

MEETING AGENDA



Del Norte Local Agency Formation Commission
REGULAR MEETING
In Person: Del Norte County Board of Supervisors Chambers
Flynn Center - 981 H St. Crescent City, CA 95531
September 30, 2024, 4:00 PM

1. Call to Order/Roll Call/ Commission Introductions & Appointments
 - A. Pledge of Allegiance
2. Public Hearings
 - A. Smith River FPD Annexation Hearing (ATTACHMENT 2A)
 - B. Smith River CSD MSR/SOI Update (ATTACHMENT 2B)
3. Regular Business
 - A. Draft June 3, 2024, Minutes (ATTACHMENT 3A)
 - B. FY 2023-24 Budget Review (ATTACHMENT 3B)
 - C. MSR / SOI FY 2024-25 Compliance Work Plan (ATTACHMENT 3C)
 - D. Del Norte County Fair Recreation & Park District – Municipal Services Review Determination Reconsideration Update (ATTACHMENT 3D)
4. Inquiries, Correspondence, Application Status and Referrals
 - A. Staff - The Executive Officer will provide a report of current projects, issues of interest, and pending legislation.
 - Klamath FPD Fire Services Planning
 - Legislative Update
 - Application Status
 - B. Commission - On their own initiative, Commission members may make brief announcements or reports on their own activities. They may ask questions for clarification, make a referral to staff or request a business matter for a future agenda per Government Code Section 54954.2 (a).
 - C. Public - Public comment on items of interest within LAFCo subject matter jurisdiction, and not otherwise appearing on the agenda. No action may be taken on any item not appearing on the agenda.
5. Adjournment

Next Meeting scheduled for November 25, 2024, unless alternate date scheduled.



DEL NORTE LOCAL AGENCY FORMATION COMMISSION
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AGENDA ITEM 2A

MEETING DATE: September 30, 2024
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: Smith River FPD - Annexation of Territory

BACKGROUND

Smith River Fire Protection District (“Smith River FPD” or “District”) filed an application with the Commission on January 23, 2023, by resolution of application (District Resolution No. 2023-01) for the annexation of approximately 972 acres (73 parcels) to the east of US 101 and located outside the District boundaries, but within its adopted Sphere of Influence. This application was refiled with the Commission by resolution of application dated March 7, 2024 (District Resolution 2024-02) in order to amend the original application by modifying the terms and conditions of approval.

The proposed annexation area currently receives services from Smith River FPD on a “goodwill” basis with no defined responsibility or sustainable funding. The proposed annexation area is within the Oceanview Sphere of Influence (SOI) and has experienced residential development and population growth over the past 20 years, highlighting an increased need for fire protection and emergency medical services. Annexation would make Smith River FPD responsible for services and establish ongoing funding.

According to the application, the reasons for the proposed annexation are as follows:

“Of the three Spheres of Influence (SOI) adjacent to the Smith River Fire Protection District (SRFPD), one of them (Oceanview SOI) has had sub-division and homebuilding over the past 20 years. Not only does this represent an increase in the need for structure fire response and emergency medical response, but the new developments represent a significant increase in the Wildland/Urban Interface (WUI) areas that rely on SRFPD for initial attack in the event of a vegetation fire.

Historically, as build-out has proceeded, SRFPD has responded to calls for emergency assistance in the SOI without hesitation even though these properties are outside the district boundaries. Both existing and planned subdivision and development have reached a point where a property tax sharing agreement should be in place with Del Norte County (including collection of \$27/year/habitable structure benefit assessment) in order to continue funding fire district operations. For that reason, SRFPD seeks to annex certain residential or undeveloped parcels within the Oceanview SOI.”

DISCUSSION

Mailed notices were sent to landowners and registered voters within, and 300 ft adjacent to, the affected territory in accordance with California Government Code Section 56157. The mailed notice discloses that unless written opposition to the proposal is received from landowners or registered voters and landowners within the affected territory before the conclusion of the hearing on the proposal, the Commission intends to waive protest proceedings, as authorized by, and in compliance with, California Government Code Section 56663.



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A Property Tax Revenue Sharing Agreement, between Smith River FPD and the County of Del Norte, was approved by Del Norte County Board of Supervisors Resolution No. 2024-025 per Revenue and Tax Code §99 and §99.01. Smith River FPD and the County's General Fund are to equally split the property tax for land within the proposed annexation territory. These taxes are already collected by the County and would not result in new or increased property tax for land in the proposed annexation area.

Upon annexation, Smith River FPD would be designated as the fire service provider for the area with the ability to manage services and funding to support the provision of services. Upon annexation, the affected territory would be subject to all previously authorized charges, fees, assessments, and taxes that were lawfully enacted by the Smith River FPD. The affected territory would also be subject to all of the rates, rules, regulations, and ordinances of the District. This includes the extension of the previously authorized Smith River FPD special assessment to all land within the proposed annexation area to fund the delivery of fire protection services, consistent with the purpose for which the funding source was approved.

Smith River FPD currently has a parcel tax funding source, a Benefit Assessment approved by the Smith River FPD Board in 1992 (Ordinance No. 92-01). This existing funding source would be extended to all land within the proposed annexation area to fund the delivery of fire protection services, consistent with the purpose for which both funding sources were approved. Habitable structures in the proposed annexation area would be subject to a benefit assessment currently set at \$27 per parcel per year. Ordinance 92-01 authorizes the District to impose a benefit assessment up to \$36 per parcel per year. The District Board has elected to maintain the assessment charge at \$27 per year since its inception.

ANALYSIS

The analysis of the proposed annexation amendment is organized into two sections. The first section considers the proposal relative to the factors mandated for review by the Legislature anytime LAFCOs review boundary changes. The second section considers issues required by other applicable State statutes in processing boundary changes, such as environmental compliance with the California Environmental Quality Act.

Required Factors for Review

G.C. §56668 requires the Commission to consider 16 specific factors when it reviews reorganization proposals. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process. An evaluation of factors related to the proposal follows.

1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

The proposed annexation would cover approximately 972 acres in Smith River. The District is expected to experience low growth, approximately 0.4 percent per year, in tandem with current Del Norte County-wide rates. No significant growth is expected.

2) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.



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A Plan for Services has been prepared. The need for expanded community services within the affected territory includes fire and emergency response services, however some services are already being received from the District. An analysis of the availability and adequacy of these services relative to projected needs of the proposal follows.

Water

The proposed annexation territory is partially within the Smith River Community Services District. Developed parcels not served by the CSD have private wells. Increase in demand for water services is not expected due to annexation.

Wastewater

The annexation area is served by onsite systems.

3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

The annexation as proposed by the FPD would be contained within Del Norte County.

4) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in G.C. Section 56377.

The statutory goals of LAFCo include the promotion of orderly growth and development by determining logical local boundaries [§56001], the preservation of open space by encouraging development of vacant land within cities before annexation of vacant land adjacent to cities [§56377(b)], and the preservation of prime agricultural land by guiding development away from presently undeveloped prime agricultural lands [§56377(a)]. The proposed uses in the annexation territory comply with the statutory goals discussed above.

5) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

The annexation territory does not have any agricultural land use designations. As such, the annexation is not expected to have an adverse impact on agricultural lands.

6) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

A map and geographic description, which follows existing boundaries, will be required prior to filing a certificate of completion for annexation of territory and amended sphere of influence.

7) A regional transportation plan adopted pursuant to G.C. Section 65080.

The Del Norte Regional Transportation Plan (RTP) was last adopted in 2020 and is required to be updated every four or five years. An updated RTP is expected to be adopted in the winter of 2024. The RTP is a long-range transportation planning document intended to guide investments related to transportation in the Del Norte region. In regions of California that have a metropolitan planning organization, the RTP must also adopt a Sustainable Communities Strategy (SCS) under Senate Bill 375. Since the Del Norte region does not have a metropolitan planning organization, an SCS is not required. Although not required, the 2020 RTP Update did identify that an SCS could be prepared to identify strategies to reduce vehicle miles traveled in the region.



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8) Consistency with city or county general and specific plans.

Land uses in the annexation territory are primarily residential. General Plan development in the Smith River Planning Subarea is focused on residential neighborhood infill. The annexation does not require any general plan or zoning amendments and land use is expected to remain consistent with county plans.

9) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.

The annexation territory is inside the District's sphere of influence (SOI) as updated and approved by LAFCo in the Regional Fire Services Municipal Service Review and Sphere of Influence Update.

10) The comments of any affected local agency or other public agency.

Del Norte LAFCo provided a notice of application filing to affected agencies. Del Norte LAFCo also prepared and released a Certificate of Filing to local agencies, setting the September 30, 2024, public hearing date. The hearing notice was posted online/published in the Del Norte Triplicate and posted on the Del Norte LAFCo website. No agency comments have been received.

11) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

A Property Tax Revenue Sharing Agreement, between Smith River FPD and the County of Del Norte, was approved by Del Norte County Board of Supervisors Resolution No. 2024-025 per Revenue and Tax Code §99 and §99.01. Smith River FPD and the County's General Fund are to equally split the property tax for land within the proposed annexation territory.

12) Timely availability of services adequate for projected needs as specified in G.C. § 65352.5.

The District is already providing fire and emergency response services to the annexation territory adequate for projected needs. The need to increase services capacity as a result of the proposed annexation is not anticipated.

13) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Chapter 3 of Division 1 of Title 7 Article 10.6 (commencing with § 65580).

The proposed annexation would not impact any local agencies in accommodating their regional housing needs. The County of Del Norte General Plan Housing Element addresses how regional housing needs allocations will be met. There are currently no increased residential designations or development plans for the proposed annexation territory.

14) Any information or comments from landowners or owners, voters, or residents of the affected territory.

A hearing notice was posted online /published in the Del Norte Triplicate and posted on the Del Norte LAFCo website. A Notice of Public Hearing was mailed to landowners and registered voters within 300 feet of the annexation territory. No comments were received.

15) Any information relating to existing land use designations.

See discussion in Section 8.



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16) The extent to which the proposal will promote environmental justice. As used in this subdivision, “environmental justice” means the fair treatment of people of all races, cultures, and incomes with respect to local public facilities and provision of public services.

The proposal will not result in inconsistencies with environmental justice safeguards. The annexation would result in continued public services for residents.

Other Considerations

1) Environmental Review

The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCo and to comply with the California Environmental Quality Act (CEQA) Guidelines found in Public Resources Code §210000 et seq. It has been determined that this project is categorically exempt from CEQA pursuant to §15301 - Class 1, Existing Facilities, and §15061(b)(3)) - “Common Sense” exemption. The Commission has prepared a Notice of Exemption as provided under CEQA Guidelines for the change in District organization including annexation and makes a specific determination that this environmental determination adequately addresses proposed changes.

2) Municipal Service Review and Sphere of Influence Update

The Smith River FPD MSR and Sphere of Influence Update was approved by the Commission as part of the Regional Fire Services MSR and SOI Update. It reflects the District’s ability to serve the affected territory.

3) Tax Revenue Sharing Agreement

California Revenue & Taxation Code 99(b)(5) provides:

In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the County Board of Supervisors shall, on behalf of the district or districts, negotiate any property tax revenue exchange. Prior to entering into negotiation on behalf of a district for a property tax revenue exchange, the Board shall consult with the affected district. The consultation shall include, at a minimum, notification to each member and executive officer of the district board of the pending consultation and provision of adequate opportunity to comment on the negotiation.

A Property Tax Revenue Sharing Agreement, between Smith River FPD and the County of Del Norte, was approved by Del Norte County Board of Supervisors Resolution No. 2024-025 per Revenue and Tax Code §99 and §99.01. Smith River FPD and the County’s General Fund are to equally split the property tax for land within the proposed annexation territory.

4) Conducting Authority Proceedings

All Commission approved boundary changes are subject to conducting authority proceedings (i.e., protest hearing) unless waived in accordance with criteria outlined under G.C. § 56663. Unless written opposition is received from landowners or registered voters within the affected territory prior to the conclusion of the Commission’s proceedings on the proposal, the proposal is not subject to conducting authority proceedings under G.C. Section 56663.



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RECOMMENDATION

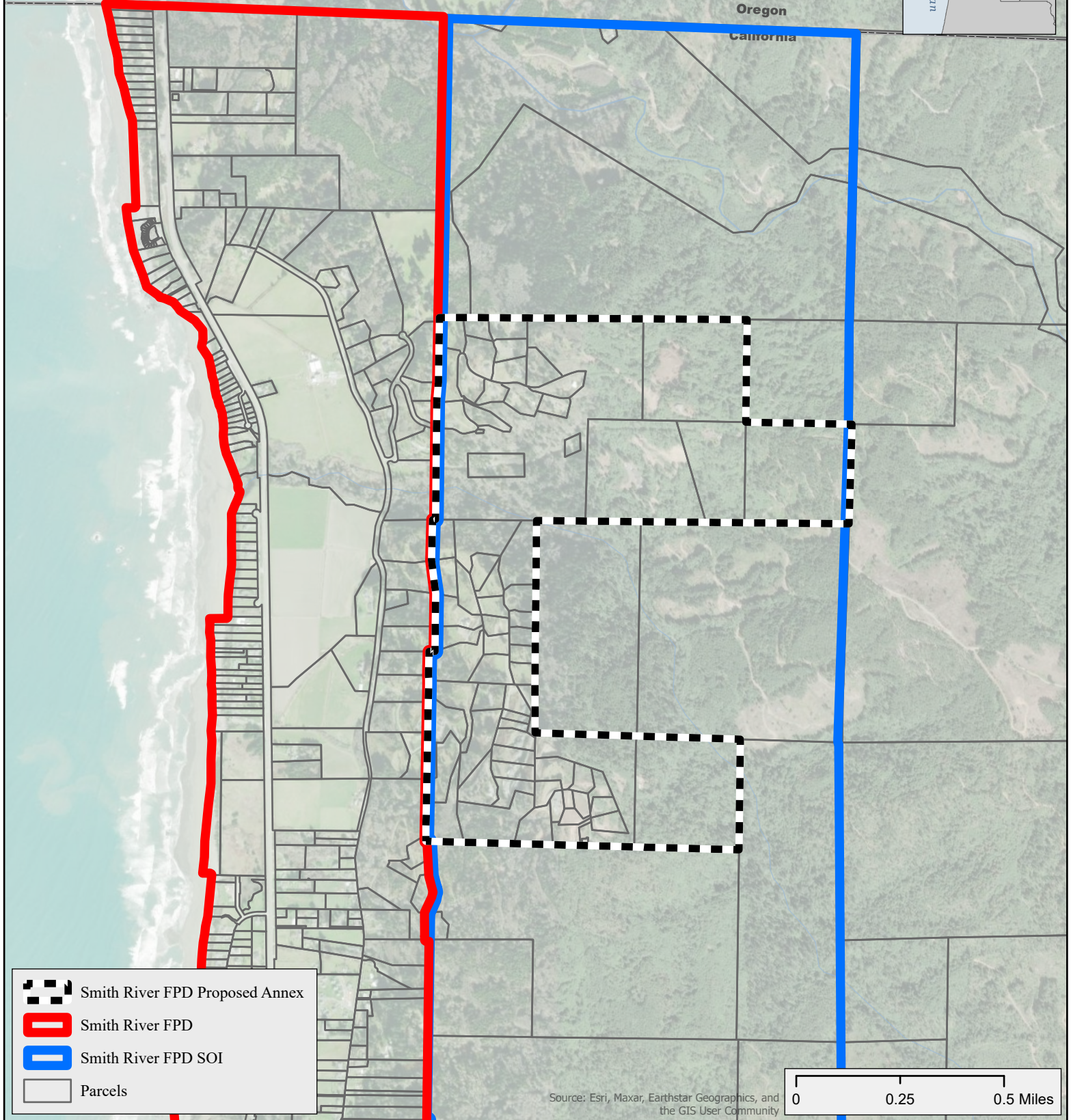
Staff recommends the Commission approve the proposed annexation of territory into the Smith River FPD contingent upon the satisfaction of the terms and conditions set forth in Resolution 2024-05 (Attachment B).





ATTACHMENTS

A: Map of Proposed Annexation Area

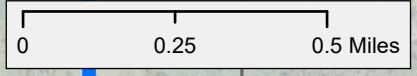
B: Resolution 2024-05

Agenda Item 2A, Attachment A



-  Smith River FPD Proposed Annex
-  Smith River FPD
-  Smith River FPD SOI
-  Parcels

Source: Esri, Maxar, Earthstar Geographics, and the GIS User Community



Smith River Fire Protection District Proposed Annexation

Figure

Sources: Boundaries - Del Norte LAFCo, Smith River Fire Protection District

LAFCO RESOLUTION 2024-05

**RESOLUTION OF THE DEL NORTE LOCAL AGENCY FORMATION
COMMISSION APPROVING THE SMITH RIVER FIRE PROTECTION DISTRICT
ANNEXATION OF GOODWILL RESPONSE TERRITORY**

WHEREAS, the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) governs the organization and reorganization of cities and special districts by Local Agency Formation Commissions established in each county, as defined and specified in Government Code Sections 56000 et seq.; and

WHEREAS, the Smith River Fire Protection District (“Smith River FPD” or “District”) filed an application on January 23, 2023, with the Del Norte Local Agency Formation Commission (“LAFCo” or “Commission”) by resolution of application (Resolution 2023-01) requesting the Commission conduct annexation proceedings in accordance with the CKH Act; and

WHEREAS, the Smith River FPD provides fire protection, emergency medical, and rescue services to areas within its jurisdictional boundary, and to additional areas outside the District boundary representing the District’s good-will response area; and

WHEREAS, the application was refiled with the Commission by resolution of application dated March 7, 2024 (Resolution 2024-02) in order to amend the original application by modifying the terms and conditions of approval; and

WHEREAS, the proposal seeks Commission approval for annexation of approximately 972 acres (73 parcels) adjacent to the District’s existing boundaries and within the District’s Sphere of Influence; and

WHEREAS, the subject territory is inhabited as defined in Government Code Section 56046; and

WHEREAS, property tax revenues allocation was determined by a Property Tax Revenue Sharing Agreement between the County and District passed by Resolution 2024-025 resulting in an equal split of property tax revenue for land within the proposed annexation territory between the County’s General Fund and the Smith River FPD; and

WHEREAS, in accordance with California Government Code Section 56661, the Executive Officer has given sufficient notice of the public hearing by the Commission on the proposal; and

WHEREAS, the Executive Officer prepared, distributed to affected agencies, and posted a Notice of Filing and distributed a Certificate of Filing, for the proposed action, pursuant to California Government Code §56658(f) authority and requirements, with time requirements and limitations for processing and consideration; and

WHEREAS, the Commission heard and fully considered all testimony and evidence presented at a public hearing held on September 30, 2024.

NOW THEREFORE, IT IS RESOLVED, DETERMINED, AND ORDERED by the Commission as follows:

1. The Commission’s determinations on the proposal incorporate the information and analysis provided in the Executive Officer’s written report.
2. The Commission, as Responsible Agency, hereby determines that the sphere of influence amendment and annexation is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)3. For the following reasons it can be seen with certainty that there is no possibility that the activity in question, the annexation of out-of-district goodwill response areas into the boundaries of the Smith River FPD and extension of existing funding sources to support the ongoing delivery of fire protection services, will have a significant

effect on the environment:

- a. The purpose of the proposed annexation is to expand the jurisdictional boundary to areas outside of any fire protection district that are already served on a goodwill basis by the Smith River FPD; and
 - b. The proposed property tax exchange and extension of existing assessments/taxes are governmental funding mechanisms which do not constitute a commitment to any specific project that may have a significant effect on the environment.
3. The Commission approves the annexation of fire service areas served by Smith River FPD as part of their goodwill response area, contingent upon the satisfaction of following terms and conditions as determined by the Executive Officer:
- a. Completion of the 30-day reconsideration period provided under G.C. Section 56895.
 - b. Completion of conducting authority proceedings by Executive Officer (unless waived in accordance with Government Code Section 56663).
 - c. Submittal of a final map and geographic description of the affected territory conforming to the requirements of the State Board of Equalization.
 - d. Payment of any outstanding fees as identified in the Commission's adopted fee schedule.
 - e. Upon effective date of the proposal, the affected territory will be subject to all previously authorized charges and fees that were lawfully enacted by the District for the provision of fire protection services. The affected territory will also be subject to all of the rates, rules, regulations, and ordinances of the District.
4. Unless written opposition to the proposal is received from landowners or registered voters within the affected territory before the conclusion of the hearing, the Commission intends to waive protest proceedings, as authorized by, California Government Code Section 56663.
5. The proposal is assigned the following distinctive short-term designation:
Smith River FPD Annexation 24-05
6. The effective date shall be the date of recordation of the Certificate of Completion. The Certificate of Completion must be filed within one calendar year from the date of approval unless a time extension is approved by the Commission.

BE IT FURTHER RESOLVED The Smith River Fire Protection District – Annexation of Goodwill Response Territory is hereby approved and incorporated as presented on the attached Exhibit A.

Adopted on September 30, 2024, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dated: _____

Blake Inscore, Chairman
Del Norte Local Agency Formation Commission

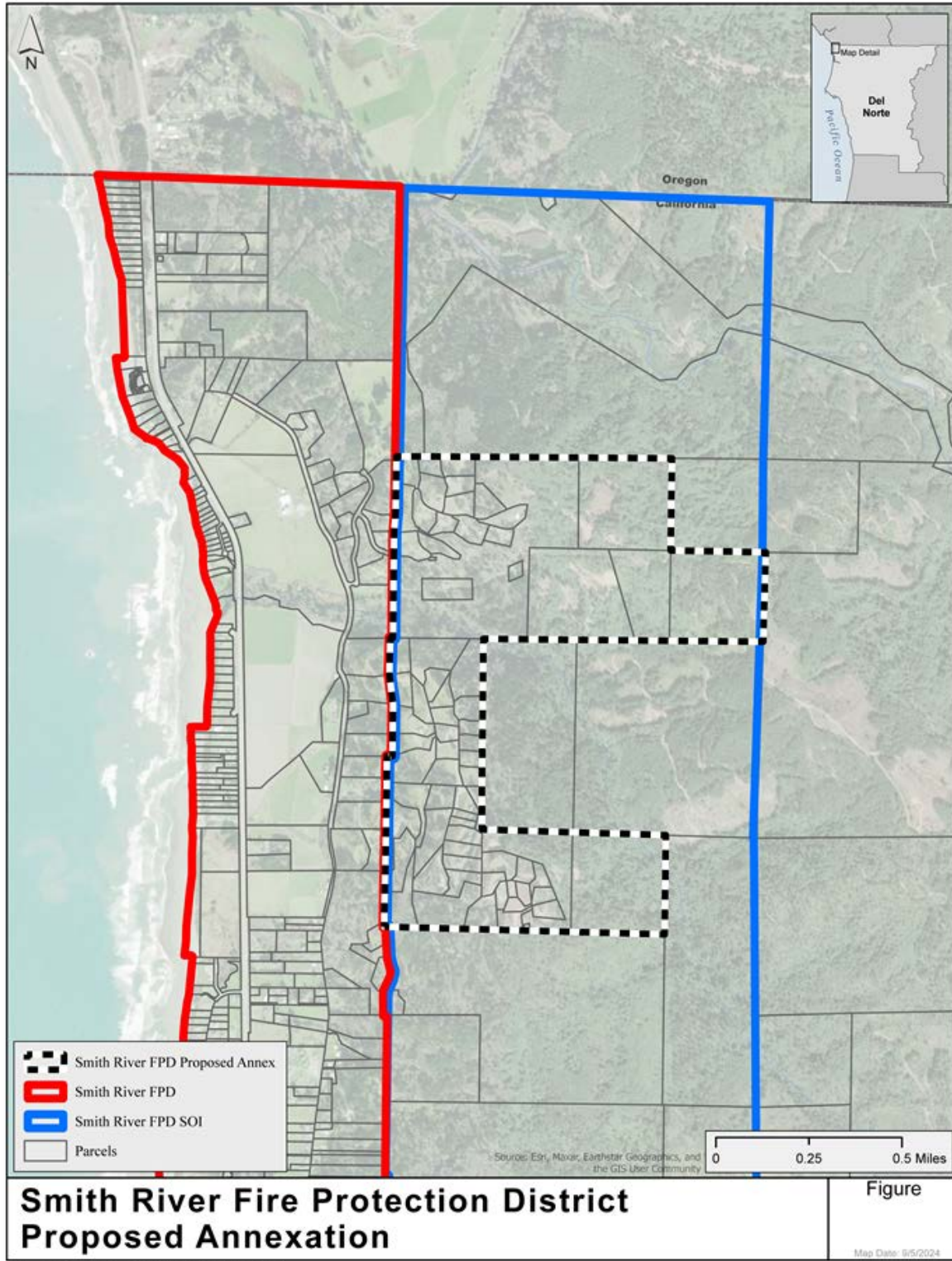
Attest:

Dated: _____

George Williamson, AICP Executive Officer
Del Norte Local Agency Formation Commission

EXHIBIT A

**MAP
SMITH RIVER FIRE PROTECTION DISTRICT**





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AGENDA ITEM 2B

MEETING DATE: September 30, 2024
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: Smith River CSD - Adoption of Municipal Service Review (MSR) and Sphere of Influence (SOI) Update

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act directs Local Agency Formation Commissions (LAFCo) to regularly prepare municipal service reviews (MSRs) in conjunction with establishing and updating each local agency's sphere of influence (SOI). The legislative intent of MSRs is to proactively assess the availability, capacity, and efficiency of local governmental services. MSRs may also lead LAFCos to take other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies in addition to any related sphere changes. As part of the Commission's work plan, staff has been preparing a MSR / SOI Update for Smith River CSD.

DISCUSSION

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

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

A District Draft MSR/SOI update was written and distributed to the General Manager for a second round of review. Feedback was incorporated by LAFCo staff. A Commission Draft is now being brought to the Commission for consideration as part of a noticed public hearing.

Notable MSR/SOI Update issues include the following:

- **Boundary Discrepancy:** There is a difference between the Tax Rate Area (TRA) boundaries on file with the California State Board of Equalization (BOE) and the boundary on file with the District. There is reasonable argument to support the District's boundary as it is currently displayed in its records. Coordination with the BOE is ongoing, with a finalized boundary anticipated to be determined as part of the MSR/SOI Update.
- **Notable Accomplishments/Upgrades:** The District has integrated all five pump stations into a SCADA system, with plans to upgrade the control room and chemical feed system in this as well. Also, meters are being replaced with advanced metering infrastructure (AMI), billing system has been upgraded, and the District is in the process of acquiring an emergency generator.



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- Service rate increase: In 2018, the District initiated a rate increase to incrementally increase rates over a five-year period with final increased rates to be implemented in 2023. Providing service to hill customers has increased difficulties, resulting in a larger overall cost of providing services. The District conducted a cost analysis to determine the proper hill customer cost.

RECOMMENDATION

LAFCo staff recommends the Commission approve the Commission Draft of the Smith River CSD MSR / SOI Update.

ATTACHMENTS

A: Smith River CSD Commission MSR/SOI Draft September 2024

B: Resolution 2024-06

Smith River Community Services District

Municipal Service Review & Sphere of Influence Update



Commission Hearing Draft September 2024



Prepared by:
Del Norte
Local Agency Formation Commission

Del Norte Local Agency Formation Commission

Commissioners

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

Staff

George Williamson, AICP, Executive Officer
Colette Santsche AICP, Senior Analyst
Amber Chung, Administrator

Acknowledgements

LAFCo staff would like to thank the contributors to this Municipal Service Review. Input instrumental in completing this report was provided by Smith River CSD General Manager Jeff Beard. This report.

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INTRODUCTION

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

Service Review Determinations

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

Effective January 1, 2008, Government Code Section 56430 requires LAFCo to conduct a review of municipal services provided in the county by region, sub-region, or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

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

Sphere of Influence Determinations

A SOI is a LAFCo-approved plan that designates an agency's probable physical boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands and prevent overlapping jurisdictions and duplication of services.

LAFCo is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCo must update those SOIs every five years. For a SOI update, LAFCo is required to conduct a MSR and adopt related determinations. It must also make the following SOI determinations:

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

- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency; and
- The present and probable need for public facilities and services related to sewers, municipal or industrial water, or structural fire protection of any disadvantaged unincorporated communities within the existing sphere of influence (effective July 1, 2012).

Uses of This Report

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

Update Spheres of Influence

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

Consider Jurisdictional Boundary Changes

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

Resource for Further Studies

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

Review Methods

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

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

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

California Environmental Quality Act

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

Overview

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

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

Formation

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

Smith River CSD Mission Statement

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

District's Principal Act

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

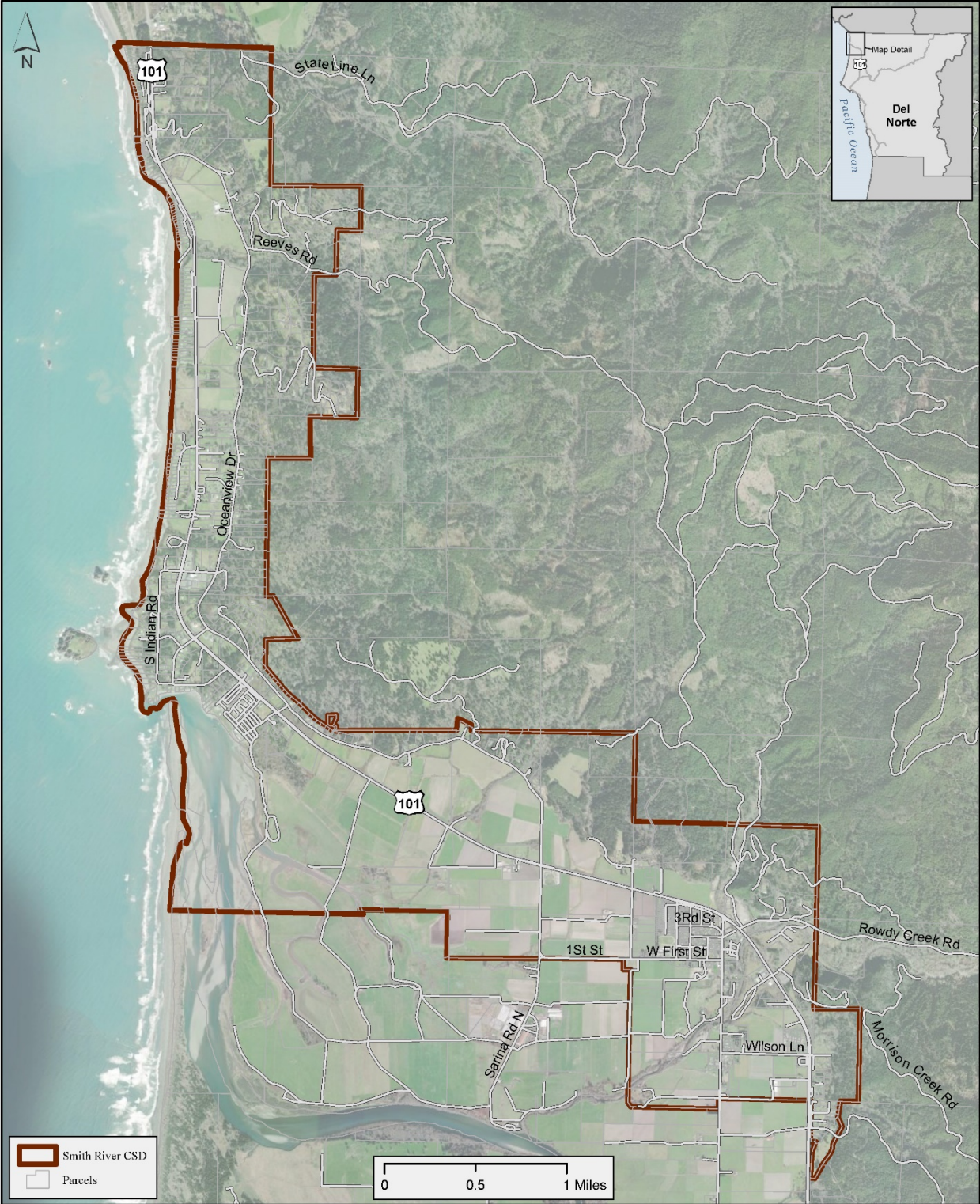
Smith River CSD is authorized to provide water and street lighting services. All other remaining services, facilities, functions, or powers enumerated in the District's principal act but not identified in the formation resolution are "latent," meaning that they are authorized by the principal act under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

Boundary and Sphere of Influence

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

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

Figure 1: District Boundary and SOI



**Smith River
Community Services District**

Figure
Map Date: 6/21/2023

Table 1: Smith River CSD Agency Profile

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

Accountability and Governance

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

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

Table 2: Smith River CSD Board of Directors

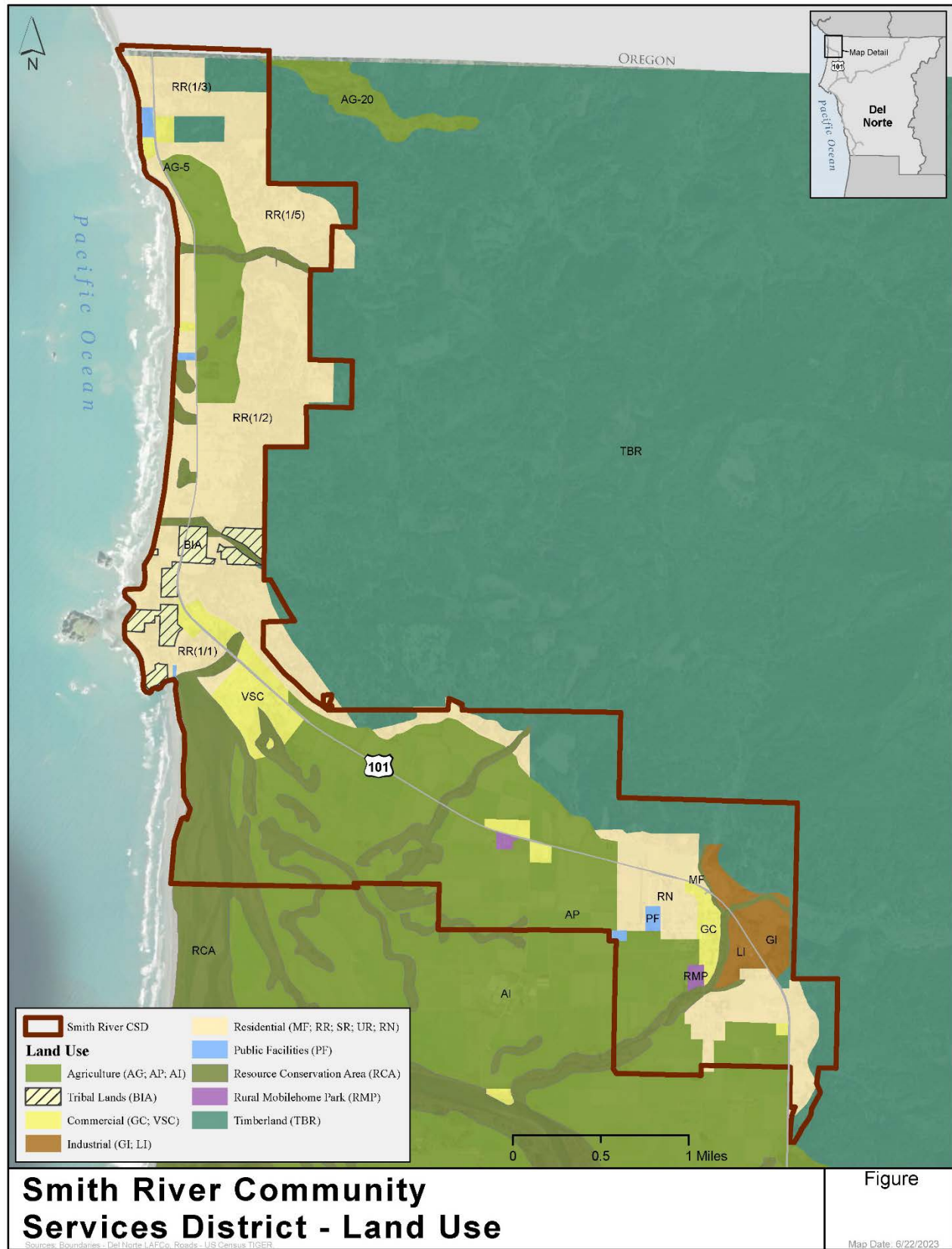
Board Member	Title	Term Expiration
Rachel Sarina	President	2020-2024
Dan Floyd	Vice President	2022-2026
Sam Hernandez	Fiscal Officer	2023-2024
Matt Westbrook	Director	2020-2024
Kent Van Valkenburgh	Director	2022-2026

Population and Land Use

Land Use

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

Figure 2: District Land Uses



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

County Population and Growth

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

District Population and Growth

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

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

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

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

Disadvantaged Unincorporated Communities

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

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

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

³ Caltrans, Del Norte County Economic Forecast, 2022.

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

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

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

To apply for state funding programs, for the water storage and monitoring programs described under the water storage section below, the District needed to establish their service area Median Household Income (MHI). The State Water Resources Control Board (SWRCB) requested that Rural Community Assistance Corporation (RCAC), a private, nonprofit organization, perform the MHI under the Safe and Affordable Funding for Equity and Resiliency (SAFER) technical assistance program for submittal to the SWRCB - Division of Financial Assistance (DFA).

An income survey was conducted within District service boundaries. The MHI for this survey counted primary and secondary residences. The guidelines require that vacant homes have an inactive connection to exclude them from the survey universe. RCAC received responses from owners, verified during the door to door survey 20 active vacant homes that were reported as Non Responses.

There are a total of 877 parcels within the Smith River CSD drinking water service area; 57 are commercial, 17 are vacant lots, zero are vacant homes with inactive connections, leaving 803 residential parcels (households) to survey. A survey universe with 803 residential households requires a sample size of 203 responses, or 25 percent response rate to meet State and Federal guidelines.

The median household incomes for the project service area survey were calculated by RCAC as follows:

The median income is defined as that income in the middle of the data collected from the universe after all incomes are ranked in order from lowest to highest incomes. For example, if there are five houses surveyed, and the five ranks of income are \$10k, \$13k, \$14k, \$19k, \$150k, then \$14k is the median income because it is two from the top rank and two from the bottom rank.

The definition of household income is the total income in the past 12 months from all sources, by all members of one single residence. The results of the survey will be used by SWRCB - DFA to measure the community's ability to finance the project and to determine funding eligibility.

Based on the RCAA survey, the Smith River CSD Median Household Income is \$44,000 and at that level does qualify the area as disadvantaged.

The Smith River CSD does provide one of the three basic services - water service – to areas that are considered disadvantaged. There are no sewer services within District boundaries as residents rely on private septic systems. Smith River Fire Protection District provides fire protection services within all of Smith River CSD. Nearby areas that qualify as disadvantaged include the communities of Gasquet CDP and Klamath CDP. With only one incorporated city, Crescent City, much of the County's population exists in unincorporated communities that qualify as disadvantaged. Should the District expand services to other areas, any disadvantaged communities should be considered.

Services & Infrastructure

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

Water

Water Source

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

Table 3: Smith River CSD Water Source Data

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

Water Treatment and Storage

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

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

The District will be replacing four of the existing eight potable water storage tanks with four seismically resilient steel storage tanks and SCADA integration for the overall water supply system to address seismic hazards and lack of automated water level monitoring and control. The District currently supplies domestic water and wastewater services to the entire community. The proposed four tank retrofit project focuses on the highest priority tanks and upgrades to the water supply system serving the District by mitigating earthquake hazards posed to the redwood water tanks, which were constructed under old building codes, and which lack modern seismic resiliency. The current eight redwood water tanks spread throughout the District were built between 1970-2005 with a majority of them built under the California Building Code at the time, for which seismic provisions were not mandatory. Even the most recently constructed tank does not meet current seismic standards. The proposed new water tanks will be constructed to current seismic standards and will provide a high level of protection against seismic and wildfire events.

Infrastructure Overview

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

Water Demand and System Capacity

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

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

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

Table 4: District Water Rights Permits

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

The District’s contract Engineer prepared a Water Treatment Plant Capacity Report (WTPCR) in December 2009. The purpose of the report was to “evaluate the water treatment plant capacity limitations in order to develop an improvement program to systematically meet the future system water demands”. The need to meet future anticipated demands, along with the need for an adequate fire suppression supply, led the District to prepare its WTPCR.

System Monitoring

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

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

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

Notable Accomplishments

In the past two years, the District has completed a number of successful projects. All five of the pump stations have been updated and are now capable of being integrated into a supervisory control and data

acquisition (SCADA) system. SCADA systems allow for high-level supervision and control of machines, which are crucial for time-sensitive events and decisions. To streamline financial processes, the District has implemented an upgraded billing system and established more effective processes for the collection and depositing of revenue. Additionally, the District has completed a grant project focusing on acquiring an emergency generator.

In-Progress Upgrades

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

Infrastructure Needs and Deficiencies

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

Street Lighting

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

Community Hall Management & Maintenance

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

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

Table 5: Community Hall Rental Rates

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

Latent Powers

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

Telecommunications Services

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

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

Wastewater

The Smith River CSD does not currently provide wastewater services and is not interested in offering this service in the near future. Like telecommunications services described above, Special Districts have the authority to provide this service as well. Some municipal wastewater collection and treatment is provided by Tolowa-Smith River Rancheria for the casino hotel area.

Other Public Service Providers

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

Fire Protection

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

The FPD has proposed annexation of parts of Oceanview SOI into its boundaries. The proposed annexation was prompted by service considerations - an increase in the need for structural and vegetation fire and

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

Del Norte Resource Conservation District

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

Healthcare District

The Del Norte Healthcare District (DNHCD) serves all of Del Norte County, California, just south of the Oregon border along the Pacific coast. It serves a sparsely populated rural county with many low-income residents. The DNHCD provides funding and support for healthcare services; however, the district does not directly provide services. The District owned Wellness Center (20,000 ft²) completed in 2007, provides space for the Del Norte Community Health Center (part of Open Door Community Health Centers) and other health related service providers on a 11.9 acre site at Northcrest Drive and Washington Blvd. The Wellness Center site allows for the consolidation of several service providers in one location and is centrally located near the Sutter Coast Hospital and other existing complimentary health facilities and services.

Smith River Cemetery District

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

Shared Facilities & Services

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

Financial Overview

Budget

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

Table 6: Smith River CSD Budget Summary

	FY 2021/22	FY 2022/23	FY 2023/24
Revenues			
Water Services Revenue	\$593,665.59	\$696,403.80	\$664,866.76
Hall Rental Revenue	\$11,574.83	\$19,734.57	\$51,999.12
Streetlight Revenue	\$12,541.06	\$13,290.12	\$12,500.92
Interest Income	\$9,139.81	\$11,290.30	\$25,780.12
Miscellaneous	\$223,741.79	\$296,009.77	\$84,923.26
Total Revenues	\$850,663.08	\$1,036,728.56	\$840,070.18
Expenses			
Salaries			
Water	\$292,676.21	\$266,788.20	\$293,147.27
Hall Rental	\$0.00	\$0.00	\$0.00
Streetlight	\$0.00	\$0.00	\$0.00
Operations			
Water	\$223,643.71	\$156,723.26	\$237,778.16
Hall Rental	\$6,039.24	\$6,867.59	\$7,760.58
Streetlight	\$10,891.44	\$2,836.18	\$0.00
Supplies and Services			
Water	\$139,372.38	\$97,006.95	\$79,748.56
Hall Rental	\$3,550.08	\$4,983.65	\$3,215.30
Streetlight	\$0.00	\$0.00	\$0.00
Other			
Transfers out - Water	\$0.00	\$0.00	\$0.00
Transfers out/Capital Improvements	\$121,380.21	\$127,446.06	\$132,356.76
Grant Reimbursements	\$0.00	\$0.00	\$0.00
Total Expenditures	\$797,553.27	\$662,651.89	\$754,006.63
NET GAIN/(LOSS)	\$53,109.81	\$374,076.67	\$86,063.55

Audits

No audits were received for this MSR/SOI Update.

Service Rates

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

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

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

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

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

Table 7: Service Rate Increase

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

Table 8: Other District Service Charges 2022

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

MUNICIPAL SERVICE REVIEW DETERMINATIONS

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

Growth and population projections

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

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

- a) The bulk of Del Norte County's population exists in unincorporated communities that qualify as disadvantaged. The District had RCAC conduct a MHI Study for the District that documented the District population as disadvantaged. In addition, Smith River CSD does provide one of the three basic services - water service - to areas considered disadvantaged.

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

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

Financial ability of agencies to provide services

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

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

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

Status of, and opportunities for, shared facilities

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

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

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

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

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

SPHERE OF INFLUENCE DETERMINATIONS

Sphere of Influence Status

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

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

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

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

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

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

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

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

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

For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

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

REFERENCES

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

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

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

Smith River Community Services District, 2023. *Municipal Service Review Information Request completed for Del Norte County LAFCo*. August 2023.

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

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

US Census Bureau, 2021. *Table B01001 Sex by Age; Table DP05 ACS Demographic and Housing Estimates; Table S1903 Median Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars)*.

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

RESOLUTION 24-06

APPROVING THE SMITH RIVER COMMUNITY SERVICES DISTRICT COMMISSION DRAFT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

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

WHEREAS, the Commission staff prepared a Municipal Service Review to evaluate the availability and performance of governmental services provided by the Smith River Community Services District, pursuant to California Government Code Section 56430; and

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

WHEREAS, the Executive Officer's report and recommendations on the Sphere of Influence update were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission reviewed the Commission Draft of the MSR and SOI Update and provided this draft to the District for review and comment; and

WHEREAS, the Commission opened a public hearing for the Smith River CSD MSR/SOI Update on September 30, 2024, and heard and fully considered all evidence presented; and

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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Commission hereby accepts the Smith River Community Services District Municipal Service Review, incorporated herein by reference.
2. The Sphere of Influence for the District included within the Municipal Service Review has been appropriately informed by the Commission's evaluation of the level and range of governmental services provided.
3. Pursuant to Government Code Section 56425(e), the Commission makes written statement of determinations for the Smith River Community Services District Municipal Service Review & Sphere of Influence Update, hereby incorporated by reference.
4. The Commission, as Lead Agency, determines that the sphere of influence update is exempt from further review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3). This finding is based on the Commission determining the update will have no possibility of significantly affecting the environment given no new land use or municipal service authority is granted.

PASSED AND ADOPTED at a meeting of the Del Norte Local Agency Formation Commission, State of California, on the 30th day of September 2024, by the following vote:

AYES: Commissioners:

NOES: Commissioners:

ABSENT: Commissioners:

ABSTAIN: Commissioners:

Dated: _____

Blake Inscore Chairman
Del Norte Local Agency Formation Commission

Attest:

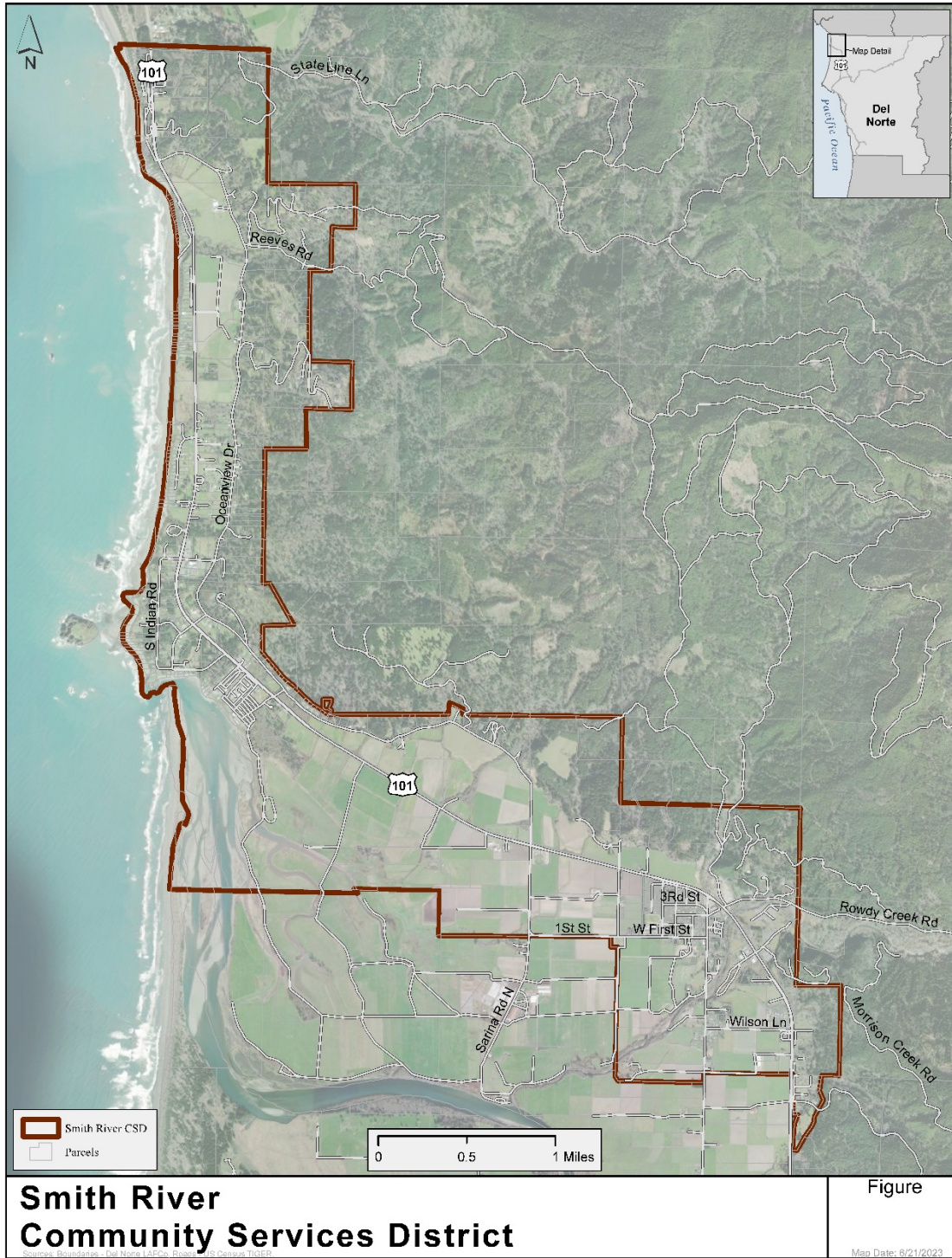
Dated: _____

George Williamson, AICP Executive Officer
Del Norte Local Agency Formation Commission

ATTACHMENT: Exhibit A – District Boundary and SOI Map

Exhibit A

Map of Smith River CSD Boundary and Coterminous SOI



3A DRAFT MINUTES



Del Norte Local Agency Formation Commission
In Person: Del Norte County Board of Supervisors Chambers
Flynn Center - 981 H St. Crescent City, CA 95531
June 3, 2024, 4:00 pm

Members present: Blake Inscore (City Member & Chair), Darrin Short (County Member), Jason Greenough (City Member), Valerie Starkey (Alternate County Member) and Donna DeWolf (Alternate Public Member)

Members absent: Dean Wilson (County Member & Vice Chair), Lyle Armstrong (Public Member)

Others present: George Williamson (Executive Officer), Geoff Antill (Smith River FPD)

1. Call to Order/Roll Call

Commission Chair Inscore called the meeting to order at 4:00 p.m. Roll call was taken. County Member Wilson out of town and unable to attend. Alternate Commissioner Starkey able to attend. Public Member Armstrong out of town and unable to attend. Alternate Commissioner DeWolf able to attend.

A. Chair Inscore led the Pledge of Allegiance

2. Public Hearings

A. Final FY 2024-25 Budget (ATTACHMENT 2A)

Staff presented the FINAL FY 2024-25 Budget with projected expense increases and corresponding City and County revenue share increases. This will be the first time in several years with a proposed budget increase. It was first introduced in the draft budget. The Commission discussed use of contingency funds to reduce member contributions. However, those funds are limited and would not make a significant member contribution decrease.

Commissioner Starkey suggested annual increments rather than larger increase after multiple years at same level.

On a motion by Commissioner Greenough, seconded by Commissioner Short and carried by a 5-0 vote, the Commission approved the Final FY 2024-25 Budget.

3. Regular Business

The Commission moved Agenda Item 3D up on agenda to allow attending Klamath FPD Board Members to address the Commission:

D. Klamath FPD Fire Services Planning – Update

Klamath FPD Board Chairperson Walt Lara III, and other District representatives attended Commission meeting. Mr. Lara expressed appreciation for Commission representative and staff attendance at District Board meetings. He

Del Norte Local Agency Formation Commission

June 3, 2024 4:00 pm MEETING

acknowledged that this is a fairly new Board engaged in a substantial learning curve. The Board members have reviewed the Regional Fire Services Municipal Services Review. They are working on financial and operational matters.

Board President Lara gave an accounting of FPD activities, including:

- Updating of District operations/administrative software and records;
- Continued website development and recordkeeping;
- Updated bylaws and County Recorder coordination on District records;
- Yurok Tribe coordination including mutual aid agreement. Tribal administrator discussion regarding allowing tribal staff to serve as volunteers;
- Yurok Tribe and Klamath CSD water services and new development coordination;
- Yurok Indian Housing Authority Coordination including volunteer recruitment;
- FY 2023-24 Budget approval and revenue/expense allocations;
- Del Norte Ambulance Service coordination for emergency services response;
- Property based revenue projections, including tribal trust lands;
- Other revenue sources such as benefit assessment update;
- Grants for equipment and infrastructure improvements;
- Pulikla Tribe of Yurok People (formerly Resighini Rancheria) services discussions;
- Strategic Planning discussions, primarily for equipment replacement.

Commission was encouraged by the District activity, noting that they still had a long way to go. Commissioner Short offered to assist with strategic planning. Other Commissioners offered assistance on community outreach.

A. Draft April 1, 2024, Minutes

The Draft April 1, 2024, Minutes were introduced by staff.

On a motion by Commissioner Short, seconded by Commissioner Greenough and carried by a 5-0 vote, the Commission approved the April 1 2024 Minutes.

B. Draft April 22, 2024, Minutes (ATTACHMENT 3B)

The Draft April 1, 2024, Minutes were introduced by staff.

On a motion by Commissioner Short, seconded by Commissioner Greenough and carried by a 5-0 vote the Commission approved the April 22 2024 Minutes.

C. Del Norte County Fair Recreation & Park District – Municipal Services Review Determination Reconsideration Update (ATTACHMENT 3C)

Del Norte Local Agency Formation Commission

June 3, 2024 4:00 pm MEETING

Staff discussed attending May 14 Del Norte County Fair Recreation & Park District (DNCFRPD) meeting and provided a summary of the Board discussion. Commission commented on need for Funding Program, with expenditures and longer term funding sustainability needed to release reserves. Public Member Linda Sutter addressed the Commission regarding use of public funds for state owned property improvements. This was an informational item, no Commission action taken.

E. FY 2024-25 Staffing Services Contract Extensions (ATTACHMENT 3E)

On a motion by Commissioner Starkey, seconded by Commissioner Short and carried by a 5-0 vote the Commission approved the Planwest Partners Inc. FY 2024-25 staffing services extension.

On a motion by Commissioner Starkey, seconded by Commissioner Short and carried by a 5-0 vote the Commission approved the Underwood Law FY 2024-25 staffing services extension.

F. Inquiries, Correspondence, Application Status and Referrals

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

- Smith River FPD Annexation status

Geoff Antill addressed the Commission on property tax revenue sharing agreement with County. FPD Board Meeting scheduled for June 4.

- Klamath CSD Annexation status

Receipt of system information for condition compliance.

- MSR/SOI Update Compliance Work Plan

Will be presented at July 22 Commission meeting.

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

C. Public - Public comment on items of interest within LAFCo subject matter jurisdiction, and not otherwise appearing on the agenda. No action may be taken on any item not appearing on the agenda.

Linda Sutter inquired about Crescent City Harbor District MSR.

G. Adjournment

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



DEL NORTE LOCAL AGENCY FORMATION COMMISSION
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AGENDA ITEM 3B

MEETING DATE: September 30, 2024
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: FY 2023-24 Year-End Projected Accounting

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 mandates LAFCo operating costs shall be annually funded by affected counties, cities, and independent special districts on a one-third apportionment process. Apportionments for cities and special districts are further divided and proportional to each agency's total revenues as a percentage of the overall revenue amount collected in the county. LAFCos are also authorized to establish and collect fees to offset agency contributions.

DISCUSSION

Del Norte LAFCo's adopted final FY 2023-24 budget for staffing and services/supplies totaled \$102,208.00. Budgeted revenues totaled \$102,208.00. Staffing services are allocated for Legal Fees; Insurance; Professional Services (EO/Admin); MSR & SOI Updates; Application Processing; and Services/Supplies.

LAFCo staff are working to submit journal transfers to remedy minor issues as part of the year end cost accounting process to better reflect our year end financials. These issues include the exclusion of June 2024's claim form and the recording of funds in incorrect accounts. Staff have calculated LAFCO's projected actuals for FY2023-24 with these issues being corrected, shown in the budget attachment. Staff will provide an update on year end actuals at the November 25, 2024, Commission meeting once the year end reconciliation is finalized with the County Auditor-Controller's Office.

RECOMMENDATION

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

Review FY 2023-2024 year-end projected budget accounting as an informational agenda item.

ATTACHMENT

A: FY 2023-2024 year-end Budget Revenues and Expenditure Report



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Attachment A
FY 2023-24 Year-end Budget Revenues and Expenditure Report

Del Norte LAFCo FY 2023-24-Year End Summary

Account	EXPENDITURES	FY 2023-24 Budget (Amendment No. 2)	FY 2023-24 Projected Actuals
Line #	SERVICES & SUPPLIES		
20150	Insurance	\$3,351.00	\$3,350.74
20200	Memberships (CALAFCO)	\$1,566.00	\$1,566.00
20221	Printing	\$50.00	\$0.00
20223	Postage	\$50.00	\$0.00
20230	Professional Services		
	MSR/SOI Preparation	\$30,000.00	\$25,810.00
	Application Processing	\$10,000.00	\$5,000.00
20231	Professional Services Executive Officer/ Admin.	\$45,950.00	\$50,587.47
20232	Professional Services Legal Counsel	\$5,000.00	\$6,376.50
20262	Rent - Office Space	\$1,050.00	\$700.00
20240	Advertising/Publications	\$500.00	\$206.97
20290	Travel & Training (CALAFCO Bd Mtgs/Conference)	\$3,000.00	\$1,869.11
70530	Interfund-Cost Plan	\$1,691.00	\$1,692.00
20233	Public Member Stipend (@ \$40/mtg)	\$0.00	\$0.00
	EXPENDITURES	\$102,208.00	\$97,158.79
	REVENUES		
91125	Project Revenue (Application / Plan Deposits)*	\$10,000.00	\$0.00
90300	Interest	\$500.00	\$994.29
90780	Del Norte County (less App Deposits)	\$37,968.50	\$37,968.50
90781	City of Crescent City (less App Deposits)	\$37,968.50	\$37,968.50
07100	Use of Fund Balance (#42801007100)	\$6,271.00	\$20,227.50
	REVENUES	\$92,708.00	\$97,158.79
Contingency (Unrestricted) Fund			
7100	CALAFCO Expenses - Moved to #20290	\$0.00	\$0.00
	FUND BALANCE	Beginning Year	Year End
07100	Account #42801 007 100	\$45,727.15	\$25,499.65

* Deposits to cover application processing. Projected amount for auditor use in issuing expense claim payments.



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AGENDA ITEM 3C

MEETING DATE: September 30, 2024
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: MSR / SOI FY 2024-25 Compliance Workplan

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act directs Local Agency Formation Commissions (LAFCos) to regularly prepare municipal service reviews (MSRs) in conjunction with establishing and updating each local agency’s sphere of influence (SOI). The legislative intent of MSRs is to proactively assess the availability, capacity, and efficiency of local governmental services. MSRs may also lead LAFCos to take other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies in addition to any related sphere changes. LAFCo staff create an MSR / SOI workplan for each fiscal year.

DISCUSSION

LAFCo staff have drafted an MSR / SOI workplan for FY 2024-25. Highlighted agencies will have MSR / SOI Updates in FY 2024-25.

Agency Name	SOI & MSR Status	Next Update
CITY		
City of Crescent City	MSR & SOI Approved January 2019	2025
COMMUNITY SERVICE DISTRICTS		
Bertsch-Ocean View	MSR & SOI Approved April 2020	2025
Big Rock	MSR Approved Nov 2015 & SOI Approved April 2016	FY2024-25
Church Tree	MSR & SOI Approved September 2018	FY2024-25
Gasquet	MSR & SOI Approved 2016	FY2024-25
Hunter Valley	MSR & SOI Approved 2022 Part of South County	2027
HRC	MSR & SOI September 2018	2024
Klamath	MSR & SOI Approved 2022 Part of South County	2027
Redwood Park	MSR & SOI Approved 2022 Part of South County	2027



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Agency Name	SOI & MSR Status	Next Update
Smith River	MSR & SOI Approved September 2018	2024
FIRE DISTRICTS		
Crescent City Fire & Rescue	MSR & SOI Approved 2022 Countywide Fire MSR	2027
Fort Dick FPD	MSR & SOI Approved 2022 Countywide Fire MSR	2027
Gasquet FPD	MSR& SOI Approved 2022 Countywide Fire MSR	2027
Klamath FPD	MSR & SOI Approved 2022 Countywide Fire MSR	2027
Smith River FPD	MSR & SOI Approved 2022 Countywide Fire MSR	2027
OTHER DISTRICTS		
County Service Area (CSA) No.1	MSR & SOI Approved April 26 2021	2026
Crescent City Harbor District	MSR & SOI Approved August 2021	2026
Del Norte Co. Health Care	MSR & SOI Approved July 2019	FY2024-25
Del Norte Co. Library	MSR & SOI Approved July 2019	FY2024-25
Del Norte Resource Conservation District	MSR & SOI Approved April 2021	2026
Smith River Cemetery	MSR & SOI Approved June 2021	2026
Del Norte Fairgrounds Recreation and Park	District Formed/ MSR Approved June 2020	2025

RECOMMENDATION

Staff recommends the Commission receive and file this informational item; no action needed.



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AGENDA ITEM 3D

MEETING DATE: September 30, 2024
TO: Del Norte Local Agency Formation Commission
FROM: George Williamson AICP, Executive Officer
SUBJECT: Del Norte County Fairgrounds Recreation and Park District -
Municipal Services Review Reconsideration Application Update

BACKGROUND

The DNCFRPD formation as an independent special district was approved by LAFCo for receiving and allocating voter approved sales tax revenues collected for 5 years (2014-2021). LAFCo Resolution Condition No. 3 allocated a portion of Countywide Del Norte County Fair sales tax revenues to a reserve fund, in addition to other coordination/funding conditions.

The DNCFRPD Municipal Services Review (MSR) prepared as part of District Formation was updated in June 2020 with the following MSR Determination:

The District should continue to work with the 41st DAA to implement specific processes to follow when providing financial assistance and update the MOU between them and the 41st DAA if necessary, to reflect agreed upon terms and conditions. This should include a post sales tax recreational use funding program.

This financial assistance coordination determination was intended to guide use of the approximately \$1.6 million in reserve funds accrued from sales tax revenues. The MSR Reconsideration Application would allow for the preparation of a Post Sales Tax Fairgrounds Use Funding Program. The Funding Program would be based on an updated Del Norte County Fairgrounds Facility 5-year Capital Improvement Program (CIP). A Draft CIP was submitted to Fairgrounds CEO Kim Floyd, who made edits and attended the May 14, 2024, Board Meeting. LAFCo staff attended this meeting.

DISCUSSION

Once the Post Sales Tax Fairgrounds Use Funding Program with 5-year (2024-29) Fairgrounds Capital Improvement Program are prepared, the DNCFRPD will submit to LAFCo. The DNCFRPD and the 41st DAA are working in a 2 x 2 format to prepare the program. This will allow LAFCo to update the MSR and address the sales tax revenue reserve restriction condition. LAFCo will then prepare a Certificate of Filing and schedule the application for a noticed public hearing.

ATTACHMENTS

A: Draft 2024-29 Capital Improvement Program Outline

Del Norte County Fairgrounds Recreation and Park District

DRAFT Post Sales Tax Fairgrounds Funding Program ***-OUTLINE***

Introduction/ Overview

Add: Del Norte County Fairgrounds Recreation and Park District (DNCFRPD) Background information, including formation and function. District was formed to collect & allocated sales tax revenues. Describe funding program basis (sales tax), roles (Board of Directors/ 41st DAA), District responsibilities (meetings /budgets).

The DNCFRP was formed by Del Norte Local Information Commission (LAFCo), as an independent special district with an elected board of directors. LAFCo action was contingent on voter approval for receiving and allocating sales tax revenues collected for 5 years (2014-2021). Voter approval was received at the ____ election. LAFCo Formation Resolution 2014-02 Condition No. 3, allocated a portion of Countywide Del Norte County Fair sales tax revenues to a reserve fund, in addition to other coordination/funding conditions. Now that the sales tax is no longer being collected, the DNCFRPD has applied to LAFCo for condition removal.

Del Norte LAFCo prepares Municipal Services Reviews (MSR) for special districts, the current DNCFRPD MSR updated in 2020, included a determination that a Post Sales Tax Fairgrounds Use Funding Program be prepared to support the proposed reserve release.

A reconsideration of this determination can be done at the same time as consideration of Condition # 3 removal. Both are contingent on a Post Sales Tax Fairgrounds Use Funding Program, prepared by the DNCFRPD & 41st DAA Board. The funding program would be based on an updated Del Norte County Fairgrounds Facility 5-year Capital Improvement Program and long term funding provisions, which will guide use of the approximately \$1.6 million in reserve funds accrued from sales tax revenues.

Funding Program Objectives and implementation

- Identify Fairgrounds funding needs in updated 2024-2029 Capital Improvement Program
Add information from 2 x 2 CIP programming
- Determine funding priorities (DNCFRPD/41st DAA MOA & Community Input)
Describe how funding priorities were developed. Was there any community input? If so how was this obtained?
- Consider Energy Efficiency, Sustainability and Fairground Use Trends
Opportunity to show how DNCFRPD funding allocations are improving efficiency & sustainability of fairgrounds and operations.
- Assess Priority needs, allocating a portion (percentage) of revenues for 2024-2029 allocations in CIP & reserving / investing remainder for future use
After 2024-2029 CIP allocations, what's left? How will funds be stretched into future?

- Allocate revenues to renovate/maintain recreational facilities in 2024-2029 CIP
Most of this can be covered in CIP,
- Invest any remaining revenues to meet future 2030 + obligations
Investment strategy - LAIF? Other revenue generation options?

NOTE: DNCFRPD is one of a number of special districts supporting community services. Several of the others, Library, Harbor, Healthcare, also maintain infrastructure to support wellness, recreation and education services. One of the key DNCFRPD functions is the ‘keep the Fair going.’ Adding a program feature about promoting fair use by encouraging recreation, marketing the fairgrounds for year around community/civic functions and how the District will be part of long term fair viability could be a valuable part of this program.

Current Fairgrounds Layout and Facilities

Insert Site Plan & Available Floor Plans - noting improvement locations would be helpful

Fairgrounds Capital Improvement Program 2024-2029

Insert 2024-2029 Capital Improvement Program Table when Costs Added

Implementation

Annual Budgets

Fund Transfer procedures

Appendices