiscal Year 2017-18. (LAFCo, 2008; Fort Bragg, July 2017)

The City's water supply system draws raw water primarily from the Noyo River with the limitation that pumping does not exceed 3.0 cubic feet per second (cfs). The Noyo River direct diversion flows by gravity into a 5,000 gallon wet well and is then pumped via pipeline to the WTP from a pump station on the river bank. The Newman Reservoir is an on-stream reservoir located on a 54-acre parcel owned by the City of

Fort Bragg and impounds water from the Newman Gulch. The Summers Lane Reservoir is a new reservoir with a capacity of 45 acre-feet (AF) located on this same property. The Summers Lane Reservoir is an off-stream storage facility that holds water from Waterfall Gulch. Approximately 20% of the City's water supply during the summer months is drawn from the Newman and Summers Lane Reservoirs and approximately 25% throughout the year is from the Waterfall Gulch diversion, all of which are gravity fed through a single ten-inch pipeline to the raw water storage ponds at the WTP. (LAFCo, 2008; Fort Bragg, July 2017)

The table below shows the City's approved water appropriations by water source.

Water Supply Source	Permit or License ID	Water Appropriations	Estimated Reliable Pumping Capacity
1. Noyo River	P11383	1,500 AF (488.777 MG)	3.0 cfs
2. Newman Gulch	S009340	300 AF (97.755 MG)	0.5 cfs
3. Waterfall Gulch	012171	475 AF (154.779 MG)	0.668 cfs
Total	n/a	2,275 AF (741.312 MG)	4.168 cfs

Source: (Fort Bragg, March 2017)

The City's operational treated water storage requirement is 3.3 MG. The table below shows the water storage capacity for each of the City's water storage facilities.

Storage Facility	Storage Capacity
Summers Lane Reservoir	14.6 MG
Newman Reservoir	0.3 MG
Water Fall Reservoir	0.005 MG
Raw Water Ponds	3.0 MG
Clearwell	0.025 MG
Total	17.93 MG

Source: (Fort Bragg, March 2017)

During Fiscal Year 2016-2017, the City completed the Summers Lane Reservoir Project providing an additional 15 million gallons (MG) of raw water storage to help ensure a reliable water supply during the late summer months when flows are low at the City's three water sources (Fort Bragg, May 2017). In addition, this new raw water storage will ensure adequate water supply during severe drought years and will help to meet the needs of future development for the City.

3.7.4 DEMAND FOR SERVICES

The water system annual demand is approximately 250 MG or 767 acre-feet (AF) of drinking water. During the summer months, the water demand peaks at around 0.900 MGD with the peak tourist season. During winter months, the water demand averages 0.600 MGD. The table below shows the water demand levels for fiscal year 2015-2016 by season.

Season	Average Demand	Maximum Monthly Demand	Peak Day Demand
Summer	0.7188	29.697	1.153
Winter	0.514	16.903	0.728

Source: (Fort Bragg, March 2017)

The table below shows the total historic water demand by source over the last 10 years, which includes the range of wet to critically dry water year types.

Source	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	326.226	188.72	210.512	217.97	180.881	171.931	128.275	142.584	145.049	137.652
2	31.081	74.019	49.525	53.362	49.278	56.086	74.544	56.053	58.314	50.21
3	39.665	68.633	46.514	37.093	60.772	76.109	71.889	51.32	56.239	59.58
Total	396.972	331.372	306.551	308.425	290.931	304.126	274.708	249.957	259.602	247.442

Source: (Fort Bragg, March 2017)

On a daily basis the City currently produces about 50 gallons/resident and 78 gallons/1,000 square-feet (SF) of commercial/industrial space of treated water. Residential development within the Inland Area through 2022 is anticipated to include 63 new residential units (156 new residents), which would require 7,800 additional gallons of water per day, and 52,000 SF of new commercial/industrial development, which will require 4,000 gallons of water per day. In total, all new development proposed for the Inland Area will result in 12,000 additional gallons of demand, a 1.9% overall increase in water demand. The City currently has sufficient water supply and storage to meet an 8% increase in water demand and could accommodate the additional growth in the Inland Area without developing additional water storage. Additionally, since the completion of the Summers Lane Reservoir with approximately 45 AF of water storage capacity, the City can accommodate approximately a 20% growth in water demand. All new development is required to pay its fair share of the water system infrastructure and future capital improvements through the Water Capacity Charge. (Fort Bragg, 2012c)

3.7.5 INFRASTRUCTURE NEEDS OR DEFICIENCIES

The aging infrastructure of the water system and the reliability of the water collection conduits are the primary factors influencing the City's ability to provide water services to customers. The improvement projects identified in the City's 1986 Water System Study and Master Plan have been addressed. The City plans for capital projects through the rolling five-year Capital Improvement Program (CIP) as part of the annual budget development process. Refer to Figure 2-6 for a list of water system projects identified in the Fiscal Year 2018-2022 CIP.

3.8 WASTEWATER ENTERPRISE

3.8.1 SERVICE OVERVIEW

The public wastewater treatment system includes collection, treatment, and discharge facilities. The wastewater system serving the City is owned by the Fort Bragg Municipal Improvement District

(MID/District) No. 1 and is operated and maintained by the City at the expense of the District. The District boundary is larger than the City boundary.

The Fort Bragg MID No. 1 (District) was formed to acquire and construct wastewater system improvements including a wastewater treatment plant and to provide for the incurring of indebtedness for the costs and expansion of such improvements. Any territory annexed to the MID is subject to all the liabilities, including previously authorized taxes, benefit assessments, fees or charges for services, and is entitled to all benefits of the District. (LAFCo, 2008)

The Wastewater Treatment Plant (WWTP) is located at 101 West Cypress Street in Fort Bragg. The WWTP operates under Waste Discharge Requirements pursuant to Order No. R1-2015-0024, NPDES No. CA0023078, and WDID No. 1B84083OMEN issued by the North Coast Regional Water Quality Control Board on June 4, 2009 (Fort Bragg, March 2017). The MID serves approximately 2,450 residential wastewater connections, 350 commercial dischargers, and one industrial customer within the District, and serves MacKerricher State Park located outside the District (Fort Bragg, July 2017).

3.8.2 STAFFING

All MID operations and maintenance are performed by City staff. The City has two Lead Treatment Operators, five level II Treatment Plant Operators, including one Electrician, that together operate and maintain the water treatment system and the wastewater treatment system. For the wastewater system, City staff is responsible for operating and maintaining the treatment plant, wastewater collection system, six lift stations, and discharge in compliance with State and Federal water quality standards (LAFCo, 2008; Fort Bragg, July 2017).

3.8.3 CAPACITY OF FACILITIES

The MID wastewater system is comprised of over 25 miles of gravity-fed pipelines and pressure force mains, six sewage lift stations, the WWTP, and an ocean outfall pipeline that extends 690 feet into the Pacific Ocean. The WWTP was completed in 1971 and has a secondary treatment level capacity of 1.0 million gallons per day (MGD) for average dry weather flow (ADWF) and 2.2 MGD for average wet weather flow (AWWF). (LAFCo, 2008)

Over the past five years, the North Coast Regional Water Quality Control Board has issued two settlement agreements for Administrative Civil Liability (ACL) to the District, both were satisfactorily addressed. The most recent ACL (R1-2016-0049) consists of two compliance projects to satisfy the minimum mandatory penalties. These exceedances include biochemical oxygen demand (BOD), total suspended solids (TSS), Total Coliform and Total Chlorine Residual. The compliance projects involve installation of an influent flow meter and installation of sodium hypochlorite and sodium bisulfite analyzers. The previous ACL (R1-2014-0035) included a compliance project to complete the design phase of the WWTP Upgrade Project in order to improve BOD and TSS effluent discharge. These compliance projects have been completed, with the exception of the influent flow meter which is scheduled for installation in September, and satisfactorily addressed the RWQCB concerns. (Fort Bragg, March 2017; Fort Bragg, July 2017)

Currently, the WWTP wet weather treatment capacity is exceeded several times a year due to very high flows of stormwater and groundwater into the wastewater collection system caused by infiltration and inflow (I/I) and cross-connection between storm drains and sewer lines. I/I is problematic for multiple reasons but especially because of the potential for sanitary sewer overflows (SSOs) and penalties for exceeding effluent limitations when the WWTP cannot operate as designed.

The District, via City staff, is working to eliminate cross-connections and mitigate I/I in the wastewater collection system by implementing improvement projects identified in the 2009 Final Wastewater Collection Facilities Management Plan Report prepared by AECOM and by following the 2010 Sewer System Management Plan. In addition, City staff addresses areas with high rates of I/I by implementing slip lining pipe repairs, conducting video inspections and smoke testing of the collection system to identify needed repairs, and making visual inspections during high flows to identify major sources of I/I. Until major capital improvements are made to address I/I problems, the wet weather treatment capacity will continue to be a limiting factor for the wastewater system. (Fort Bragg, 2012c)

3.8.4 DEMAND FOR SERVICES

In 2016, the District's average daily flow volume was 0.842 MGD, which is within the design capacity of the WWTP, and the peak flow volume was 4.075 MGD due to wet weather events, which is above the design capacity of the WWTP (Fort Bragg, March 2017).

The 2013 Predesign Study for Fort Bragg WWTP Upgrade Project prepared by Nolte Associates, Inc., identified upgrade, renovation, and system redundancy projects to improve the long-term performance of the WWTP facility based on future conditions including considerations for City growth and increases in nutrient loading from the North Coast Brewing Company (NCBC), since it is a major industrial discharger to the WWTP. The Predesign Study also provided a characterization of historical wastewater flows as shown in Figure 3-1 below.

Figure 3-1 Historical Wastewater Flow Data 2009-2012

**TABLE 3-2
CITY OF FORT BRAGG WWTP
ADJUSTED HISTORICAL WASTEWATER EFFLUENT FLOW DATA^a
2009-2012**

Parameter	Unit	2009	2010	2011	2012	Average (2009-2012)
ADF	MGD	0.67	1.05	0.79	0.81	0.83
ADWF ^b	MGD	0.61	0.66	0.55	0.59	0.60
MDF	MGD	1.88	4.56	5.53	4.07	4.01
PHF ^c	MGD	-	-	-	4.20	4.20
M7DF	MGD	1.38	3.46	4.11	3.17	3.03
MMF	MGD	0.92	1.70	2.20	1.40	1.56

^a Flow data from January 1, 2009 to October 4, 2012 was increased by 50 percent to account for potential meter inaccuracies.

^b ADWF is the average flow for June 1 – August 31.

^c PHF is not recorded at the WWTP. PHF for 2012 was estimated based on a review of available chart recorder data for the day with the highest MDF recorded December 21, 2012.

Source: (Nolte Associates, 2013)

The following table shows updated wastewater flow data for the City between 2013 and 2016.

Parameter	Unit	2013	2014	2015	2016	Average
ADF	MGD	0.649	0.716	0.595	0.842	0.701
ADWF	MGD	0.610	0.624	0.490	0.502	0.557
AWWF	MDG	0.669	0.762	0.648	1.010	0.772
MDF	MDG	1.247	2.565	2.717	4.075	2.651
MMF	MG	27.13	41.45	30.07	51.34	37.50

Source: (Fort Bragg, July 2017)

The Predesign Study estimates a 10% increase in flow (an average daily flow volume of 0.0842 MGD) for future residential and general commercial/industrial growth within the City for the next 10 years. The Predesign Study also estimates a 40% increase in NCBC discharge related to a projected expansion of annual brewing operations from 50,000 to 85,000 barrels. These growth parameters provide the basis for the Predesign Study recommended design criteria to size the WWTP process equipment for the WWTP Upgrade Project. The District does not anticipate a significant increase in demand for wastewater service within the District boundary nor does the District expect inclusion of any new customers outside their boundary within the next five years. The existing capacity of the WWTP is sufficient to meet the wastewater service demands within the timeframe of this MSR.

Over the 40-year life span of the WWTP, the facility has undergone various expansions and upgrades. However, most equipment and unit processes have reached their useful service life. The project will upgrade the facility to current technology and energy standards, maintain the current permitted average dry weather flow capacity of 1.0 MGD, and achieve wastewater treatment objectives for discharge. The major project elements include replacing the existing trickling filters with an activated sludge system, constructing a dewatering building, new sludge holding area, splitter box, and pump station to allow for peak flow pumping capacity, installing a biological treatment facility, repurposing the existing primary and secondary clarifiers to emergency/surge storage basins, abandoning storm drain outfalls as stormwater will be treated by the new facility, and grading and asphalt paving for interior site access and modified catchment basins. (Fort Bragg, October 2016)

Construction for the WWTP Upgrade Project is identified as a Fiscal Year 2017-2018 Capital Project and will be implemented once funding is secured. The City has completed the environmental review and permitting process and the plans and specification have been prepared for this project. The City is in the process of obtaining \$11 million in grant funding and loans to construct this project in 2018. With this major improvement project, the District will be able to meet long-term projected wastewater service demands. All new development is required to pay its fair share of the wastewater system infrastructure and future capital improvements through the payment of a Sewer Capacity Charge. (Fort Bragg, July 2017)

3.8.5 INFRASTRUCTURE NEEDS OR DEFICIENCIES

The aging infrastructure of the wastewater system and the peak flow volume during wet weather events are the primary factors influencing the District's ability to provide wastewater services to customers. The City, on behalf of the District, plans for capital projects through the rolling five-year Capital Improvement Program (CIP) as part of the annual budget development process. Refer to Figure 2-6 for a list of wastewater system projects identified in the Fiscal Year 2018-2022 CIP.

3.9 SERVICES PROVIDED BY CONTRACT OR JPA

This section includes information regarding City services provided by contract or Joint Powers Authority (JPA).

3.9.1 C.V STARR COMMUNITY CENTER

The C.V. Starr Community Center and Sigrid & Harry Spath Aquatic Facility (C.V. Starr Center) was built by the Mendocino Coast Recreation and Park District (MCRPD), a special district providing recreation services to residents of the Mendocino Coast. The C.V. Starr Center is a 43,000 square foot recreation and aquatic facility with an indoor water park including an eight-lane competition pool and diving board, a leisure pool with a water-slide, and a lazy river, a cardio-fitness center and weight room, and facilities for other fitness classes and enrichment activities. In addition, the facility has meeting rooms for parties and community events, and the grounds include a dog park, a skateboard park, petanque courts, and picnic and BBQ facilities.

After opening the facility in August 2009, MCRPD was challenged with insufficient operating revenues. In March 2012, the voters of Fort Bragg approved a half-cent special sales tax (Measure A) to provide funding for operation, maintenance, and capital improvements at the facility. The measure also required that ownership of the C.V. Starr Center be transferred to the City and that MCRPD assign a portion of its property tax revenues to the City. The facility reopened under City ownership in July 2012 and MCRPD now operates the facility under contract with the City and the City provides financial and operational oversight.

3.9.2 FIRE PROTECTION

The City of Fort Bragg and the Fort Bragg Rural Fire Protection District jointly provide fire services within their respective boundaries under a JPA known as the Fort Bragg Fire Protection Authority (FBFPA). The JPA was formed in fiscal year 1989-1990 and is a public entity that is separate and apart from both the City and the Fire District. FBFPA has all of the powers relating to fire protection, fire suppression, and emergency rescue authorized by law and has the power to contract for the purchase, lease, or rental of whatever services or equipment that it may consider appropriate for its mission. Debts, liabilities, or other obligations of FBFPA do not accrue to the two agencies that entered into the JPA.

The FBFPA's budget is approved by the FBFPA Board of Directors, the City Council, and the Fire District Board. Funding responsibility is shared by the City and the Fire District with the breakdown of operating costs based on a three-year average call ratio. Typically, the City averages a higher percentage of the calls and therefore pays a higher percentage of FBFPA's budget.

The FBFPA paid staff consists of a Fire Chief, Fire Prevention Officer, Maintenance Engineer, and an Officer Manager. FBFPA also has 35 volunteer firefighters who are considered employees. Neither the City nor the Fire District has employees with the job responsibility of providing fire protection services. For more information related to FBFPA, please refer to the 2011 Fort Bragg Rural Fire Protection District Municipal Service Review.

3.9.3 SUCCESSOR AGENCY TO FORT BRAGG REDEVELOPMENT AGENCY

Between 1986 and 2012, the Fort Bragg Redevelopment Agency carried out redevelopment projects and promoted and supported economic development and affordable housing development within a portion of the City including properties within the Central Business District, commercial and industrial lands along Main Street, and the former Georgia Pacific mill site. In early 2012, the Redevelopment Agency was

dissolved as a result of ABx126 and the City Council elected to serve as the Successor Agency to the Fort Bragg Redevelopment Agency. The Successor Agency is the legal entity tasked with winding down the affairs of the former Redevelopment Agency under the supervision of an Oversight Board. The Successor Agency plays a key role in assuring that the existing debt service and other enforceable obligations of the former Redevelopment Agency are properly paid based upon a Recognized Obligation Payment Schedule (ROPS) approved by the Oversight Board and the State Department of Finance.

3.10 MSR DETERMINATIONS

3.10.1 Growth and Population Projections

1. The existing population of the City is estimated to be 7,287 and the existing population of the District is estimated to be 7,410. The annual growth rate for the City of Fort Bragg is 0.2%. The City, District, and surrounding areas are expected to experience minimal change in population size over the next 5-10 years.
2. The City of Fort Bragg has a full range of land uses including low to high density residential, retail and service commercial, manufacturing, public facilities, recreation, and open space. Land uses within the City are established by the City's Inland and Coastal General Plan Land Use Elements and implemented by the City's Inland and Coastal Land Use and Development Codes.
3. The Spheres of Influence for the City and the District include unincorporated areas currently under the land use authority of Mendocino County, which are regulated by the County General Plan and Zoning Ordinance.
4. The City and the District have confirmed the adequacy of their existing boundary and SOI. The existing boundary and SOI for the City and the District are appropriate and no amendments are anticipated within the next five years.

3.10.2 The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

5. The median household income for Fort Bragg is \$33,867, which is 52% of the statewide median household income. The City of Fort Bragg is considered to be a disadvantaged community, and may have adjacent Disadvantaged Unincorporated Communities (DUCs). Should future annexations to the City and District be proposed, consideration will be given to any DUCs affected by the annexation.

3.10.3 Present and Planned Capacity of Public Facilities and Adequacy of Public Services

6. The City has 2,275 acre-feet, or 741.312 million gallons, of water appropriations from the Noyo River, Newman Gulch, and Waterfall Gulch water sources. The City's annual water demand is approximately 767 acre-feet or 250 million gallons of drinking water. During Fiscal Year 2016-2017, the City completed the Summers Lane Reservoir Project, providing an additional 15 million gallons of raw water storage to help ensure a reliable water supply during severe drought years and for future development.
7. It is recommended that the City update the 1986 Water System Master Plan to perform an updated assessment of the adequacy of its water system infrastructure and storage facilities; continue efforts to secure additional water sources; take the necessary actions to convert the City's Noyo River Diversion Permit to a permanent license; continue to implement projects to improve the pressure in the water system lines to improve service reliability and provide adequate

fire flow in the case of an emergency; and evaluate the feasibility of producing reclaimed water at the Wastewater Treatment Plant.

8. The District's Wastewater Treatment Plant (WWTP) has a secondary treatment level capacity of 1.0 million gallons per day (MGD) for average dry weather flow and 2.2 MGD for average wet weather flow. In 2016, the District's average daily flow volume was 0.842 MGD and the peak flow volume was 4.075 MGD due to wet weather events. The existing capacity of the WWTP is sufficient to meet the wastewater service demands within the planning horizon of this MSR.
9. A 2013 Predesign Study identified estimated growth parameters for the District and recommended design criteria to size the WWTP process equipment for the WWTP Upgrade Project which is estimated to cost \$11,699,000. Construction for the WWTP Upgrade Project is identified as a Fiscal Year 2017-2018 Capital Project and will be implemented once funding is secured. With this major improvement project, the District will be able to meet long-term projected wastewater service demands.
10. Infiltration and inflow (I/I) into the District's wastewater collection system has been identified as a significant problem. The City, on behalf of the District, is addressing areas with high rates of I/I by implementing slip lining pipe repairs, conducting video inspections and smoke testing of the collection system to identify needed repairs, and making visual inspections during high flows to identify major sources of I/I. Until major capital improvements are made to address I/I problems, the wet weather treatment capacity will continue to be a limiting factor for the wastewater system.
11. As part of the rezoning process for the Georgia Pacific Mill Site, it is recommended that the City assess the capacity of the water and wastewater systems to accommodate new development. The City could also include new policies in the Coastal General Plan that require proof of service prior to approval of any permits for new or more intensive development within the Mill Site.
12. Traffic projections, based on the Inland Land Use Element 10-year buildout projections (2022), indicate that the future level of service will remain virtually identical to current conditions. Further, traffic projections for all potential future development throughout the City, including anticipated development on the Georgia Pacific Mill Site, indicate that all intersections and roadway segments will conform to the standards established by the City's Circulation Element.

3.10.4 Financial Ability of Agency to Provide Services

13. Based on financial audit information from Fiscal Years 2013-14, 2014-15, and 2015-16, the City generally operates at a net income and is able to meet its ongoing financial obligations.
14. Based on the projected FY 2017-18 City budget, the General Fund is generally operating at a loss. The projected decline in fund balance for the General Fund is primarily due to the implementation of a new cost allocation plan beginning in FY 2016-17, repayment to the Water and Wastewater Enterprise Funds for prior year over-payment based on the old cost allocation plan, and increasing expense costs outpacing slow revenue growth. To stabilize the General Fund deficit and rebuild emergency reserves, the City will need to continue to budget conservatively, closely manage operating expenditures, and enhance revenue sources where possible. In addition, general Transient Occupancy Tax revenues are expected to increase by 5.5% in FY 2017-18 and this projected revenue gain will help to address the General Fund deficit.
15. The Water and Wastewater Enterprise Funds are fiscally healthy and on-going operating revenues in these funds are projected to continue to keep pace with operating expenditures. The Water and Wastewater Enterprise service rates went into effect on July 1, 2013. In FY 2016-17, the City

prepared updated rate studies to determine the appropriate timing for implementing the rate increase schedule that was approved in 2013 and which was temporarily suspended in FY 2016-17. The rate increase will be postponed until FY 2018-19.

16. The City's Five-Year Capital Improvement Program (CIP), covering FY 2017-18 through FY 2021-22, outlines current and future infrastructure needs and capital funding priorities for municipal facilities, parks and community services, street maintenance and traffic safety, storm drains, Water Enterprise, and Wastewater Enterprise on behalf of the District. The City identifies funding sources and commits funding for specific capital projects as part of the annual budget development process.
17. The City maintains appropriate staffing levels for each department based on anticipated workloads and assignments, and maximizes the unique skill set of the labor force to address unanticipated public needs when they arise.
18. While the City faces revenue constraints, there are no proposed reductions in City services. In addition, the City continues to address high priority public facility and infrastructure needs through grants, low interest loans, and special revenue funds.

3.10.5 Opportunities for Shared Facilities

19. Due to the isolated location of Fort Bragg, the services and facilities provided by the City and District are critical to residents of the area. The City collaborates with other public agencies to provide service more efficiently or effectively when possible. This includes collaboration on the following municipal services: CV Starr Community Center operation, Coastal Trail operation, fire protection services, police dispatch services, building inspection and permitting services, and solid waste services.
20. There are no public agencies providing water or wastewater services near the City/District boundary and so there are no opportunities for joint water or wastewater facilities.
21. There were no additional opportunities for the City to collaborate with other public service providers to achieve management or operational efficiencies identified during the preparation of this MSR.

3.10.6 Accountability for Community Services

22. The City is governed by a five-member City Council elected to serve a 4-year term. Regularly scheduled City Council meetings are held on the second and fourth Mondays of every month starting at 6:00 p.m. at Town Hall located at 363 N. Main Street in Fort Bragg. All meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act.
23. As a subsidiary of the City, the legislative body of MID No. 1 is the City Council. Public meetings for the District are held concurrently with the City Council meetings.
24. The City offers multiple ways to keep citizens informed about workshops, hearings, projects, and overall governance of the community. The public can submit written comments and complaints online using the Request Tracker or by completing a customer satisfaction survey. The public may also provide verbal comments or complaints by phone or in person at City Hall during business hours and/or at City Council meetings during the general public comment period.

3.10.7 Any Other Matters Related to Service Delivery as Required by LAFCo Policy

25. There are no other matters related to service delivery required by Mendocino LAFCo Policy.

4 SPHERE OF INFLUENCE UPDATE

4.1 BACKGROUND

LAFCo prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) Update process. The MSR and required determinations for the City of Fort Bragg is presented in Chapter 3 of this document and forms the basis of information for the SOI Update. The SOI Update considers whether a change to an agency's sphere, or probable future boundary, is warranted to plan the logical and orderly development of an agency in a manner that supports CKH Law and the policies of the Commission. This chapter presents the SOI Update and required determinations pursuant to California Government Code §56425(e) for the City of Fort Bragg and the Fort Bragg Municipal Improvement District No. 1.

4.2 SPHERE OF INFLUENCE, OUT-OF-AREA SERVICES, AND AREAS OF INTEREST

4.2.1 SPHERE OF INFLUENCE

The Sphere of Influence (SOI) for the City of Fort Bragg and the Fort Bragg Municipal Improvement District (MID) No. 1 was last updated in August 2008 by LAFCo Resolution No. 2008-05. At that time, the City's SOI was reduced to more closely correspond with the spatial extent of the City's water and the District's wastewater service areas. (Fort Bragg, 2012b)

The City is approximately 2.92 square miles in size and includes five island areas (non-contiguous land) totaling 0.15 square miles in size and comprised of city-owned property that was annexed on April 7, 1997 by LAFCo Resolution No. L97-03. The District is approximately 2.98 square miles in size and the District boundary generally follows the contiguous portion or core of the City limits (2.77 square miles), excluding the island areas. The District serves land beyond the core of the City limits, encompassing unincorporated areas of Mendocino County to the south of the City along Noyo Harbor and the coastline and to the southeast of the City located north of Dolphin Cove. (LAFCo, 2008; Fort Bragg, July 2017)

The SOI boundary for the City and MID No. 1 is different because the boundary of each agency is different. The City and MID No. 1 share a large portion of SOI area located east of the City limits and containing 125 parcels. In addition, the City SOI includes an adjacent area located southeast of the City limits containing 24 parcels which is connected to the City and District eastern SOI area. The City SOI also includes an area located south of the City limits along Noyo Harbor containing 75 parcels. These two additional City SOI areas are already encompassed by the District boundary. (Leif Farr, personal communication, August 15, 2017)

The City's Inland General Plan Land Use Element identifies the land east of the City limits, located within the existing SOI for the City and MID No. 1, as designated for residential development and potentially suitable for future annexation. The City's Coastal General Plan Land Use Element identifies the land south of the City limits, located within the City's existing SOI and the MID No. 1 boundary, as potentially suitable for future annexation and emphasizes the importance of maintaining coastal-dependent land uses for the Noyo Harbor area such as commercial fishing, recreational boating, and related commercial uses, while increasing the range of visitor-serving uses on parcels located directly adjacent to the coast and the Noyo

River. The City's Inland and Coastal General Plan Land Use Elements also establish policies for SOI areas to ensure that expansion of the City occurs in an orderly fashion; that there are clear public benefits achieved by expanding the municipal boundaries, development requiring annexation can be adequately served by infrastructure, and that the costs associated with annexations are fairly allocated. (Fort Bragg, 2008; Fort Bragg, 2012b)

There are two rural residential areas located south of the City limits that are within the District boundary but are not included in the City SOI. One area is located west of State Highway 1 between the Pomo Bluffs Park and Babcock Beach/Hare Creek and the second area is located east of State Highway 1 and southeast of Noyo Harbor. This is the result of a long-standing arrangement to provide sewer and water services to the Noyo Harbor area to support the business district. To address public health and safety issues, sewer and water service is also provided to residential properties adjacent to the business district with failed on-site septic and/or well systems. The City cannot provide the full range of urban services to these residential areas; therefore, they were not included in the 2008 City SOI boundary. (Marie Jones, personal communication, August 25, 2017)

Annexations into the City require concurrent annexation into MID No. 1. There have been no annexations to the City or MID No. 1 since the 2008 MSR/SOI Update. The City and MID No. 1 have confirmed the adequacy of their existing boundary and SOI. The existing boundary and SOI for the City and MID No. 1 are appropriate and no amendments are anticipated within the next five years.

4.2.2 OUT-OF-AREA SERVICES

The City serves approximately 32 water customers located outside the City boundary. MID No. 1 serves MacKerricher State Park located outside the District boundary. There has not been any new water or wastewater connections established outside the City or District boundary since the 2008 MSR/SOI Update. The City and MID No. 1 do not have any pending out-of-area service agreements. (Fort Bragg, July 2017)

4.2.3 AREAS OF INTEREST

Due to the isolated location of Fort Bragg on the Northern California coast, there are few communities located adjacent to the City. There are no incorporated cities located within 25 miles of Fort Bragg. The unincorporated Village of Mendocino is the next largest and closest community to Fort Bragg and is located ten miles south of the City on State Highway 1. There could potentially be communities with similar residential and commercial land use densities adjacent to the SOI for the City or MID No. 1. However, there are no currently identified unserved areas of urban density adjacent to the existing boundary and SOI of the City or MID No. 1 that require City or District services within the next five years.

4.3 SOI DETERMINATIONS

It is recommended that the Commission affirm the existing SOI for the City of Fort Bragg and the Fort Bragg Municipal Improvement District No. 1. The following statements have been prepared in support of this recommendation.

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

The City of Fort Bragg has a full range of land uses including low to high density residential, retail and service commercial, manufacturing, public facilities, recreation, and open space. Land uses within the City are established by the City's Inland and Coastal General Plan Land Use Elements and implemented by the

City's Inland and Coastal Land Use and Development Codes. The Spheres of Influence for the City of Fort Bragg and the Fort Bragg Municipal Improvement District No. 1 are unincorporated areas currently under the land use authority of Mendocino County and are regulated by the County General Plan and Zoning Ordinance.

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

The Sphere of Influence for the City of Fort Bragg includes territory that (a) is already receiving water service from the City, (b) is already within the Fort Bragg Municipal Improvement District No. 1 boundary, or that (c) the City could extend services to within the next five years and has the greatest future need for urban services. The Sphere of Influence for the Fort Bragg Municipal Improvement District No. 1 includes territory that is within the City's Sphere of Influence and that the District could extend wastewater service to within the next five years. The properties that are presently receiving City water service and/or District wastewater service will continue to need those public services.

The City does not have an Annexation Plan for the Noyo Harbor area. The City's Coastal General Plan Land Use Element includes policies and programs related to long-range land use and development of the Noyo Harbor area. Program LU-8.1.1 encourages the preparation of a specific plan for the Noyo Harbor with the cooperation and involvement of the Noyo Harbor District, the County of Mendocino, local property owners, and appropriate State agencies. Program LU-6.1.1 encourages the City to work with the County of Mendocino, the Noyo Harbor District, and other agencies to develop and adopt a Noyo Harbor Plan establishing standards for conservation and development for the entire Noyo River drainage area. It is recommended that the City, County, and Harbor District continue to collaborate in planning for the future development of the Noyo Harbor area. It is also recommended that prior to the next MSR/SOI Update, the City make progress towards implementing the above General Plan Programs.

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

As determined in the MSR prepared for the City of Fort Bragg and the Fort Bragg Municipal Improvement District No. 1, the City and the District have adequate facilities, personnel, finances, and equipment to meet current and future demands for public services within the next five years.

4.3.4 Existence of social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

There are two rural residential areas located south of the City limits that are within the District boundary but are not included in the City SOI. One area is located west of State Highway 1 between the Pomo Bluffs Park and Babcock Beach/Hare Creek and the second area is located east of State Highway 1 and southeast of Noyo Harbor. These areas are not recommended to be added to the City SOI at this time; however, the suitability of including these areas within the City SOI will be re-evaluated in the next MSR/SOI Update.

No other social or economic communities of interest have been identified in the immediate vicinity of the City of Fort Bragg and the Fort Bragg Municipal Improvement District No. 1 that should be included in the City or District boundary or Sphere of Influence.

4.3.5 Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities

The median household income for Fort Bragg is \$33,867, which is 55% of the statewide median household income. The City of Fort Bragg is considered to be a disadvantaged community, and may have adjacent

Disadvantaged Unincorporated Communities (DUCs). Should future annexations to the City and Fort Bragg Municipal Improvement District No. 1 be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCo Policy.

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6 ACKNOWLEDGEMENTS

6.1 ASSISTANCE AND SUPPORT

This Municipal Service Review and Sphere of Influence Update could not have been completed without the assistance and support from the following organizations and individuals.

LAFCo Staff	Uma Hinman, Executive Officer Larkyn Feiler, Analyst Beth Salomone, Commission Clerk
City of Fort Bragg	Linda Ruffing, City Manager Marie Jones, Community Development Director

Notice of Exemption

Appendix E

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk
County of: Mendocino

From: (Public Agency): Mendocino LAFCo
200 South School Street
Ukiah, California 95482

(Address)

Project Title: City of Fort Bragg MSR/SOI Update 2017

Project Applicant: N/A

Project Location - Specific:

The City of Fort Bragg and adjacent unincorporated areas of Mendocino County.

Project Location - City: Fort Bragg Project Location - County: Mendocino

Description of Nature, Purpose and Beneficiaries of Project:

This is a LAFCo initiated Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the City of Fort Bragg and the Fort Bragg Municipal Improvement District No. 1 prepared in accordance with California Government Code §56430 and §56425.

Name of Public Agency Approving Project: Mendocino Local Agency Formation Commission

Name of Person or Agency Carrying Out Project: Mendocino Local Agency Formation Commission

Exempt Status: (check one):

- Ministerial (Sec. 21080(b)(1); 15268);
Declared Emergency (Sec. 21080(b)(3); 15269(a));
Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
[X] Categorical Exemption. State type and section number: §15306 and §15061(b)(3)
Statutory Exemptions. State code number:

Reasons why project is exempt:

The MSR is exempt per §15306 (Information Collection); it is a data collection and service evaluation study and any future actions based on this study will be subject to additional environmental review. The SOI Update is exempt per §15061(b)(3) (General Rule Exemption); there is no possibility of significantly effecting the environment given that this update does not grant new land use or municipal service authority.

Lead Agency
Contact Person: Uma Hinman, Executive Officer Area Code/Telephone/Extension: (707) 463-4470

If filed by applicant:

- 1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? [] Yes [] No

Signature: Date: 12/4/2017 Title: Executive Officer

[X] Signed by Lead Agency [] Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR:

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UKIAH, CA 95482

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(2015.5 C.C.P.)**

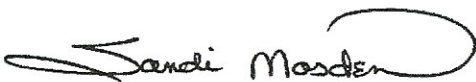
**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the Office Clerk of the Fort Bragg Advocate-News, a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California under the date of May 9, 1952 - Case Number 9151, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been printed in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates:

09/28/2017

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Fort Bragg, California,
September 28th, 2017



Sandi Mosden, LEGAL CLERK

RECEIVED
10/3/17
ES

Legal No. 0006031403

**NOTICE OF
PUBLIC
HEARING**

NOTICE IS HEREBY GIVEN that on Monday, November 6, 2017, at 9:00 AM (or as soon thereafter as the matter may be heard) in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, LAFCo will hold a public hearing to consider the following: **Municipal Service Review and Sphere of Influence Update for the City of Fort Bragg and Fort Bragg Municipal Improvement District No. 1.** This study is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Title 14 CCR §15306 and §15061(b)(3). Copies of all related documents are on file and may be reviewed at the LAFCo website (www.mendocinolafo.org) or at the LAFCo office. If you cannot attend the public hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendocinolafo.org;

phone: (707) 463-4470. All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION, UMA HINMAN, Executive Officer.
Publish:
09/28/2017

Resolution No. 2017-18-05
of the Local Agency Formation Commission of Mendocino County

Approving the Adoption of the
City of Fort Bragg & Fort Bragg Municipal Improvement District No. 1
Municipal Service Review (MSR) and
Sphere of Influence (SOI) Update

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

WHEREAS, the Commission conducted a municipal service review to evaluate the City of Fort Bragg, hereinafter referred to as the “City”, and the Fort Bragg Municipal Improvement District No. 1, hereinafter referred to as the “MID” or “District,” pursuant to California Government Code Section 56430; and

WHEREAS, the Commission conducted a sphere of influence update for the City and the District pursuant to California Government Code Section 56425; and

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

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

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the municipal service review and sphere of influence update on December 4, 2017; and

WHEREAS, the Commission considered all the factors required under California Government Code Sections 56430 and 56425.

NOW, THEREFORE, the Mendocino Local Agency Formation Commission does hereby RESOLVE, DETERMINE, and ORDER as follows:

1. The Commission, as Lead Agency, finds the municipal service review is exempt from further review under the California Environmental Quality Act pursuant to Title 14 California Code of Regulations §15306. This finding is based on the use of the municipal service review as a data collection and service evaluation study. The information contained within the municipal service review may be used to consider future actions that will be subject to additional environmental review.
2. The Commission, as Lead Agency, finds the sphere of influence update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 California Code of Regulations §15061(b)(3). This finding is based on the Commission determining with certainty the update will have no possibility of significantly effecting the environment given no new land use or municipal service authority is granted.

3. This municipal service review and sphere of influence update is assigned the following distinctive short-term designation: "Fort Bragg MSR/SOI Update 2017"
4. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations included in the municipal service review, hereby incorporated by reference.
5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.
6. The Executive Officer shall revise the official records of the Commission to reflect this update of the sphere of influence for the City and the District.

BE IT FURTHER RESOLVED that the Fort Bragg MSR/SOI Update 2017 is hereby approved and incorporated herein by reference and the existing sphere of influence for the City and the District is affirmed with no changes as depicted in Exhibit "A", attached hereto.

The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 4th day of December, 2017, by the following vote:

The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 4th day of December 2017, by the following vote:

AYES:

NOES:

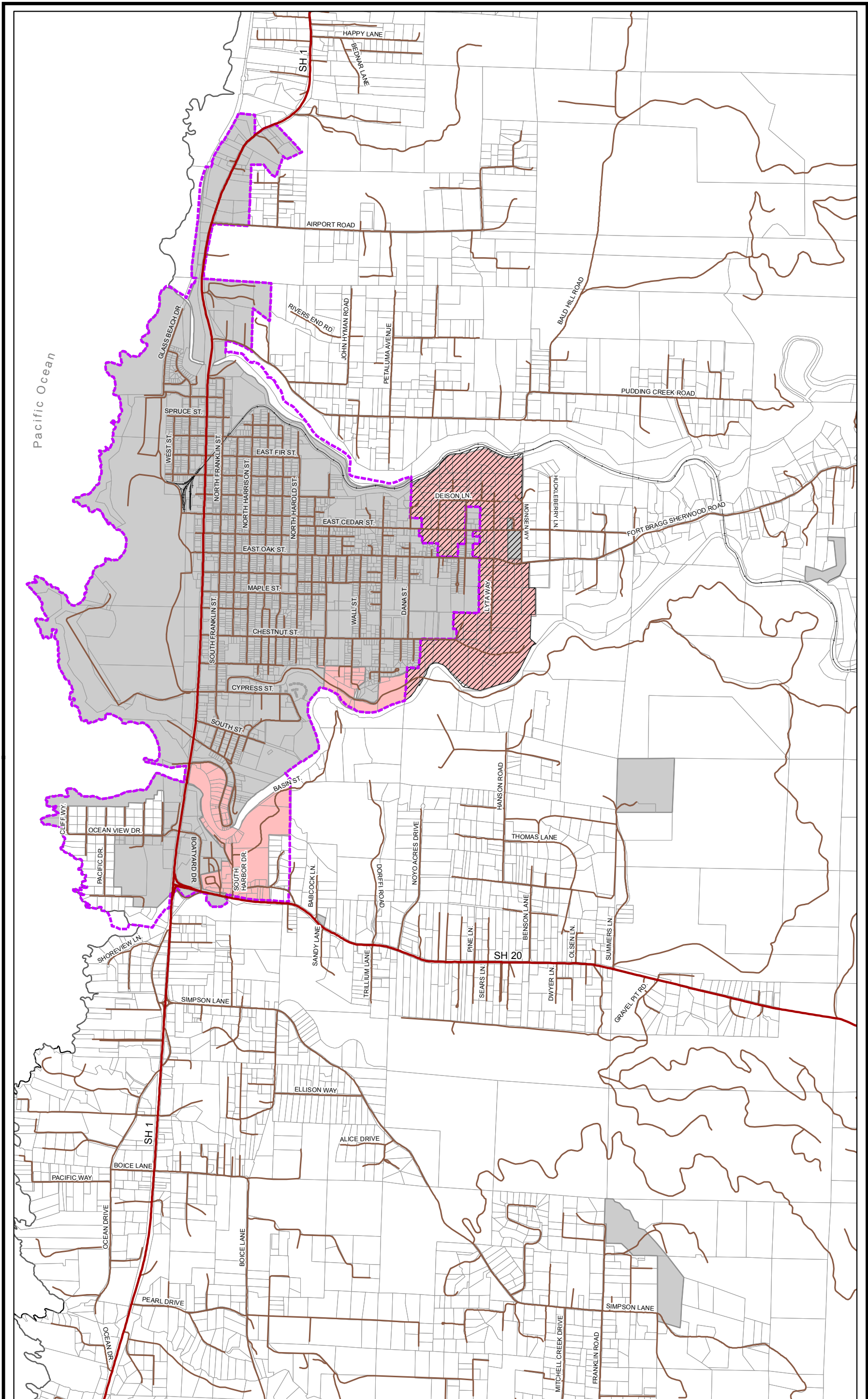
ABSTAIN:

ABSENT:

ATTEST:

UMA HINMAN, Executive Officer

GERALD WARD, Chair

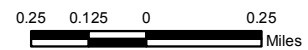


City of Fort Bragg and the Municipal Improvement District

- City of Fort Bragg
- Fort Bragg SOI
- Municipal Improvement District
- Municipal Improvement Dist SOI
- Highways
- Roads
- Rail Road
- Parcels

Source: This map was prepared by the Mendocino County Department of Information Services GIS Program, August 2017.

Note: This map is not a survey product.



MENDOCINO
Local Agency Formation Commission

Staff Report

DATE: December 4, 2017
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: **Workshop** for South Coast Fire Protection District Draft Sphere of Influence Update

RECOMMENDATION

Hold a workshop on the Draft South Coast Fire Protection District SOI Update, provide comments and requested revisions, and direct staff to notice the matter for public hearing once SOI Updates are completed for multiple fire protection service providers in order to bring them together for consideration.

DISCUSSION

This is a workshop to introduce the Draft Sphere of Influence (SOI) Update for the South Coast Fire Protection District (South Coast FPD). The South Coast FPD was part of the Multi-District Fire Protection Services Municipal Service Review (MSR), which the Commission adopted on April 4, 2016. This report includes informational updates to the MSR that support the SOI analysis, recommendation, and determinations.

The South Coast FPD was formed in 1962 and encompasses the unincorporated coastal communities of Gualala and Anchor Bay. The District's boundary area is approximately 20 square miles and the District service area, which is based on automatic and mutual aid agreements, is approximately 40 square miles. The South Coast FPD is the governing agency for the 501(c)(3) South Coast Volunteer Fire Department (SCVFD). The South Coast FPD provides multiple services including fire protection, rescue, emergency medical, and hazardous materials first responder.

This Draft SOI Update includes an updated financial summary table based on year-end financial statements from the District and minor updates to the 2016 MSR determinations.

The District's SOI is coterminous with the District boundary and was established by LAFCo on October 4, 1993, along with other special districts providing fire service in Mendocino County (LAFCo Resolution No. 93-4). The District has not requested a modification to the existing SOI and the SOI Update recommends the Commission affirm the existing sphere of influence.

Attachments:

- (1) South Coast Fire Protection District Draft Sphere of Influence Update

WORKSHOP DRAFT

**SOUTH COAST
FIRE PROTECTION DISTRICT**

Sphere of Influence Update

Prepared for:

MENDOCINO LAFCO

200 South School Street

Ukiah, California 95482

<http://www.mendolafco.org/>

December 4, 2017

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1 SPHERE OF INFLUENCE UPDATE

1.1 OVERVIEW

LAFCo prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) Update process. The SOI Update considers whether a change to a district sphere, or probable future boundary, is warranted to plan the logical and orderly development of a district in a manner that supports CKH Law and the Policies of the Commission. This SOI Update and associated determinations is prepared pursuant to California Government Code §56425(e).

The Commission approved the Multi-District Fire Protection Services Municipal Service Review on April 4, 2016, which provides the analysis for the South Coast Fire Protection District (SCFPD) addressed by this SOI Update. The 2016 MSR and associated determinations form the basis of information for this SOI Update. To ensure the Commission has the most updated information for consideration, the MSR determinations were reviewed and updates provided in the relevant sections, as appropriate.

1.2 SOUTH COAST FIRE PROTECTION DISTRICT

1.2.1 BACKGROUND

1.2.1.1 District Services

The South Coast Fire Protection District (South Coast FPD or SCFPD) was formed by the Mendocino County Board of Supervisors on April 24, 1962 and is the governing agency for the 501(c)(3) South Coast Volunteer Fire Department (SCVFD). The South Coast FPD provides structural fire protection, wildland fire protection, emergency medical response to an Emergency Medical Technician (EMT) level, vehicle rescue and extrication, hazardous materials response as a first responder, and fire prevention.

1.2.1.2 District Boundary

The South Coast FPD boundary comprises 20 square miles and encompasses the unincorporated coastal communities of Gualala and Anchor Bay (Figure 1-1). The District is located along the coastline of the Pacific Ocean and extends inland for approximately seven miles. The District boundary generally follows Iversen Road to the north, Old Stage Road to the east, Gualala Road and the Gualala River to the south, and includes approximately ten miles of State Highway 1 to the west. Access to the interior of the District is provided by Roseman Creek Road, Fish Rock Road, Seaside School Road, and Pacific Woods Road. Fire protection providers adjacent to the District include Redwood Coast Fire Protection District to the north and the North Sonoma Coast Volunteer Fire Department in Sonoma County to the south. The area located east of the District is not within a fire district jurisdiction. The District is entirely within the State Responsibility Area (SRA).

1.2.1.3 Out-of-Area Services

The South Coast FPD boundary area is approximately 20 square miles and the District service area, which is based on automatic and mutual aid agreements, is approximately 40 square miles. The District does not maintain contracts with individual property owners to provide services outside its boundary. The District maintains an Automatic Mutual Aid Agreement with the North Sonoma Coast Volunteer Fire Department, Redwood Coast Fire Protection District, and Anderson Valley Community Services District. Additionally,

the District maintains an agreement with the California Department of Forestry and Fire Protection (CALFIRE) for wildland fire incidents. Similar to all fire districts and EMS providers within the County, the South Coast FPD also responds to calls outside the District boundary as needed and as dispatched. According to the 2015 Mendocino County Community Wildfire Protection Plan, South Coast FPD is within Mutual Aid/Planning Zone 3, which includes Anderson Valley Community Services District, Elk Community Services District, and Redwood Coast Fire Protection District (MCFCA, 2015).

1.2.2 SPHERE OF INFLUENCE

1.2.2.1 Existing Sphere of Influence

The Sphere of Influence (SOI) for South Coast FPD is coterminous with the District boundary and was established by LAFCo on October 4, 1993, along with other special districts providing fire service in Mendocino County (LAFCo Resolution No. 93-4).

1.2.2.2 Areas of Interest

There is a small unserved area located along the coast between the District's northern boundary line and the Redwood Coast Fire Protection District. This is a rural residential subdivision bisected by Iverson Road. Although only the south half of Iverson Ridge is located within the District boundary, the District is first responder to and serves both the north and south side of Iverson Road and Iverson Ridge. The District is also first responder to property located one address north of Iverson Road on State Highway 1, and approximately a quarter mile north on the Ten Mile Cutoff Road.

There is a large unserved area located east of the District boundary that is primarily accessed from Fish Rock Road. When requested by CALFIRE, the District provides service to this SRA. This area is primarily owned by a timber production company and is difficult to serve due to its distance from existing District fire stations, remote location, and access.

1.2.2.3 Proposed SOI Changes

The District has confirmed the adequacy of their existing boundary and SOI. The areas of interest described above were not identified in the 2016 MSR for inclusion in the District SOI and are not proposed to be added at this time. While these areas of interest are not located within the boundary of a fire protection agency, they do receive fire protection services from the District and adjacent providers when dispatched. These areas will be re-evaluated for suitability of inclusion in the District SOI in the next MSR/SOI Update.

1.2.2.4 Consistency with LAFCo Policies

There are no proposed SOI changes for the South Coast FPD.

1.2.3 MSR UPDATES

The MSR information and associated determinations prepared for the District in 2016 serve as a reliable basis for this study. The following updated information has been provided by the District for the preparation of this SOI Update.

1.2.3.1 Financial Information

The financial planning efforts for South Coast FPD include an annually adopted budget and financial audit reports prepared annually by a Certified Public Accountant (CPA). Capital improvement needs are generally planned in the budget. The 2016 MSR for the District included financial information for Fiscal

Years 2010-11, 2011-12, and 2012-13. The following table provides updated financial information for the three most recent fiscal years available based on year-end financial statements from the District. Also, refer to Figure 1-2 for a recent District Balance Sheet (To be added).

Table 1.1 Financial Summary			
	FY 13-14	FY 14-15	FY 15-16
Beginning Fund Balance			
Ending Fund Balance			
Reserve Balance			
Revenues			
Special Tax	\$229,330	\$233,935	\$232,860
Taxes & Intergovernmental	\$144,672	\$150,004	\$154,085
Grants	\$0	\$4,213	\$9,995
Gain on Sale of Equipment	\$4,500	\$3,500	\$0
Interest Income	\$48	\$29	\$37
Other Revenue	\$2,890	\$5,409	\$6,653
Total Revenues	\$381,440	\$397,090	\$403,630
Expenses			
Salaries & Employee Benefits	\$56,107	\$59,210	\$55,620
Professional Services	\$6,795	\$8,385	\$7,876
Audit Cost	\$0	\$5,500	\$0
Insurance	\$15,462	\$28,528	\$20,375
Tax Collection Fee & Elections	\$6,860	\$5,470	\$9,475
Dues & Memberships	\$5,165	\$3,313	\$4,162
Rent	\$2,100	\$2,100	\$2,100
Utilities	\$9,788	\$7,742	\$8,323
Office Services & Supplies	\$3,294	\$1,774	\$2,694
Small Tools & Supplies	\$47,150	\$40,073	\$14,145
Engine Payments	\$0	\$42,799	\$0
Equipment Expense & Fuel	\$24,486	\$13,329	\$8,583
Training, Travel, & Clothing	\$33,124	\$26,474	\$17,595
Repairs & Maintenance	\$26,213	\$36,915	\$28,241
Interest Expense	\$10,218	\$8,251	\$6,486
Other Expenses	\$6,162	\$7,109	\$7,075
Total Expenses	\$252,924	\$296,972	\$192,750
Net Income/(Loss)	\$128,516	\$100,118	\$210,880
Depreciation	\$154,229	\$179,057	\$172,834

Source: SCFPD, November 2017.

In 2017, the County of Mendocino disbursed a share of Proposition 172 funds to eligible fire agencies within the County. The formula for funding allocations was developed by the Mendocino County

Association of Fire Districts and incorporates a minimum distribution per district, plus a population-based proportional allocation. The South Coast FPD received approximately \$14,339 in FY 2016-17 and anticipates the same amount in FY 2017-18. Future disbursements are unknown at this time. The annual fundraising activities of the South Coast Volunteer Fire Department provide community outreach but do not result in revenue gain. (SCFPD, November 2017)

1.2.3.2 MSR Determinations

The following table summarizes the MSR Determinations contained in the 2016 MSR and includes updated information shown as underlined text for additions and strikethrough text for deletions.

Table 1.2 MSR Determination Updates
Growth and population projections for the affected area
<ol style="list-style-type: none"> 1. There are approximately 2,100 residents within the District boundary, based on District estimates and Census data. 2. The population of the District has not increased over the past few years, and is not expected to increase in the foreseeable future.
The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence
<ol style="list-style-type: none"> 3. The Gualala and Anchor Bay communities, as well as the surrounding areas appear to qualify as a Disadvantaged Unincorporated Community (DUC). Any future annexations to the District will require consideration of any DUC in proximity to the annexation area. 4. For SCFPD, structural fire protection is provided by the District and is considered to be satisfactory. The District does not provide water or sewer services, and is therefore not responsible for assuring that these services are adequately provided to the community.
Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies
<ol style="list-style-type: none"> 5. The District’s current facilities are adequate, but are operating at capacity. 6. The Fire Department has the capacity to adequately serve current demand within the 20 square mile District boundary, and also provides services to an additional 20 square mile area through automatic and mutual aid. 7. Water supply for firefighting is considered ‘adequate’ with the Gualala Community Services District water system, the 20,000 gallon water storage tank at the Iverson Station, and apparatus with on-board water tanks. Additional water tanks at strategic locations throughout the District would be beneficial.
Financial ability of agencies to provide services
<ol style="list-style-type: none"> 8. SCFPD reported that current financing levels are adequate to deliver services. 9. The District has adequate reserve funds to deal with revenue short-falls in any given year.
Status of, and opportunities for, shared facilities
<ol style="list-style-type: none"> 10. The District collaborates with other fire service providers through state and county mutual aid agreements.
Accountability for community service needs, including governmental structure and operational efficiencies
<ol style="list-style-type: none"> 11. SCFPD is governed by an elected five-person Board of Directors. However, all recent Board positions have been filled by appointment of the Mendocino County Board of Supervisors. The District should renew its efforts to identify more than one candidate for each Board position so that voters within the District will be afforded a choice and an opportunity to vote.

12. Filling the current Board vacancy ~~should be a priority~~ has been completed.
13. The District does not have a website. Establishing a website and the posting of agendas, minutes, budgets, and audits would provide better transparency.
14. The District maintains a community presence at its Main Fire Station, where it posts information about district and fire department activities, documents and updates. Similar information should be posted at the satellite fire stations.
15. The agency demonstrated accountability in its cooperation with Mendocino LAFCo information requests.

Source: LAFCo, 2016; SCFPD, June and November 2017.

1.2.4 SOI DETERMINATIONS

It is recommended that the Commission affirm an SOI for the South Coast FPD that is coterminous with the District boundary. The following statements have been prepared in support of this recommendation.

1.2.4.1 Land Uses

GC §56425(e)(1): The present and planned land uses in the area, including agricultural and open space lands.

The South Coast FPD boundary contains a variety of land uses including commercial development and recreational areas in Gualala, Anchor Bay and various places along State Highway 1, transitioning to rural residential and agricultural lands, including higher elevation vineyards, grazing, and row crops, and large tracts of forest and range land in outlying areas. Mendocino County has land use authority over privately-owned lands within the District boundary and makes land-use decisions based on the County General Plan and Zoning Regulations.

1.2.4.2 Need for Facilities and Services

GC §56425(e)(2): The present and probable need for public facilities and services in the area.

Operating under the South Coast Fire Protection District authority, the South Coast Volunteer Fire Department provides leadership and essential personnel for structural fire protection, wildland fire protection, emergency medical response to an Emergency Medical Technician (EMT) level, vehicle rescue and extrication, hazardous materials response as a first responder, and fire prevention. The South Coast Volunteer Fire Department is an all-volunteer, tax exempt organization.

As determined in the 2016 MSR prepared for South Coast FPD, the District serves approximately 2,100 residents, including 340 people in Anchor Bay, and large influxes of 500 to 1,000 visitors on weekends during local festivals and seasonal events. Gualala is not a Census Designated Place (CDP) so specific population data is not available. The population of the District is not expected to increase and new development is not anticipated in the foreseeable future. The District provides a critical service to the public. The residents and visitors currently receiving fire protection services from the District will continue to need this public service.

1.2.4.3 Capacity of Facilities and Adequacy of Services

GC §56425(e)(3): The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

As detailed in the 2016 MSR prepared for South Coast FPD, the District's ISO rating was recently upgraded from a rating of 7 to a rating of 5, which is attributed to the District maintaining a fire station within five

miles of all affected areas. The District operates four stations, including three single-bay stations and a 3,500 square-foot main station improved with four apparatus bays, a meeting/training room, kitchen, bathroom, shop, and storage area. The main station, located at 39215 Baptist Church Street in Gualala, is in poor condition, is operating at capacity, and needs additional buildings to house apparatus that is currently stored outdoors. The District has one command vehicle, one utility vehicle, one rescue truck, three Type 1 Structure Engines, four Type 3 Wildland Fire Engines, and two Water Tenders with a 1,800 gallon capacity. Water for fire protection is adequate and supplied by a water and hydrant system within Gualala and provided by on-board tanks on each engine and water tenders, a 20,000-gallon water storage tank at the Iverson Station, and other available water supplies such as ponds, swimming pools, and cisterns.

As determined in the 2016 MSR prepared for South Coast FPD, the District has the capacity to adequately serve current demand within the 20 square-mile District boundary, and provide services to an additional 20 square-mile area through automatic and mutual aid. The District's current facilities are adequate, but are operating at capacity. The District's financing levels are adequate to deliver services and the District has adequate reserve funds to address revenue short-falls in any given year. Measure Z was approved by the voters in 2006, which increased the District's per parcel benefit assessment from \$40 to \$75.

1.2.4.4 Communities of Interest

GC §56425(e)(4): The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The rural residential subdivision bisected by Iverson Road and located along the coast between the District's northern boundary line and the Redwood Coast Fire Protection District will be re-evaluated for suitability of inclusion in the District SOI in the next MSR/SOI Update.

No other social or economic communities of interest have been identified in the preparation of this SOI Update that should be included in the District boundary.

1.2.4.5 Disadvantaged Unincorporated Communities

GC §56425(e)(5): 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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

A Disadvantaged Unincorporated Community (DUC) is an area with 12 or more registered voters with a Median Household Income (MHI) that is less than 80% of the State MHI of \$61,632. The unincorporated communities of Gualala and Anchor Bay are the population centers within the District. Gualala has a MHI of \$36,201 and Anchor Bay has a MHI of \$34,191; both qualify as a DUC (LAFCo, 2016).

All future proposed annexations to the District will require consideration of any DUC in proximity to the annexation area. The District does not provide water or sewer services, and is therefore not responsible for ensuring that these services are adequately provided to the community.



South Coast Fire Protection District

- South Coast FPD
- Adjacent Districts with Fire Protection Services
- Parcels
- Highways
- Roads
- Streams

Source: This map was prepared by the Mendocino County Department of Information Services GIS Program, June 2013.

Note: This map is not a survey product.



PLACEHOLDER

Figure 1-2

South Coast Fire Protection District

District Balance Sheet

2 REFERENCES

South Coast Fire Protection District (SCFPD). November 2017. District Response to Information Request from the Local Agency Formation Commission of Mendocino County in preparation for the 2017 Sphere of Influence Update. Available at LAFCo's office upon request.

South Coast Fire Protection District (SCFPD). June 2017. District Response to Information Request from the Local Agency Formation Commission of Mendocino County in preparation for the 2017 Sphere of Influence Update. Available at LAFCo's office upon request.

LAFCo, County of Mendocino. April 4, 2016. Multi-District Fire Protection Services Municipal Service Review. [Online]. Available at:
<http://mendolafco.org/msr/Final%20Fire%20MSR%20for%20Hearing%2004-04-16.pdf>. Accessed June 28, 2017.

Mendocino County Fire Chief's Association (MCFCA). 2015. Mendocino County Community Wildfire Protection Plan. [Online]. Available at:
<https://www.co.mendocino.ca.us/bos/meetings/28658/28666/28667/28988/29050/ProtectionPlan29050.pdf>. Accessed June 28, 2017.

3 ACKNOWLEDGEMENTS

3.1 ASSISTANCE AND SUPPORT

This Sphere of Influence Update could not have been completed without the assistance and support from the following organizations and individuals.

Hinman & Associates Consulting, Inc.	Uma Hinman, LAFCo Executive Officer Larkyn Feiler, LAFCo Analyst Beth Salomone, LAFCo Commission Clerk
South Coast Fire Protection District	Gregg Warner, Fire Chief Christina Dilks, Administrative Secretary

4 APPENDICES

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MENDOCINO
Local Agency Formation Commission

Staff Report

DATE: December 4, 2017
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: **Workshop** for Albion-Little River Fire Protection District Draft Sphere of Influence Update

RECOMMENDATION

Hold a workshop on the Draft Albion-Little River FPD SOI Update, provide comments and requested revisions, and direct staff to notice the matter for public hearing once SOI Updates are completed for multiple fire protection service providers in order to bring them together for consideration.

DISCUSSION

This is a workshop to introduce the Draft Sphere of Influence (SOI) Update for the Albion-Little River Fire Protection District (ALRFPD). ALRFPD was part of the Multi-District Fire Protection Services Municipal Service Review (MSR), which the Commission adopted on April 4, 2016. This report includes informational updates to the MSR that support the SOI analysis, recommendation, and determinations.

The Albion-Little River FPD was formed in 1962 and encompasses the unincorporated coastal communities of Albion and Little River. The District's boundary area is approximately 37 square miles and the District service area, which is based on mutual aid services and dispatched service calls, is approximately 50 square miles. ALRFPD is the governing agency for the Albion-Little River Fire Department. The ALRFPD provides multiple services including fire protection, rescue, emergency medical, and hazardous materials first responder.

This Draft SOI Update includes an updated Financial Summary table based on financial audit reports and minor updates to the 2016 MSR determinations.

The District's SOI is coterminous with the District boundary and was established by LAFCo on October 4, 1993, along with other special districts providing fire service in Mendocino County (LAFCo Resolution No. 93-4). The District has not requested a modification to the existing SOI and the SOI Update recommends the Commission affirm the existing sphere of influence.

Attachments:

(1) Albion-Little River Fire Protection District Draft Sphere of Influence Update

WORKSHOP DRAFT

**ALBION-LITTLE RIVER
FIRE PROTECTION DISTRICT**

Sphere of Influence Update

Prepared for:

MENDOCINO LAFCO

200 South School Street

Ukiah, California 95482

<http://www.mendolafco.org/>

December 4, 2017

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1 SPHERE OF INFLUENCE UPDATE

1.1 OVERVIEW

LAFCo prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) Update process. The SOI Update considers whether a change to a district sphere, or probable future boundary, is warranted to plan the logical and orderly development of a district in a manner that supports CKH Law and the Policies of the Commission. This SOI Update and associated determinations is prepared pursuant to California Government Code §56425(e).

The Commission approved the Multi-District Fire Protection Services Municipal Service Review on April 4, 2016, which provides the analysis for the Albion-Little River Fire Protection District (ALRFPD) addressed by this SOI Update. The previously approved MSR and associated determinations form the basis of information for this SOI Update. To ensure the Commission has the most updated information for consideration, the MSR determinations were reviewed and updates provided in the relevant sections as appropriate.

1.2 ALBION-LITTLE RIVER FIRE PROTECTION DISTRICT

1.2.1 BACKGROUND

1.2.1.1 District Services

The Albion-Little River Fire Protection District (ALRFPD) was formed by the Mendocino County Board of Supervisors on April 24, 1962 and is the governing agency for the Albion-Little River Fire Department (ALRFD). The Albion-Little River FPD provides structural fire protection, wildland fire protection, emergency medical services as a first responder, vehicle rescue and extrication, cliff and ocean rescue, hazardous materials response as a first responder, and fire prevention.

1.2.1.2 District Boundary

The Albion-Little River FPD boundary comprises 37 square miles and encompasses the unincorporated coastal communities of Albion and Little River (Figure 1-1). The District is located along the Pacific Ocean, approximately eleven miles south of Fort Bragg, and is bisected in a north-south direction by seven miles of State Highway 1, the primary transportation route in the area. The District extends from Little River Airport Road on the north to State Highway 128 on the south. The District extends inland for approximately six miles. The Albion-Little River FPD is surrounded by adjacent fire agencies including the Mendocino Fire Protection District to the north, the Elk Community Services District to the south, and the Comptche and Anderson Valley Community Services Districts to the east. The District is entirely within the State Responsibility Area (SRA).

1.2.1.3 Out-of-Area Services

The Albion-Little River FPD boundary area is approximately 37 square miles and the District response area, based on mutual aid services and dispatched service calls, is approximately 50 square miles. The District does not maintain contracts with individual property owners to provide services outside its boundary. The District relies on and participates in mutual aid services with adjacent fire districts but no formal agreements are in place. The California Department of Forestry and Fire Protection (CALFIRE) provides

seasonal fire response in the District when resources are available for wildland fire incidents because the District is entirely within the State Responsibility Area; however, no formal agreement is in place. Similar to all fire protection agencies and EMS providers within Mendocino County, the Albion-Little River FPD responds to service calls outside the District boundary as needed and as dispatched. According to the 2015 Mendocino County Community Wildfire Protection Plan, Albion-Little River FPD is within Mutual Aid/Planning Zone 4, which includes Comptche Community Services District, Fort Bragg Rural Fire Protection District, Mendocino Fire Protection District, and Westport Volunteer Fire Department (MCFCA, 2015).

1.2.2 SPHERE OF INFLUENCE

1.2.2.1 Existing Sphere of Influence

The Sphere of Influence (SOI) for Albion-Little River FPD is coterminous with the District boundary and was established by LAFCo on October 4, 1993 along with other special districts providing fire service in Mendocino County (LAFCo Resolution No. 93-4).

1.2.2.2 Areas of Interest

There are two unserved areas outside the District boundary identified in the 2016 MSR for inclusion in the District SOI, and eventually the District boundaries. One area is the Van Damme State Park located between the District's northern boundary line and the Mendocino Fire Protection District, which is owned by the State of California. The first responder to this area is the Mendocino Fire Protection District with automatic mutual aid provided by the Albion-Little River FPD. The second area is the Navarro River Redwoods State Park including the Paul M. Dimmick Campground, which is owned by the State of California, and surrounding areas owned by a timber production company along the State Highway 128 corridor. This area is located south of the District, adjacent to Elk Community Services District and Anderson Valley Community Services District, and is the furthest extent of the District's first responder reach. The area located south of the District and east of Navarro Ridge Road (Ray Gulch and Roller Gulch) is difficult to serve due to its distance from existing District fire stations and road closures during the winter.

1.2.2.3 Proposed SOI Changes

The District has requested that the areas of interest described above not be included in the District's SOI at this time because they would add little to no revenue to the District. In addition, there is a legal challenge by a timber production company related to the District's new benefit assessment which has not been resolved to date. While these areas of interest are not located within the boundary of a fire protection agency, they do receive fire protection services from Albion-Little River FPD and adjacent providers when dispatched. These areas are not currently proposed to be added to the District SOI and will be re-evaluated for suitability of inclusion in the District SOI in the next MSR/SOI Update.

1.2.2.4 Consistency with LAFCo Policies

There are no proposed SOI changes for the Albion-Little River FPD.

1.2.3 MSR UPDATES

The MSR information and associated determinations prepared for the District in 2016 serve as a reliable basis for this study. The following updated information has been provided by the District for the preparation of this SOI Update.

1.2.3.1 Financial Information

The financial planning efforts for Albion-Little River FPD include an annually adopted budget and financial audit reports prepared biennially by a Certified Public Accountant (CPA). Capital improvement needs are generally planned in the budget. The 2016 MSR for the District included financial information for Fiscal Years 2010-11, 2011-12, and 2012-13. The following table provides updated financial information for the three most recent fiscal years available based on financial audit reports. Also, refer to Figure 1-2 for a recent District Balance Sheet, which does not account for a correction to the amount of County held funds that was recently discovered to be more than double what was previously reported (ALRFPD, November 2017).

Table 1.1 Financial Summary			
	FY 13-14	FY 14-15	FY 15-16
Beginning Fund Balance	\$337,497	\$329,779	\$395,964
Ending Fund Balance	\$329,779	\$395,964	\$525,400
Contingency Reserve Balance	\$10,633	\$10,638	\$10,643
Revenues			
Special Tax	\$81,880	\$82,880	\$191,133
Taxes & Intergovernmental	\$76,673	\$77,871	\$81,304
Other Revenue	\$78,044	\$43,731	\$47,442
Interest Income	\$928	\$703	\$1,035
Total Revenue	\$237,525	\$205,185	\$320,914
Expenses			
Salaries & Employee Benefits	\$6,046	\$9,342	\$10,323
Professional Services	\$9,904	\$7,409	\$14,842
Transportation & Travel	\$20,463	\$17,244	\$12,363
Insurance	\$8,962	\$10,675	\$9,837
Capital Outlay	\$112,802	\$26,597	\$54,198
Maintenance	\$31,235	\$31,122	\$44,559
Services, Supplies, & Refunds	\$55,831	\$36,611	\$45,356
Total Expenses	\$245,243	\$139,000	\$191,478
Net Income/(Loss)	(\$7,718)	\$66,185	\$129,436
Depreciation	\$40,626	\$55,555	\$55,555

Source: Pehling & Pehling, 2015 and 2016.

Measure M is a new benefit assessment fee structure for the District that was approved by the voters on the November 2014 ballot. This measure increased the per unit special tax from \$40 to \$75 and added timber and forest land to the assessment at 30-acres per unit. There is a legal challenge by a timber production company related to this new assessment which has not been resolved to date. Revenues from Measure M began to accrue in Fiscal Year 2015-16. The District collected an additional \$108,000 in Fiscal Year 2015-16 and \$108,000 in Fiscal Year 2016-17 as a result of Measure M. (LAFCo, 2016; ALRFPD, November 2017)

In 2017, the County of Mendocino disbursed a share of Proposition 172 funds to eligible fire agencies within the County. The formula for funding allocations was developed by the Mendocino County Association of Fire Districts and incorporates a minimum distribution per district, plus a population-based proportional allocation. The Albion-Little River FPD received \$13,155 in FY 2016-17; the FY 2017-18 allocation amount has not yet been approved by the Board of Supervisors. Future disbursements are unknown at this time. The District also receives approximately \$13,000 from the Albion Little River Fire Auxiliary fundraising activities each year. (ALRFPD, November 2017)

1.2.3.2 MSR Determinations

The following table summarizes the MSR Determinations contained in the 2016 MSR and includes updated information shown as underlined text for additions and strikethrough text for deletions.

Table 1.2 MSR Determination Updates	
Growth and population projections for the affected area	
1.	There are approximately 2,000 <u>2,250 (DOF, 2016)</u> residents within <u>and 3,600 visitors to</u> the Albion-Little River Fire Protection District boundary, based on District estimates. There are 168 people residing in Albion, and 117 in Little River.
2.	The population of the District has not increased over the past few years, and is not expected to increase in the foreseeable future.
The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence	
3.	Both Albion and Little River are <u>Disadvantaged</u> Unincorporated Communities (DUCs) within the District Sphere of Influence. However, the Fire District provides satisfactory service to these two areas and fire protection is not an issue.
Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies	
4.	The District's current facilities are not adequate, and new facilities need to be constructed. There is the possibility of upgrading stations as funding becomes available under Measure M; however, this will deplete the District's reserve funds and will not allow for replacement of apparatus and equipment.
5.	The Fire Department does not have the capacity to adequately serve current demand within the 37 square mile District boundary. The existing structure engine is over 40 years old, and along with other aging apparatus needs to be replaced. <u>Since the 2016 MSR, and with the implementation of Measure M which increased the District's per unit special tax, the District's current financing levels are adequate to deliver services, but not to fund needed facility improvements. Over time, Measure M funds will help improve the District's capacity to adequately serve current demand within the District boundary. The District has been able to achieve enough financial stability to acquire lease-purchase agreements for three new built-to-order apparatus estimated for delivery in 2017. The new apparatus includes a Water Tender, Type I Engine, and rescue vehicle.</u>
6.	Water supply for fire-fighting is available from fill tanks, but the outlying areas rely on tanker trucks. Additional water tanks at strategic locations would be beneficial. <u>Additional water storage tanks have been added by private property owners in various strategic locations since the 2016 MSR. Further, fire-fighting water supply needs are being addressed by the addition of compressed air foam system (CAFS) capacity to an existing pumper and specifying CAFS capacity in the new Type I Engine being built for the District.</u>
Financial ability of agencies to provide services	

<p>7. ALRFPD reported that current financing levels are barely adequate to deliver services. With the implementation of Measure M, current financing levels are adequate to deliver services.</p> <p>8. The District utilizes its reserves to balance expenditures with revenues from year to year. Current annual operating revenues are sufficient to cover annual operating expenditures without the use of reserve funds.</p>
<p>Status of, and opportunities for, shared facilities</p>
<p>9. The District collaborates with other fire service providers through state and county mutual aid agreements. The District relies on and participates in mutual aid services with adjacent districts but no formal agreements are in place. CALFIRE provides seasonal fire response in the District when resources are available for wildland fire incidents because the District is entirely within the State Responsibility Area; however, no formal agreement is in place.</p>
<p>Accountability for community service needs, including governmental structure and operational efficiencies</p>
<p>10. ALRFPD is governed by an elected five-person Board of Directors. However, all recent Board positions have been filled by appointment of the Mendocino County Board of Supervisors or the Fire District Board of Directors. The District should renew its efforts to identify more than one candidate for each Board position during an election year cycle so that voters within the District will be afforded a choice and an opportunity to vote. Candidates were found to fill current Board vacancies and were appointed by the Mendocino County Board of Supervisors in lieu of election. Appointees will be seated at the Board of Directors regular meeting in December 2017.</p> <p>11. The Volunteer Fire Department maintains a website at http://albionfire.com/, and District information such as Board agendas, audio recordings of meetings, and a calendar is posted. No district financial information is posted. The following information is posted on the District website: Board meeting notices, agendas, packets, and meeting minutes, contact information, bylaws, district map, calendar of events, current fiscal year revenue and expenses, and adopted ordinances, resolutions, and policies.</p> <p>12. The District maintains a visible presence in the community, and participates in community activities and events.</p> <p>13. The agency demonstrated accountability in its cooperation with Mendocino LAFCo information requests.</p>

Source: LAFCo 2016; ALRFPD, August and November 2017.

1.2.4 SOI DETERMINATIONS

It is recommended that the Commission affirm an SOI for the Albion-Little River FPD that is coterminous with the District boundary. The following statements have been prepared in support of this recommendation.

1.2.4.1 Land Uses

GC §56425(e)(1): The present and planned land uses in the area, including agricultural and open space lands.

The Albion-Little River FPD boundary contains a variety of land uses including residential and commercial development in the communities of Albion and Little River, transitioning to rural residential, public recreation areas, large tracts of forest and range lands, and cliffs and rocky shores of the Pacific Ocean. Mendocino County has land use authority over privately-owned lands within the District boundary and makes land-use decisions based on the County General Plan and Zoning Regulations.

1.2.4.2 Need for Facilities and Services

GC §56425(e)(2): The present and probable need for public facilities and services in the area.

The Albion-Little River Fire Protection District provides the following services with the assistance of the all-volunteer Albion-Little River Fire Department: structural fire protection, wildland fire protection, and emergency medical services as a first responder, vehicle rescue and extrication, cliff and ocean rescue, hazardous materials response as a first responder, and fire prevention.

As determined in the 2016 MSR prepared for Albion-Little River FPD, the District serves approximately 2,250 residents, including 168 people in Albion and 117 in Little River, and 3,600 visitors during the summer tourism and fishing season. The population of the District is anticipated to increase only 0.8% per year in the foreseeable future. The District provides a critical service to the public. The residents and visitors currently receiving fire protection services from the District will continue to need this public service.

1.2.4.3 Capacity of Facilities and Adequacy of Services

GC §56425(e)(3): The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

As described in the 2016 MSR prepared for the Albion-Little River FPD, the District's ISO rating was re-evaluated in 2014 and received a rating of 6, an improvement over the previous rating of 8, which is attributed to the District maintaining a fire station within five miles of all affected areas. The District operates five fire stations. The main station, located at 32600 Albion Ridge Road, is in good condition and has a two-bay structure with an upstairs training and storage room, and on-site water storage but no on-site septic system to support a bathroom or to wash turnouts after an incident. One of the other four fire stations has bathroom, shower, and laundry facilities. All of these are too small to house new apparatus and are in critical need of basic improvements or replacement. The District has three Rescue vehicles, one Type I Engine, one Type II Engine, three Type III Engines, two 2,000-gallon Water Tenders, one ocean/river boat, and two jet skis. Water for fire protection is adequate and provided from engines with on-board water tanks, re-supply water tanks at three fire stations, and other available water supplies such as ponds, swimming pools, and cisterns.

At the time of the 2016 MSR prepared for Albion-Little River FPD, it was determined that the District did not have the capacity to adequately serve current demand within the District boundary and the District's current financing levels were barely adequate to deliver services. In addition, the 2016 MSR determined that the District needed funding in the near future for construction of a modern main fire station, increased water supplies, and replacement of aged apparatus and equipment.

Since the 2016 MSR, and with the implementation of Measure M which increased the District's per unit special tax, the District's current financing levels are adequate to deliver services, but not to fund needed facility improvements. Over time, Measure M funds will help improve the District's capacity to adequately serve current demand within the District boundary. The District has been able to achieve enough financial stability to acquire lease-purchase agreements for three new built-to-order apparatus estimated for delivery in 2017. The new apparatus includes a Water Tender, Type I Engine, and rescue vehicle. Additional water storage tanks have been added by private property owners in various strategic locations since the 2016 MSR. Further, fire-fighting water supply needs are being addressed by the addition of compressed

air foam system (CAFS) capacity to an existing pumper and specifying CAFS capacity in the new Type I Engine being built for the District.

It is recommended that the District prepare a capital plan that identifies current and long-term District facility and equipment needs, including upgrades, renovations, and major maintenance, capital improvements and purchases, and facility expansions, and identifies potential revenue sources for addressing those capital needs. It is also recommended that the District discuss the feasibility of increased collaboration, such as formation of a Joint Powers Authority (JPA), with adjacent fire agencies to provide services more cost effectively and to enhance volunteer resources.

1.2.4.4 Communities of Interest

GC §56425(e)(4): The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The Van Damme State Park located between the District’s northern boundary line and the Mendocino Fire Protection District and the Navarro River Redwoods State Park and surrounding areas along the State Highway 128 corridor located south of the District will be re-evaluated for suitability of inclusion in the District SOI in the next MSR/SOI Update.

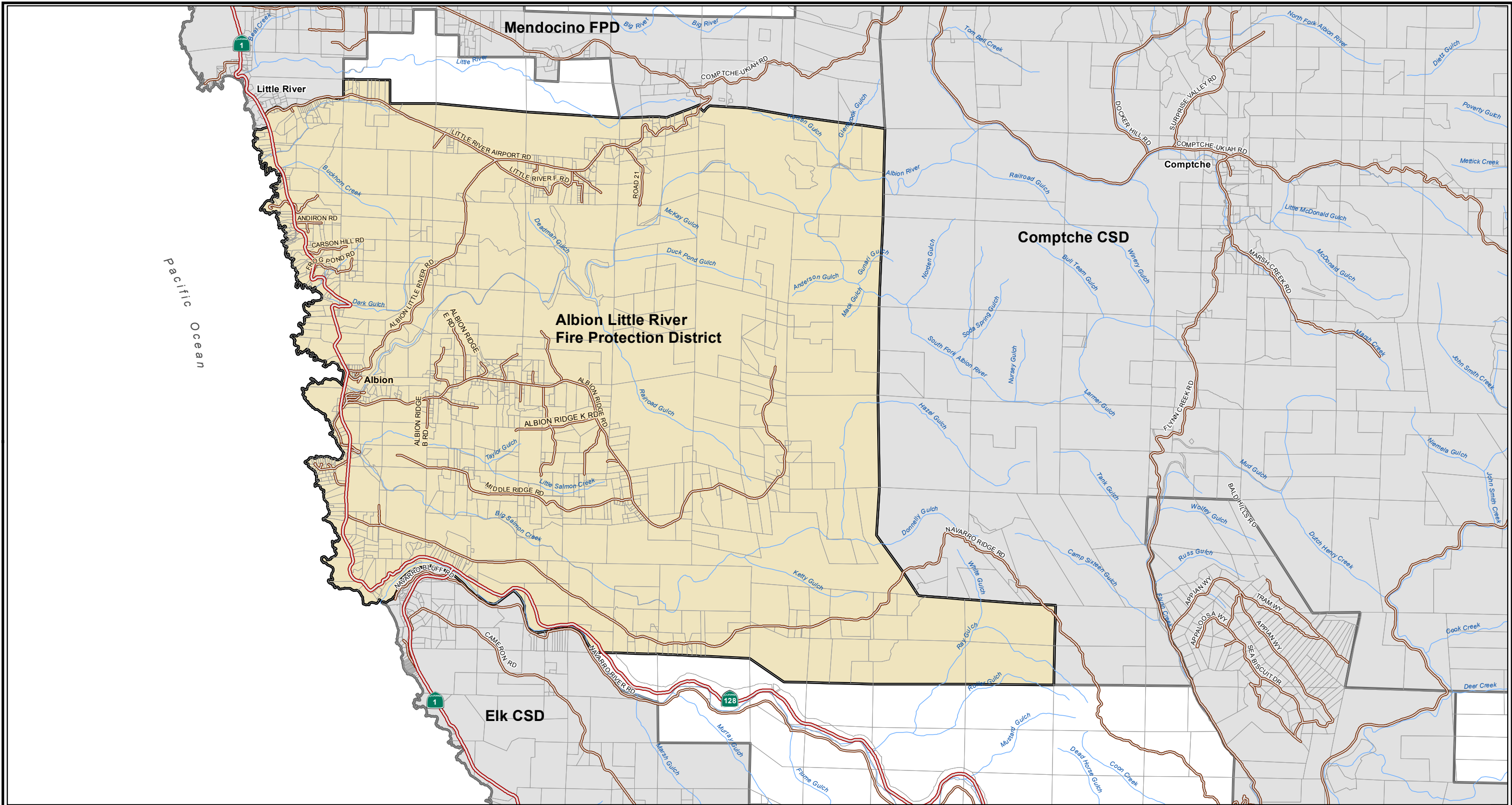
No social or economic communities of interest have been identified in the preparation of this SOI Update that should be included in the District boundary.

1.2.4.5 Disadvantaged Unincorporated Communities

GC §56425(e)(5): 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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

A Disadvantaged Unincorporated Community (DUC) is an area with 12 or more registered voters with a median household income (MHI) that is less than 80% of the State MHI of \$61,632. The unincorporated communities of Albion and Little River are Census Designated Places (CDPs) and are the population centers within the District. Albion has a median household income of \$12,394 and therefore qualifies as a DUC. Little River is too small to generate economic data, but it is assumed that Little River is also a DUC. (LAFCo, 2016)

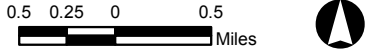
All future proposed annexations to the District will require consideration of any DUC in proximity to the annexation area. The District does not provide water or sewer services, and is therefore not responsible for ensuring that these services are adequately provided to the community.



Albion Little River Fire Protection District

Source: This map was prepared by the Mendocino County Department of Information Services GIS Program, November 2017.
 Note: This map is not a survey product.

- Albion Little River FPD
- Adjacent Districts with Fire Protection Services
- Parcels
- Highways
- Roads
- Streams



Albion Little River Fire Protection District
Balance Sheet
As of October 31, 2017

	<u>Oct 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
Building Fund - Checking	10,601.13
County Held Funds	191,690.99
District Checking	52,062.13
Fire Department - Donations	405,338.83
Total Checking/Savings	<u>659,693.08</u>
Total Current Assets	659,693.08
Fixed Assets	
Accumulated Depreciation	-611,890.00
Building & Improvements	322,400.00
Construction-in-Progress	81,152.00
Firefighting Equipment	503,254.00
Land	125,683.00
Total Fixed Assets	<u>420,599.00</u>
TOTAL ASSETS	<u>1,080,292.08</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Bank of the West Credit Card	4,722.01
Total Credit Cards	<u>4,722.01</u>
Total Current Liabilities	4,722.01
Total Liabilities	4,722.01
Equity	
30000 · Opening Balance Equity	588,887.94
32000 · Retained Earnings	452,856.56
Net Income	33,825.57
Total Equity	<u>1,075,570.07</u>
TOTAL LIABILITIES & EQUITY	<u>1,080,292.08</u>

2 REFERENCES

Albion-Little River Fire Protection District (ALRFPD). November 2017. District Response to Information Request from the Local Agency Formation Commission of Mendocino County in preparation for the 2017 Sphere of Influence Update. Available at LAFCo's office upon request.

Albion-Little River Fire Protection District (ALRFPD). August 2017. District Response to Information Request from the Local Agency Formation Commission of Mendocino County in preparation for the 2017 Sphere of Influence Update. Available at LAFCo's office upon request.

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Pehling & Pehling, CPAs. 2015. Albion-Little River Fire Protection District Financial Statements and Audit Report, June 30, 2013 and 2014.

3 ACKNOWLEDGEMENTS

3.1 ASSISTANCE AND SUPPORT

This Sphere of Influence Update could not have been completed without the assistance and support from the following organizations and individuals.

Hinman & Associates Consulting, Inc.	Uma Hinman, LAFCo Executive Officer Larkyn Feiler, LAFCo Analyst Beth Salomone, LAFCo Commission Clerk
Albion-Little River Fire Protection District	Alan Taeger, Director Ted Williams, Fire Chief

4 APPENDICES

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MENDOCINO Local Agency Formation Commission

Staff Report

DATE: December 4, 2017
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: Status of Applications, Future Projects, MSR & SOI Updates

ACTIVE APPLICATIONS

There are currently two (2) active applications on file with the Commission:

1. City of Ukiah Detachment of Ukiah Valley Sanitation District (UVSD) Served Areas

The City of Ukiah was notified in December 2014 that their detachment application was incomplete pending submittal of a Plan for Services and property tax exchange agreement.

2. Pre-Application Request Millview County Water District Annexation

A pre-application request and deposit was submitted by Millview County Water District on August 17 to receive staff feedback regarding application requirements for annexation of an area located outside the District boundaries but within its sphere of influence. The proposal includes the Nicolls annexation properties as well.

FUTURE PROJECTS:

There are three (3) potential project proposals that have been brought to LAFCo's attention:

1. Anderson Valley CSD Proposed Activation of Latent Powers to Provide Water and Sewer Services

Staff has been corresponding with AVCSO regarding application requirements and timing with grant needs. AVCSO is in the process of preparing an EIR; LAFCo will be included as a Responsible Agency.

2. Calpella CWD Proposed Annexation

Potential annexation of the Central Avenue Area, which has been receiving water services since 2000. The area has been identified for future annexation in the recent SOI Plan. This application will be unnecessary upon consolidation of the five water districts.

3. Proposed Consolidation of Five Water Districts in the Ukiah Valley area

Potential consolidation of five water districts in the Ukiah valley area: Calpella CWD, Millview CWD, Willow CWD, Redwood Valley CWD, and Russian River Flood Control. SWRCB staff have encouraged LAFCo's early participation in hopes of processing parallel applications.

(Continued...)

MSR & SOI UPDATES:

The following provides an update on the 2017/2018 Work Plan:

MSR	SOI	MSR/SOI	Start Date	Targeted Workshop Date	Status
	X	Fire Districts (14)	Varies	Varies	Staff continues to follow up with districts to obtain information. SOI updates will be brought to workshop for individual districts as they are ready. Workshops have been scheduled for 6/5/17, 8/7/17, 10/2/17, and 12/4/17. Three fire district SOI updates have been through workshops; two more are scheduled for December.
X	X	City of Fort Bragg	1/6/17	8/7/17	Workshop held 8/7/17. Public hearing scheduled for 11/6/17.
	X	City of Willits	11/10/16	2/5/18	In progress; waiting for City to provide information on SOI.
X	X	Brooktrails CSD	7/17/17	1/9/18	Draft MSR/SOI in process; RFI response due 10/18/17.
X	X	Redwood Coast FPD	6/1/17	2/5/18	RFI response received
X	X	Fort Bragg Rural FPD	12/11/17		Pending
X	X	Covelo CSD			Pending
X	X	Mendocino City CSD			Pending
X	X	Mendocino Coast RPD			Pending
		Mutual Water Companies	8/21/17		Profiles only; research initiated