

**MENDOCINO
LOCAL AGENCY FORMATION COMMISSION**

MUNICIPAL SERVICE REVIEW

CITY OF POINT ARENA

APPROVED FEBRUARY 2, 2015

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1. AGENCY OVERVIEW

The City of Point Arena is a direct provider of: administrative services; wastewater collection, treatment and disposal; street and drainage maintenance; and park maintenance. The City also operates harbor and pier facilities. The City contracts with the Mendocino County Sheriff's Office for police protection services. The City contracts with Pacific Coast Disposal for solid waste services and recycling. Point Arena Waterworks, Inc. provides potable water. The Redwood Coast Fire Protection District provides fire protection services.

FORMATION

The City of Point Area incorporated on July 11, 1908, and is a General Law City with a City Council-City Manager form of government.

BOUNDARY

The City lies in the southwest portion of Mendocino County, bordered to its west by the Pacific Ocean. There are no unincorporated islands. The City of Point Arena has a land area of 1.35 square miles (864 acres).

The most recent change to the City's boundary was the "Hays Annexation" which added 156 acres, is zoned for a variety of uses, and is located to the east of the then existing City. This annexation was approved by LAFCo and the California Coastal Commission and completed in 1990. The annexation area is partially developed, and includes the Point Arena Water Works facility. No subsequent actions relating to Point Arena annexations, detachments, or boundary changes have been taken since 1990. (Refer to Figure 1: City of Point Arena Map)

SPHERE OF INFLUENCE

Point Arena's Sphere of Influence (SOI) was modified in 1997 when the Redwood Coast Fire Protection District was formed and fire protection was no longer a City service. The current City SOI is considered to be coterminous with its boundaries. The City's General Plan describes a Sphere of Influence with three areas added to the Sphere: 1) southwest corner along the coast between the current City Limits and High Bluff; 2) the Arena Cove area extending west into the Pacific Ocean; and 3) an area on the northwest corner that includes the Point Arena Lighthouse. (Refer to Figure 2: General Plan Sphere of Influence Map).

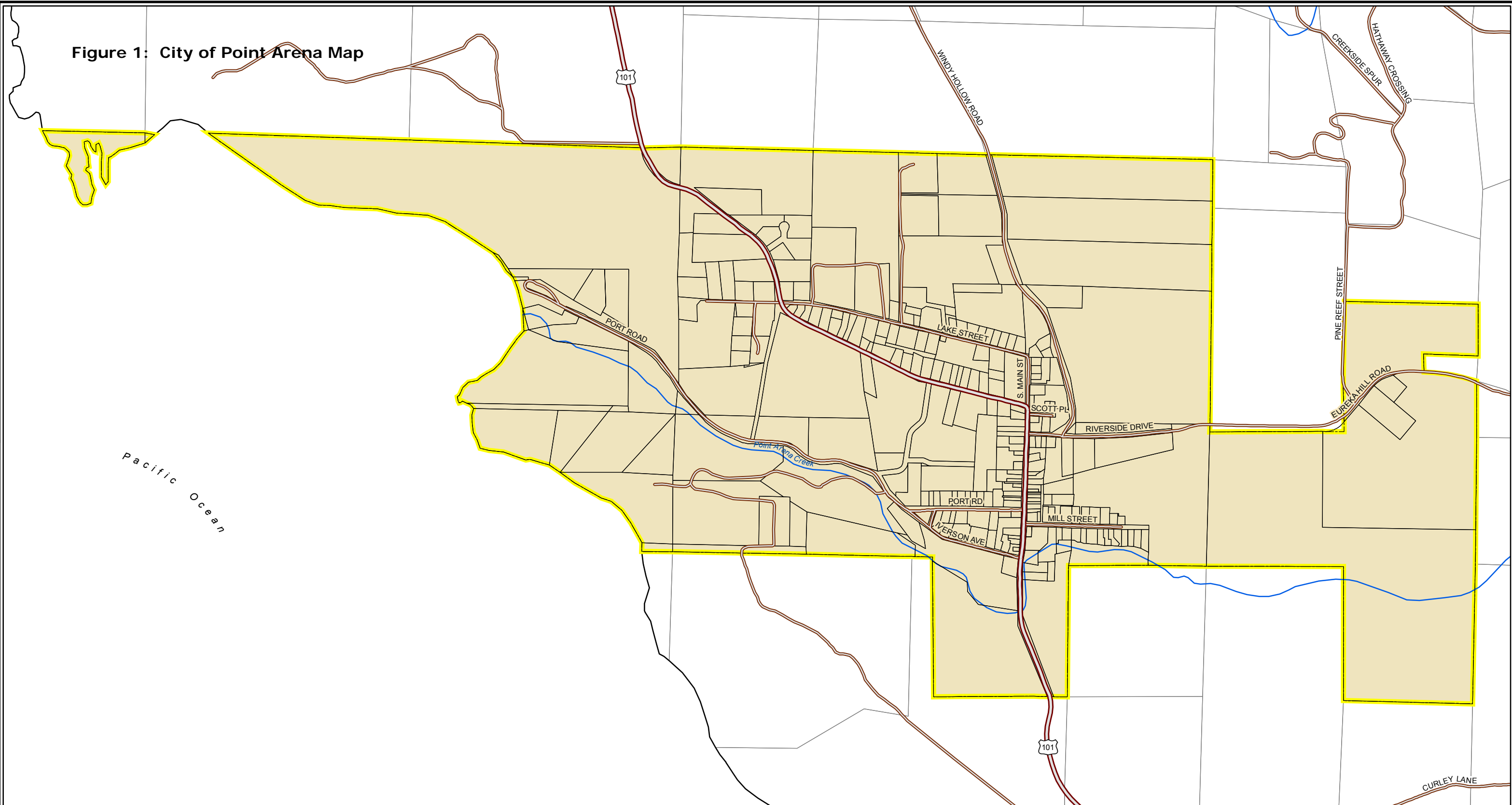
There is nothing in the LAFCo files to indicate LAFCo consideration of these areas for inclusion in the City SOI. The Arena Cove area is described in the General Plan as follows:

“To better serve the public interest the City shall research the possibility of annexing submerged lands totaling all water area within sight of the Pier running from the south point to the farthest north point in Arena Cove. The annexation will connect existing City boundaries from south to north on the City’s western boundary. The City finds that annexation of this territory will improve protection of this natural resource, improve management of the harbor facilities and activities, and foster enforcement through City ordinances and by City personnel of boating and other activities within the cove. This annexation is recommended by the State Lands Commission, which agency’s approval is required prior to the annexation taking effect. All proposed development on any submerged lands, tidelands, or on public trust lands in the Cove, whether filled or unfilled, shall obtain a coastal development permit from the Coastal Commission.”

The 1995 General Plan also put forth an “Urban Limit Line” which was less than the City Limits. (Refer to Figure 3: Urban Limit Line Map) It is not known what regulatory or statutory requirements apply to this line, if any, as the concept is not discussed in the General Plan.

No rationale is provided in the General Plan for adding the southwest corner to the Sphere. With respect to the Sphere addition on the northwest corner, this area is now part of the Stornetta property that was added to the California Coastal National Monument.

Figure 1: City of Point Arena Map



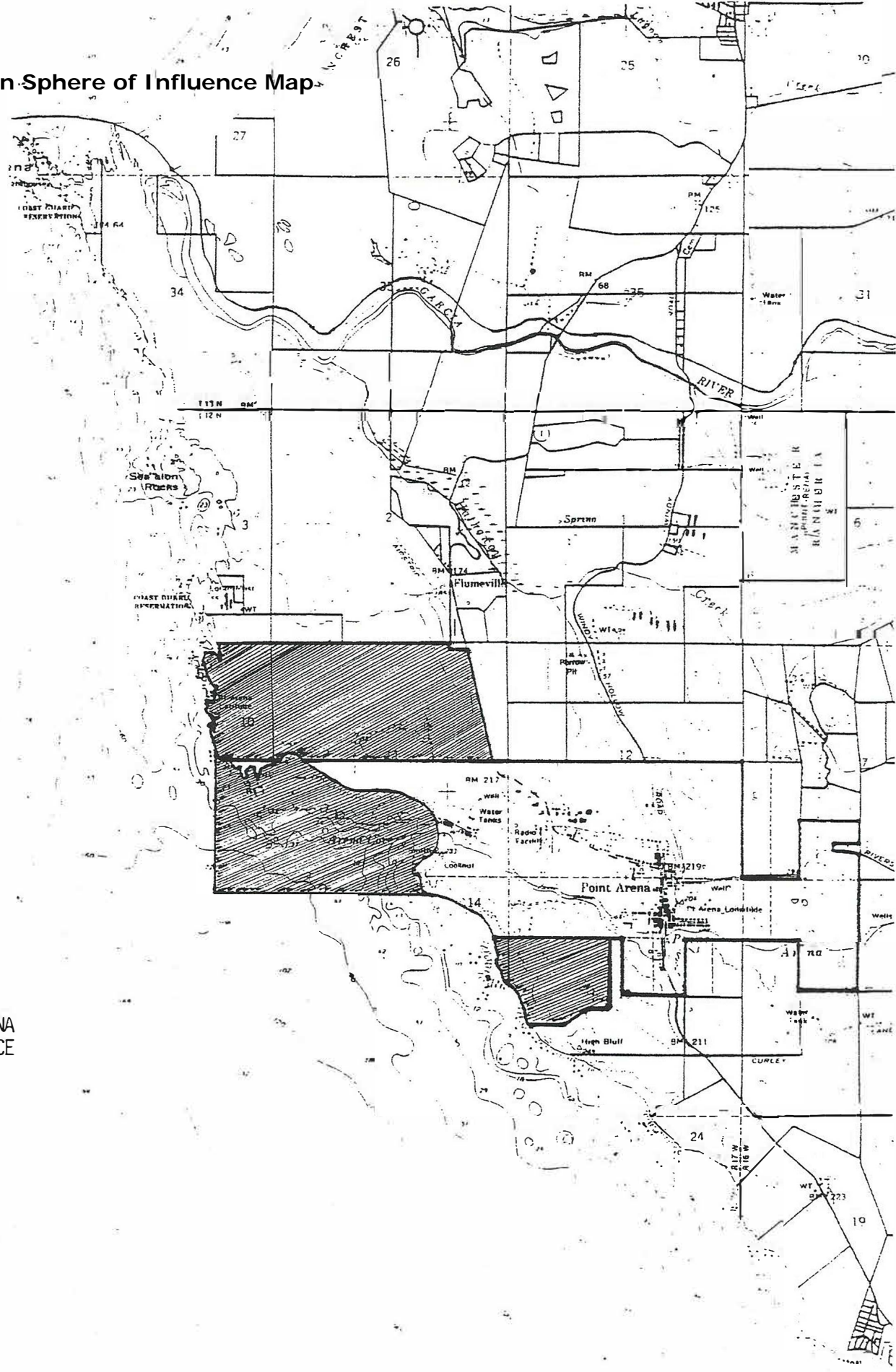
City of Point Arena

Source: This map was created by the Mendocino County Department of Information Services GIS Program, April 2013.
Note: This map is not a survey product.

- City of Point Arena
- Highway
- Roads
- Streams
- Parcels



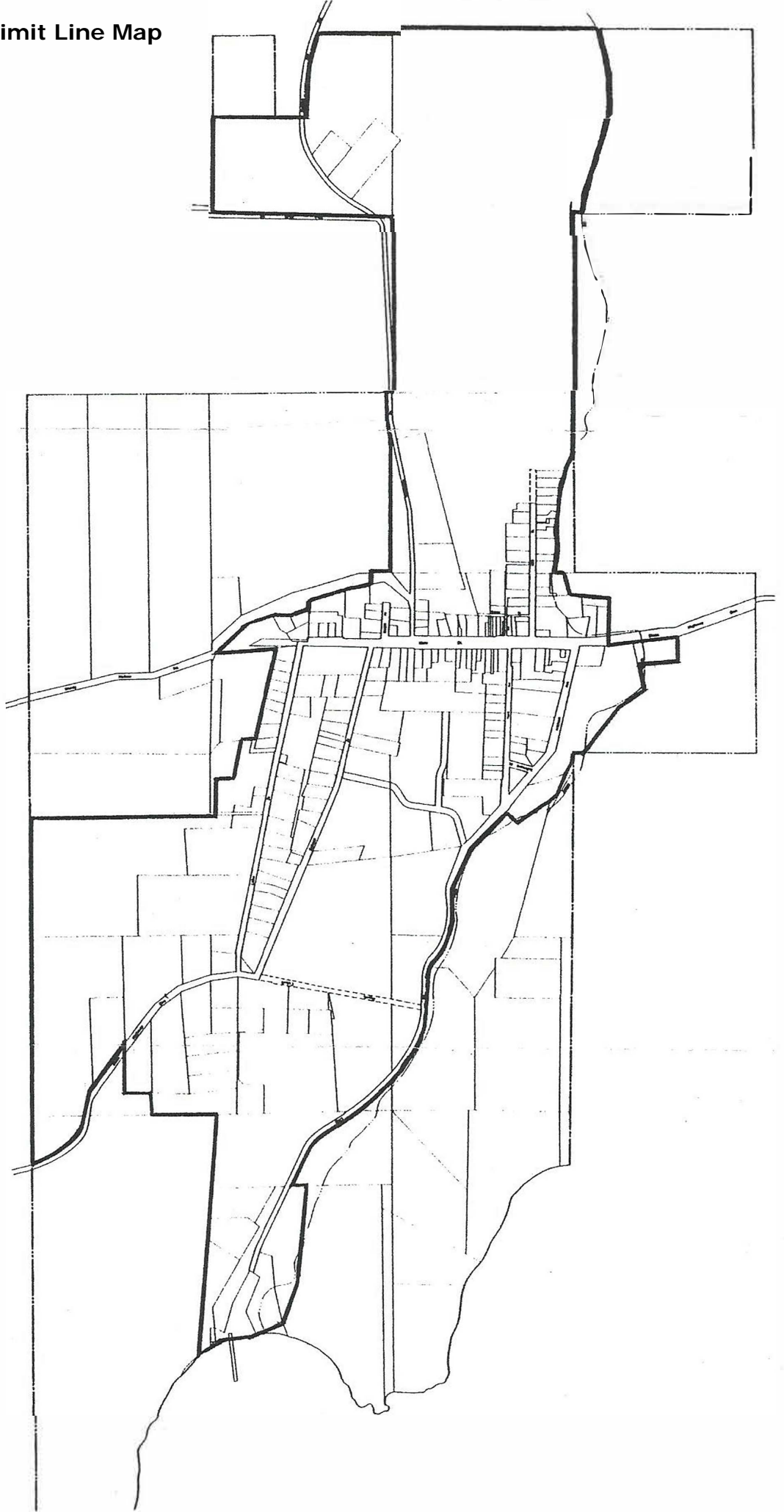
Figure 2: General Plan Sphere of Influence Map



CITY OF POINT ARENA
SPHERE OF INFLUENCE

Figure 3: Urban Limit Line Map

URBAN LIMIT LINE



ACCOUNTABILITY AND GOVERNANCE

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here are limited to: 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings; 2) a defined complaint process designed to handle all issues to resolution; and 3) transparency of the agency as indicated by cooperation with the MSR process and information disclosure.

Point Arena is a General Law City under the California Constitution, and operates as a City Council-City Manager form of government. The City Council has five members elected at large to four-year terms. The Point Arena City Council meets each month on the fourth Tuesday. The City Manager is the administrative officer for the City and reports to the City Council. The current Council Members, positions, and terms are shown in Figure 4, along with contact information and meeting information. The Mayor receives a stipend of \$100 per month; Council Members receive a stipend of \$75 per month.

The City posts public documents, including agendas and minutes on its website. The City is in the process of creating a new website with unlimited access to agendas, minutes, staff reports, resolutions, and ordinances. City Council agendas are also posted at City Hall and the Post Office. City Hall office hours are 9:00 AM to 3:00 PM Monday through Thursday, with a one-hour closing for lunch.

City Council elections are held in November of even numbered years. A recent election, held on November 6, 2012 was strongly contested, with eight candidates vying for two Council seats and a total voter turnout of 72.2%. Four members of the Point Arena City Council were successfully recalled in a special election held on August 30, 2011, with a voter turnout of 59.6%. For the November 4, 2014 election, with a voter turnout of 46.2%, two incumbent candidates were elected without opposition. The November election also changed the City Treasurer position from elective to appointive, with a 61.8% affirmative vote.

The City of Point Arena demonstrated accountability in its disclosure of information and cooperation with LAFCo questionnaires and interview requests. The agency responded to LAFCo's written questionnaires and document requests, and participated in interviews.

Citizen complaints may be filed with the City Manager. Appropriate City staff members are then responsible for resolving complaints. The Mendocino County Sheriff's Office has a formal complaint resolution process, including determinations on whether the complaint was unfounded, exonerated, not sustained, or sustained. In the past two years there have been no formal complaints filed with the City or with the Sheriff's Office.

Figure 4: Point Area Governing Body

City of Point Arena				
City Administration				
Contact:	Philip Vince, City Manager			
Address:	City Hall, 451 School Street (PO Box 67) Point Arena CA 95468			
Telephone:	707-882-2122			
E-mail/Website:	pa-citymgr@mcn.org www.cityofpointarena.com			
City Council				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Doug Burkey	Mayor	November 2018	Elected At-large	4 years
Phil Burfoot	Vice Mayor	November 2016	Elected At-large	4 years
Jim Koogle	Council Member	November 2016	Elected At-large	4 years
Trevor Sanders	Council Member	November 2016	Elected At-large	4 years
Deborah Heatherstone	Council Member	November 2018	Elected At-large	4 years
Meetings				
Date:	4th Tuesday of each month, 6:00 PM			
Location:	City Hall (Veteran's Memorial Building) 451 School Street			
Agenda Distribution:	Posted on the City website, plus City Hall bulletin board and Post Office. May also be posted at the Community Library and local grocery stores.			
Minutes Distribution:	Available on the City website; along with agendas and staff reports.			

MANAGEMENT AND STAFFING

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

The City of Point Arena has five departments: City Hall Administration, Parks and Recreation, Street Maintenance/Public Works, Harbor Operations, and Wastewater Treatment Plant. The City employs ten staff members on a full time or part time basis for a total of 5.0 full time equivalent (FTE) positions. The City operates with minimal staff. This can create administrative and functional problems when employees are on leave or positions are vacant. The number of FTEs by department are as follows: Administration – 1.4; Parks & Recreation – 0.7; Street Maintenance/Public Works – 0.8; Harbor Operations – 0.8; and Wastewater Treatment Plant – 1.3. The City contracts for legal services, planning services, engineering services, and accounting/bookkeeping services.

The City has adopted a Code of Conduct which addresses ethics, conduct of meetings, civility, and conflict of interest. The Code applies to elected officials as well as employees and contract positions.

City employees are governed by the City's newly adopted 'Personnel Rules and Regulations.' All employees are evaluated on their anniversary date by the City Manager. The City Manager utilizes an evaluation form and follows prescribed steps in performing the evaluations.

All employees submit detailed time sheets by job task. This is important because of an employee working in more than one department during a pay period. All time sheets are approved by the City Manager and recorded into the City's bookkeeping system by the contract accountant. In consultation with the City Council, the City Manager manages employee workload and makes adjustments as necessary. The City does not conduct bench-marking or other evaluation measures.

The City prepares a preliminary budget in March of each year, which is reviewed in detail by the City Council at scheduled budget workshop meetings. The Final Budget is presented to the Council for adoption in June in preparation for the new Fiscal Year which begins on July 1st.

GROWTH AND POPULATION PROJECTIONS

This section discusses the factors affecting service demand such as land use, anticipated population growth, and future development projects.

Land Use

The City's total land area is approximately 1.35 square miles (864 acres).

Point Arena is predominately composed of single-family residential development, with very small areas of multi-family residential, commercial, civic, and religious land uses. City parks, recreation areas, open space, trails, and schools comprise the remaining land uses. The City also has important local services including the Coast Community Library Branch of the Mendocino County Library System; a medical/dental center through Redwood Coast Medical Services; a technology center; Arena Theater for cinema, live performances and telecasts; a local radio station; and a pharmacy.

As of January 2014, the State Department of Finance (DOF) estimates that there are 226 dwelling units in the City, of which 156 (69%) are single-family units, 45 (20%) are multi-family units and 25 (11%) are mobile homes. The current vacancy rate in the City is 4.6%.

On March 11, 2014, President Obama signed a proclamation adding 1,665 acres of the Stornetta Ranch to the California Coastal National Monument. A portion of this preserve is within the City Limits and will remain as open space.

Existing and Projected Population

According to DOF, the City of Point Arena has a population of approximately 445 as of January 2014. Since 2000, the population has declined by 29 residents or 6.5%, which is attributed to an aging population and out-migration. Point Arena is the 476th largest city in California (out of 482 cities total); or perhaps more properly stated, the 7th smallest city in California.

The Point Arena Housing Element, which was adopted in August 2012, estimates a projected population of 558 in 2020, which would be an increase of 25%. However this estimate was calculated by projecting DOF overall population projections for Mendocino County proportionately for the City of Point Arena.

Projected Growth and Development

The current City General Plan/Local Coastal Plan was adopted by the City Council in January 1995 and revised in 2001 and 2006. The Plan was also adopted by the Coastal Commission. The General Plan contains goals related to public safety services (police, fire and emergency medical services) and infrastructure (water, sanitary sewer and storm drainage).

The General Plan community vision statement calls for a potential growth scenario of 3,000 residents. However, the 2006 Wastewater System Study estimated a population of 1,350 due to development constraints (topography, access, municipal services) and existing development patterns. This number is also consistent with the residential development potential presented in the General Plan (694 dwelling units at the current City average of 2.35 persons per dwelling unit) of 1,630 persons and allowing for fewer dwelling units due to development constraints. This would still triple the number of housing units within the City.

A housing survey, conducted in 2006, found that the City of Point Arena has 116 potential dwelling units on undeveloped land, and 262 potential residential lots on underdeveloped lots. Given that the City issued approximately eight residential building permits from 2000 to 2014, and the City's population actually decreased by 25 persons between the 2000 and 2010 Census, the current stock of developable land will meet the City's needs for the foreseeable future.

Despite State Department of Finance (DOF) growth projections for an increase in the population of Point Arena to 558 by 2020, it is more likely to be a slight increase in population to 473 by 2020, based on the historical trends.

Disadvantaged Unincorporated Communities

LAFCo is required to evaluate 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 median household income is less than 80 percent of the statewide median household income. Within a DUC, three basic services are evaluated: water supply, sewage disposal, and structural fire protection.

For the City of Point Arena, one of the three basic services – sewer service – is provided by the City. However, no sewer service is currently provided outside the City Limits.

The City does not provide water service or structural fire protection, and is therefore not responsible for assuring that these services are adequately provided to the community.

The median household income for Point Arena is \$28,229, which is less than 80 percent (46%) of the statewide median household income of \$61,632. The City is therefore considered to be a disadvantaged community, and may have DUC's in the proximity. On this basis, it is assumed that developed areas adjacent to the City will be in this same income range, and therefore may qualify as DUCs. Should future annexations to the City be proposed, consideration will need to be given for any DUC's affected by the annexation.

FINANCING

The financial ability of agencies to provide services is affected by available funding sources and financing constraints.

This section discusses the major financing components for the City of Point Arena, and identifies the revenue sources and expenditures currently being experienced by the City.

All City services are funded by the General Fund except: Law Enforcement, which is funded by an annual grant under the Citizens Option for Public Safety (COPS) program; and the Wastewater Treatment Plant and the Harbor Operations which are operated as Enterprise Funds, meaning that charges for services are intended to pay for the costs of providing such services.

Revenues

Revenues for the past three Fiscal Years are shown in Figure 5. Total revenue took a dip in FY 11-12, but increased by 30% in FY 12-13.

Point Arena relies on General Fund revenues to fund 50% of City expenses. Primary revenue generators for the city are property tax, sales tax, and transient occupancy tax (TOT). (Refer to Figure 5) The City reported that current revenue levels are not adequate to deliver required services, especially the Sewer and Harbor Operations Enterprise Funds. (Phil Vince, City Manager; personal communication)

It appears that the City is not yet back to normal from lodging revenues due to the economic downturn. TOT tax revenues have declined in each of the past three Fiscal Years. This is more than made up by increases in property tax, and an increase in sales tax in FY 12-13. City revenues appear to be on the rebound.

City voters adopted a one-half cent sales tax measure in 2003, which generates approximately \$45,000 per year for street and road purposes. Formerly called the 'pot hole tax,' these monies are now included in the City Gas Tax Fund along with all street-related expenditures.

Expenditures

Total expenditures for FY 10-11 were \$1.05 million, for FY 11-12, \$0.77 million, and for FY 12-13, \$0.85 million as shown in Figure 5. Park and recreation costs and street costs have declined since FY 10-11.

The Harbor Enterprise Fund has operated at a deficit for the three years reported, with expenditure exceeding revenues by a total of \$58,086. Harbor fees were last updated in 2011, and are currently under review by City Staff.

The Sewer Enterprise Fund operated at a deficit for FY 12-13, when expenditures exceeded revenues by \$61,178. This is a significant shortfall and should trigger a comprehensive review to determine the cause.

The City's use of COPS grant to contract for law enforcement services with the Mendocino County Sheriff's Office (SO) is being utilized. This \$100,000 per year contract is only 10% to 15% of total expenditures, which is extremely low for a small city like Point Arena. It appears that the SO retains any fines or forfeiture revenue, which may be an item for discussion when the contract is renewed.

Figure 5: Point Arena Revenues and Expenses for FY 10-11, FY 11-12 and FY 12-13

<i>Fiscal Year</i>	<i>FY 10-11</i>		<i>FY 11-12</i>		<i>FY 12-13</i>	
Revenues						
Property Tax	\$107,320	10%	\$116,178	16%	\$185,714	22%
Voter Approved Tax	\$29,907	3%	\$30,272	4%	\$49,215	6%
Sales Tax	\$59,814	6%	\$60,545	8%	\$98,431	11%
Transportation Tax						
Transient Lodging Tax	\$44,218	4%	\$35,299	5%	\$33,913	4%
Fines and Forfeitures	\$62	0%				
Franchises	\$18,639	2%	\$9,854	1%	\$8,324	1%
Investment Earnings	\$17,567	2%	\$14,449	2%	\$24,532	3%
Intergovernmental	\$409,128	39%	\$157,355	22%	\$217,737	25%
Sewer Service Charges	\$210,842	20%	\$198,923	27%	\$166,538	19%
Port Revenues	\$61,028	6%	\$53,249	7%	\$59,064	7%
Other Revenues	\$79,868	8%	\$53,183	7%	\$14,574	2%
Total Income	\$1,038,393	100%	\$729,307	100%	\$858,042	100%
Expenses						
General Government	\$290,889	28%	\$206,508	27%	\$290,835	34%
Police	\$108,333	10%	\$90,396	12%	\$109,755	13%
Streets	\$284,165	27%	\$132,228	17%	\$77,229	9%
Port	\$82,594	8%	\$65,355	9%	\$83,478	10%
Community Development	\$11,075	1%	\$14,106	2%	\$21,749	3%
Sewers	\$203,898	19%	\$186,699	24%	\$227,716	27%
Parks & Recreation	\$43,382	4%			\$36,339	4%
Other Expenditures	\$29,625	3%	\$70,797	9%		
Total Expenses	\$1,053,961	100%	\$766,089	100%	\$847,101	100%
Net Income (or Loss)	-\$15,568		-\$36,782		\$10,941	
Current Year Depreciation	\$140,265		\$217,762		\$154,159	
Accumulated Depreciation	\$4,775,254		\$4,719,042		\$4,864,022	

In FY 11-12, Park & Recreation expenditures were included with General Government. With the improvements made to the City's accounting/bookkeeping functions, future financial recording and reporting will be more reliable and consistent.

For the period ending June 30, 2013, the General Fund balance was \$311,629. This is a decrease of \$121,718 (28.1%) from the June 30, 2012 balance of \$433,347. For the period ending June 30, 2012, the General Fund balance was \$250,466 (36.6%) less than the June 30, 2011 fund balance. This is an indication that the City is utilizing reserve funds to balance the General Fund budget. (Refer to Exhibit A: City Balance Sheets for details.)

Long-Term Financial Considerations

Audit Reports

The City's financial records are audited each year by a qualified Certified Public Account. The most recent City Audit was for the 2012-13 Fiscal Year and was prepared by Michael Celantano, CPA. The Audit was presented to the City Council in January 2014. One of the recommendations offered by the Auditor was to establish a new position experienced in accounting to handle the City's accounting functions. The City agreed with the recommendation and is now utilizing an independent CPA firm to perform the City's accounting and bookkeeping functions.

Reserves

As of June 30, 2013, the City maintained a number of assets which can be considered to be reserves, although some are restricted for specific purposes.

Cash and investments (primarily in the California State Controller's pooled money investment account, the Local Agency Investment Fund -- LAIF) were \$490,606 in the General Fund and are considered unrestricted reserves.

Restricted reserves (including State Gasoline Tax) totaled \$87,903.

Funds restricted for Transportation and Streets totaled \$59,340; while the In-Lieu Parking Fund held \$9,110.

Bonded Indebtedness

The City has only one long term note as of June 30, 2013 that will be paid off in 2015:

<u>Loan</u>	<u>Interest</u> <u>Rate</u>	<u>Loan</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Loan</u> <u>Amount</u>	<u>Balance</u>
Water Main Installation	5.5%	2005	2015	\$20,000	\$4,921

Low-Income Home Improvement Loans

Residential Loan	2.0%	1996	2032	92,470	55,305
Residential Loan	2.0%	1996	2026	92,470	48,416
Residential Loan	3.0%	1996	2032	92,470	55,541

As a result of the Governor's elimination of Redevelopment programs state-wide in 2011, the residential loans are no longer available for low-income home improvement and construction through the Revolving Loan Account under the Community Development Block Grant (CDBG) program.

2. MUNICIPAL SERVICES

This section provides a description of municipal-type services provided by the City.

ADMINISTRATIVE SERVICES

The City operates its administrative functions out of City Hall at 451 School Street in the Veteran's Memorial Building. City Staff located at City Hall include the City Manager/City Clerk, Administrative Assistant, and City Treasurer. Services provided here include interaction with City Council Members and the public, general City governance, business licenses, permits, flood plain administration, emergency services, and human resources.

The City contracts with Wynn Coastal Planning for community development and planning services; and the Mendocino County Planning and Building Services Department for building inspection services. The City Planning Commission was deactivated on March 25, 2014. The City Council has been serving as the Planning Commission; however, efforts are underway to appoint a new Planning Commission.

The City receives professional services from a Contract City Attorney, a Contract City Engineer, a Contract Accountant, and a Contract Independent City Auditor.

WASTEWATER SERVICES

The City operates and maintains a Wastewater Reclamation Facility (treatment plant); approximately 11,000 lineal feet of 6-inch diameter sewage collection mains; one pump (lift) station; and four 17,000 square foot percolation ponds. The treatment plant is located at the intersection of Iverson Avenue and Port Road adjacent to Arena Creek. The lift station is located at the Arena Cove parking area. The percolation ponds are located on top of the south bluff off Bluff Top Road.

The treatment facility is designed to provide secondary treatment for up to 0.13 million gallons of wastewater per day (mgd), average dry weather flow. Treatment consists of two aerated ponds which operate in series, followed by disinfection prior to being discharged to the percolation ponds. Pumps are utilized to transport the chlorinated effluent via an 8-inch force main 3,400 feet to the ponds. The ponds have sufficient capacity during most of the year. However, during large wet weather conditions, the ponds are not able to keep up with the effluent flows so a 20-acre pasture is utilized for treated effluent spray irrigation. The pasture is located on the bluff adjacent to the percolation ponds.

The wastewater system operates under waste discharge requirements of the North Coast Region, California Regional Water Quality Control Board including Monitoring and Reporting Program No. R1-2003-001. The treatment plant currently treats an average of 0.0383 mgd, dry weather flow; and 0.0797 mgd, wet weather flow.

Improvement recommendations were made in a 2006 sewer system analysis by Coastland Engineering, and include replacing specific line segments, repairing laterals and manholes to reduce inflow and infiltration (I&I), and improvements to the treatment ponds. A more recent engineering study by Winzler & Kelley in 2010 addressed sludge removal and I&I.

Budget documents do not identify a Capital Improvement Program (CIP) related to wastewater services; however, the City is preparing a rate analysis which will identify infrastructure improvements, as well as future operating costs.

STORMWATER

For the most part, stormwater drainage within the City flows across hilly topography to naturally occurring swales which drain to Arena Creek and Hathaway Creek. These creek channels flow directly to the Pacific Ocean. Within developed portions of the community, there are limited curb, gutter and sidewalk improvements along City streets. Drainage is primarily via roadside ditches to adjoining fields. The Public Works Department is responsible for maintaining the ditches and drainage swales.

The Community Action Plan prepared in April 2010 identified several storm drainage improvements including modification of existing drainage patterns along Mill Street, Port Road, and Iverson Avenue; installation of curb, gutter and sidewalk on the south side of School Street, and both sides of Riverside Drive/Eureka Hill Road. It does not appear that the City has been able to construct any storm drainage capital improvements. Grant funding through Caltrans for the 'Safe Routes to School' program may be available.

STREET MAINTENANCE

There are approximately 3.3 miles of streets within the City Limits, not including State Route 1 (Main Street and School Street) which is under the jurisdiction of Caltrans. A 'Pavement Management Report' prepared in October 2012 measured the condition of local streets. On a 'Pavement Condition Index' (PCI) ranging from zero (worst) to 100 (best), City streets averaged 75.5. Streets in the poorest condition include Mill Street, Windy Hollow Road, and Riverside Drive.

The City Public Works crew is responsible for street maintenance and repair, primarily repairing broken pavement and filling potholes. Most streets are 'historic' in nature, with minimal sub-base and lacking curbs and gutters. It does not appear that the City goes beyond minimal repairs, and does not perform crack sealing, chip sealing and minor overlays.

The Pavement Management Report recommends concentrating repair work on a 1,000-foot section of Windy Hollow Road, and 400-feet of Mill Street east of Highway 1.

The City receives approximately \$54,000 annually through the State Regional Surface Transportation (RSTP) program. These monies are reserved for roadway improvements.

Budget documents do not identify a Capital Improvement Program (CIP) related to street maintenance or reconstruction services. Projects are identified as planning, design, and construction funds become available. Currently (and into the near future), the City will be expending its limited funds on the completion of Phase 2 of the 'Safe Routes to School' project on Lake Street.

PARKS AND RECREATION

There are three parks in the City, one of which, Rockwall Park, was acquired in 2011 and is mostly undeveloped. The Arena Cove and Pier serves as a recreation area and hosts large community events such as the Fireworks Extravaganza and Street Fair in July, and Harbor Fest in September. Centennial Plaza and Fisherman's Playground is located downtown adjacent to the Arena Theater. This park hosts a Farmer's Market in the Summer.

The City Council has recently funded a 'Trails, Open Space and Parks' strategic planning process in the community, with the primary goal to develop linkages within Point Arena, as well as to the Stornetta Natural Preserve lands north of the City. The planning process will identify capital improvement needs and potential financing for the improvements.

The Public Works crew is responsible for maintenance and upkeep of these park areas.

HARBOR OPERATIONS

Facilities at the Harbor include a 330-foot long fishing pier with boat launch and hoist facility, parking area for vehicles and boat trailers, restrooms, showers, picnic tables, and fish cleaning stations. Parking is free and fishing from the pier does not require a fishing license.

A small, local fishing fleet also operates out of the harbor and brings in salmon, crab, sea urchin, and other seafood for purchase.

Other activities at the harbor include wildlife viewing, kayaking, abalone diving, surfing, and launching of pleasure boats.

Harbor operations are under the direction of the Harbor Supervisor, with assistance from a Pier Attendant.

In Fiscal Year 2013-2014, railing, ladder, and hoist improvements were made to the Arena Cove pier. Future capital improvements will include re-surfacing the pier deck, installation of ladder and rail replacements, and new hoists.

THE FOLLOWING SERVICES ARE PROVIDED BY CONTRACT TO THE CITY OF POINT ARENA, OR ARE PROVIDED BY OTHER SERVICE PROVIDERS.

LAW ENFORCEMENT SERVICES

The City contracts with the Mendocino County Sheriff's Office (SO) for law enforcement services. Two Sheriff's Deputies and a Lieutenant from the Fort Bragg Sub-station are available to provide services to the City as well as the unincorporated portion of the County between the Navarro River (State Route 128) and Gualala (at the County Line). The resident deputy position has been vacant for some time.

The City utilizes its annual COPS grant to fund these services. This is a lump-sum contract, but actual expenditures can vary from year to year (refer to Financing Section). The SO provides the Deputies and all associated items including vehicles, uniforms, and support services. Deputies are dispatched from the SO in Ukiah, and also interface with fire, emergency medical, and California Highway Patrol.

Call volume in the Point Arena area is 'light' but does warrant officer presence on Friday and Saturday nights. Persons taken into custody are transported to the SO in Ukiah, usually with a 'hand off' at Boonville to a Deputy arriving from Ukiah.

FIRE PROTECTION SERVICES

Fire protection services within the City are provided by the Redwood Coast Fire Protection District (RCFPD). The district has been operational since 1997 when the Redwood Coast Volunteer Fire Department (which included the Point Arena Volunteer Fire Department) and the Garcia Fire and Rescue Volunteer Fire Department were consolidated into a Fire Protection District.

RCFPD serves the area from Irish Beach south to Schooner Gulch, with fire stations located at Irish Beach, Manchester and Point Arena. The Point Arena station at 282 Lake Street is a five-bay fire station that was constructed in 2003. The District has an ISO (Insurance Services Office) rating of 8 within Point Arena, and 9 in the outlying areas.

Water for fire protection within the City is provided by Point Arena Water Works, Inc., a private water company. (See below.) There are 43 fire hydrants on the system that are served from 12-inch and 6-inch lines. Water for firefighting is available from two water storage tanks with a total of 557,000 gallons (which is a 6-hour supply at 1,500 gallons per minute). The water company can also provide additional water at 132 gallons per minute from its main pump.

Ambulance service is provided by the Coast Life Support District, which leases space for one ambulance from RCFPD.

WATER SERVICES

Point Arena Water Works, Inc. (PAWW) is a private water company that provides potable water within its service area, which is the same as the City boundary. PAWW is a Class D water utility, having less than 500 connections. PAWW is under the jurisdiction of the California Public Utilities Commission (CPUC).

The Garcia River is the primary water supply for the company, which withdraws water from one 24-inch diameter well and one 12-inch well. Three secondary wells at Whiskey Shoals are also utilized. An average of 12,370 CCF (hundreds of cubic feet) are pumped each year, which is equivalent to 9.2 million gallons or 28.4 acre feet per year. Average water usage is 87 gallons per residential customer per day, which is very low and indicates water conservation measures are in place.

PAWW has a current application pending before the CPUC to renew its permit for up to 100 acre-feet of water per year; and a second application to add another 50 acre-feet to the allocation.

Company storage facilities include a 285,000 gallon concrete tank and a 272,000 wooden tank. The water distribution system is via approximately 46,000 lineal feet of pipe, primarily 6-inch, 8-inch and 12-inch, although some 2-inch and 4-inch lines are still in use.

Currently, Point Arena Water Works serves 193 customers, of which 130 are residential and 63 are commercial or industrial. All water services are metered. Based on current water usage, PAWW appears able to serve another 492 customers, for a total of 685 water connections under its current allocation of 100 acre-feet per year.

Although the company's infrastructure is in relatively good shape, water storage and insufficient fire-flow problems were identified in a 2004 report, the "Water System Master Plan and Feasibility Analysis." Water storage for firefighting is addressed above. Limitations on fire flow water occur in Zone 1 (the downtown area), which has existing 6-inch water lines. These lines will not be replaced until there are sufficient funds to do so. (William Hay, PAWW; personal communication)

SOLID WASTE SERVICES

The City contracts with Pacific Coast Disposal (PCD) for waste collection services and recycling. PCD pays a franchise fee to the City as the service provider.

Curbside pickup for both garbage and recycling occurs on Friday and includes residential and commercial customers. In addition, PCD maintains a recycle center at the Point Arena Pier at the end of Port Road. Recyclables are accepted at no charge and can include: newspapers; cardboard; office paper; food and beverage glass; steel cans; plastic food and beverage containers; and aluminum cans.

3. MSR DETERMINATIONS

Growth and Population Projections for the Affected Area

1. As of January 2014, the estimated population of Point Arena was 445.
2. Since 2000, the population of Point Arena has declined by 29 residents or 6.5%.
3. Based on State Department of Finance (DOF) growth projections for Mendocino County, the population of Point Arena is anticipated to be 558 by 2020, which is an increase of 113 persons or 25.4%
4. More likely is a slight increase in population to 473 by 2020, based on historical trends.

The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

5. No disadvantaged unincorporated communities (DUCs) exist within the Sphere of Influence because the Sphere of Influence is coterminous with the City Limits; therefore there are no unincorporated areas within the Sphere.
6. Developed areas adjacent to the City are assumed to be in this same income range as within the City, and therefore may qualify as DUCs. Should future annexations to the City be proposed, consideration will need to be given for any DUC's affected by the annexation.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

7. Point Arena is at a disadvantage when planning for future facilities and infrastructure needs because the City does not have authority over water service and fire protection service; and to some extent, law enforcement services and State Highway 1. These services are all provided by other agencies or service providers.

8. Point Arena should work cooperatively with local agencies and service providers to insure that the future community needs are met. This will require a pro-active effort by the City Council and City Staff to accomplish.
9. Point Arena needs to plan for needed and necessary improvements to wastewater facilities, parks, streets, storm drainage facilities, and harbor operations by continuing to develop a Capital Improvement Program, by establishing priorities, and by developing funding mechanisms.
10. City Hall office hours are limited due to the budget and available personnel. The public appears to have adapted to this limitation. The City Manager is in the office 32-hours per week, and the Administrative Assistant is scheduled for 24-hours per week.
11. To assist in transparency and document availability, the City should: 1) keep the City website current and up to date; 2) continue expansion of information available to the public; and 3) eliminate the restriction on accessing document retrieval to five downloads in a 24-hour period.

Financial Ability of the Agency to Provide Services

12. The City is utilizing General Fund reserves to balance the City budget.
13. The City has very little long-term bonded indebtedness which may allow the City to utilize its bonding capacity to fund new infrastructure projects.
14. Sewer and Harbor Enterprise Funds are operating at a deficit which may require a review of fees charged for services.
15. Use of the annual COPS grant to fund law enforcement services is a cost effective way to fund police protection. Consideration should be given to how fines and forfeitures are accounted for and how those monies are spent.
16. More consistency and detailing of expenditures for each line item is expected under the City's new accounting system.

Status of, and Opportunities for, Shared Facilities

18. No opportunities for shared facilities with other agencies have been identified.

19. Point Arena should explore park and recreation facilities and programs with the Point Arena Joint Union High School District and the Arena Union Elementary School District.

Accountability for Community Service Needs, Including
Governmental Structure and Operational Efficiencies

20. Government structure options should be pursued only if there are potential benefits in terms of reduced costs, greater efficiency, greater accountability or other advantages to the public. The City of Point Arena is currently changing the way the City operates by: appointing a City Manager to replace the City Administrator position; eliminating the use of City Council Members as 'Commissioners' responsible for overseeing specific functions; and by re-instituting the City Planning Commission.
21. When the Sphere of Influence for the City of Point Arena is updated, consideration should be given to: 1) re-evaluating the rationale for the three areas for SOI expansion that are included in the 1995 City General Plan; 2) discussion of the purpose and need of the Urban Limit Line presented in the 1995 City General Plan.
22. Given the ISO ratings, the City of Point Arena should determine whether the current water distribution system is adequate to meet the existing firefighting needs of the City.

City Balance Sheets

CITY OF POINT ARENA, CALIFORNIA GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2013

	General Fund	Revolving Loan Fund	State Gasoline Tax Fund	Total Governmental Funds
ASSETS				
Cash & Investments	\$ 142,746	\$ 230,490	\$ -	\$ 373,236
Restricted Cash & Investments	68,450	-	19,453	87,903
Accounts Receivable	15,230	1,585	-	16,815
Grants Receivable	39,328	-	-	39,328
Notes Receivable	-	319,462	-	319,462
Due from Other Funds	94,747	11,154	36,261	142,162
Advances to Other Funds	-	128,626	-	128,626
Total Assets	\$ 360,501	\$ 691,317	\$ 55,714	\$ 1,107,532
LIABILITIES				
Accounts Payable	\$ 12,371	\$ -	\$ 93	\$ 12,464
Accrued Payroll and Benefits	1,096	-	-	1,096
Due to Other Funds	35,405	-	19,958	55,363
Total Liabilities	48,872	-	20,051	68,923
DEFERRED INFLOWS OF REOURCES				
Unearned revenue	-	319,462	-	319,462
FUND BALANCE				
Nonspendable:				
Advances to Other Funds	-	128,626	-	128,626
Due from Other Funds	94,747	11,154	36,261	142,162
Restricted for:				
Transportation and Streets	59,340	-	-	59,340
In-Lieu Parking	9,110	-	-	9,110
Assigned for:				
Self-Insurance	15,000	-	-	15,000
Skate Park	7,789	-	-	7,789
Future Loans	-	230,490	-	230,490
Unassigned	125,643	1,585	(598)	126,630
Total Fund Balances	311,629	371,855	35,663	719,147
Total Liabilities, Fund Balances and Deferred Inflows of Resources	\$ 360,501	\$ 691,317	\$ 55,714	\$ 1,107,532

**CITY OF POINT ARENA, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012**

	General Fund	Revolving Loan Fund	State Gasoline Tax Fund	Total Governmental Funds
ASSETS				
Cash & Investments	\$ 230,883	\$ 222,086	\$ -	\$ 452,969
Restricted Cash & Investments	206,894	-	19,453	226,347
Notes Receivable	-	337,215	-	337,215
Due from Other Funds	32,073	-	-	32,073
Advances to Other Funds	-	128,626	-	128,626
Total Assets	\$ 469,850	\$ 687,927	\$ 19,453	\$ 1,177,230
LIABILITIES				
Accounts Payable	\$ 32,231	\$ 2,898	\$ -	\$ 35,129
Accrued Payroll and Benefits	4,272	-	-	4,272
Deferred revenue	-	337,215	-	337,215
Total Liabilities	36,503	340,113	-	376,616
FUND BALANCE				
Nonspendable:				
Advances to Other Funds	-	128,626	-	128,626
Due from Other Funds	32,073	-	-	32,073
Restricted for:				
Transportation and Streets	175,622	-	19,453	195,075
In-Lieu Parking	9,072	-	-	9,072
Assigned for:				
Self-Insurance	13,781	-	-	13,781
Skate Park	6,790	-	-	6,790
Future Loans	-	219,188	-	219,188
Unassigned	196,009	-	-	196,009
Total Fund Balances	433,347	347,814	19,453	800,614
Total Liabilities and Fund Balance	\$ 469,850	\$ 687,927	\$ 19,453	\$ 1,177,230

CITY OF POINT ARENA
 BALANCE SHEET - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 JUNE 30, 2011
 (SUMMARIZED TOTALS FOR 2010)

	General Fund	Revolving Loan	Total Governmental Funds	
			2011	2010
<u>Assets</u>				
Cash and cash equivalents	\$ 99,987	\$ -	\$ 99,987	\$ 131,594
Investments	531,602	327,505	859,107	1,084,053
Notes receivable		348,176	348,176	359,114
Advances from other funds	37,609		37,609	37,609
Due from other funds	18,815	-	18,815	24,927
	<u>\$ 688,013</u>	<u>\$ 675,681</u>	<u>\$ 1,363,694</u>	<u>\$ 1,637,297</u>
<u>Total Assets</u>				
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Payroll taxes payable	\$ 4,200	\$ -	\$ 4,200	\$ 4,057
Deposits		2,886	2,886	
Deferred revenue	-	-	-	223,309
	<u>4,200</u>	<u>2,886</u>	<u>7,086</u>	<u>227,366</u>
<u>Total Liabilities</u>				
<u>Fund Balances</u>				
Reserved for infrastructure improvements	175,622		175,622	124,519
Reserved for future loans		351,499	351,499	351,499
Unreserved	508,191	321,296	829,487	933,913
	<u>683,813</u>	<u>672,795</u>	<u>1,356,608</u>	<u>1,409,931</u>
<u>Total Fund Balances</u>				
<u>Total Liabilities and Fund Balances</u>	<u>\$ 688,013</u>	<u>\$ 675,681</u>	<u>1,363,694</u>	<u>1,637,297</u>
<u>Reconciliation to Statement of Net Assets</u>				
Amounts reported for governmental activities in the statements of net assets are different because				
Capital assets used in governmental activities of \$2,853,850, net of accumulated depreciation of \$1,114,001, are not financial resources and, therefore, are not reported in the funds.			<u>1,991,882</u>	<u>1,739,849</u>
<u>Net Assets of Governmental Activities</u>			<u>\$ 3,348,490</u>	<u>\$ 3,149,780</u>