

MENDOCINO

Local Agency Formation Commission

Ukiah Valley Conference Center | 200 South School Street | Ukiah, California 95482
Telephone: (707) 463-4470 | E-mail: eo@mendolafco.org | Web: www.mendolafco.org

COMMISSIONERS

Carre Brown, Chair
County Board of Supervisors

Tony Orth, Vice Chair
Brooktrails Township CSD

Gerald Ward, Treasurer
Public Member

Gerardo Gonzalez
Willits City Council

John Huff
Mendocino Coast Recreation
and Park District

Scott Ignacio
Point Arena City Council

John McCowen
County Board of Supervisors

Jenifer Bazzani, Alternate
Ukiah Valley Fire District

Will Lee, Alternate
Fort Bragg City Council

Carol Rosenberg, Alternate
Public Member

Ted Williams, Alternate
County Board of Supervisors

STAFF

Executive Officer
Uma Hinman

Analyst
Larkyn Feiler

Commission Clerk
Vacant

Counsel
Scott Browne

REGULAR MEETINGS

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

A G E N D A

Regular Meeting of **Monday, August 5, 2019** at 9:00 AM
County Board of Supervisors Chambers 501 Low Gap Road, Ukiah, California

*Live web streaming and recordings of Commission meetings are available via the County of Mendocino's YouTube Channel. Links to recordings and approved minutes are available on the LAFCo website <http://mendolafco.org/recorded-meetings/>
Meeting documents are available online: <http://mendolafco.org/meeting-documents-2019/>*

1. CALL TO ORDER and ROLL CALL

2. PUBLIC EXPRESSION

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

3. OTHER BUSINESS

None.

4. CONSENT CALENDAR

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

4a) Approval of the June 3, 2019 Regular Meeting Summary

4b) Ratification of the June 2019 Claims & Financial Reports

4c) Approval of the July 2019 Claims & Financial Reports

5. PUBLIC HEARING ITEMS

Public Hearings are scheduled for Commission consideration and possible adoption of items. Questions and comments from the Commission, participating agencies, and members of the public are welcome. Documents are available for review at: <http://mendolafco.org/meeting-documents-2019/>

5a) Brooktrails Township Community Services District

The Commission will consider a Municipal Service Review and Sphere of Influence Update as required by LAFCo law. The final report includes written determinations on the level and scope of services provided by the Brooktrails Township Community Services District. RECOMMENDED ACTIONS: (1) Find the Brooktrails Township Community Service District Municipal Service Review and Sphere of Influence Update is exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations §15306 and §15061(b)(3) and approve the Notice of Exemption for filing; and

(2) Adopt LAFCo Resolution 2019-20-01, approving the Brooktrails Township Community Service District Municipal Service Review and Sphere of Influence Update, affirming the District's existing coterminous Sphere of Influence, establishing three service-specific spheres including Brooktrails Township Subdivision - All Services, Spring Creek Subdivision - Water and Fire Service, and Sylvandale Subdivision - Fire Service, and designating four Areas of Interest including Lower Sherwood Road, The Gates, Willits Airport, and Upper Sherwood Road.

6. WORKSHOP ITEMS

Workshops are scheduled for Commission review of draft reports prior to the noticing for public hearing. The Commission is invited to discuss the draft report and provide feedback to staff in anticipation of receiving a final SOI Update for formal action as part of a public hearing at a future meeting. No action will be taken by the Commission as part of the following item. Questions and comments from the Commission, participating agencies, and members of the public are welcome. Documents are available for review at: <http://mendolafco.org/meeting-documents-2019/>

6a) None

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

7a) Sustainable Agricultural Lands Conservation Program Grant Proposal

Receive overview of the SALC Program grant proposal and consider participating as a partner. RECOMMENDED ACTION: (1) Approve LAFCo participation in the SALC Program grant proposal and project as a partner; (2) authorize budget up to \$4,080 to cover a share of match funds to be expended as staff time and directing staff to bring forward a budget amendment; (3) authorize the Executive Officer to expend staff time consisting of \$4,080 of budget as match funding and \$14,280 in grant funding reimbursement to participate in and support the project; or (4) Decline to participate in the grant proposal as a partner.

7b) Consultant Selection, Certified Public Accounting Firm to conduct FY 2018-19 Audit

Consider selection of a Certified Public Accounting firm to conduct the FY 2018-19 Audit, with option for extension of contract up to four additional years. RECOMMENDATION: (1) Select Zach Pehling, CPA, MBA, to perform the financial audit for Fiscal Year 2018-19, with option to extend for up to four additional years; (2) Authorize the Chair to execute an agreement with Zach Pehling, CPA, MBA, for financial audit services consistent with the proposal.

8. INFORMATION AND REPORT ITEMS

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

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

8b) Correspondence (Copies provided upon request)

8c) Executive Officer's Report (Verbal)

8d) Committee Reports (Policies & Procedures and Executive) (Verbal)

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

8f) CALAFCO Business and Legislative Report

- Nomination Period for CALAFCO Board of Directors, due September 30, 2019.
- Nomination Period for 2019 Annual Achievement Awards, due September 20, 2019.
- Annual CALAFCO Conference is October 30-November 1, 2019 in Sacramento.

ADJOURNMENT

The next Regular Commission Meeting is scheduled for Monday, **September 9, 2019** at 9:00 AM in the County Board of Supervisors Chambers 501 Low Gap Road, Ukiah, California

Notice: This agenda has been posted at least five (5) calendar days prior to the meeting in a location freely accessible to members of the public, in accordance with the Brown Act.

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

Americans with Disabilities Act (ADA) Compliance: Commission meetings are held in a wheelchair accessible facility. Individuals requiring special accommodations to participate in this meeting are requested to contact the LAFCo office at (707) 463-4470 or by e-mail to eo@mendolafco.org. Notification 48 prior to the meeting will enable the Commission to make reasonable arrangements to ensure accessibility to this meeting.

Fair Political Practice Commission (FPPC) Notice: State Law requires that a participant in LAFCo proceedings who has a financial interest in a Commission decision and who has made a campaign contribution to any Commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission before the hearing.

MENDOCINO

Local Agency Formation Commission

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Agenda Item No. 4a

COMMISSIONERS

Carre Brown, Chair
County Board of Supervisors

Tony Orth, Vice Chair
Brooktrails Township CSD

Gerald Ward, Treasurer
Public Member

Gerardo Gonzalez
Willits City Council

John Huff
Mendocino Coast Recreation
and Park District

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John McCowen
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Jenifer Bazzani, Alternate
Ukiah Valley Fire District

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STAFF

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Analyst
Larkyn Feiler

Commission Clerk
Vacant

Counsel
Scott Browne

Regular Meetings

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

MINUTES

Local Agency Formation Commission of Mendocino County

Regular Meeting of Monday, June 3, 2019

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

1. **CALL TO ORDER and ROLL CALL** (Video Time 0:57)

Chair Brown called the meeting to order at 9:01am.

Regular Commissioners Present: Carre Brown, Gerardo Gonzalez, John Huff, Scott Ignacio, John McCowen, Tony Orth, and Gerald Ward

Alternate Commissioners Present: Carol Rosenberg

Alternate Commissioners Absent: Jen Bazzani, Will Lee, and Ted Williams

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

2. **PUBLIC EXPRESSION** (Video Time 1:29)

No one from the public indicated interest in public expression.

3. **OTHER BUSINESS** (Video Time 1:37)

None.

4. **CONSENT CALENDAR** (Video Time 1:43)

4a) Approval of the May 6, 2019 Regular Meeting Summary

4b) Approval of the May 2019 Claims & Financial Reports

4c) Cancellation of July 1, 2019 Regular Commission Meeting

The following edits were requested to the May 6, 2019 Regular Meeting Minutes:

- Pg 2, Item 5 "...adoption of this budget with will authorize up to...."

<u>May 2019 Claims totaling</u>	<u>\$10,159.64</u>
Hinman & Associates Consulting	\$ 6,985.50
P. Scott Browne	\$ 600.00
Ukiah Valley Conference Center	\$ 455.00
Commissioner Stipends & Reimbursements	\$ 382.12
County of Mendocino, Video services	\$ 201.87
Newspapers	\$ 259.89
Special District Risk Management Authority	\$ 1,076.00
Petty Cash	\$ 199.26

Upon motion by Commissioner McCowen and second by Commissioner Ward, Consent Calendar items 4a) Approval of the May 6, 2018 Regular Meeting Summary Minutes with noted edits, and 4b) Approval of the May 2019 Claims and Financial Report, and 4c) Cancellation of July 1, 2019 Regular Commission Meeting were approved by roll call vote:

Ayes: (7) Brown, Gonzalez, Huff, Ignacio, McCowen, Orth, and Ward

5. PUBLIC HEARING ITEMS (Video Time 8:27)

None

6. WORKSHOP ITEMS

6a) Brooktrails Township Community Services District MSR/SOI Update (Video Time 8:38)

EO Hinman presented. Comments and questions were offered by Commissioners Brown, Orth, McCowen, Rosenberg, Gonzalez, and Huff.

The following points were noted:

- On Page 34 of 82, also Page 2-11, clarify whether Brooktrails Firefighters Association is a separate entity from the BTCSD Fire Department for fundraising activities.
- On Page 21 of 82, also Page 1-5, and under Section 1.6, clarify whether this section titled Senate Bill 215 should include Senate Bill 375.
- On Page 47 of 82, also Page 2-23, provide information regarding the Teeter Plan and the 232 Brooktrails Township lots in default of property tax and assessments and subject to pending sale at auction as of January 26, 2019.
- Provide information regarding the current status of the Brooktrails Township Specific Plan Lot Reduction Program including the District's incentivization of lot mergers and accepting donated lots.
- Provide information describing that the original Brooktrails Township subdivision envisioned part-time occupancy and an associated lower demand on water supply and created lots that are economically difficult to development due to small size and various physical constraints.
- Clarify the history and relationship between the District and Sylvandale and Spring Creek and whether these subdivisions are part of the 6,000 plus lots in the Brooktrails Township subdivision.
- For future MSRs, Table 2.2 should consistently include the names of elected or appointed officials for the governing body of local agencies.
- On Page 32 of 82, also Page 2-9, modify Table 2.4 to include Fiscal Year 2017-18 financial audit information.
- On Page 31 of 82, also Page 2-9, at the top of the page, correct the reference to the current County EOA contract as being Countywide to the Inland area including the Highway 101 corridor, Covelo, and Anderson Valley.
- On Page 32 of 82, also Page 2-9, modify Table 2.4 to clearly show the amount of funds held in reserve by the District consistent with previous MSRs.
- On Page 34 of 82, also Page 2-11, revise Section 2.4.2.1 including the following language "a reserve account is hereby established", since the District reserve policy is not established by the MSR.
- Provide information regarding the reserve balance for each of the reserve accounts listed under Section 2.4.2.1.
- On Page 32 of 82, also Page 2-9, modify Table 2.4 to reflect an Income Statement that itemizes the District's expenses from the audit, instead of the District's budget, and provides a net income.
- Provide the full audit report as an attachment to the MSR to better inform the Commission and the public about the District's financial position and history.

- As a courtesy, verify the information regarding wastewater treatment and disposal services under Section 3.6.2 with the City of Willits Administration to ensure both parties are on the same page related to services provided and resolution of the legal dispute between the District and the City.

Tamara Alaniz, General Manager of Brooktrails Township CSD, addressed the Commission, providing further information on the points discussed. She also thanked LAFCo staff for their work and willingness to incorporate District comments into the document.

7. MATTERS FOR DISCUSSION & POSSIBLE ACTION

7a) The Special District Risk Management Authority 2019 Board of Directors Election (Video Time 1:02:48)

Chair Brown presented the Special District Risk Management Authority (SDRMA) Board of Directors official election ballot and possible selection of candidates for 2019. Comments and questions were offered by Commissioners Gonzalez, Ignacio, Brown, Ward, McCowen, and Rosenberg.

Upon motion by Commissioner McCowen and second by Commissioner Gonzalez, adoption of the Official Election Resolution and Ballot, selecting candidate Patrick O'Rourke, authorizing the Chair's signature, and directing staff to submit the Ballot to SDRMA, was approved by roll call vote:

Ayes: (7) Brown, Gonzalez, Huff, Ignacio, McCowen, Orth, and Ward

8. INFORMATION/ REPORT ITEMS

8a) Work Plan, Current, and Future Proposals (Video Time: 1:10:50)

EO Hinman presented and noted that the format of the staff report has changed to provide more information about each of the projects. Comments and questions were offered by Commissioner Ward.

8b) Correspondence (Video Time: 1:13:00)

EO Hinman reported no correspondence.

8c) Executive Officer's Report (Video Time: 1:13:16)

The Commission recognized Clerk Salomone's seven years of dedicated and excellent service to Mendocino LAFCo and presented a Certificate of Appreciation.

EO Hinman reported on the following (Video Time 1:20:30):

- Albion-Little River Fire Protection District concerns regarding finding a long-term Fire Chief.
- Point Arena Harbor Report addressing ways to keep pier operations viable is now complete.
- Upper Russian River Water Agency consolidation effort update.
- Free Sexual Harassment webinar training from SDRMA on June 6, 2019 at 10 a.m.
- Millview CWD pre-application meeting with Dave Redding and SHN regarding proposed annexation.
- City of Ukiah General Plan Update meeting with Craig Schlatter.

8d) Committee Reports (Video Time: 1:24:20)

The Executive Committee is scheduled to meet after the Regular Meeting.

8e) Commissioners Reports, Comments or Questions (Video Time: 1:24:30)

Commissioner McCowen asked for clarification on policies and procedures regarding payment of outstanding bills to re-initiate an on-hold application.

Treasurer Ward is looking into why there is a \$5.00 bank charge from SBMC and the status of an outstanding accounts receivable of \$144 for the County account.

Commissioner Ignacio confirmed that since the July 1, 2019 Commission meeting is cancelled the next Commission meeting is scheduled for August 5, 2019 at 9 a.m.

8f) CALAFCO Business and Legislation Report (Video Time: 1:28:15)

EO Hinman noted that the upcoming CALAFCO Conference is in Sacramento and scheduled for October 30 through November 1.

EO Hinman noted that AB 1253 for LAFCO Grant Funding and AB 1822 for the Omnibus Bill passed the Assembly and are now going on to the Senate for review.

ADJOURNMENT

There being no further business, at 10:29 a.m. the meeting was adjourned. The next regular meeting is scheduled for Monday, August 5, 2019 at 9:00am in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah, California.

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https://www.youtube.com/watch?v=fp4oTz0_WM4

MENDOCINO Local Agency Formation Commission Staff Report

DATE: August 5, 2019
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: Ratification of Financial Report and Claims for June 2019

RECOMMENDED ACTION

Ratify the June 2019 claims and financial report as noted in the table below.

BACKGROUND

The following claims were reviewed and approved for payment by the Chair and Treasurer, and are recommended to the full Commission for ratification.

Name	Account Description	Amount	Total
Hinman & Associates	5300 Basics Services	\$ 4,642.50	\$ 7,135.60
	6200 Bookkeeping	\$ 271.00	
	7000 MSR SOI Workplan	\$ 1,632.00	
	5600 Office Expenses	\$ 73.10	
	8020 Weger Application	\$ 517.00	
P. Scott Browne	6300 Legal Counsel - additional charges from April invoice "additional online research shared between all LAFCo clients"	\$ 617.70	\$ 617.70
Ukiah Valley Conf. Center	5502 Office space	\$ 425.00	\$ 508.95
	5503 Work room	\$ 30.00	
	5603 Photocopy (May/June 2019)	\$ 26.80	
	5605 postage (May/June 2019)	\$ 27.15	
Commissioner Reimbursement In-County Travel & Stipends	6740 Bazzani (June mtg -ABSENT)	\$ -	\$ 343.72
	6740 Huff (June mtg)	\$ 119.60	
	6740 Ignacio (June mtg)	\$ 93.96	
	6740 Lee (June mtg - ABSENT)	\$ -	
	6740 Orth (June mtg)	\$ 79.00	
	6740 Rosenberg (June mtg)	\$ 51.16	
County of Mendocino	6000 Video of May 2019 meeting	\$ 165.96	\$ 622.53
	6670 GIS	\$ 456.57	
Total:			\$ 9,228.50

Deposits: Weger Application (\$5,750)

Attachments:

- Budget and Work Plan Cost Tracking Spreadsheets
- Invoices: Hinman & Associates Consulting, P. Scott Browne

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

Mendocino Local Agency Formation Commission
 FY 2018-19 Budget and Application Tract

Acct #	Task	FY 18-19 Budget	1st Qtr Subtotals	2nd Qtr Subtotal	3rd Qtr Subtotal	April	May	June	Year to Date	Remaining Budget	% of Budget Expended
EXPENSES											
5300	Basic Services - EO/Analyst/Clerk	\$70,560	\$14,985.00	\$17,390.50	\$20,936.50	\$7,016.50	\$5,370.50	\$4,642.50	\$72,016.50	\$-1,456.50	102%
	Unfunded Mandates (CSA 3 Status)	\$0		\$400.00	\$1,275.00						
5500	Rent	\$5,360	\$1,335.00	\$1,345.00	\$1,365.00	\$455.00	\$455.00	\$455.00	\$5,410.00	\$-50.00	101%
5600	Office Expenses	\$3,450	\$411.33	\$459.45	\$273.26	\$73.00	\$259.26	\$127.05	\$1,603.35	\$1,846.65	46%
5700	Internet & Website Costs	\$1,300	\$1,081.24	\$0.00	\$72.00				\$1,153.24	\$146.76	89%
5900	Publication & Legal Notices	\$2,000	\$557.45	\$0.00	\$118.06	\$245.31	\$259.89		\$1,180.71	\$819.29	59%
6000	Televising Meetings	\$3,000	\$384.48	\$401.07	\$138.30	\$331.88	\$201.87	\$165.96	\$1,623.56	\$1,376.44	54%
6100	Audit Services	\$3,100	\$1,550.00	\$0.00	\$1,550.00				\$3,100.00	\$0.00	100%
6200	Bookkeeping	\$4,000	\$2,220.50	\$244.00	\$173.50	\$542.00	\$71.00	\$271.00	\$3,522.00	\$478.00	88%
6300	Legal Counsel (S Browne)	\$7,200	\$1,800.00	\$1,800.00	\$1,800.00	\$600.00	\$600.00	\$617.70	\$7,217.70	\$-17.70	100%
6400	A-87 Costs County Services	\$0	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	100%
6500	Insurance - General Liability	\$1,000	\$0.00	\$0.00	\$0.00		\$1,076.00		\$1,076.00	\$-76.00	108%
6600	Memberships (CALAFCO/CSDA)	\$2,300	\$925.00	\$1,377.00	\$0.00				\$2,302.00	\$-2.00	100%
6670	GIS Contract with County	\$3,500	\$1,068.85	\$0.00	\$0.00	\$336.42		\$456.57	\$1,861.84	\$1,638.16	53%
6740	In-County Travel & Stipends	\$2,000	\$305.07	\$456.14	\$595.92	\$393.90	\$382.12	\$343.72	\$2,133.15	\$-133.15	107%
6750	Travel & Lodging Expenses	\$3,000	\$0.00	\$4,218.11	\$0.00				\$4,218.11	\$-1,218.11	141%
6800	Conferences (Registrations)	\$3,000	\$2,600.00	\$0.00	\$0.00				\$2,600.00	\$400.00	87%
7000	Work Plan (MSRs and SOIs)	\$35,000	\$14,313.50	\$9,058.00	\$1,496.00	\$1,530.00	\$1,484.00	\$1,632.00	\$29,513.50	\$5,486.50	84%
9000	Special District Training Support	\$500	\$0.00	\$0.00	\$0.00				\$0.00	\$500.00	0%
Monthly/ Year to Date Totals		\$150,270.00	\$43,537.42	\$37,149.27	\$29,793.54	\$11,524.01	\$10,159.64	\$8,711.50	\$140,875.38	\$9,738.34	94%
APPLICATIONS											
		BALANCE	1st Qtr Subtotals	2nd Qtr Subtotal	3rd Qtr Subtotal	April	May	June	Year to Date	Remaining Budget	% of Budget Expended
A-2009-8001	Irish Beach WD Moores Annexation	\$-610.56	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-610.56	
P-2014-8010	City of Ukiah Detachment of UVSD lands	\$1,532.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,532.75	
P-2019-8019	Weger Detachment Pre-Application	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$0.00	\$0.00	\$0.00	\$1,500.00	\$0.00	100%
D-2019-02 (8020)	Weger Detachment from MCHD	\$5,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$517.00	\$517.00	\$5,233.00	9%
Applications to Date Totals		\$8,172.19	\$0.00	\$0.00	\$1,500.00	\$0.00	\$0.00	\$517.00	\$1,500.00	\$6,672.19	
EXPENSES AND APPLICATION TOTALS			\$43,537.42	\$37,149.27	\$31,293.54	\$11,524.01	\$10,159.64	\$9,228.50	\$142,375.38		

County of Mendocino Account Balance	\$ 1,560.38	from statement as of	4/18/2019
Operations (Checking) Account Balance	\$ 19,627.46	from statement as of	5/31/2019
Legal Reserve Balance	\$ 35,000.00	from statement as of	5/31/2019
Operations Reserve Balance	\$ 55,372.43	from statement as of	5/31/2019

Mendocino LAFCo
FY 2018-19 Estimated Work Plan Implementation Schedule and Cost Tracking
 July 1, 2019

Disclaimer: The estimated schedule and costs for the Fiscal Year 2018-19 Work Plan are subject to change based on agency responsiveness and timely provision of requested information, complexity of issues, and public controversy. Each study is assumed to be exempt from CEQA; therefore, a separate cost estimate would be necessary for studies subject to a Negative Declaration or EIR. It is difficult to completely contain staff activities in a single fiscal year; therefore, completion of the studies listed below may roll over to the next fiscal year. This estimated work plan implementation schedule and cost tracking table will be prepared on a monthly basis to enhance communication and transparency.

Agency	Request for Information	Outreach	Admin Draft	Public Workshop	Public Hearing	Final Study	Initial Cost Estimate	Current Cost Estimate	Cost to Date ⁽¹⁾
Mutual Water Companies	Completed	Completed	Completed	Completed	N/A	8/6/2018	\$1,500	\$1,750	\$1,750
City of Willits ⁽²⁾	Completed	Completed	Completed	12/3/2018	5/6/2019	5/6/2019	\$9,000	\$16,000	\$15,841
Brooktrails Township CSD ⁽³⁾	Completed	In Progress	Completed	6/3/2019	8/5/2019	TBD	\$6,000	\$9,000	\$10,216
Ukiah Valley FD	Delayed	Delayed	Delayed	TBD	TBD	TBD	\$5,500	\$5,500	\$1,309
Fort Bragg Rural FPD	Completed	Completed	Completed	2/4/2019	3/4/2019	3/4/2019	\$5,000	\$5,000	\$5,025
Mendocino City CSD	Pending	Pending	Pending	TBD	TBD	TBD	\$8,000	\$8,000	\$0
Estimated Total							\$35,000	\$45,250	\$34,140

(1) The Cost to Date category accounts for all staff activities related to each study and is not limited to a specific fiscal year.

(2) The project scope for the City of Willits study changed from a stand-alone SOI Update to include a partial MSR Update and has also involved subconsultant activities and consulting with Legal Counsel related to complex SOI issues.

(3) The estimated cost for the Brooktrails Township CSD study was reduced from \$8,000 to \$6,000 to account for staff activities in FY 2017-18 and was not intended to reduce the overall project cost to \$6,000.



Hinman & Associates Consulting

PO Box 1251 | Cedar Ridge, CA 95924
 (916) 813-0818
 uhinman@comcast.net

Date July 1, 2019
To Mendocino LAFCo
Project Executive Officer Services
Work Period May 27 - June 30, 2019

Invoice No. 421
Invoice Total \$ 7,135.60

Account Description	Staff/Hours			Other (At Cost)	Totals
	Executive Officer \$100	Analyst \$68	Clerk \$40		
5300 Basic Services	27.75	7.50	32.75		\$ 4,642.50
5601 Office Supplies					
Quickbooks Online Fee				\$ 60.00	\$ 73.10
Office Supplies (postage)				\$ 13.10	
6200 Bookkeeping	2.50		0.50		\$ 271.00
7000 Work Plan (MSR/SOI/Special Studies)					
					\$ -
Brooktrails CSD		24.00			\$ 1,632.00
8019 Weger MCHD Detachment Pre-App	1.25	4.00	3.00		\$ 517.00
Totals	\$ 3,150.00	\$ 2,414.00	\$ 1,378.50	\$ 73.10	\$ 7,135.60

5300 Basic Services

Attend June 3 Regular Commission and Executive Committee meetings. Distribute July 1st meeting cancellation notice. Prepare June claims. Office hours and administrative tasks and Clerk duties. Website updates and postings. File research. Phone calls with City of Ukiah staff regarding General Plan update efforts and discuss approach to SOI Update. Correspondence/calls with Joe Thomas, Ross Liberty, SHN Engineers, MCHD. Audit RFP follow up and coordination with Treasurer. Drafting of Clerk Manual. RFP proposal review and coordination with Treasurer.

6200 Bookkeeping

Compiled claims for Commissioner review and approval at next regular meeting. Entered claims into Quickbooks and prepared checks for claims to be authorized by Chair and at next Regular meeting. Reviewed claims, bank records, etc.; reconciled Quickbooks.

7000 Work Plan (Sphere of Influence Updates, Municipal Service Reviews, and Special Studies)

Coordinated with Brooktrails Township CSD and Willits staff in preparation of public hearing draft of BTCSD MSR/SOI Update.

8020 Weger MCHD Detachment Pre-App

Received, reviewed application. Prepared referral documents and distributed referral packets for 2019-02 Weger Application for Detachment from MCHD.

=====
CEDAR RIDGE
12700 COLFAX HWY
CEDAR RIDGE, CA
95924-9998
0514400924

06/19/2019 (800)275-8777 9:24 AM
=====

=====
Product Sale Final
Description Qty Price

US Flag Bklt/2 1 \$11.00

0
First-Class 1 \$2.65

Mail

Large Envelope

(Domestic)

(UKIAH, CA 95482)

(Weight:0 Lb 11.60 Oz)

(Estimated Delivery Date)

(Friday 06/21/2019)

Affixed 1 (\$0.55)

Postage

(Affixed Amount:\$0.55)

Total \$13.10

Credit Card Remitd \$13.10

(Card Name:VISA)

(Account #:XXXXXXXXXX0384)

(Approval #:019454)

(Transaction #:571)

(AID:A000000031010 Chip)

(AL:VISA CREDIT)

(PIN:Not Required)

Law Offices of P. Scott Browne

131 South Auburn Street
Grass Valley, CA 95945

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

Marsha A. Burch
Of Counsel

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

Period Ending:

6/15/2019

Payment due by the 15th of next month

In Reference To: CLIENT CODE: MENDO-01

	<u>Hours</u>	<u>Amount</u>
Total Professional Hours Per Representation Agreement, flat fee of \$600/month.	0.00	\$600.00
Previous balance		\$617.70
 <u>Payments and Credit Activity</u>		
6/3/2019 Payment - Thank You. Check No. 1472		(\$600.00)
Total payments and adjustments		(\$600.00)
<i>TOTAL BALANCE NOW DUE</i>		<i>\$617.70</i>

Please make your check for this bill payable to P. SCOTT BROWNE, ATTORNEY. Please write the CLIENT CODE shown on this statement on your check to insure proper credit. Thank you!

MENDOCINO Local Agency Formation Commission Staff Report

DATE: August 5, 2019
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: Financial Report and Claims for July 2019

RECOMMENDED ACTION

Approve the July 2019 claims and financial report.

Name	Account Description	Amount	Total
Hinman & Associates Consulting, Inc.	5300 Basics Services	\$ 3,301.00	\$ 7,461.52
	6200 Bookkeeping	\$ 260.00	
	5600 Office Expenses	\$ 70.00	
	5700 Internet & Website Costs	\$ 1,152.52	
	7000 Work Plan	\$ 544.00	
	8020 Weger Application	\$ 2,134.00	
P. Scott Browne	6300 Legal Counsel-Monthly flat fee	\$ 600.00	\$ 600.00
Ukiah Valley Conf. Center	5502 Office space	\$ 425.00	\$ 457.50
	5503 Work room	\$ 30.00	
	5603 Photocopy (July 2019)	\$ 2.50	
	5605 Postage (July 2019)		
Commissioner Reimbursement In-County Travel & Stipends	6740 Bazzani (mtg)		\$ -
	6740 Huff (mtg)		
	6740 Ignacio (mtg)	July meeting	
	6740 Lee (mtg)	was	
	6740 Orth (mtg)	cancelled	
	6740 Rosenberg (mtg)		
County of Mendocino	6000 Video of June 2019 meeting	\$ 193.62	\$ 1,099.02
	6670 GIS	\$ 905.40	
Newspapers	5900 Brooktrails CSD (MSR/SOI)		\$ -
CALAFCO	6600 Memberships (FY 2019-20)	\$ 1,075.00	\$ 1,075.00
Total:			\$ 10,693.04

Deposits: Weger Application (\$350)

Attachments:

- Budget Track Spreadsheet
- Work Plan Cost Tracking
- Invoices: Hinman & Associates Consulting, P. Scott Browne, CALAFCO, PacificNet

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

Mendocino Local Agency Formation Commission
 FY 2018-19 Budget and Application Tract

Acct #	Task	FY 19-20 Budget	July	August	Sept	1st Qtr Subtotals	Year to Date	Remaining Budget	% of Budget Expended
EXPENSES									
5300	Basic Services - EO/Analyst/Clerk	\$72,060	\$3,301.00			\$3,301.00	\$3,301.00	\$68,759.00	5%
	Unfunded Mandates	\$0							
5500	Rent	\$5,460	\$455.00			\$455.00	\$455.00	\$5,005.00	8%
5600	Office Expenses	\$2,700	\$72.50			\$72.50	\$72.50	\$2,627.50	3%
5700	Internet & Website Costs	\$1,300	\$1,152.52			\$1,152.52	\$1,152.52	\$147.48	89%
5900	Publication & Legal Notices	\$2,000				\$0.00	\$0.00	\$2,000.00	0%
6000	Televising Meetings	\$3,000	\$193.62			\$193.62	\$193.62	\$2,806.38	6%
6100	Audit Services	\$3,500				\$0.00	\$0.00	\$3,500.00	0%
6200	Bookkeeping	\$4,500	\$260.00			\$260.00	\$260.00	\$4,240.00	6%
6300	Legal Counsel (S Browne)	\$7,200	\$600.00			\$600.00	\$600.00	\$6,600.00	8%
6400	A-87 Costs County Services	\$428				\$0.00	\$0.00	\$428.00	100%
6500	Insurance - General Liability	\$1,100				\$0.00	\$0.00	\$1,100.00	0%
6600	Memberships (CALAFCO/CSDA)	\$2,750	\$1,075.00			\$1,075.00	\$1,075.00	\$1,675.00	39%
6670	GIS Contract with County	\$2,500	\$905.40			\$905.40	\$905.40	\$1,594.60	36%
6740	In-County Travel & Stipends	\$4,000	\$0.00			\$0.00	\$0.00	\$4,000.00	0%
6750	Travel & Lodging Expenses	\$3,500				\$0.00	\$0.00	\$3,500.00	0%
6800	Conferences (Registrations)	\$3,000				\$0.00	\$0.00	\$3,000.00	0%
7000	Work Plan (MSRs and SOIs)	\$41,250	\$544.00			\$544.00	\$544.00	\$40,706.00	1%
Monthly/ Year to Date Totals		\$160,248.00	\$8,559.04	\$0.00	\$0.00	\$8,559.04	\$8,559.04	\$151,688.96	5%
APPLICATIONS									
		BALANCE	July	August	Sept	1st Qtr Subtotals	Year to Date	Remaining Budget	% of Budget Expended
A-2009-8001	Irish Beach WD Moores Annexation	\$-610.56				\$0.00	\$0.00	\$-610.56	
P-2014-8010	City of Ukiah Detachment of UVSD lands	\$1,532.75				\$0.00	\$0.00	\$1,532.75	
D-2019-2 (8020)	Weger Detachment from MCHD	\$6,100.00	\$2,134.00	\$0.00	\$0.00	\$0.00	\$2,134.00	\$3,966.00	
Applications to Date Totals		\$7,022.19	\$2,134.00	\$0.00	\$0.00	\$2,134.00	\$2,134.00	\$4,888.19	
EXPENSES AND APPLICATION TOTALS			\$10,693.04	\$0.00	\$0.00	\$10,693.04	\$10,693.04		

County of Mendocino Account Balance	\$	1,560.38	from statement as of	5/30/2019
Operations (Checking) Account Balance	\$	14,627.51	from statement as of	6/28/2019
Legal Reserve Balance	\$	35,000.00	from statement as of	6/28/2019
Operations Reserve Balance	\$	55,377.35	from statement as of	6/28/2019

Mendocino LAFCo
FY 2018-19 Estimated Work Plan Implementation Schedule and Cost Tracking
 August 5, 2019

Disclaimer: The estimated schedule and costs for the Fiscal Year 2018-19 Work Plan are subject to change based on agency responsiveness and timely provision of requested information, complexity of issues, and public controversy. Each study is assumed to be exempt from CEQA; therefore, a separate cost estimate would be necessary for studies subject to a Negative Declaration or EIR. It is difficult to completely contain staff activities in a single fiscal year; therefore, completion of the studies listed below may roll over to the next fiscal year. This estimated work plan implementation schedule and cost tracking table will be prepared on a monthly basis to enhance communication and transparency.

Agency	Request for Information	Outreach	Admin Draft	Public Workshop	Public Hearing	Final Study	Initial Cost Estimate	Current Cost Estimate	Cost to Date ⁽¹⁾
Mutual Water Companies	Completed	Completed	Completed	Completed	N/A	8/6/2018	\$1,500	\$1,750	\$1,750
City of Willits ⁽²⁾	Completed	Completed	Completed	12/3/2018	5/6/2019	5/6/2019	\$9,000	\$16,000	\$15,841
Brooktrails Township CSD ⁽³⁾	Completed	In Progress	Completed	6/3/2019	8/5/2019	TBD	\$6,000	\$9,000	\$10,760
Ukiah Valley FD	Delayed	Delayed	Delayed	TBD	TBD	TBD	\$5,500	\$5,500	\$1,309
Fort Bragg Rural FPD	Completed	Completed	Completed	2/4/2019	3/4/2019	3/4/2019	\$5,000	\$5,000	\$5,025
Mendocino City CSD	Pending	Pending	Pending	TBD	TBD	TBD	\$8,000	\$8,000	\$0
Estimated Total							\$35,000	\$45,250	\$34,684

(1) The Cost to Date category accounts for all staff activities related to each study and is not limited to a specific fiscal year.

(2) The project scope for the City of Willits study changed from a stand-alone SOI Update to include a partial MSR Update and has also involved subconsultant activities and consulting with Legal Counsel related to complex SOI issues.

(3) The estimated cost for the Brooktrails Township CSD study was reduced from \$8,000 to \$6,000 to account for staff activities in FY 2017-18 and was not intended to reduce the overall project cost to \$6,000.



Hinman & Associates Consulting

PO Box 1251 | Cedar Ridge, CA 95924
 (916) 813-0818
 uhinman@comcast.net

Date July 28, 2019
To Mendocino LAFCo
Project Executive Officer Services
Work Period July 1 - July 27, 2019

Invoice No. 428
Invoice Total \$ 7,461.52

Account Description	Staff/Hours			Other (At Cost)	Totals
	Executive Officer \$100	Analyst \$68	Clerk \$40		
5300 Basic Services	27.00	3.25	9.50		\$ 3,301.00
5601 Office Supplies Quickbooks Online Fee Office Supplies				\$ 70.00	\$ 70.00
5700 Internet & Website				\$ 1,152.52	\$ 1,152.52
6200 Bookkeeping	2.00		1.50		\$ 260.00
7000 Work Plan (MSR/SOI/Special Studies) Brooktrails CSD		8.00			\$ 544.00 \$ -
8020 Weger MCHD Detachment Application		30.50	1.50		\$ 2,134.00
Totals	\$ 2,900.00	\$ 2,839.00	\$ 500.00	\$ 1,222.52	\$ 7,461.52

5300 Basic Services

Prepare June and July claims. Office hours and administrative tasks and Clerk duties. Website updates and postings. File research. Correspondence with Commissioners, MCRCD staff regarding SALC grant proposal, Bill Moores regarding his application, inquiries re: MCHD. Public records requests (City of Ukiah annexations, Bill Moores application). Pacificnet email issues and billing. Audit RFP follow up and coordination with Treasurer. Drafting of Clerk Manual.

6200 Bookkeeping

Compiled June claims for Chair and ratification at next regular meeting. Prepared July claims for Commissioner review and approval at next regular meeting. Entered claims into Quickbooks and prepared checks. Coordinated with Treasurer regarding claims and fund transfers. Reconciled Quickbooks.

7000 Work Plan (Sphere of Influence Updates, Municipal Service Reviews, and Special Studies)

Coordinated with Brooktrails Township CSD and Willits staff to prepare public hearing draft of BTCSD MSR/SOI Update.

8020 Weger MCHD Detachment Application

Prepared additional outreach to agencies to solicit feedback on proposal. Coordinated with County Assessor and Auditor regarding review of petitions and tax assessment data. Conducted analysis of project for consistency with policies and regulations.

Phone: (707)468-1005 / Fax:
<https://www.pacific.net/>, billing@pacific.net

Bill to: 15757
 LAFC of Mendocino County
 Uma Hinman
 200 S. School St.
 Ukiah CA 95482
 US

Phone: (707) 463-4470
Fax:

Payment ID: 341533	Total Paid: \$0.00	Type: VOID	Number:
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Invoice: 407511 **Amount:** \$100.00 **Applied:** \$100.00 **Date of Payment:** 6/27/2019

Details:

	<u>Price:</u>	<u>Qty:</u>	<u>Ext.Price:</u>
--Email #12128..analyst@pacific.net	\$0.00	1	\$0.00
7/1/2019 to 7/1/2020 -- Pacific Internet Email 2 units@50.0000/unit	\$100.00	1	\$100.00
--Email #12129..clerk@pacific.net	\$0.00	1	\$0.00
Amount:			\$100.00

Invoice: 407969 **Amount:** (\$100.00) **Applied:** (\$100.00) **Date of Payment:** 6/27/2019

Details:

	<u>Price:</u>	<u>Qty:</u>	<u>Ext.Price:</u>
<CREDIT>--Email #12128..analyst@pacific.net	\$0.00	1	\$0.00
<CREDIT>7/1/2019 to 7/1/2020 -- Pacific Internet Email 2 units@50.0000/unit	(\$100.00)	1	\$-100.00
<CREDIT>--Email #12129..clerk@pacific.net	\$0.00	1	\$0.00
Amount:			(\$100.00)

Payment ID: 341534	Total Paid: \$0.00	Type: VOID	Number:
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Invoice: 407970 **Amount:** \$50.00 **Applied:** \$50.00 **Date of Payment:** 6/27/2019

Details:

	<u>Price:</u>	<u>Qty:</u>	<u>Ext.Price:</u>
--Email #12129..clerk@pacific.net	\$0.00	1	\$0.00
7/1/2019 to 7/1/2020 -- Pacific Internet Email 1 unit@50.0000/unit	\$50.00	1	\$50.00
Amount:			\$50.00

Invoice: 407971 **Amount:** (\$50.00) **Applied:** (\$50.00) **Date of Payment:** 6/27/2019

Details:

	<u>Price:</u>	<u>Qty:</u>	<u>Ext.Price:</u>
<CREDIT>--Email #12129..clerk@pacific.net	\$0.00	1	\$0.00
<CREDIT>7/1/2019 to 7/1/2020 -- Pacific Internet Email 1 unit@50.0000/unit	(\$50.00)	1	\$-50.00
Amount:			(\$50.00)

Payment ID: 341536	Total Paid: \$1,127.52	Type: VISA	Number: XXXXXXXXXXXXXXX0384
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Phone: (707)468-1005 / Fax:
<https://www.pacific.net/>, billing@pacific.net

Bill to: 15757
 LAFC of Mendocino County
 Uma Hinman
 200 S. School St.
 Ukiah CA 95482
 US

Phone: (707) 463-4470
Fax:

Invoice: 407509 **Amount:** \$144.00 **Applied:** \$144.00 **Date of Payment:** 6/27/2019

Details:

	<u>Price:</u>	<u>Qty:</u>	<u>Ext.Price:</u>
7/1/2019 to 7/1/2020 -- Standard Hosting - Annually	\$144.00	1	\$144.00
--Domain #1203..mendolafco.org	\$0.00	1	\$0.00
--Email #14723..clerk@mendolafco.org	\$0.00	1	\$0.00
--Email #14724..eo@mendolafco.org	\$0.00	1	\$0.00
--Email #14725..analyst@mendolafco.org	\$0.00	1	\$0.00
--Email #15170..administrator@mendolafco.org	\$0.00	1	\$0.00
--cPanel #99..lafco	\$0.00	1	\$0.00

Amount: \$144.00

Invoice: 407510 **Amount:** \$983.52 **Applied:** \$983.52 **Date of Payment:** 6/27/2019

Details:

	<u>Price:</u>	<u>Qty:</u>	<u>Ext.Price:</u>
7/1/2019 to 7/1/2020 -- Circuit Info (STI-0086097-8) -- Single Business Circuit	\$719.40	1	\$719.40
7/1/2019 to 7/1/2020 -- Phone Number (7074634470) -- Voice Service 1 unit@	\$144.00	1	\$144.00
--Email #12130..eo@pacific.net	\$0.00	1	\$0.00
California 911 Emergency Surcharge (\$144.00 x 0.5%)	\$0.72	1	\$0.72
California Advanced Services Fund Surcharge (\$144.00 x 0.33333333%)	\$0.48	1	\$0.48
California Deaf and Disabled Telecom Program Surcharge (\$144.00 x 0.33333333%)	\$0.48	1	\$0.48
California High Cost Fund-A Surcharge (\$144.00 x 0.25%)	\$0.36	1	\$0.36
California Lifeline Telephone Service Surcharge (\$144.00 x 3%)	\$4.32	1	\$4.32
California Public Utility Commission User Fee (\$144.00 x 0.16666667%)	\$0.24	1	\$0.24
California Teleconnect Fund Surcharge (\$144.00 x 0.75%)	\$1.08	1	\$1.08
Property Tax Allotment Surcharge (\$144.00 x 3.16666667%)	\$4.56	1	\$4.56
FCC Interstate Telecom Service Provider Fee (\$144.00 x 0.25%)	\$0.36	1	\$0.36
Federal Subscriber Line Charge Fee (\$144.00 x 54.16666667%)	\$78.00	1	\$78.00
Federal Universal Service Fund Fee (\$144.00 x 16.58333333%)	\$23.88	1	\$23.88
Voice Regulatory Recovery Surcharge (\$144.00 x 3.91666667%)	\$5.64	1	\$5.64

Amount: \$983.52

Total Payments: 3 Total Paid: \$1,127.52

Fusion voice provided by Pacific Internet under Sonic Telecom. They can be reached at 888-766-4233.
 Technical issues? Call (707) 468-1005 or email support@pacific.net.
 Billing questions? Call (707) 468-1005 or email billing@pacific.net.

Pacific Internet

PO Box 14038
Santa Rosa, CA 95402

Receipt

Date: 7/15/2019

Phone: (707)468-1005 / Fax:

<https://www.pacific.net/>, billing@pacific.net

Bill to: 15757

L AFC of Mendocino County

Uma Hinman

200 S. School St.

Ukiah CA 95482

US

Phone: (707) 463-4470

Fax:

Payment ID: 372544	Total Paid: \$25.00	Type: VISA	Number: XXXXXXXXXXXXX0384
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Invoice: 409216

Amount: \$25.00

Applied: \$25.00

Date of Payment: 7/15/2019

Details:

Domain Name Renewal - 1 Year - mendolafco.org

Price: Qty: Ext.Price:

\$25.00 1 \$25.00

Amount: \$25.00

Total Payments: 1

Total Paid: \$25.00

Fusion voice provided by Pacific Internet under Sonic Telecom. They can be reached at 888-766-4233.

Technical issues? Call (707) 468-1005 or email support@pacific.net.

Billing questions? Call (707) 468-1005 or email billing@pacific.net.

Uma Hinman

From: Intuit QuickBooks Team <intuit@notifications.intuit.com>
Sent: Friday, July 19, 2019 5:26 AM
To: eo@mendolafco.org
Subject: We received your QuickBooks subscription payment!



Payment success

Executive Officer, thank you for your payment.

Invoice number:
1000118350372
Invoice date: 07/19/2019
Total: \$70.00
Payment method: VISA ending in 4543

Sign in to QuickBooks where you can see your billing history and view, save, and print your invoice.

[View billing history](#)

Account details

Billed to: Mendocino LAFCo
Company ID ending: 8352



[Questions or concerns?](#)

[Visit customer support.](#)



CALAFCO

CALAFCO Membership Invoice

1020 12th Street, Suite 222
Sacramento, CA 95814

Date	Invoice #
7/1/2019	2019-23

Bill To
Mendocino LAFCo 200 South School St., Suite 2 Ukiah, CA 95482

Renewal Month	Due Date	Joined Date
July	7/31/2019	

Description	Amount
2019-20 LAFCo Member Dues	1,075.00

Total	\$1,075.00
--------------	------------

Thank you for helping to make
CALAFCO even better!

CALAFCO Federal Tax ID 94-3312376

Phone #	Fax #	E-mail	Web Site
(916) 442-6536	(916) 442-6535	pmiller@calafco.org	www.calafco.org

MENDOCINO
Local Agency Formation Commission

Staff Report

MEETING: August 5, 2019
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: **Public Hearing** to Consider Adoption of a Resolution Approving the Brooktrails Township Community Service District Municipal Service Review and Sphere of Influence Update

RECOMMENDATION

- (1) Find the Brooktrails Township Community Service District Municipal Service Review and Sphere of Influence Update is exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations §15306 and §15061(b)(3) and approve the Notice of Exemption for filing; and
- (2) Adopt LAFCo Resolution 2019-20-01, approving the Brooktrails Township Community Service District Municipal Service Review and Sphere of Influence Update, affirming the District's existing coterminous Sphere of Influence, establishing three service-specific spheres including Brooktrails Township Subdivision - All Services, Spring Creek Subdivision - Water and Fire Service, and Sylvandale Subdivision - Fire Service, and designating four Areas of Interest including Lower Sherwood Road, The Gates, Willits Airport, and Upper Sherwood Road.

DISCUSSION

This is a public hearing to consider public testimony and proposed adoption of the Brooktrails Township Community Service District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update. The Commission held a Workshop on June 3, 2019 to provide comments and requested revisions on the draft study and directed staff to notice the matter for Public Hearing. The following is a list of requested revisions from the Commission and some items include staff comments/changes in response (italicized).

1. On Page 34 of 82, also Page 2-11, clarify whether Brooktrails Firefighters Association is a separate entity from the BTCSD Fire Department for fundraising activities.

The prior Section 3.4.1.2 Brooktrails Firefighters Association under Section 3.4 Fire Protection and Emergency Medical Services was moved to current Section 2.2.4 Non-Profit Organization under Section 2.2 Government Structure so this information is provided earlier in the document.

2. On Page 21 of 82, also Page 1-5, and under Section 1.6, clarify whether this section titled Senate Bill 215 should include Senate Bill 375.

The description of Senate Bill 215 was moved to the beginning of the paragraph in this section to clarify that Senate Bill 215 is subject to LAFCo action and Senate Bill 375 is provided for background information.

3. On Page 47 of 82, also Page 2-23, provide information regarding the Teeter Plan and the 232 Brooktrails Township lots in default of property tax and assessments and subject to pending sale at auction as of January 26, 2019.

Section 2.4.1.4 was added regarding the Teeter Plan and the status of Brooktrails Township lots in default.

4. Provide information regarding the current status of the Brooktrails Township Specific Plan Lot Reduction Program including the District's incentivization of lot mergers and accepting donated lots.

Section 2.4.1.5 was added regarding the status of the Brooktrails Township Specific Plan Lot Reduction Program.

5. Provide information describing that the original Brooktrails Township subdivision envisioned part-time occupancy and an associated lower demand on water supply and created lots that are economically difficult to development due to small size and various physical constraints.

Section 2.4.1.5 includes a summary of this information and Section 2.5.1.2 Brooktrails Township Transition addresses this information in greater detail.

6. Clarify the history and relationship between the District and Sylvandale and Spring Creek and whether these subdivisions are part of the 6,000 plus lots in the Brooktrails Township subdivision.

Clarifying information was added to Section 2.1.1 Formation.

7. For future MSRs, Table 2.2 should consistently include the names of elected or appointed officials for the governing body of local agencies.
8. On Page 32 of 82, also Page 2-9, modify Table 2.4 to include Fiscal Year 2017-18 financial audit information.
9. On Page 31 of 82, also Page 2-9, at the top of the page, correct the reference to the current County EOA contract as being Countywide to the Inland area including the Highway 101 corridor, Covelo, and Anderson Valley.
10. On Page 32 of 82, also Page 2-9, modify Table 2.4 to clearly show the amount of funds held in reserve by the District consistent with previous MSRs.

In the past, the District practiced zero-sum budgeting and reserves were zeroed out at the end of the year. The District is currently in the process of accumulating capital need and other reserves each year. The FY 2017-18 audit does not specify the amount of funds held in reserve by the District. Figure 2-4 shows that the District has restricted cash and cash equivalents in the amount of \$309,980 for governmental activities and \$375,169 for business-type activities.

11. On Page 34 of 82, also Page 2-11, revise Section 2.4.2.1 including the following language “a reserve account is hereby established”, since the District reserve policy is not established by the MSR.
12. Provide information regarding the reserve balance for each of the reserve accounts listed under Section 2.4.2.1.

Refer to the response to item #10 above.

13. On Page 32 of 82, also Page 2-9, modify Table 2.4 to reflect an Income Statement that itemizes the District’s expenses from the audit, instead of the District’s budget, and provides a net income.

The financial audit for public agencies includes a Statement of Activities, which is referred to as an Income Statement for a business. The Statement of Activities reports annual income, expenses, and profits/losses. Table 2.4 summarizes revenues and expenses for the District based on audit instead of budget information. Because the District is a multi-service provider and provides enterprise services, the Statement of Activities aggregates revenues and expenses by program instead of further breaking down expenses by expense category. This approach is consistent with prior recent MSRs.

14. Provide the full audit report as an attachment to the MSR to better inform the Commission and the public about the District’s financial position and history.

The full Fiscal Year 2017-18 Audit has been included as Appendix C.

15. As a courtesy, verify the information regarding wastewater treatment and disposal services under Section 3.6.2 with the City of Willits Administration to ensure both parties are on the same page related to services provided and resolution of the legal dispute between the District and the City.

Section 3.6.2 has been revised based on feedback from the City of Willits.

Staff has revised the attached study to address the Commission’s requested revisions, where feasible.

Sphere of Influence

The SOI Update recommends that the Commission affirm the existing SOI for the District that is coterminous with the District boundary and establish three service-specific spheres including Brooktrails Township Subdivision - All Services, Spring Creek Subdivision - Water and Fire Service, and Sylvandale Subdivision - Fire Service.

Areas of Interest Designation

An Area of Interest (AOI) is a geographic area beyond the SOI in which land use decisions or other governmental actions of one local agency (“Acting Agency”) impact directly or indirectly upon another local agency (“Interested Agency”). In such cases, the Interested Agency would request special consideration from the Acting Agency in considering projects within the AOI. Mendocino LAFCo Policy 10.1.12 *Areas of Interest* encourages Acting and Interested Agencies to coordinate land use proposals and planning in the identified areas and to establish Joint Powers Agreements or other commitments as appropriate.

There are four SOI Study Areas that have been designated as Areas of Interest (AOI) as shown on Figure 1-1 and include Lower Sherwood Road, Upper Sherwood Road, The Gates subdivisions, and Willits Airport. These areas have been identified to assist the District in requesting consideration from the City of Willits

and Mendocino County for discretionary land use entitlements or other development plans with the potential to impact District lands, facilities, and/or services.

CEQA

The MSR is categorically exempt from CEQA pursuant to §15306 and the SOI Update is categorically exempt from CEQA pursuant to §15061(b)(3).

Public Notice/Comment

The Notice for this Public Hearing was posted on July 5, 2019 at the meeting location and at the LAFCo Office, and published on July 10, 2019 in The Willits News newspaper according to the attached proof of publication. No public comments have been received to date.

Attachments:

- (1) Brooktrails Township Community Service District Municipal Service Review and Sphere of Influence Update
- (2) Proof of Publication
- (3) Notice of Exemption
- (4) LAFCo Resolution No. 2019-20-01

PUBLIC HEARING DRAFT



(The Press Democrat, 2012)

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

Municipal Service Review and Sphere of Influence Update

Prepared for:

MENDOCINO LAFCO

200 South School Street
Ukiah, California 95482

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

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1 INTRODUCTION

1.1 LOCAL AGENCY FORMATION COMMISSION

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

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

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

1.2 MENDOCINO LAFCO

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

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

1.3 MUNICIPAL SERVICE REVIEW

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

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

An MSR must address the following seven factors:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

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

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

1.4 SPHERE OF INFLUENCE

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

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

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

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

1.5 MENDOCINO LAFCO POLICIES

In addition to making the necessary determinations for establishing or modifying a SOI consistent with the CKH Act, the appropriateness of an agency's SOI is also based on an evaluation of consistency with local LAFCo policies.

The following Sphere of Influence policies are from the Mendocino LAFCo Policies and Procedures Manual, adopted November 5, 2018.

10.1.1 Legislative Authority and Intent

A sphere of influence is the probable 20-year growth boundary for a jurisdiction's physical development. The Commission shall use spheres of influence to:

- a) promote orderly growth and development within and adjacent to communities;
- b) promote cooperative planning efforts among cities, the County, and special districts to address concerns regarding land use and development standards, premature conversion of agriculture and open space lands, and efficient provision of public services;
- c) guide future local government reorganization that encourages efficiency, economy, and orderly changes in local government; and
- d) assist property owners in anticipating the availability of public services in planning for the use of their property.

10.1.2 Definitions

The Commission incorporates the following definitions:

- a) an “establishment” refers to the initial development and determination of a sphere of influence by the Commission;
- b) an “amendment” refers to a limited change to an established sphere of influence typically initiated by a landowner, resident, or agency; and
- c) an “update” refers to a comprehensive change to an established sphere of influence typically initiated by the Commission.

10.1.3 Sphere Updates

In updating spheres of influence, the Commission’s general policies are as follows:

- a) The Commission will review all spheres of influences every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, police, and fire protection services.
- b) Sphere of influence changes initiated by any agency providing a municipal service shall generally require either an updated or new service review unless LAFCo determines that a prior service review is adequate.
- c) Spheres of influence of districts not providing municipal services including, but not limited to, ambulance, recreation, hospital, resource conservation, cemetery, and pest control shall be updated as necessary.

10.1.4 Reduced Spheres

The Commission shall endeavor to maintain and expand, as needed, spheres of influence to accommodate planned and orderly urban development. The Commission shall, however, consider removal of land from an agency’s sphere of influence if either of the following two conditions apply:

- a) the land is outside the affected agency’s jurisdictional boundary but has been within the sphere of influence for 10 or more years; or
- b) the land is inside the affected agency’s jurisdictional boundary but is not expected to be developed for urban uses or require urban-type services within the next 10 years.

10.1.5 Zero Spheres

LAFCo may adopt a “zero” sphere of influence encompassing no territory for an agency. This occurs if LAFCo determines that the public service functions of the agency are either nonexistent, no longer

needed, or should be reallocated to some other agency (e.g., mergers, consolidations). The local agency which has been assigned a zero sphere should ultimately be dissolved.

10.1.6 Service Specific Spheres

If territory within the proposed sphere boundary of a local agency does not need all of the services of the agency, a “service specific” sphere of influence may be designated.

10.1.7 Agriculture and Open Space Lands

Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency’s sphere of influence unless the area’s exclusion would impede the planned, orderly and efficient development of the area. In addition, LAFCo may adopt a sphere of influence that excludes territory currently within that agency’s boundaries. This may occur when LAFCo determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency’s sphere. Exclusion of these areas from an agency’s sphere of influence indicates that detachment is appropriate.

10.1.8 Annexations Are Not Mandatory

Before territory can be annexed to a city or district, it must be within the agency’s sphere of influence (G.G. §56375.5). However, territory within an agency’s sphere will not necessarily be annexed. A sphere is only one of several factors that are considered by LAFCo when evaluating changes of organization or reorganization.

10.1.9 Islands or Corridors

Sphere of influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.

10.1.10 Overlapping Spheres

LAFCo encourages the reduction of overlapping spheres of influence to avoid unnecessary and inefficient duplication of services or facilities. In deciding which of two or more equally capable agencies shall include an area within its sphere of influence, LAFCo shall consider the agencies’ service and financial capabilities, social and economic interdependencies, topographic factors, and the effect that eventual service extension will have on adjacent agencies. Where an area could be assigned to the sphere of influence of more than one agency, the following hierarchy typically applies:

- a) Inclusion within a city’s sphere
- b) Inclusion within a multi-purpose district’s sphere
- c) Inclusion within a single-purpose district’s sphere

Territory placed within a city’s sphere indicates that the city is the most logical provider of urban services. LAFCo encourages annexation of developing territory (i.e., area not currently receiving services) that is currently within a city’s sphere to that city rather than to one or more single-purpose special districts. LAFCo discourages the formation of special districts within a city’s sphere. To promote efficient and coordinated planning among the county’s various agencies, districts that provide the same type of service shall not have overlapping spheres.

10.1.11 Memorandum of Agreements (For City Sphere Amendments and Updates)

Prior to submitting an application to LAFCo for a new city sphere of influence or a city sphere of influence update, the city shall meet with the County to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements as contained in G.C. §56425. If an agreement is reached between the city and County the agreement shall be forwarded to LAFCo. The Commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by LAFCo and the County, and LAFCo shall give great weight to the agreement to the extent that it is consistent with LAFCo policies in its final determination of the city sphere.

10.1.12 Areas of Interest

LAFCo may, at its discretion, designate a geographic area beyond the sphere of influence as an Area of Interest to any local agency. (Resolution No. 2018-19-01)

- a) An Area of Interest is a geographic area beyond the sphere of influence in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency (the "Interested Agency"). For example, approval of a housing project developed to urban densities on septic tanks outside the city limits of a city and its sphere of influence may result in the city being forced subsequently to extend sewer services to the area to deal with septic failures and improve city roads that provide access to the development. The city in such a situation would be the Interested Agency with appropriate reason to request special consideration from the Acting Agency in considering projects adjacent to the city.
- b) When LAFCo receives notice of a proposal from another agency relating to the Area of Concern, LAFCo will notify the Interested Agency and will consider its comments.
- c) LAFCo will encourage Acting and Interested Agencies to establish Joint Powers Agreements or other commitments as appropriate.

(LAFCo, 2018)

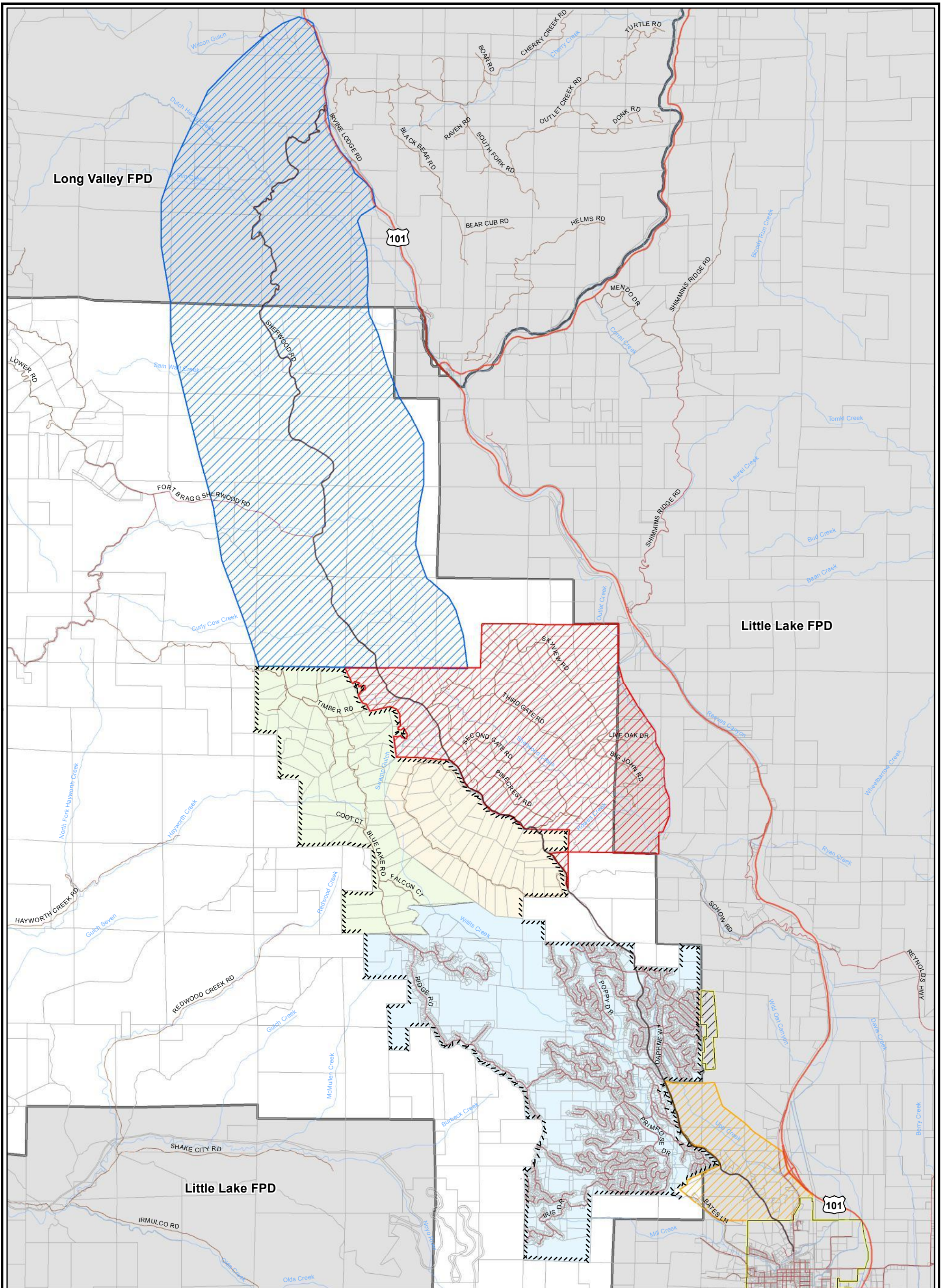
1.6 SENATE BILL 215

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

Mendocino County is not located within an MPO boundary and therefore is not subject to the provisions of SB 375. However, the Mendocino Council of Governments (MCOG) supports and coordinates the local planning efforts of Mendocino County and the Cities of Fort Bragg, Point Arena, Ukiah, and Willits to address regional housing and transportation needs and helps provide a framework for sustainable regional growth patterns through the 2018 Mendocino County Regional Housing Needs Allocation (RNHA) Plan and Vision Mendocino 2030 Blueprint Plan. MCOG is also responsible for allocating regional transportation funding to transportation improvement projects consistent with the 2017 RTP for Mendocino County.

Mendocino County and the Cities of Fort Bragg, Point Arena, Ukiah, and Willits are the local agencies primarily responsible for planning regional growth patterns through adoption and implementation of general plan and zoning regulations. While Mendocino County is not subject to the provisions of SB 375, LAFCo will review applicable regional transportation and growth plans when considering a change of organization or reorganization application.

Figure 1-1



Brooktrails Township Community Services District

Source: This map was prepared by the Mendocino County Division of Information Services GIS Program, May 2019.

Note: This map is not a survey product.

- | | | |
|----------------------|-----------------------------------|-----------------|
| Brooktrails SOI | Lower Sherwood AOI | City of Willits |
| Brooktrails Township | Upper Sherwood AOI | Highways |
| Spring Creek | Willits Airport AOI | Roads |
| Sylvandale | Parcels | Streams |
| Gates AOI | Adjacent Fire Protection Services | |

Service Specific Spheres:
 Brooktrails Township Subdivision- All Services
 Spring Creek Subdivision- Water & Fire Service
 Sylvandale Subdivision- Fire Service

0 0.25 0.5 1 Miles



2 AGENCY OVERVIEW

Table 2.1 BTCSD Profile

Agency Name:	Brooktrails Township Community Services District
Phone Number:	(707) 459-2494
Fax Number:	(707) 459-0358
Mailing Address:	24860 Birch Street, Willits, CA 95490
District Office:	24860 Birch Street, Willits, CA 95490
Website:	http://www.btcsd.org
General Email:	btcsd@btcsd.org
Date of Formation:	1962
Agency Type:	Independent Special District, Multi-Service Provider
Enabling Legislation:	Community Services District Law: Government Code §61000 et seq.
Board Meeting Schedule:	2nd and 4th Tuesday of the month (except Aug, Nov, & Dec - 1st Tuesday only) at 7:00 p.m. at the Brooktrails Community Center

Source: BTCSD: 2018, 2019.

2.1 HISTORY

2.1.1 FORMATION

The Brooktrails Township Community Services District (Brooktrails Township CSD, District, or BTCSD) was created in 1975. The District is the successor to the Brooktrails Resort Improvement District (BRID), formed in 1962 by the Mendocino County Board of Supervisors pursuant to Public Resources Code §13000 et seq. In response to legislation passed in 1971, limiting the powers of resort improvement districts, the voters of the District approved becoming a community services district in 1975. In 1990, the District added the word Township to their name per District Resolution No. 1990-36. (BTCSD, n.d.)

When the Board of Supervisors formed the District in 1962, it included the Brooktrails Township and Spring Creek subdivisions. In 19XX, the Sylvandale subdivision became part of the District per further action of the Board of Supervisors. Spring Creek and Sylvandale are not part of the original 6,605 lots created in the Brooktrails Vacation Village subdivision known today as Brooktrails Township.

2.1.2 BOUNDARY

The District is located in the geographic center of Mendocino County and approximately 1-mile northwest of the City of Willits and 20-miles inland of the City of Fort Bragg. The District is situated within the mountains of a second growth mixed redwood forest located west of the Little Lake Valley area (BTCSD, n.d.).

The District boundary is approximately 13-square miles (8,320-acres) in size and includes multiple service areas associated with three residential subdivisions (Figure 1-1). The District's primary service area covers the community of Brooktrails Township, consisting of small acreage parcels and Brooktrails Redwood Park. The District's secondary service area includes Sylvandale and Spring Creek which consist of large acreage rural parcels located northeast of Brooktrails Township. There have been no changes to the District boundary since the prior 2010 MSR. (LAFCo, 2010)

Brooktrails Township is approximately 7.7-square miles (4,943-acres) in size and is an unincorporated semi-rural residential community consisting of 6,600 parcels. Brooktrails Township has been historically known as a hyleopolis, which is a Wildland Urban Interface (WUI) community with a contiguous wooded park where protection of the forest is paramount. Brooktrails Township has evolved from a second home community during and up to the late-1980s, into one in which most of the homes are occupied by year-round permanent residents. (Mendocino, 2004; LAFCo, 2010)

2.1.3 SERVICES

The Brooktrails Township CSD provides the following municipal services: Planning and Design Review, Parks and Recreation, Fire Protection and Emergency Medical Services, Water, and Wastewater. For more information regarding these services refer to Chapter 3. For more information regarding other services provided by contract or agreement refer to Section 2.3.4.

2.2 GOVERNMENT STRUCTURE

2.2.1 GOVERNING BODY

The Board of Directors is the legislative body for the District and is responsible for establishing policy, adopting and amending the annual budget, enacting ordinances, adopting resolutions, and appointing committees. The District is governed by a five-member Board of Directors elected at-large to serve staggered four-year terms (Table 2.2). In 2018, the District resolved to comply with Senate Bill X and moved its elections to align with the General Election cycle, automatically extending the current terms of sitting Directors by one year. In order to be elected to the Board, candidates must be registered voters residing within the District boundaries. If there are insufficient candidates for election, or if the number of filed candidates is equal to the number of vacancies, then Board members may be appointed in lieu of election by the County Board of Supervisors. New Board members take office at noon on the first Friday in December following their election. The Board of Directors elects officers, including a President (Chairman) and Vice-President every year at the December Organizational meeting of the Board. The Board may create additional offices and elect Board members to those offices, provided that no member of a Board of Directors shall hold more than one office. Board members receive compensation at the rate of \$100 per meeting, regular or special meetings, in accordance with Community Services District Law Section 61047(a), with a maximum of six paid meetings per month. Board members may also receive compensation for their actual and necessary traveling and incidental expenses while on official business. Staff support for the Board includes the General Manager, contract Attorney, and contract Architect. (BTCSD: 2018, n.d., 2019; LAFCo, 2010)

Name	Title	Term Expiration
Rick Williams	President	12/3/2022
Tony Orth	Vice-President	12/3/2022
Ed Horrick	Member	12/3/2022
Ralph Santos	Member	12/2/2020
Tina Tyler-O'Shea	Member	12/2/2020

Source: (BTCSD, 2019)

2.2.2 PUBLIC MEETINGS

Regularly scheduled meetings for the District Board of Directors are held on the second and fourth Tuesday of the month, with the exception of August, November, and December when the Board meets on the first Tuesday only, starting at 7:00 p.m. at the Brooktrails Community Center located at 24850 Birch Street in Brooktrails Township. In accordance with the Brown Act, all meetings are open to the public and are publicly posted in three places within the Township, including at the meeting location, a minimum of 72 hours prior to regular meetings or a minimum of 24 hours prior to special meetings. Public notice and meeting information including agendas, meeting minutes, reports, resolutions, and ordinances are published on the District's website and Facebook page and are available at the District's office upon request. Minutes are kept for all public Board meetings and are adopted at a subsequent meeting. (BTCSD, 2018)

2.2.3 STANDING COMMITTEES

Committees assist in carrying out various functions of local government. The District has two standing committees. To develop and make recommendations on long-term policy documents and resolutions or ordinances that influence overarching District goals, the Planning Committee meets quarterly. To assist in identifying and prioritizing recreation and conservation goals, the Recreation, Greenbelt, and Conservation Committee meetings are held on the fourth Thursday of the month at 7:00 p.m. at the Brooktrails Community Center.

2.2.4 NON-PROFIT ORGANIZATION

The Brooktrails Firefighters Association (BFA) is a 501(c)(3) non-profit organization that supports and augments the activities of the BTCSD Fire Department. The BFA is run by and elects officers from the Volunteer Firefighters. The BFA accepts charitable funds and hosts fundraisers and capital campaigns that support donations to the BTCSD Fire Department for purposes of purchasing equipment and making facility improvements. The relationship between the District and BFA is structured such that finances are held separately and the District owns and maintains donated equipment and facility improvements.

2.2.5 PUBLIC OUTREACH

The District maintains a website, at the following site <http://www.btcSD.org/>, which is a helpful communication tool to enhance government transparency and accountability. The District's website has well organized and extensive information. The District is in the process of updating their website with IWCP which will be as robust as the current website with a modern appearance, be more user-friendly and easier to navigate, and meet all the special district transparency requirements of State law including the availability of agendas, policies, financial information. The District is also modernizing their technology systems by migrating to Microsoft 365 concurrently with the website update. (LAFCo, June 2019)

The District also maintains a Facebook page at <https://www.facebook.com/BrooktrailsTownship/>. The District's Fire Department website information has been incorporated into an updated District website, and they maintain a Facebook page at <https://www.facebook.com/BrooktrailsFire>. The District's website could be enhanced by posting the regular Board meeting schedule on the Board of Directors page and by incorporating a content management system, such as DocuShare, to provide a searchable and chronologically organized document archive system for Board meeting packets and adopted ordinances, resolutions, annual budgets, financial audit reports, and other digital records. The Brooktrails Firefighters Association is involved in community events such as the Annual Spaghetti Feed fundraiser. (BTCSD: 2018, 2019)

2.2.6 COMPLAINTS

The public can submit written or provide verbal comments or complaints in person or by phone at the District office during business hours, Monday through Friday from 8:00 a.m. to 5:00 p.m., or at the District Board of Directors meetings during the general public comment period. The District receives regular complaints of poor road conditions, illegal dumping, and code enforcement violations on private property. In 2018, the District received one complaint related to a potential Brown Act violation, and in 2017, the District received two complaints related to potential Brown Act violations and fire service call response activity. These complaints were addressed in person by District staff and District operations were found to be in compliance with applicable laws and regulations. (BTCSD: 2018, 2019)

2.2.7 TRANSPARENCY AND ACCOUNTABILITY

The District has adopted a Policy Manual, per District Resolution No. 2018-22, that addresses the Board of Directors elections, officers, meeting conduct, conflicts of interest, decisions, rules of order, and responsibilities. This is in addition to general operating policies and procedures for the District, financial policies, and personnel policies that define the obligations, rights, privileges, benefits, and prohibitions placed upon all District employees. (BTCSD; n.d., 2019)

The Political Reform Act requires all state and local government agencies to adopt and promulgate a Conflict of Interest Code pursuant to Government Code §81000 et seq.

The Political Reform Act also requires persons who hold office to disclose their investments, interests in real property, and incomes by filing a Statement of Economic Interests (Fair Political Practices Commission Form 700) each year pursuant to Government Code §87203.

According to AB 1234, if a local agency provides compensation or reimbursement of expenses to local government officials, then all local officials are required to receive two hours of training on public service ethics laws and principles at least once every two years and establish a written policy on reimbursements pursuant to Government Code §53235.

The District complies with the above requirements (BTCSD, 2018).

Refer to Appendix A for a brief list of educational resources regarding open government laws and Appendix B for a website compliance handout.

2.3 OPERATIONAL EFFICIENCY

2.3.1 MANAGEMENT AND STAFFING

The Board of Directors appoints a General Manager to support their efforts and oversee the daily operations of the District to ensure that the Board's policies, programs, and priorities are implemented. The responsibilities and specific duties of the District General Manager include the following:

- The implementation of the policies established by the Board of Directors for the operation of the District.
- The appointment, supervision, discipline, and dismissal of the District's employees, consistent with the employee relations system established by the Board of Directors.
- The supervision of the District's facilities and services.
- The supervision of the District's finances.

(BTCSD, n.d.)

General government services provided under the direction of the District General Manager include Administration, Finance, and Planning. Financial activities include accounting, utility billing, purchasing, payroll, collections, and assisting with the annual audit process. Administrative activities include preparing for public meetings, providing customer service at the District office and other outreach opportunities, and maintaining the District's official records such as meeting minutes, ordinances, resolutions, legal documents, and legal opinions. Planning activities include acting as a liaison between property owners and the contract District Architect during the design review phase of the building permit process and implementing applicable policies of the Brooktrails Township Specific Plan.

The Parks and Recreation Department is included under the General Government Department fund and the District contracts for operation of the golf course. The District is currently comprised of five budgetary departmental units organized by function or service including Water, Wastewater, Fire Protective and Emergency Medical Services, Parks and Recreation, and General Government. District operations are accomplished by three groups of District personnel including Administration, Fire, and Utilities. The District also maintains part-time professional services contracts with an Attorney for General Legal Counsel and an Architect for Planning and Design Review.

District personnel include full-time and part-time employees for a total staffing level of 11 Full Time Equivalent (FTE) positions. Table 2.3 shows District staffing levels by personnel groups. There are also 15 volunteer firefighters to assist full-time Fire personnel. The District has authorization for 11 full-time positions and currently has 10 full-time employees as follows: one General Manager, one Deputy Finance Officer, one Account Clerk/Secretary, one Fire Chief, one Fire Prevention Officer/ Battalion Chief, one Utility Superintendent who is certified as Water Distribution Operator D3, Water Treatment Operator T4 and Wastewater Collection D1, and four Utility employees who are certified as Water Distribution Operators D2 and D3, Water Treatment Operators T2 and T3, and Wastewater Collection D1. A second Account Clerk/Secretary position has remained vacant for several years and will be filled spring 2019.

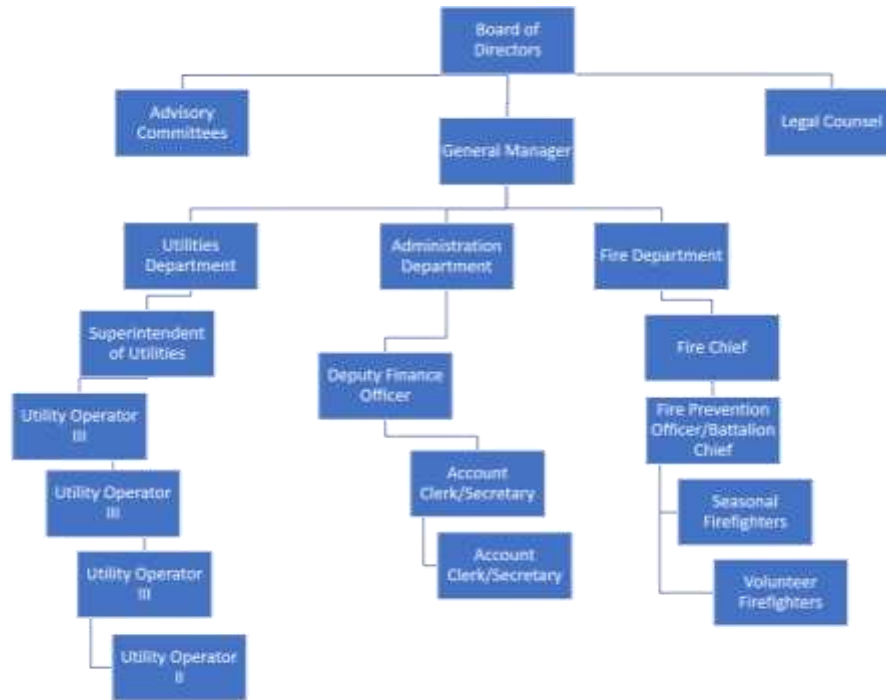
(BTCSD: 2018, 2019)

Personnel Groups	FTE
Administration	4.0
Fire	2.0
Utilities	5.0
Total	11

Source: BTCSD, 2019.

Figure 2-1 shows the District’s organizational chart.

Figure 2-1 BTCSD Organizational Chart



Source: (BTCSD, 2019)

2.3.2 AGENCY PERFORMANCE

A component of monitoring agency performance is routinely evaluating staff productivity. The District tracks employee workload through bi-weekly timesheets and conducts annual written performance evaluations for all employees. In addition, the Fire Chief informally evaluates volunteer firefighters as part of regular training sessions. The District also maintains an emergency response log and training records.

The Board of Directors has an annual planning workshop prior to commencing the annual budget development process to review the goals and objectives from the prior fiscal year and to modify or add new goals and objectives for the upcoming fiscal year.

In the regular performance of duty, District staff identifies areas of improvement and takes corrective action when feasible or informs the District General Manager when further direction is needed. District staff also learns about new opportunities to achieve operational efficiencies by attending regional and service-specific association meetings and communicating with colleagues regarding industry standards, model programs, and best management practices implemented by other local agencies.

(BTCSD, 2018)

2.3.3 REGIONAL AND SERVICE-SPECIFIC COLLABORATION

The District participates in regional and service-specific associations and organizations including the following:

- The Fire Chief is an active member of the Mendocino County Fire Chief’s Association.

- The District’s Board of Directors maintains active participation in the Mendocino County Association of Fire Districts, as well as providing staff assistance.
- The District participates in the Mendocino County Fire Safe Council.
- One District Board member serves on the Local Agency Formation Commission.
- One District Board member serves on the Board of Directors for the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA).
- District staff actively participates as a member of committees to the California Special Districts Association (CSDA) and Association of California Water Agencies (ACWA).
- District staff also actively participates in several professional associations including the Government Finance Officers Association, the International County and City Managers Association and their State Chapters.

(BTCSD, 2018)

2.3.4 SHARED FACILITIES, RESOURCES, AND SERVICES

The District works cooperatively with other service providers to deliver services more effectively or efficiently by sharing public facilities, resources, and/or service delivery responsibility when feasible. Below is information regarding municipal services provided to District residents by other public agencies or non-profit organizations through agreements or Joint Powers Authority (JPA) and by private businesses through service contracts.

2.3.4.1 Wastewater Treatment and Discharge

The District provides wastewater collection services and receives wastewater treatment and disposal services from the City of Willits by agreement (refer to Section 3.6.2 for more information). As part of a legal dispute settled in 2015, the District and the City are exploring the possibility of forming a Joint Powers Authority (JPA) to operate the City’s Wastewater Treatment Plant. District staff cooperates on repairs and maintenance with the City’s wastewater staff. (BTCSD: 2018, 2019)

2.3.4.2 Recreation Facilities

The District has a contract with Operators Newby, Christian and Rice for operation and maintenance of the District’s 9-hole golf and 18-basket disc golf course. This contract includes the operation of the shop and grill. (BTCSD: 2018, 2019)

2.3.4.3 Solid Waste Disposal

The District contracts with Solid Wastes of Willits, Inc. (SWOW) for collection, transportation, disposal, and recycling of garbage, refuse, and rubbish. SWOW pays a franchise fee to the District as the service provider. Services include curbside pickup for both garbage and recycling and providing a recycle center at the Willits Transfer Station located at 350 Franklin Street. The Board of Directors has established the provision of this Franchise Fee as supplemental funding for the Parks and Recreation Department. (BTCSD: 2018, 2019)

2.3.4.4 Pooled Insurance

The District participates in the Special District Risk Management Association (SDRMA) for the purpose of providing liability, workers compensation for its facilities, operations, and employees. Health insurance is provided by the Association of California Water Agencies Joint Powers Insurance Authority for District employees and their dependents. (BTCSD: 2018, 2019)

2.3.4.5 Other Arrangements

Below are additional examples of the District's interagency collaborative arrangements:

- The District collaborates with other public agencies by providing fire protection and emergency medical services through the countywide dispatch service call system and mutual aid agreements.
- The District and the Little Lake Fire Protection District maintain a joint 'hands-on' training program for volunteer firefighters in cooperation with the Mendocino County Fire Academy.
- The District works with CAL FIRE in implementing vegetation fuel management grants to reduce vegetative fire hazards in and around the District, especially surrounding District infrastructure sites.
- The District maintains a shared services and joint purchase agreement with the City of Willits for a high speed camera for their respective Inflow and Infiltration (I&I) programs.
- The District and the City of Willits are exploring the possibility of an intertie agreement for the purpose of wheeling potable water during an emergency.

(BTCSD: 2018, 2019)

No new opportunities for the District to achieve management or operational efficiencies were identified during the preparation of this MSR.

2.3.5 GOVERNMENT RESTRUCTURE OPTIONS

The District is the primary municipal service provider in Brooktrails Township and the immediate surrounding area. District services do not extend into the adjacent Little Lake Valley area except for mutual aid responses and dispatched service calls for fire protection and emergency medical services. The County of Mendocino provides law enforcement, code enforcement, transportation, and stormwater collection services within the District. Municipal service providers adjacent to the District include the City of Willits and the Little Lake Fire Protection District, which provides fire protection services to the City of Willits and the surrounding Little Lake Valley area. Ambulance service is provided to the Willits area by Verihealth, Inc., and the County of Mendocino is in the process of establishing an Exclusive Operating Area (EOA) contract for ambulance services covering the inland area of Mendocino County including the Highway 101 corridor, Covelo, and Anderson Valley. While not municipal services, District residents rely on the City of Willits for commerce and employment opportunities, including rental of commercial and office space.

There may be opportunities for the District and the City of Willits to establish or expand joint efforts to provide municipal services such as emergency water supply and wastewater treatment and disposal. The District is interested in establishing an alternative evacuation route for Brooktrails Township and the surrounding area in the case of an emergency. In addition, a second access road to Brooktrails Township and the surrounding area needs to be established to address current road safety and congestion issues and improve circulation for the area in order to accommodate the current population level and ultimate buildout of Brooktrails Township.

Government restructure options should be pursued if there are potential benefits in terms of reduced costs, greater efficiency, greater accountability, or other advantages to the public. There is no recommendation for a reorganization of local municipal service providers in the area at this time.

2.4 FINANCES

The District's financial resources are accounted for in different funds based on organizational units, such as departments, divisions, programs, functions, and services. The District's governmental activities,

including administration, finance, planning and design review, parks and recreation, and fire, are accounted for in governmental funds. The General Fund is the District's primary operating fund and accounts for the financial resources of the District's general government services. The Fire Services Fund is maintained to account for the special fire tax levied and used to fund fire protection and emergency medical services. The District enterprise or business-type operations include water and wastewater services. These enterprise activities are accounted for in Enterprise or Proprietary Funds and the cost of providing enterprise services are intended to be recovered through service rates. The Water Fund accounts for the operations of the District water treatment and distribution system. The Wastewater Fund accounts for the operation of the District wastewater collection activities. The District also maintains a Fiduciary Fund for its other post-employment benefit plan trust assets and financial operations. (TK, 2017)

2.4.1 CURRENT FISCAL HEALTH

2.4.1.1 Financial Summary

The District prepares and adopts an annual budget prior to the beginning of each fiscal year (July 1), which serves as a financial planning tool and an expense control system. Expenses cannot exceed the authorized budgeted amounts unless the budget is amended by the Board of Directors by resolution during the fiscal year. Unused appropriations lapse at the end of the fiscal year (June 30) and are available to be allocated in the following budget, known as zero-based budgeting. The District also has annually audited financial statements prepared by a Certified Public Accountant (CPA) which serves as financial assurance for the use of public funds. This section includes District financial information for Fiscal Year (FY) 2014-15, 2015-16, 2016-17, and 2017-18 and highlights specific revenue sources and long term financial considerations.

The following table (Table 2.4) provides year-end (not budget) financial information for the District. This table summarizes the Statement of Activities prepared by Terry E. Krieg, CPA and represents the short-term financial standing of the District based on reporting annual income, expenses, and profits/losses using the full accrual basis of accounting. This involves depreciation, which is a method of spreading the cost of a capital asset over its estimated useful life, as opposed to recognizing the cost of a capital asset as an expenditure at the date of acquisition. The District's capitalization policy defines a capital asset as a fixed asset (land, buildings and improvements, equipment, and vehicles) with an initial cost greater than \$1,000 with an estimated useful life in excess of one year (TK, 2017). Refer to Figure 2-4 for the most recent Statement of Net Position, which represents the long-term financial standing, or net position, of the District based on reporting the difference between the District's assets and liabilities. Refer to Appendix C for a full copy of the District's FY 2017-18 Audit.

Table 2.4 BTCSD Financial Summary				
	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Beginning Aggregated Net Position	\$9,426,883	\$8,646,271	\$9,006,763	\$9,637,066
Prior Period Adjustments	\$0	\$0	\$0	\$0
Ending Aggregated Net Position	\$8,646,271	\$8,912,819	\$9,323,574	\$9,861,984
Revenue				
<u>General Revenues</u>				
Property Taxes	\$292,570	\$304,399	\$304,198	\$315,455
Special Fire Tax	\$395,904	\$507,794	\$491,514	\$486,838
Interest Income	\$781	\$706	\$1,224	\$7,033
Social Security Section 218	\$0	\$0	\$0	(\$97,324)
Sub-total	\$689,255	\$812,899	\$796,936	\$712,002
<u>Program Revenues</u>				
Administration	\$381,241	\$353,959	\$388,794	\$408,243
Fire	\$23,906	\$19,310	\$13,622	\$38,477
Parks and Recreation	\$0	\$0	\$0	\$0
Water	\$1,189,515	\$1,181,757	\$1,229,183	\$1,429,358
Wastewater	\$1,349,286	\$1,328,802	\$1,503,144	\$1,535,838
Operating Grants/Contributions	\$60,000	\$0	\$20,464	\$39,238
Capital Grants/Contributions	\$47,422	\$0	\$0	\$150,140
Sub-total	\$3,051,370	\$2,883,828	\$3,155,207	\$3,601,294
Total Revenue	\$3,740,625	\$3,696,727	\$3,952,143	\$4,313,296
Expenses				
Administration	\$472,698	\$467,201	\$433,548	\$556,981
Fire	\$458,753	\$337,288	\$551,472	\$690,864
Parks and Recreation	\$74,092	\$91,015	\$106,989	\$97,752
Water	\$1,302,067	\$1,267,767	\$1,348,525	\$1,395,527
Wastewater	\$2,213,627	\$1,266,908	\$1,194,798	\$1,347,254
Total Expenses	\$4,521,237	\$3,430,179	\$3,635,332	\$4,088,378
Net Income/(Loss)	(\$780,612)	\$266,548	\$316,811	\$224,918
Accumulated Depreciation	\$1,583,202	\$1,554,695	\$1,613,898	\$1,670,774

Source: TK: 2016, 2017, 2018, 2019.

According to the audited financial information in the table above, the District generally operates at a net income or revenue gain which is a key measure of fiscal health and indicates that the District does not need to utilize reserve funds to balance the budget or meet current operating costs. The District has maintained a balanced budget for the past several years and is working to build reserves to fund capital improvements and replace equipment (BTCSD, 2018).

In FY 2016-17, the General Fund ended with a fund balance of \$395,700, compared to a \$264,116 fund balance at the end of the prior fiscal year, and there were no transfers out to subsidize the Fire Fund. In FY 2016-17, the Fire Fund ended with a decrease of \$62,000 for a fund balance of \$70,800. In FY 2016-17,

water sales and wastewater fees increased by about \$214,000 for a combined total revenue of \$2.7 million for business-type activities, and a combined total of expenses at \$2.5 million. (TK, 2018)

In FY 2015-16, the General Fund ended with a fund balance of \$264,116, compared to a \$158,159 fund balance at the end of the prior fiscal year, and there were no transfers out to subsidize the Fire Fund. In FY 2015-16, the Fire Fund ended with an increase of \$5,772 for a fund balance of \$132,788. The turnaround in profitability of the District between FY 2015-16 and 2014-15 was directly related to one-time wastewater expenses in 2015 and additional revenues from the first full year of receiving the voter approved increase in the Special Fire Tax. In FY 2015-16, the governmental activities included \$156,536 for costs related to the purchase of fire apparatus (breathing equipment), in the amount of \$68,621, and a fast attack fire vehicle, in the amount of \$87,915, both funded by capital lease proceeds. (TK, 2017)

2.4.1.2 Fire Special Tax and Other Revenue

In December 2013, the Special Committee for Fire Department Revenue Enhancement provided a report to the Board of Directors regarding financial options for the Fire Department including potential consolidation with the Little Lake Fire Protection District and CAL FIRE providing contract fire services. The Committee concluded that changing the structure of fire service provision was not financially feasible and would not result in more efficient or effective delivery of services. This exploratory process resulted in the District preparing a ballot initiative to increase the Special Fire Tax. (BTCSD, 2018)

On June 3, 2014, the voters in the District approved Measure K to increase the Special Fire Tax by \$34 a year from the existing \$65 per single-family residential parcel tax and also increased the tax rates applied to other classes of parcel improvements or uses as listed below.

- Single Family Residence - \$99
- Duplex - \$150
- Triplex - \$200
- Fourplex - \$250
- Multiplex other - \$275
- Commercial use - \$200
- Hotel-Motel - \$300
- Vacant Parcels - \$99

The revenue generated by this special tax must be used for a comprehensive fire prevention program, including funding of fire department operations (exclusive of salaries), capital improvements, depreciation, fire hazard programs, fire prevention programs, and reserves. This special tax increase took effect in Fiscal Year 2014-15.

(Ballotpedia, 2014)

Mendocino County disbursed a share of Proposition 172 funds to BTCSD as follows: \$20,464 in FY 2016-17 and \$20,787 in FY 2017-18 (BOS, 2018). These allocations are discretionary and reviewed annually based on availability of funding. Based on the current adopted County Budget, the same level of Proposition 172 funding will be provided in FY 2018-19 based on actual Proposition 172 receipts from the most recent year (Mendocino, June 2018).

The BTCSD Fire Department participates in Strike Team assignments for wildland fire incidents throughout the State and receives reimbursement averaging approximately \$20,000 annually for firefighters and the responding fire engine from the California Fire Assistance Agreement (CFAA).

The Brooktrails Firefighters Association raises approximately \$2,500 annually from donations and fundraising activities to support the BTCSD Fire Department.

2.4.1.3 Enterprise Activities

The District's business-type operations include water and wastewater services and these enterprise activities are funded by service rates and accounted for in Enterprise Funds. The District reviews rates and fees during the annual budget development process and proposes an increase when necessary to support the on-going delivery of services. The District Board of Directors adopts rates and fees annually at a duly noticed Public Hearing based on actual expenditures and cost recovery.

The District adopted Rates and Fees for Fiscal Year 2018-2019 per Resolution No. 2018-10. The District's Monthly Water Base Rate is \$49.16, the Water Usage Rate is calculated at \$.02961 per cubic foot, and the one-time Water Connection Fee is \$11,697. The District's Monthly Wastewater Base Rate is \$68.78, the Annual Sewer Standby Charge for developed and vacant lots is \$50, and the one-time Wastewater Connection Fee is \$12,014. (BTCSD, 2019) The District's enterprise services are currently operating at a net income or revenue gain. In FY 2015-16, there was a significant reduction in expenses of the Wastewater Fund from the prior fiscal year related to approximately \$813,000 in legal fees, deferred, and withheld contract costs related to the settlement agreement reached in FY 2014-15 between the District and the City of Willits. (TK, 2017)

2.4.1.4 Teeter Plan

Taxes are apportioned to eligible local government agencies (counties, cities, schools, and special districts) according to specific formulas and procedures established in the State Revenue and Taxation Code (R&TC). Mendocino County distributes secured and supplemental taxes subject to the Teeter Plan, per R&TC Sections 4701-4717, which is an optional alternative method for distributing and collecting taxes including property taxes, special assessments, and special taxes. Under the Teeter Plan, the County provides 100-percent of all the taxes levied on the original tax roll, less any corrections made during the year, to each eligible agency in advance of collection. At the end of the fiscal year, any unpaid taxes and assessments are owned by the County and are subject to the County's collection efforts and remedies, including penalties and interest on delinquent tax payments and selling tax delinquent properties at public auction. (Mendocino, n.d.)

There is a long history in the District of properties defaulting on tax payments and tax delinquent properties not selling at public auction. This is because the Brooktrails Township subdivision was designed as a second-home community for part-time residents with an expected maximum occupancy of 25-percent at any given time. However, Brooktrails Township is a community of predominately full-time residents which has considerably intensified the original land use and demand for municipal services (refer to 2.5.1.2 for more information). With limited water supply available for new service connections and physical development constraints making construction of a modern home difficult and expensive, over time many properties in the Brooktrails Township subdivision have become tax delinquent and scheduled for sale at auction. For example, there were 232 Brooktrails Township subdivision lots in default of property taxes and special assessments and subject to pending sale at auction as of January 26, 2019. There are however still active real estate transactions occurring in Brooktrails Township and many property owners that continue to pay taxes. (LAFCo, June 2019)

In 2012, the Mendocino County Board of Supervisors removed or "de-Teetered" Brooktrails Township CSD special assessments for water, wastewater, and fire services. Prior to this action, the County was

effectively partially subsidizing the District's water, wastewater, and fire services by providing the District assessment revenues that ultimately were not collected or recovered through sale at auction. Therefore, the District is currently distributed special assessment revenue upon collection instead of in advance of payment by property owners. The District has remained under the Teeter Plan related to the distribution of property taxes. Therefore, the District receives 100-percent of its tax base from property taxes regardless of whether the County actually collects this tax revenue, but the District generally does not receive 100-percent of special assessments due to non-payment by owners of tax delinquent properties. For example, the District's annual budget estimates receiving 60-percent of the fire special tax based on actual collection history. (LAFCo, June 2019)

2.4.1.5 Brooktrails Township Lot Reduction Program

The Brooktrails Township subdivision was originally established with 6,605 lots. As described above, the character of the community changed resulting in higher demand for services than was originally planned. Currently the District can provide 1,578 water service connections. To address this discrepancy in supply and demand, the Brooktrails Township Specific Plan identified a development projection or estimated buildout for Brooktrails Township of 4,000 equivalent single family residential units, or 3,815 residential dwellings on 3,673 developed lots. The Specific Plan also included a District program consisting of financial incentives to encourage voluntary lot mergers to help reach the projected buildout level and bring the available number of lots in line with available resources. The District's lot reduction program has also involved accepting lot donations from property owners.

Due to the financial impact of non-payment of special assessments by owners of tax delinquent properties in the Brooktrails Township subdivision and the need to maintain an adequate tax base, the District has changed its policy related to accepting new lot donations and subsidizing the voluntary lot merger program. The District Board reviews potential lot donations on a case by case basis and gives priority to lots that adjoin another lot in the District's existing inventory, are located at a trailhead, or would improve the trail system or access to the greenbelt. The District encourages voluntary lot mergers but can no longer subsidize the process through the General Fund. In addition, in an attempt to streamline the process, the District will no longer submit batch filings to the County of lot merger applications every six months, which creates another step in the process. This is in response to feedback the District has received from property owners that they would prefer their application be processed on an individual basis to save time.

(LAFCo, June 2019)

2.4.2 LONG TERM FINANCIAL CONSIDERATIONS

2.4.2.1 Reserves

The District has the following reserve accounts established for different purposes.

- Wastewater Capital Recovery Reserve: A wastewater capital recovery reserve account in the Sewer Enterprise Fund with the sum of a maximum of \$58,800 appropriated pursuant to an agreement entered into between the District and the Farmers' Home Administration as a condition of bond sale.
- Capital Reserve: A capital reserve account in the Water Connection Fund, the Sewer Connection Fee Fund, the Fire Services, and the General Fund for the purpose of funding any needed expansion of capital facilities or the acquisition of capital equipment.

- Equipment, and/or Capital Replacement Reserve: Equipment and/or capital replacement reserve accounts within all of the Funds to provide for acquisition of equipment to replace equipment originally purchased and replace and repair existing capital facilities using revenues from those funds.
- Contingency Reserve: Contingency reserve accounts within all of the Funds to be used for funding unbudgeted and unforeseen expenditures during the fiscal year as authorized by a specific appropriation resolution of the Board of Directors.
- Debt Service Reserve: A debt service reserve account within each fund from which payments to principal and interest on debt or lease purchase obligations is made. An amount equal to the payment due on such obligation during the next fiscal year is appropriated to said reserve at the end of every fiscal year.

(BTCSD, 2018)

In the past, the District practiced zero-sum budgeting and reserves were zeroed out at the end of the year. The District is currently in the process of accumulating capital need and other reserves each year. (LAFCo, June 2019)

The FY 2017-18 audit does not specify the amount of funds held in reserve by the District. Figure 2-4 shows that the District has restricted cash and cash equivalents in the amount of \$309,980 for governmental activities and \$375,169 for business-type activities. (TK, 2019)

2.4.2.2 Outstanding Debt

The District has no publicly-issued debt. Figure 2-2 shows the District's long-term debt activity for FY 2015-16, including capital leases for the purchase of fire equipment and vehicles in governmental activities and multiple USDA series loans, Certificates of participation, and a bank loan for water and wastewater improvements and equipment in business-type activities. The District will be obligated through 2051 for current debt payments.

Figure 2-2 Long-term Debt Activity for FY 2017-18

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital lease obligations	\$ 297,759	\$ 420,000	\$ 81,939	\$ 635,820	\$ 90,293
Compensated absences	87,212	138,086	87,212	138,086	138,086
Total	\$ 384,971	\$ 558,086	\$ 169,151	\$ 773,906	\$ 228,379
Business-Type Activities:					
Certificate of participation	\$ 385,400	\$ -	\$ 7,400	\$ 378,000	\$ 7,700
Certificates of participation, 2008	2,830,000	-	46,000	2,784,000	48,000
USDA Loan	131,041	-	2,243	128,799	2,337
USDA Loan, 2010	202,045	-	21,627	180,418	22,573
Bank loan	19,932	-	7,641	12,290	8,078
Compensated absences	82,526	108,694	82,526	108,694	108,694
Totals	\$ 3,850,944	\$ 108,694	\$ 167,437	\$ 3,592,201	\$ 197,382

Source: TK, 2019.

2.4.2.3 Capital Improvement Plan

The District is responsible for prioritizing and budgeting for long-term capital needs in addition to on-going operations and maintenance costs. The District does not have a Capital Improvement Plan (CIP). The District defines capital improvement priorities on a five-year basis in the annual budget process (Figure 2-3). Capital Improvements are primarily funded in one of two ways. Small to mid-range projects of \$5,000 to 100,000 are scheduled for the upcoming fiscal year through a capital outlay appropriation, and larger projects over \$100,000 are scheduled for future fiscal years through a capital reserves appropriation. The Brooktrails Township Specific Plan also contains a financing program to maintain community services and provide the infrastructure required to accommodate buildout of the community. Two currently unused funding mechanisms available to the District to finance capital facilities and improvements include Proposition 218 bond measures and Development Impact Fees pursuant to the Mitigation Fee Act (GOV 66000 et seq.). Routine maintenance of equipment and facilities is generally performed based upon the manufacturer's recommended schedule, industry best practices, and actual need, and is funded through the budget development process. (BTCSD, 2018)

Figure 2-3

BTCSD Capital Projects from FY 2019-20 Financial Plan of Services
Water Division Project Goals
<u>Ongoing</u>
Replace water treatment filters
Replace end line blow offs
Replace water valves in streets
Rebuild one-to-two pump houses
Reline and reroof redwood tanks
Install radio read meters
<u>FY 2019-20</u>
Replace Tank three with a larger sized modern tank – 60,000 gallon redwood
Replace water lines throughout District as necessary
Acquire lot(s) adjacent to rock lot
GIS mapping of water distribution infrastructure
Recapture energy lost at pumping sites
Negotiate agreement for groundwater intertie in the Valley
<u>FY 2020-21 and FY 2021-22</u>
Upgrade Water Treatment Plant (Upsize Filters)
Replace Tank 14
Acquire parcel and/or water rights in valley
Design intertie
Construct Intertie
Replace Tank Two – 90,000 gallon redwood
Wastewater Division Project Goals
<u>Ongoing</u>
Maintain vac truck and equipment for sewer lateral inspections and jetting
<u>FY2019-20</u>
Mallard Bypass Repairs
Repair slide on easement GIS mapping of sewer collection infrastructure
Acquire lot for Primrose Lift Station
Engineering for Primrose Lift Station
FY 2020-21 and FY 2021-22 Replace/move Primrose Lift Station
Replace deteriorated main lines
<u>Future Goals</u>
Replace 14" sewer main to Willits Rebuild engine for camera truck or replace vehicle
Fire Department Project Goals
<u>Ongoing</u>
Maintain a high level of service
Pursue grant funding for specialized equipment
Maintain community relations and forums
Continue Fire/EMS Training
Increase Volunteer Firefighter roster to 25
Pursue and maintain Emergency access/egress routes
Maintain Hazard Abatement Program

(BTCSD, 2019)

Figure 2-3

Continue funding Seasonal Staffing
<u>Future Goals</u>
Amend Fire Tax to reduce impacts from uncollected vacant parcel assessments
Pursue additional grant funding for Greenbelt Fuels Management
Amend Specific Plan to support home hardening against fire threats
Parks and Recreation Department Project Goals
<u>Ongoing</u>
Maintain and preserve department facilities
Clear trails and vegetated overgrowth in recreation areas
<u>FY2019-20</u>
Apply for Prop 68 Grant for three projects:
\$710,000 on Par Course Revitalization Project
\$700,000 on Ohi Grove Revitalization Project
\$400,000 on Golf Course Bridge Project
General Government Department Project Goals
<u>Ongoing</u>
Maintain a high level of customer service
Monitor and refine personnel and financial information throughout the year
Pursue grant funding when available for any department revenue
Provide transparent and compliant public meetings and documents
Support and participate in community relations and forums
<u>FY2019-20</u>
Hire second Accounts Clerk/Secretary
Accrue necessary Specific Plan changes
Update LAFCo Municipal Service Review

(BTCSD, 2019)

Figure 2-4

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 226,278	\$ 1,736,439	\$ 1,962,717
Net receivables	195,364	333,507	528,871
Inventory	-	20,313	20,313
Prepayments	9,917	12,246	22,163
Deposits	110,020	-	110,020
Internal balances	<u>(13,579)</u>	<u>13,579</u>	<u>-</u>
Total current assets	<u>528,000</u>	<u>2,116,084</u>	<u>2,644,084</u>
Noncurrent assets:			
Restricted cash and cash equivalents	309,980	375,169	685,149
Long-term receivables - delinquencies	348,239	377,324	725,563
Net capital assets	<u>5,409,433</u>	<u>6,573,837</u>	<u>11,983,270</u>
Total noncurrent assets	<u>6,067,652</u>	<u>7,326,330</u>	<u>13,393,982</u>
Total assets	<u>6,595,652</u>	<u>9,442,414</u>	<u>16,038,066</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	215,580	385,364	600,944
Other postemployment benefits	<u>4,972</u>	<u>10,094</u>	<u>15,066</u>
Total deferred outflows of resources	<u>220,552</u>	<u>395,458</u>	<u>616,010</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,832	50,475	60,307
Accrued liabilities	35,367	12,443	47,810
Compensated absences	138,086	108,694	246,780
Interest payable	4,981	36,269	41,250
Capital leases due within one year	90,293	-	90,293
Loans, notes, certificates due within one year	-	89,593	89,593
Total current liabilities	<u>278,559</u>	<u>297,474</u>	<u>576,033</u>
Liabilities due in more than one year:			
Certificates of participation	-	3,106,300	3,106,300
USDA loan	-	283,402	283,402
Capital leases	545,527	-	545,527
Bank note payable	-	4,212	4,212
Net other post employment obligation	58,477	118,724	177,201
Net pension liability	<u>684,806</u>	<u>1,353,639</u>	<u>2,038,445</u>
Total liabilities due in more than one year	<u>1,288,810</u>	<u>4,866,277</u>	<u>6,155,087</u>
Total liabilities	<u>1,567,369</u>	<u>5,163,751</u>	<u>6,731,120</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	15,216	39,095	54,311
Other postemployment benefits	<u>2,198</u>	<u>4,463</u>	<u>6,661</u>
Total deferred inflows of resources	<u>17,414</u>	<u>43,558</u>	<u>60,972</u>
NET POSITION			
Net investment in capital assets	5,193,613	3,090,330	8,283,943
Restricted for:			
Capital additions and debt service	-	375,169	375,169
Unrestricted	<u>37,808</u>	<u>1,165,064</u>	<u>1,202,872</u>
Total net position	<u>\$ 5,231,421</u>	<u>\$ 4,630,563</u>	<u>\$ 9,861,984</u>

See accompanying notes to the basic financial statements

2.5 GROWTH

2.5.1 PRESENT AND PLANNED LAND USE AND DEVELOPMENT

2.5.1.1 Brooktrails Township History

The Brooktrails area has historically been used for a wide range of land uses. In the 1880s, the Brooktrails area was occupied by the Northwestern Lumber Company. As logging operations were completed, the land was sold to the Diamond D Ranch and served as a dude ranch. In the 1960s a developer proposed to convert the lands into a planned development and began subdividing the land. The Brooktrails Company Ltd., of Beverly Hills and New York, acquired the land in 1967. Ultimately, the land was subdivided into 6,605 lots ranging in size from one-sixth acre (7,260-square feet) to 230-acres. The development was intended to be primarily for second homes and was conceived as a “Vacation Village” resort of part-time residents with an expected occupancy of 25-percent at buildout. (Mendocino, 2004)

2.5.1.2 Brooktrails Township Transition

Brooktrails Township has transitioned from the original concept of the Brooktrails Vacation Village to a community of predominately full-time residents. Since Brooktrails Township was originally conceived as a 25-percent occupancy second-home community, full buildout did not necessarily mean full occupancy at any one time. Full buildout of Brooktrails Township under the current condition of occupancy involves considerably more year-round use than was originally planned for in the approval of the Brooktrails Vacation Village subdivision. This has resulted in major changes in the community such as intensifying the original land use and circulation patterns, increasing the demand for municipal services, and impacting the preservation of environmental resources. In addition, the small size of the residential parcels may have been suitable for construction of a vacation cabin, but may not necessarily accommodate development of a modern home due to physical constraints and environmental resources such as steep slopes, soil instability, earthquake faults, water features, and sensitive habitat.

In order to plan for the future of Brooktrails Township, the County of Mendocino and the community of Brooktrails Township prepared a Specific Plan to address the quality and character of new development, the sequencing of community facilities and infrastructure, environmental protection and enhancement, public safety, recreation, and other issues unique to the community. A key component of starting the Specific Plan process was determining buildout potential for Brooktrails Township. Available water supply, physical development constraints, desired protection of environmental resources, and the level of willingness of property owners to pay for expanded services and facilities to accommodate growth played a critical role in developing different growth scenarios.

The Specific Plan Advisory Committee, consisting of Brooktrails property owners, developed five alternative development scenarios for the Brooktrails Township Specific Plan. Medium Growth Scenario #3B at 4,000 units was selected to focus preparation of the Specific Plan. Based on the 1995 Alternative Development Scenarios and Feasibility Analysis report prepared for the District, this development scenario provides an optimum balance between the need for environmental protection and the economic costs of expanding infrastructure and/or limiting growth. The 4,000 unit growth scenario is a development estimate for planning purposes and is not intended to impose a limit upon future growth in Brooktrails Township. BTCSD is committed to develop such facilities and infrastructure as is necessary to accommodate the ultimate demand for growth in the community and consistent with the level of financial investment provided by those receiving services from the District. (Mendocino, 2004)

2.5.1.3 Brooktrails Township Specific Plan

The Brooktrails Township Specific Plan (Specific Plan or Plan) is a comprehensive planning document to guide on-going development of Brooktrails Township in an orderly and systematic manner and refines the broad development goals and policies of the Mendocino County General Plan to address the specific social, physical, environmental, and economic characteristics of this specific area. The Specific Plan provisions do not apply to the adjacent Spring Creek and Sylvandale subdivisions, except with regard to existing service agreements.

The Specific Plan establishes a policy framework to guide the location, intensity, and character of land uses, replaces the existing Development Review Board Ordinance and Interim Site Development Standards with permanent Design Guidelines and Site Development Standards, and contains implementation programs to realize the Plan recommendations. The Plan also establishes the circulation pattern and financing mechanisms available to maintain existing community services and provide new infrastructure and improvements to accommodate buildout of the Plan. The Specific Plan was prepared in accordance with the requirements set forth in California Government Code Section 65451.

The Specific Plan was adopted on December 8, 1997 by the Mendocino County Board of Supervisors as an amendment to the County General Plan. In January 2004, a five-year plan update with proposed amendments was provided to the Board of Supervisors per Brooktrails Resolution No. 2004-1. On July 16, 2004, the Board of Supervisors adopted the proposed amendments per Resolution No. 04-113. There have been no updates to the Plan since 2004. According to the Summary in the Brooktrails Township Specific Plan, the major features of the plan are as follows:

1. The overall land use objective is to promote environmental stewardship; this encompasses careful site design including measures to conserve water and energy; avoiding and minimizing impacts to key environmental resources; and managing the Township Greenbelt. The Plan allows for a level of development that balances protection of the forest ecosystem with environmentally sensitive development. Conservation easements will be used to protect some environmentally sensitive areas and to create fire hazard protection zones.
2. The continuation of a **predominantly single-family community with up to 4,000 equivalent single family residential units (SFRs)**. SFR is a unit of measurement for water use planning purposes. At buildout with 4,000 SFRs, there would be 3,815 residential dwellings on 3,673 developed lots with a total population of 9,919 individuals. These numbers are intended to represent a development projection, not a growth limit or development cap.
3. The **voluntary reconfiguration of some high constraint parcels** to create larger parcels with fewer allowable units. Reconfigured parcels will afford greater protection of public health and safety in high-constraint areas as well as protection of visual resources and open space amenities.
4. A program consisting of **incentives to encourage lot mergers**. A public entity overseen by the Brooktrails Township Board of Directors will be established to implement an incentive program, including financial incentives, to encourage lot mergers. After a period of five years, the voluntary merger program will be evaluated for updating and/or amendment.
5. The plan makes **adjustments to the zoning map** to reflect changes in the manner in which the community has developed. Remote commercial parcels have been rezoned for single-family development, while appropriate commercial areas have been consolidated and preserved. This plan

identifies areas zoned for multi-family development in the earthquake fault zone and in the B1 zone adjacent to the Ells Field Airport to be considered for future rezoning to single-family development. This Plan does, however, preserve multi-family development areas, where environmentally suitable, to ensure the provision of adequate affordable housing. In addition, the entire Specific Plan area will be placed within a Specific Plan (SP) overlay combining district to highlight the fact that a different set of goals, policies, regulations, and implementation programs apply to this area.

6. Circulation improvements which consist of two additional access roads to address existing access and emergency evacuation constraints - one linking the Township with State Route 20 to the south, and an access road connecting the Township with U.S. Highway 101 to the east. At two lanes, the new Second Access Route would begin to reach capacity as the Township begins to reach buildout at 4,000 units. The third access route would then be required to relieve traffic on Sherwood Road and the new Second Access Route. Additional circulation improvements include but are not limited to:
 - Improvements at the Sherwood Road/Birch Street intersection.
 - Improvements to Sherwood Road including adding paved shoulders (four-foot minimum width), left-turn pockets between U.S. 101 and Poppy Drive, and a pathway along its entire length.
 - Extension of Ridge Road between Iris Drive and Goose Road.
 - Development of parking bays, as feasible, throughout the Township to address current narrow roadway constraints.
7. A 1,600 acre-foot reservoir to meet domestic water supply requirements for a community of 4,000 equivalent dwelling units and a population of 9,919 individuals. Assuming development of 40 units per year, the reservoir would be needed in the year 2023. This project will require subsequent environmental analysis prior to development.
8. Community facility and infrastructure improvements that will serve the specific needs of the Township as it develops over time. These improvements include, but are not limited to:
 - Development of wells to supplement the existing water supply for up to 2,500 units.
 - A new raw water main connecting the new reservoir to the existing raw water main at Lake Emily.
 - Expansion of the existing water treatment plant at Brooktrails in its present location to accommodate growth to 4,000 units.
 - A new wastewater trunk main to replace or parallel the existing trunk main from the Township to the City of Willits Wastewater Treatment Plant to accommodate development beyond 2,000 units, and a second new line to accommodate 3,000 units.
 - A third fire station is anticipated in the near term in the vicinity of the airport to serve existing development. A fourth fire station and fire vehicles would be required to serve 2,000 units, and a fifth fire station and vehicles would be required to accommodate 4,000 units.
9. Design Guidelines and Site Development Standards that: protect public health and safety; preserve and enhance environmental resources and public amenities; and establish and enforce design standards that will protect visual quality, and the community's quality of life in the existing semi-rural setting.
10. Under the Specific Plan financing program, four bond issues are recommended. The first bond issue will be needed in the near-term to finance the second access road which is needed at this time. The second bond issue would be required to fund wells and preliminary reservoir work at about the year

2011. The third bond issue would be required for the new 1,600 acre-foot reservoir around the year 2023. The fourth bond issue would be required for the third access road, scheduled for construction at 3,500 equivalent single-family residential units (SFRs) around the year 2048.

11. Development impact fees are also anticipated and an impact fee schedule is estimated based on a proposed allocation of capital project funding between fees and bond assessments. Actual fee levels will depend upon the timing of the projects and the authorization for assessments.
12. It is also noted in the Specific Plan that the success of the Plan depends on continuing community support in implementing the Plan and the combined efforts of all applicable regulatory and service delivery agencies, and particularly on the on-going close cooperation between the District and the County of Mendocino.

(Mendocino, 2004)

The Specific Plan is due for an amendment based on recommendations of the District Planning Committee to the Board of Directors, including those identified below. Amending the Specific Plan might be accomplished through a minor update process which would be more cost-effective and time-efficient than a complete overhaul of the Specific Plan, which could be cost-prohibitive and potentially unachievable.

- To bring its development standards in line with home hardening standards developed by the State of California, to which the current standards are not consistent.
- To alter the lot merger recommendations and role of the District in incentivizing them.
- To change the language on donating and selling privately owned lots to the District.
- To update other elements of the water and wastewater infrastructure, policy development, and land use trends.

(BTCSD, 2019)

2.5.1.4 Land Use

Brooktrails Township is comprised of a semi-rural residential community with 6,605 parcels, a 2,500-acre greenbelt area for open space and recreation, public facilities to support the community, and community-oriented commercial uses. The specific zoning designations for Brooktrails Township are listed below and are based on the Mendocino County Inland Zoning Ordinance:

- R-1 Single-family Residential
- R-2 Two-family Residential
- R-3 Multiple-family Residential
- S-R Suburban Residential
- C-1 Limited Commercial
- P-F Public Facilities
- F-L Forest Land
- T-P Timberland Production

The Specific Plan Zoning Map for Brooktrails Township shows land uses, a proposed new 1,600 acre-foot impoundment or reservoir for domestic water supply, and circulation and infrastructure improvements to accommodate buildout of the community (Figure 2-5). When the community was originally laid out by developers, various parcels were designated for commercial uses, consistent with the “Vacation Village”

concept. These commercial parcels were scattered throughout the community to serve seasonal residents and were thought appropriate for gas stations and small retail businesses or convenience stores to meet the daily needs for goods and services. However, commercial development on many of the commercially designated parcels has not occurred for multiple reasons, including physical development constraints such as steep slopes and heavily forested parcels, remote locations making the parcels isolated from residential development and a source of potential shoppers, and small parcel size making development of a parking lot difficult without extensive grading. Some commercially designated parcels have been developed with residences and were rezoned to residential as a result of the Specific Plan to reflect the existing land use.

The District boundary is also comprised of two adjacent rural residential subdivisions zoned U-R Upland Residential. The areas adjacent to the District boundary are zoned R-L Rangeland (livestock grazing, protection of natural resources), T-P Timberland Production (growing and production of timber), S-R Suburban Residential (residential with some commercial uses), and U-R Upland Residential (low-density agricultural/residential uses).

(Mendocino, 2004)

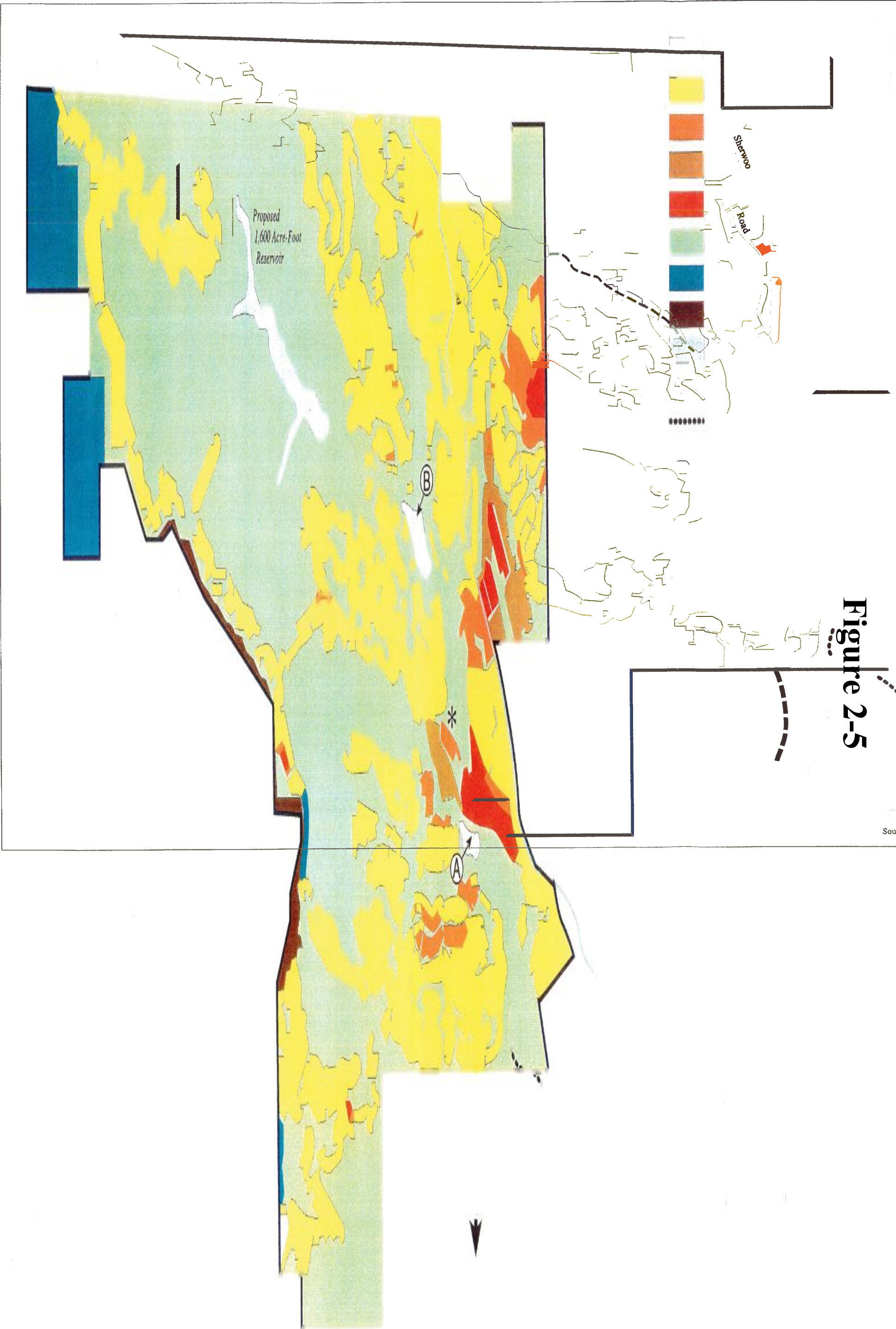


Figure 2-5

Source

2.5.1.5 Development

Existing development in Brooktrails Township is primarily residential; however, there is very limited commercial development, recreational and open space areas, and public facilities and infrastructure. Existing commercial development within Brooktrails Township includes a deli and small convenience store. Existing community facilities and improvements include the District office, community center, fire station, golf course and shop, water treatment plant, Lake Emily and Lake Ada Rose, Ohl Redwood Grove Park, community garden, baseball field, and an extensive trail system. Adjacent to Brooktrails Township, existing development is primarily residential and also includes the Ells Field Airport and Sherwood Valley Rancheria.

The City of Willits owns the Willits Municipal Airport, also known as Ells Field. This public airport facility is located directly east of Brooktrails Township and is accessed from Poppy Drive. The airport began private operations in the 1960s by the Deerwood Corporation as a destination for flights from Oakland to prospective buyers of parcels in the adjacent Brooktrails Vacation Village subdivision. (LAFCo, May 2019)

The Specific Plan projections for buildout of Brooktrails Township are that there will be 3,815 residential dwellings on 3,673 developed lots with a total population of 9,919 individuals (Mendocino, 2004). Brooktrails Township is currently at approximately 33% of the total number of dwellings and associated population projected at full buildout (BTCSD, 2019). The Specific Plan assumed development of 40 dwelling units per year based on historic development levels; however, new development has been limited due to overall water supply availability and a long standing State issued and now released water moratorium. Two new residential dwelling units have been developed since the water moratorium was removed on December 3, 2017. Figure 2-6 shows the 2004 and 2019 development conditions for Brooktrails Township including the number of existing parcels, the number of developed residential parcels, and other development characteristics.

In order to allow a significant increase in new development within Brooktrails Township, the District will face the following infrastructure needs or growth constraints.

- Development of a Second Access Road to reduce congestion and improve emergency access.
- Expanded capacity of the wastewater trunk main between Brooktrails Township and the City of Willits Wastewater Treatment Plant.
- Development of additional water supply to supplement the existing surface water supply.

(LAFCo, 2010)

The near-term water and wastewater infrastructure needs identified above and additional long-term needs are further described in Sections 3.5 and 3.6 respectively. The need for a Second Access Road is described below.

Brooktrails Township is currently served by one access road. Therefore, all vehicle traffic generated from Brooktrails Township, Spring Creek, Sylvandale, Willits Municipal Airport, and Sherwood Valley Rancheria flows into the City of Willits via Sherwood Road at the intersection of Main Street located just north of downtown Willits. This intersection is currently being reconstructed and funded by Caltrans as mitigation associated with the construction of the Highway 101 Bypass project (BTCSD, 2019). Sherwood Road is a narrow, two-lane paved road with eleven-foot lanes and no shoulders. (KOA Corporation, 2009)

Based on a 2009 Brooktrails Second Access Feasibility Study prepared by KOA Corporation, Sherwood Road is designed for 2,500 vehicle trips per day (round trips) and is serving an average of approximately

10,000 vehicle trips per day and a maximum of 18,000 vehicle trips per day. Therefore, development of a Second Access Road is important for the safety of the existing population. (LAFCo: 2010, June 2019)

There has been extensive discussion of the need for secondary access to Brooktrails Township and the Sherwood Road corridor by various individuals, citizen groups, elected officials, and public agencies over the past decade. Numerous studies have been completed since 1991. These studies primarily focused on the need for adequate emergency evacuation routes out of Brooktrails Township, especially during wildfire incidents. Over the years a need for additional circulation capacity has also emerged due to growth and general development in the area. (KOA Corporation, 2009)

In regard to evacuation, if the southbound paved portion of Sherwood Road to Willits becomes unavailable during an emergency, the currently designated evacuation route is approximately 11.5-miles along the northbound unpaved portion of Sherwood Road to Highway 101 or approximately 17.5-miles to Laytonville (BTCSD, n.d.). The District is interested in establishing an alternative evacuation route for Brooktrails Township and the surrounding area in the case of an emergency. One potential opportunity is creating a Benefit Zone along the Sherwood Road Corridor through County Service Area 3 to assess affected property owners and generate revenue to fund additional access.

A Second Access Road to Brooktrails Township and the surrounding area needs to be established to address current road safety and congestion issues and improve circulation for the area in order to accommodate the current population level and ultimate buildout of Brooktrails Township. Development of a Second Access Road for general and emergency purposes is a significant infrastructure or growth constraint for the District and is needed at the current level of development. Until the Second Access Road infrastructure need is resolved, developing additional water supply and increasing sewer line capacity likely will not be needed at the level required for full buildout. (LAFCo, 2010)

Figure 2-6 Brooktrails Township Development Characteristics

Figure 2-6 Brooktrails Township Development Characteristics		
	2004	2019
1 Total number of existing residential lots (includes merged lots):	6068	6060
2 Total number of improved (built) residential lots (includes merger lots):	1,392	1,553
3 Total number of unimproved (unbuilt) residential lots (includes merger lots):	4,676	4,507
4 Average annual multiple residential lot ownership rate (buyer secures more than one lot):	11%	
5 Number of residential lots in high constraint area:	985	
6 Number of improved (built) residential lots in high constraint area:	157	
7 Number of unimproved (unbuilt) residential lots in high constraint area:	828	
8 Average annual water consumption (gallons per day per single family residential unit):	220	110

(BTCSD, 2019)

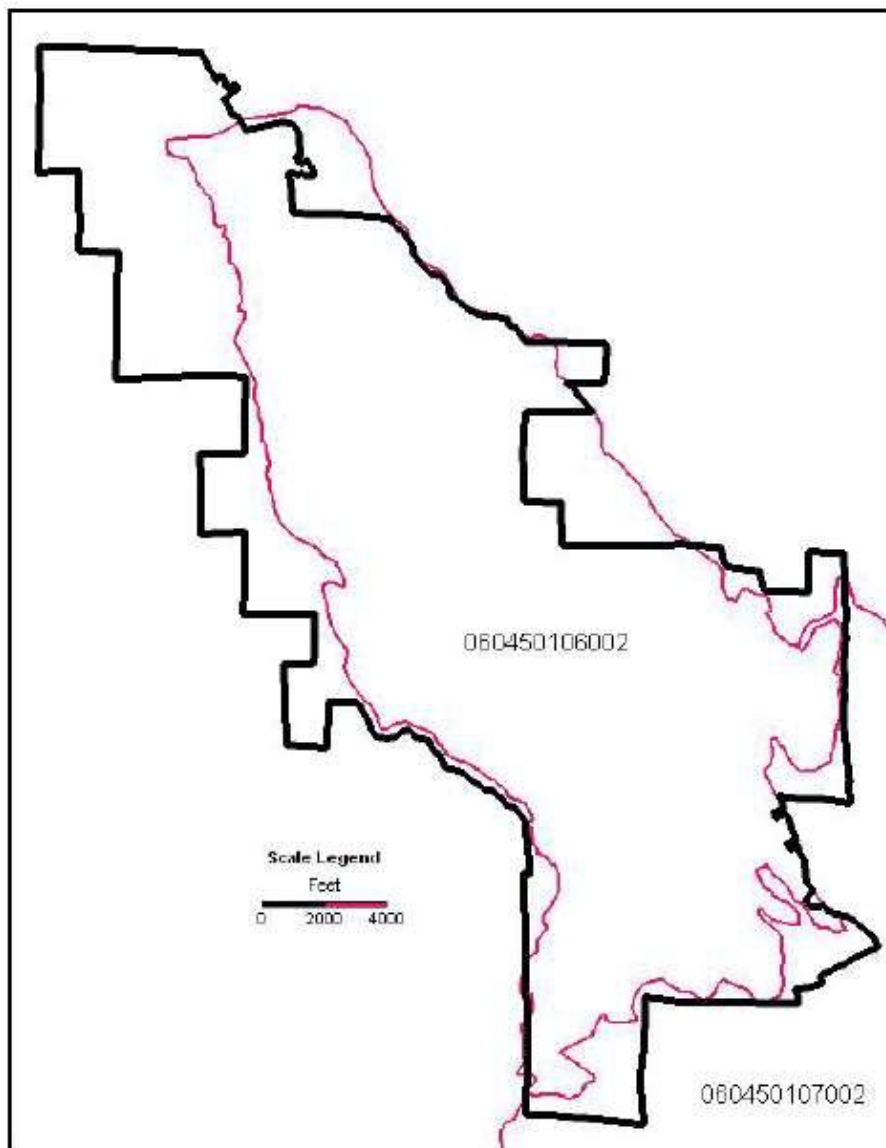
2.5.2 EXISTING POPULATION AND PROJECTED GROWTH

Figure 2-7 shows the District boundary compared with Block Group 2, Census Tract 106, which is the census boundary with the closest shape to the District boundary. This census boundary follows the road centerline, and excludes over 700 parcels located within the District and outside the boundary of Block Group 2. The Census Blocks adjacent to Block Group 2 can extend far beyond the District boundary. Therefore, the population and demographic characteristics of Census Block Group 2 have been extrapolated to the remainder of the District boundary that is not covered by Block Group 2. (LAFCo, 2010)

Based on the 2013-2017 American Community Survey 5-Year Estimates, the population estimate for Block Group 2 is 3,365 (USCB, 2018b). Another way to determine the estimated population size for the District is the number of residential units, or water service connections, multiplied by the average household size. Based on 1,548 residential water connections (BTCSD, 2019) and an average household size of 2.36 persons (USCB, 2018b), the District has an approximate population of 3,654. For comparison, the estimated buildout population of 9,919 from the Specific Plan is based on an average household size of 2.6 persons (Mendocino, 2004). The Brooktrails Census Designated Place (CDP) boundary shape is similar to the Brooktrails Township subdivision boundary, but smaller than the District boundary, and has an estimated population of 3,235 (USCB, 2018a).

For the purposes of this study, the current District population is estimated to be approximately 3,500, which is the average of the low and high end estimates of 3,365 and 3,654.

Figure 2-7 BTCSD and Block Group 2 Boundaries



Source: LAFCo, 2010

Population growth is expected to increase at an annual rate of approximately 0.5% for Mendocino County (DOT, 2017). Based on this growth rate, the District can expect a small population increase of 175 people within the next five years. While the State removed the water moratorium in 2017, it is anticipated that the District will experience very limited growth until constraints related to infrastructure needs are sufficiently addressed.

2.6 DISADVANTAGED UNINCORPORATED COMMUNITIES

Senate Bill (SB) 244, which became effective in January 2012, requires LAFCo to evaluate any Disadvantaged Unincorporated Communities (DUCs), including the location and characteristics of any such communities, when preparing an MSR that addresses agencies that provide water, wastewater, or structural fire protection services. A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income (MHI) that is less than 80% of the State MHI of \$63,783, or \$51,026 (USCB, 2017). This State legislation is intended to ensure that the needs of these communities are met when considering service extensions and/or annexations in unincorporated areas.

Brooktrails Township is a Census Designated Place (CDP) and the primary population center within the District. Brooktrails CDP has an MHI of \$49,420 and qualifies as a DUC (USCB, 2018a). Financial information based on Block Group 2, Census Tract 106, is also representative of the District. Block Group 2 has an MHI of \$45,670 and qualifies as a DUC (USCB, 2018b). The areas surrounding Brooktrails CDP and Block Group 2 may also qualify as a DUC. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy.

3 MUNICIPAL SERVICES

A Municipal Service Review (MSR) is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area. The MSR determinations inform the SOI Update process and assist LAFCo in considering the appropriateness of a public service provider's existing and future service area boundary. The information and analysis presented in Chapters 2 and 3 of this document form the basis for the MSR determinations provided under Section 3.7.

3.1 SERVICE OVERVIEW

3.1.1 SERVICES

Brooktrails Township CSD provides the following municipal services:

- Planning and Design Review
- Parks and Recreation
- Fire Protection and Emergency Medical Services
- Water
- Wastewater

Additional municipal services are provided to District residents by other public agencies or non-profit organizations through agreements and Joint Powers Authority (JPA) and by private businesses through service contracts, as detailed in Section 2.3.4. This MSR only reviews services provided by the District. This is the second MSR prepared for the District; the first one was adopted by the Commission on December 6, 2010 (LAFCo Resolution No. 2010-04).

3.1.2 SERVICE AREAS

The District is divided into three service areas:

- The Brooktrails Township subdivision receives all District services.
- The Spring Creek subdivision receives water and fire protection services from the District.
- The Sylvandale subdivision receives fire protection services from the District.

(LAFCo, 2010)

3.1.3 OUT-OF-AGENCY SERVICES

The District provides water and wastewater services to the Willits Municipal Airport as authorized by the Board of Directors by resolution in the 1960s when the airport was constructed. The District does not provide any other out-of-agency services (OAS), except for mutual aid responses and dispatched service calls for fire protection and emergency medical services, including to the Sherwood Valley Rancheria and "The Gates" area. (BTCSD: 2018, 2019)

3.2 PLANNING AND DESIGN REVIEW

Comprehensive planning and regulation of private land use is normally limited to cities and counties in California. Unlike a city, BTCSD is not the exclusive provider of local government services within its

boundaries. The County is the general-purpose local government agency for unincorporated areas and created the District's predecessor, the Brooktrails Resort Improvement District, at the time Brooktrails Township was subdivided in order to provide municipal services.

The latent authority for resort improvement districts to exercise planning authority was deleted by the legislature. However, BTCSD derived its authority to exercise a full range of municipal powers by reorganizing from a resort improvement district to a community services district in 1975. This reorganization was in response to the legislative limitation on the powers a resort improvement district could provide and allowed BTCSD the powers to supply water, dispose of sewage and storm water, provide fire protection, provide parks and streets, and provide and maintain other public facilities and improvements as necessary.

The authority of BTCSD to regulate private land use was based on subdivision Covenants, Conditions, and Restrictions (CC&Rs). The CC&Rs for Brooktrails Township (excluding the golf course and Cobb area) expired on June 30, 1994. Prior to the expiration of the CC&Rs, the Mendocino County Board of Supervisors adopted Ordinance No. 3885 establishing a Development Review Board consisting of the District Board of Directors, responsible for development review of all new construction in the District, and further acting as an appeals board for discretionary appeals from decisions of an Architectural Review Commission appointed by the Board of Directors. General standards for the exterior design of structures, landscape preservation, relationship between structures and site, building materials and colors and parking and circulation were included. The actual Interim Site Development Standards adopted by the Board on April 19, 1994 (Resolution 1994-16) were included in Ordinance No. 3885 by reference. Ordinance No. 3885 specifically excluded the Spring Creek and Sylvandale subdivisions from development review by the Board.

After several years of effort, BTCSD obtained special legislation through Assembly Bill No. 266 and voter approval (69%) authorizing BTCSD to become the first special district in California to engage in land use planning decision-making. Mendocino County Ordinance No. 3829 adopted by the Board of Supervisors on August 18, 1992, established BTCSD as the Brooktrails Area Planning Commission (planning authority granted by the State of California as delegated through Mendocino County), and noted it was the "function and duty" of the Planning Commission to prepare a Specific Plan pursuant to Section 65450 of the California Government Code and related General Plan amendments.

Ordinance 3829 excluded the Spring Creek and Sylvandale subdivisions from the area to be covered by the Specific Plan. Both subdivisions have associations and are active in the community planning process. The BTCSD Board has expressed its intent to refrain from preparing planning studies which would relate to land use and criteria by which development would proceed in the Spring Creek and Sylvandale subdivisions.

(Mendocino, 2004)

In January of 2006, Senate Bill 135 became effective. This Bill reorganized and changed the Principal Act for a Community Services District. With the reorganization of CSD law, the Legislature provided a broad list of powers that a CSD may assume. One of those powers is the ability to finance the operations of area planning commissions formed pursuant to G.C. Section 65101. (LAFCo, 2010)

The Brooktrails Township Specific Plan contains requirements for lot clearing, building, and remodeling in Brooktrails Township. The District contracts with an Architect to review plans and projects in accordance

with the Specific Plan Design Guidelines and Site Development Standards and other applicable County development regulations. Many projects require approval by the District Architect before a building permit will be accepted by Mendocino County. In addition, the District Architect reviews applications for the removal of individual trees on developed lots and proposals for the District's lot merger program for consistency with the Specific Plan. The District Administrative staff provides basic information to property owners regarding the development process and requirements and acts as a liaison between property owners and the District Architect. (BTCSD, 2018; LAFCo, 2010)

3.3 PARKS AND RECREATION

In a December 17, 1969 article in the New York Times, Brooktrails Township was noted as being the first community in the United States to blend a 2,500-acre (4-square mile) redwood and mixed-growth forest conservation park with a contiguous, fully improved residential area. The term coined for this residential area built in a forest was hyleopolis. The term hyleopolis essentially refers to the fact that Brooktrails Township functions as an urban-to-forest interface. It is a suburban development within a contiguous wooded park. Hyleopolis also refers to the character of the urban-forest interface where protection of the forest is paramount. That was the objective in Brooktrails Township from the beginning, and is the purpose of Ordinance No. 63 adopted by the BTCSD Board of Directors on June 23, 1988. (Mendocino, 2004)

The original dedication of the forest greenbelt was for any use permitted to a resort improvement district. County zoning is consistent with this interpretation of the range of potential uses, designating that property for Public Facilities (PF). Ordinance No. 63 narrowed the use of the property by creating Brooktrails Redwood Park and including all of that greenbelt property within it. The Ordinance states that the Park constitutes much of the watershed of BTCSD, and as such is a facility incidental to the water system of BTCSD. The Ordinance further states that the primary public purpose of the Park is to protect, conserve, and manage trees, other vegetation, and wildlife in order to retain and create a natural environment readily available for the enjoyment of property owners and residents of BTCSD. (Mendocino, 2004)

On November 17, 1988, the BTCSD Board of Directors adopted Ordinance No. 68 establishing a Master Plan for Brooktrails Redwood Park which controls the use of the property. The plan divided the Park into three categories:

- Active use areas
- Neighborhood use areas
- Passive use areas

The Recreation, Greenbelt, and Conservation Committee prepared a Greenbelt Stewardship Plan between 2006 and 2013, which the Board of Directors adopted by Resolution No. 2013-14. (BTCSD, n.d.)

The District owns various park and recreation facilities in Brooktrails Township including:

- Brooktrails Redwood Park with a 2,500-acre greenbelt that entails 30 hiking trails, Lake Emily, and Lake Ada Rose. Fishing is allowed from the shore of Lake Emily and fish are stocked that were especially bred for the upstream Eel River habitat areas. Lake Emily is a drinking water storage facility; therefore, swimming, boating, and pets are prohibited in the lake.
- Ohl Grove Redwood Park with picnic tables, barbecues, and restrooms.

- Community Center.
- Nine-hole golf course with a shop and grill. This course is also now being used as an 18-basket disc golf course that attracts tournaments.
- Par course with a fitness trail and workout stations.
- Baseball field.
- Children's playground.

The District manages the operation and maintenance of the Community Center located next to the District Office. Community groups, residents and visitors rent the Community Center for functions and events. District Board of Directors meetings and committee meetings are also held at the Community Center. The District has upgraded the facility for ADA compliance with the goal of providing continued recreational opportunities. (BTCSD: 2018, 2019)

There is no charge to use any of the park and recreation facilities except for the golf course, rental of the community center, and special events held at Ohl Grove Redwood Park. Residents of the City of Willits, unincorporated County of Mendocino, and other areas regularly make use of the recreation facilities in the District. The addition of disc golfing attracts destination participants from as far away as San Francisco and beyond.

The District would like to refurbish the non-functioning tennis courts on Birch Street and improve them for full-court basketball and volleyball. The District has reconstructed the children's playground to include more modern play facilities. A Proposition 68 grant to fund Par Course trail connectivity and play surface upgrades will be submitted in 2019.

The District has partnered with the Brooktrails Property Owners Association (BPOA) to provide special events and activities including Movies on the Grove and seasonal child-oriented special events such as a pumpkin hunt. The District also works with the Willits Kids Club to offer a two-week summer camp at the community center and picnic grove.

District Administrative staff oversees the park and recreation facilities including finances, contract management, and grant administration, and District maintenance staff is responsible for maintaining park and recreation facilities.

(BTCSD: 2018, 2019; LAFCo, 2010)

3.4 FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES

3.4.1 SERVICE OVERVIEW

3.4.1.1 Services

The District provides structural fire protection, suppression, and prevention, first responder for emergency medical services and hazardous materials incidents, and rescue/extrication. The District does not provide ambulance service or have a hazardous materials response team. The County REHIT team would be the response group for a HAZMAT incident for the purpose of direct management and control of the event. (BTCSD, 2018; LAFCo, 2010)

As part of fire prevention services, the BTCSD Fire Department provides fire safety education, conducts arson investigations, and manages a Hazard Abatement Program with standards requiring private property owners to eliminate specific hazards defined for grass and wooded parcels and create defensible

space by July 1st of each year. The District also works with CAL FIRE on fire safety efforts to construct fuel breaks in Brooktrails Redwood Park and has special fire regulations, including a burn ban from June 1st until the first rains of each year, and prohibits the discharge of firearms and the use of off-road vehicles in Brooktrails Redwood Park. In addition, the Fire Prevention Officer performs annual business inspections and assists residents with information about defensible space, fuel loads, fire rated roofing, and fire resistive materials. (BTCSD: 2018, n.d.; LAFCo, 2010)

The BTCSD Fire Department has received and is currently working under Fuels Management Grants from CAL FIRE to abate overgrown vegetation in and around District property and infrastructure throughout the Township.

The entire District is located within the State Responsibility Area (SRA); this designation means that the State of California has the primary financial responsibility for the prevention and suppression of wildland fires. The District responds to all fire-related services calls within the District boundary, and is often the first to respond to wildland fire incidents. During wildland fire season, the California Department of Forestry and Fire Protection (CAL FIRE) is also dispatched to wildland fires in the SRA, and the first agency to respond generally assumes the role of Incident Command (IC).

The District boundary is coterminous with the jurisdictional boundary of the Little Lake Fire Protection District (LLFPD) to the east of Brooktrails Township. The areas located north, west, and south of the District are not within the jurisdiction of a local fire agency. These areas are within the SRA and receive wildland fire protection services from CAL FIRE during wildfire season and local fire agencies when dispatched. These adjacent areas are primarily owned by timber production companies and are difficult to serve due to the distance from existing District fire stations, remote location, and access issues. CAL FIRE is the appropriate service provider in these areas for the foreseeable future.

3.4.1.2 Staffing

The District has a combined Fire Department with professional and volunteer personnel. The BTCSD Fire Department is staffed with 2 paid positions including a full-time Fire Chief and a full-time Fire Prevention Officer/Battalion Chief and 15 Volunteer Firefighters of various skill levels.

The District recruits and relies on volunteers to provide services through the Brooktrails Firefighters Association. The maximum number of volunteers that the District can support is 25. The District reports that the current staffing level is adequate to deliver services. The District is recruiting new volunteer firefighters and needs more volunteer firefighters that are available during daytime hours. (BTCSD: 2018, 2019)

The following table provides information regarding the current staff resources dedicated to providing fire protection services.

Table 3.1 BTCSD Fire Department Staffing			
Title	Career	Paid On-Call	Volunteer
Fire Chief	1		
Assistant Chief			
Battalion Chief			
Fire Captain			2
Engineer			4
Firefighter			8

Title	Career	Paid On-Call	Volunteer
Fire Prevention Officer	1		
Maintenance Engineer			
Admin. Staff			
Temporary Interns	1		

Source: BTCSD: 2018, 2019.

3.4.1.3 Training

Volunteer Firefighters have a regular training schedule of one Thursday and one Saturday per month for three hours in addition to on-duty training. Volunteers are encouraged and trained to Firefighter Level 1 standards. (BTCSD: 2018, 2019)

3.4.1.4 Dispatch

In Mendocino County, dispatch for fire protection services and emergency medical services (EMS) are provided by the CAL FIRE Emergency Communications Command Center (ECC) at the Howard Forest Station near Willits. Mendocino County pays for dispatch services from a portion of Proposition 172 funds.

Due to the dynamic and unpredictable nature of emergencies, multiple public agencies could be dispatched to a single service call. In responding to medical emergencies, local fire protection and ambulance service providers are often dispatched simultaneously. In many cases, local fire agencies are the first to arrive on scene and provide first aid and basic life support while preparing the patient for transport to a hospital.

3.4.1.5 Mutual and Automatic Aid Agreements

Mutual aid refers to reciprocal service and support provided to another agency upon request under a mutual aid agreement between one or more agencies. Automatic aid differs in that no request for aid is necessary in order for reciprocal service and support between agencies within the automatic aid agreement. These types of pre-arrangements allow for the dispatch and use of additional equipment and personnel that a single jurisdiction cannot provide on its own and also entails a reciprocal return of resources when needed. The District maintains an Automatic Aid Agreement with the Little Lake Fire Protection District and continues to cooperate in the development of opportunities to assist regional firefighting organizations.

The District primarily serves residents and property within its jurisdictional boundary. However, due to the critical need for rapid response in emergency situations, when a call for service is received, the nearest available response unit is dispatched regardless of jurisdictional boundary. Therefore, the BTCSD Fire Department response area is larger than the District boundary based on the Countywide Mutual Aid System. According to the 2015 Mendocino County Community Wildfire Protection Plan, the District is within Mutual Aid/Planning Zone 1, which includes the Little Lake Fire Protection District, Covelo Fire Protection District, Long Valley Fire Protection District, Leggett Valley Fire Protection District, Piercy Fire Protection District, and Whale Gulch Volunteer Fire Company (MCFCA, 2015).

In addition to the local mutual aid system, the District participates in the California Fire Service and Rescue Emergency Mutual Aid System for wildland fire incidents throughout the State. The District responds to out-of-County fire incidents upon request for strike teams and when the remaining equipment and personnel are capable of providing service to the District.

3.4.2 SERVICE ADEQUACY

3.4.2.1 Service Calls

The following table provides a summary of the total number and types of service calls the District responded to during years 2012 through 2018.

Service Call Type	2012	2013	2014	2015	2016	2017	2018
Fire Suppression	14	9	8	25	41	38	52
EMS/ALS	118	154	127	157	165	131	172
Rescue	32	36	24	20	18		
Hazardous Materials	4	2	7	22	22	20	20
Other/Public Assists	27	55	36	48	15	41	42
TOTAL	195	256	202	272	261	230	288

Source: BTCSD: 2018, 2019.

The District responds to an average of 244 service calls per year, varying from structure fires to public assistance. The majority of service calls are related to emergency medical responses. The District can successfully and simultaneously manage multiple service calls in one day.

3.4.2.2 Response Times

Response time relates to the time elapsed between the dispatch of personnel and the arrival of the first responder on the scene of an incident. There are different response time expectations and first responder capabilities in serving urban, suburban, and rural areas. In general, the faster the response time the higher the likelihood of a positive outcome related to managing and addressing the incident. A fast response time for medical care is especially important for incidents involving patients who are suffering from a life-threatening condition. Further, a fast response time for fire suppression is important to prevent a structure fire from rapidly spreading to other structures and/or wildland interface areas.

Emergency response time standards vary by the level of urbanization of an area; the more urban an area, the faster a response should be. The Coastal Valleys EMS Agency has established recommended guidelines for response times which apply to Mendocino County. For 90% of emergency responses, response times for first responders should not exceed 5-minutes in metropolitan to urban areas, 15-minutes in suburban to rural areas, and 30-minutes for wilderness areas (CVEMSA, 2012). These standards are intended for ambulance contract providers; however, they indicate what is considered appropriate response times for medical emergencies. The National Fire Protection Association (NFPA) has also established industry standards for response time performance based on the service structure of the agency: NFPA 1710 for agencies with paid staff and NFPA 1720 for agencies with volunteer staff. NFPA 1720 recommends the following response times: 9-minutes in urban areas 90% of the time, 10-minutes in suburban areas 80% of the time, 14-minutes in rural areas 80% of the time, and in remote areas response time is directly dependent on travel distance (NFPA, 2010). The District would fall under the NFPA 1720 category.

The District's average response time is less than nine minutes due to the majority of calls being from within the Township boundary. The District's response time varies by call location and is approximately 10-minutes in Brooktrails Township and less than 15-minutes in Spring Creek and Sylvandale. (BTCSD: 2018, 2019)

3.4.2.3 ISO Rating

Fire services in communities are classified by the Insurance Service Office (ISO), which is an advisory organization depended on by insurance companies for establishing the availability and costs for fire insurance. The ISO rating classifies fire service in communities with a ranking from 1 to 10, indicating the general adequacy of coverage. Communities with the best fire protection facilities, systems for water distribution, fire alarms, communications, equipment, and personnel receive a rating of 1. Primary factors assessed in establishing ISO ratings are maintaining more than one fire station within a district boundary to meet the 5-mile radius requirements, ensuring appropriate facility maintenance and upgrades are made, and sufficient personnel and volunteers exist to respond to each station.

Brooktrails Township has an ISO rating of 4 and Spring Creek and Sylvandale have an ISO rating of 4X. (BTCSD, 2018). The current ISO ratings were improved based on fire prevention activities and increased water storage capacity.

3.4.3 FACILITIES AND ASSETS

The District owns, operates, and maintains multiple capital assets including land, buildings, equipment, and infrastructure to provide services to its constituents.

3.4.3.1 Facilities

The BTCSD Fire Department operates two fire stations. The main two-bay fire station is in good condition and is located at 24680 Birch Street. The second single-bay fire station is located in the Spring Creek area at the intersection of Ridge Road and Blue Lake Road and is currently used primarily for equipment housing. Fuels reduction in and around these facilities was completed in 2019 to provide clearance and protection against fire-related impacts. There are no plans for additional facilities. (BTCSD: 2018, 2019; LAFCo, 2010)

The Brooktrails Township Specific Plan will be the document, once amended, used to develop plans for future fire protection facility improvements and equipment to serve the needs of Brooktrails Township as it develops over time. Currently, the Specific Plan identifies the following capital needs:

- A third fire station is anticipated in the vicinity of the airport to serve existing development. A fourth fire station and fire vehicles would be required to serve 2,000 units, and a fifth fire station and vehicles would be required to accommodate 4,000 units.
(Mendocino, 2004)

3.4.3.2 Equipment

The District owns and maintains multiple fire engines and emergency response vehicles, as shown in Figure 3-1.

Figure 3-1 BTCSD Vehicle Inventory

Vehicle Inventory			
			Original Cost
Year Make/Model	Type	Use	GVW
2018 Water Tender	Fire Truck	Fire Protection	\$325,000 20,000
2016 Ford/F150	Pick-Up Truck	Water/Sewer	\$27,131 7,050
1984 Ford Truck	Pick-Up Truck	Maintenance	\$8,000 6,380
2008 Ford Ranger 4WD Pickup	Pick-Up Truck	Maintenance	\$17,904 2,010
2009 International Vac Truck	Extra Heavy Truck	Water/Sewer	\$264,327 30,900
2003 Ford Ranger	Pick-Up Truck	Water/Sewer	\$15,982 3,358
1982 AMGNL/UT Jeep	Light Truck		\$4,500 5,999
1990 Ford F-350 #5230	Fire Truck - Full-sized	Fire Protection	\$49,402 11,000
2006 Ford Ranger 4x4 w/ Attachments	Pick-Up Truck	Maintenance	\$16,222 3,600
2009 Ford S-DTY F350S #5240	Fire Truck	Fire Protection	\$63,000 11,200
2004 Ferrara Pumper Model #5281	Fire Truck	Fire	\$282,505 32,300
1988 Ford Fire Engine #5285	Fire Truck	Fire Protection	\$150,428 26,320
1993 Int'l Dump Truck	Dump Truck	Maintenance	\$49,715 13,880
1995 FORD/PUMPER	Fire Truck	Fire Protection	\$105,000 25,180
1997 Ford PU #5242	Fire Pick-Up or Light Duty	Fire	\$5,422 4,490
1981 Ford Flatbed w/Rodder	Medium Truck	Maintenance	\$30,000 20,000
2005 Chevy PU #5200	Fire Pick-Up or Light Duty	Fire Protection	\$20,287 4,862
1982 International Pumper #5280	Fire Truck	Fire Protection	\$100,000 24,920
2015 Ford F350 S	Pick-Up Truck	Water/Sewer	\$39,915 9,800
2016 Dodge Ram 3500 Quick Response	Fire Truck - Full-sized	Fire Protection	\$87,815 9,000
1996 F250 Ford Utility Truck	Pick-Up Truck	Maintenance	\$20,850 8,600
1978 Ford Pumper	Pick-Up Truck	Water/Sewer	\$26,633 9,890
Total Count: 22			\$ 1,710,038.00

Source: BTCSD, 2019

The current fire protection fleet is adequate to deliver services with the purchase of a water tender in 2019. The Board of Directors has developed a schedule for the replacement or acquisition of fire apparatus and equipment as part of the capital priorities identified during the annual budget development process (refer to Section 2.4.2.3 for more information). The capital priorities are updated annually to reflect the actual condition of vehicles and equipment and to address unanticipated needs. (BTCSD, 2018)

3.4.3.3 Water Supply

Available water supply for fire suppression varies based on location in the District. In Brooktrails Township, water for fire suppression is available from the District's 24 water storage tanks with a combined storage capacity of 977,000-gallons available from 256 fire hydrants. The Spring Creek subdivision maintains a water tank for community domestic water supply which fire apparatus can pump from for fire suppression. The Sylvandale subdivision has private water sources including wells and surface water diversions.

Water supply also includes such resources as one 2,000-gallon water tender, on-board tanks on fire engines, the District's two reservoirs with a maximum storage capacity of 120,564,000 gallons, and other water supplies available for drafting such as ponds, rivers, and water tanks with fire department hook-ups on private property.

(BTCSD, 2018; LAFCo, 2010)

3.5 WATER

3.5.1 SERVICE OVERVIEW

The District owns, operates, and maintains a public water system for water supply, treatment, and distribution. The District's water system facilities and infrastructure includes two reservoirs, Lake Emily which feeds into Lake Ada Rose, on Willits Creek and a tributary within the Eel River watershed, a Water Treatment Plant (WTP) with a design capacity of 1.2 million gallons per day (MGD), 24 water tanks with 1.7 million gallons (MG) of storage capacity, 18 pump stations, and 64 miles of water mains. The District also has a four-bay utility department garage located at the WTP. The District's water system is classified as a Large Water System because it has more than 500 connections and is under the jurisdiction of the State Water Resources Control Board (SWRCB) Division of Drinking Water Supply Permit No. CA2310009.

The District's water system serves a total of 1,555 connections, including 1,505 in Brooktrails Township, 49 connections in Spring Creek, and 1 connection to the City of Willits for the Willits Municipal Airport. The District's water system serves 1,548 residential, 4 commercial, and 3 public service connections.

Lake Emily has a physical storage capacity of 251 acre-feet (AF), and allowed water rights of 300 AF under SWRCB Water Right Permit No. 015913, and Lake Ada Rose has a storage capacity of 138 AF under SWRCB Water Right Permit No. 014218, for a total available water storage supply for the District of 389 AF.

(BTCSD: 2018, 2019; LAFCo, 2010)

3.5.2 WATER DEMAND AND CAPACITY

The District's total demand on the water system in 2018 was 62,240,775 gallons, averaging to 170,553 gallons per day (GPD), or 110 GPD per service connection. The District's average dry weather daily demand (May 1 through September 30) is 202,324 GPD. The District's peak day demand for water is approximately 247,751 gallons. These water use levels are well below the design capacity of the WTP. The District's total annual water consumption level or demand is provided in the table below.

2010	2011	2012	2013	2014	2015	2016	2017	2018
77.7 MG	74.2 MG	80.8 MG	80.1 MG	58.4 MG	61.8 MG	67.8 MG	69.4 MG	62.2 MG
238 AF	228 AF	248 AF	246 AF	179 AF	190 AF	208 AF	213 AF	191 AF

Source: BTCSD: 2018, 2019.

Based on the actual total annual water demand, the average total annual demand on the District's water system is approximately 70.3 MG (216 AF), or 55% of the total available water storage supply of 389 AF. If the District's total available water storage supply was applied to equivalent single-family residential units (SFRs) based on the assumption that a typical single-family residence consumes an average of 220 gallons of water per day as identified in the Specific Plan, but well below actual consumption amounts, the District's current 1,555 water service connections would account for 383 AF or 98% of available supply with a remaining 2% available for growth (Mendocino, 2004). However, this estimation accounts for 192 AF more water use per year than what was demonstrated in 2018, indicating that the District's water customers use considerably less water than standard estimates.

The Brooktrails Township Specific Plan indicates that the District's existing water system will reach capacity as it approaches 2,000 water service connections (Mendocino, 2004); although, this does not account for additional water supply established since 2004.

In January 2010, a Water Capacity Study was completed by Wagner and Bonsignore, Inc., an engineering firm that specializes in the overall water yield of watersheds. The following summary and conclusion is from that report.

A spreadsheet model with daily time step was created to simulate daily operation of the BTCSD water system over a 42-year period corresponding to historical hydrological conditions. The model incorporated estimated runoff to the lakes, WTP demand, golf course demand, return well pumping, constraints on diversion permits, required streamflow bypass, evaporation reservoir capacity and spill. Annual WTP demand was set at 373 AF, which is slightly more than average annual production over the past 7-years, and significantly greater than the 320 AF of actual production in 2009. Runoff to the lakes was estimated based on Willits Creek gage above Lake Emily and correlation of that gage to another nearby gage with a longer period of record.

The probability of drought recurrence was evaluated and the year of record with the least precipitation and runoff (1977) was deemed to have a probability of recurrence of far less than 4 percent. Under such a condition, significant supply shortages would likely occur at BTCSD and some level of demand-side reduction and relaxation of regulatory constraints would be necessary to provide a minimum level of service. However, while runoff levels similar to 1977 could occur in any year, it is not reasonable to plan for a level of reliability that is needed very rarely.

Setting aside 1977, the BTCSD reservoirs filled and spilled in all other years studied. Indeed, other than 1977, the least amount of spill was 562 AF. This indicates the Lakes will be filled at the start of the dry season in a year with 4 percent recurrence probability. Other than 1977, the greatest drawdown of the BTCSD reservoirs during the dry season in the 42-year study period was a low of 84 AF of residual storage in 2008 and a low of 86 AF in 1988. Accordingly, in a severe dry season such as occurred in 1988 or 2008, BTCSD has sufficient supply and capacity to meet the needs of its current 1,554 connections without

imposing demand-side reductions and with a cushion of about 85 AF of water remaining in storage when the reservoirs are at their lowest levels.

(Wagner and Bonsignore, 2010)

3.5.3 PAST WATER MORATORIUM

In February 2003, the California Department of Public Health, Drinking Water Field Operations Division (CDPH), now the SWRCB Division of Drinking Water, issued an order indicating that the District had insufficient water source capacity to serve its water customers and prohibited further water service connections. In order to remove the water moratorium and allow additional growth, the District had to provide adequate water source capacity to satisfy State requirements. (LAFCo, 2010; TK, 2017)

In response to the water moratorium, the District adopted a Water Conservation Plan and began efforts to increase water supply, such as a well drilling program and increasing the water storage capacity of Lake Emily. Between 2003 and 2010, the District spent approximately \$4.5 million in water capital projects. The result of this investment was the State increased the cap on new water service connections to 1,578 in March 2010, which ended the 2003 water moratorium. The 1,578 cap granted the District 23 more service connections and is still in effect. (LAFCo, 2010; TK, 2017; BTCSD, 2019)

On June 30, 2014, the State Water Resources Control Board (SWRCB) issued a Curtailment Order affecting Post-1914 Water Right Holders, which included Brooktrails Township CSD, due to the impact of the statewide drought on the Eel River. This order was lifted on October 24, 2014 and essentially replaced with a new order on October 17, 2014 establishing a moratorium on new water connections which was issued to all the municipal water providers around the Little Lake Valley, including Brooktrails Township CSD (Water System ID #2310009). (BTCSD, n.d.)

The SWRCB Curtailment Compliance Order No 02_03_14R_002 directed the District to secure a reliable long-term supply of water related to the District's surface water rights to Willits Creek, which is part of the Eel River watershed that was curtailed in June 2014 due to drought conditions and senior water right demands. The order also prohibited new water service connections to residences and businesses in the service area, required metering for all customers, established a schedule to develop a reliable alternate source of water supply, and determined that the water moratorium would remain in effect until a new source of water was identified and established for regular water service to existing customers. (SWRCB, 2014a)

On December 3, 2017, the District issued a press release confirming that the SWRCB removed the water moratorium on new water connections in the District. There is only one active water rights curtailment in Mendocino County in 2019 and it does not affect the District's water rights. (BTCSD: n.d., 2019)

3.5.4 WATER SUPPLY ENHANCEMENT

In response to the 2003 water moratorium, the District implemented several projects to increase water supply, as outlined below.

3.5.4.1 Water Conservation

A Water Conservation Plan was adopted by the Board of Directors in 2014 per Ordinance No. 134, which restricts how much water can be used per service connection, as well as establishing an excessive usage cap. In 2014, the District declared a State of Water Emergency and imposed further limitations on water use. The State of Water Emergency ended on January 12, 2017 per Resolution No. 2016-24 which was

adopted December 13, 2016. On May 22, 2018, the District Board of Directors adopted Ordinance No. 159, amending Ordinance No. 76, to decrease the water usage cap from 20,645 to 9,000 gallons per month per service connection. Water customers who exceed the water usage cap are subject to the mandatory installation of water restrictors by the District or may have their service terminated until such time as the excessive use is satisfactorily addressed. (BTCSD: n.d., 2019; LAFCo, 2010)

3.5.4.2 Well Drilling Program

Between 2003 and 2006, the District implemented a Well Drilling Program to supplement its surface water supply with a consistent water source that is not prone to seasonal water quality and quantity issues like surface water sources. This program was terminated after drilling efforts produced multiple dry holes. However, a single well near the WTP yields approximately 2 gallons per minute (gpm) and is used to supplement surface water supplies through a blending program that directs the groundwater through the clarifier and treats it in the WTP prior to entering the distribution system. Since Brooktrails is located on the Pacific Shelf, wells do not yield a cost-effective supply solution for the District. The Little Lake Valley area is sitting on the Continental Shelf and produces high-yielding wells. Therefore, the District is exploring the potential of securing a groundwater supply in the Little Lake Valley area, by either developing wells or purchasing water from the City of Willits, in order to support adequate water supplies for existing and future development in Brooktrails Township and Spring Creek. However, this potential long-term solution would be very expensive to develop pump stations, storage tanks, and pipelines to move water from the valley uphill to the District's customers and which would also incur a significant cost for electricity to run the system. (BTCSD: n.d., 2018, 2019; LAFCo, 2010; TK, 2017)

3.5.4.3 Lake Emily Expansion

The District completed a major expansion project for Lake Emily at the cost of \$3.5 million. This project increased the capacity of Lake Emily from 200 AF to 251 AF by removing the existing dam and replacing it with a redesigned dam. The new dam and associated infrastructure was officially put into service in November 2008. (LAFCo, 2010)

3.5.4.4 Conceptual Study to Increase Lake Ada Rose Capacity

Based on a 2007 engineering study prepared by Hanson Engineering, Lake Ada Rose could potentially be raised by 38-feet, increasing the dam crest to approximately 95-feet, and creating a maximum water depth of 85-feet. This would increase the surface area of the lake from 6-acres to 24-acres and would increase the storage capacity from 138 AF to 725 AF. The redesigned reservoir would be almost three times larger than Lake Emily and the project would provide enough water storage for approximately 3,873 SFRs. (LAFCo, 2010)

3.5.5 OPERATIONS AND CAPITAL NEEDS

The District's Utility Department staff is responsible for maintaining the water system including the water collection, treatment, and distribution facilities and infrastructure. The District's water system was developed at the time of District formation and included water service connections to every lot in Brooktrails Township and Spring Creek subdivisions. Many of these water connections serve undeveloped lots and the distribution pipes are rotting. This aging infrastructure results in 90% of the leaks in the District's water system, especially in Spring Creek due to the geography of the area. The District is working on identifying specific target areas with significant leaking to repair.

The Brooktrails Township Specific Plan identifies the following water facility and infrastructure improvements to serve the needs of Brooktrails Township as it develops over time.

- Development of wells to supplement the existing water supply for up to 2,500 units.
- A new raw water main connecting the new 1,600 AF reservoir to the existing raw water main at Lake Emily.
- Expansion of the existing Water Treatment Plant in the current location to increase capacity and accommodate buildout or growth to 4,000 units.

(Mendocino, 2004)

Based on more recent studies and changing circumstances, the development of groundwater wells in Brooktrails Township and the 1,600 AF reservoir is not feasible. Therefore, the next Specific Plan Update will need to address these changes accordingly. (LAFCo, 2010)

3.6 WASTEWATER

3.6.1 SERVICE OVERVIEW

The District owns, operates, and maintains a public wastewater collection system and receives wastewater treatment and disposal services from the City of Willits. The District's wastewater collection system infrastructure includes three lift stations with backup generators at various elevations, 56 miles of sewer lines approximately 4 to 6 inches in diameter, 1,025 manholes which were sealed in 2005 to prevent inflow, and a 15-inch diameter trunk main to the City of Willits Wastewater Treatment Plant (WWTP). The District allows the installation and incorporation of gray-water systems in an effort to reduce the flow of wastewater to the WWTP. (LAFCo, 2010; BTCSD: n.d., 2019)

The District's wastewater collection system serves a total of 1,435 connections, including 1,434 in Brooktrails Township and 1 connection to the City of Willits for the Willits Municipal Airport. There are approximately 660 lots that do not have wastewater collection service within Brooktrails Township, primarily located at higher elevations of the subdivision on the following roads, Ridge, Iris, Blue Lake, and Alcott. This includes about 616 lots that are unimproved and 44 lots that are improved and on septic systems. (Mendocino, 2004; BTCSD: n.d., 2018, 2019)

The District's Utility Department staff is responsible for maintaining the wastewater collection system and uses a high speed camera to annually inspect sewer lines for root intrusion, cracked pipes, and displacement by ground shifting as part of their Inflow and Infiltration (I&I) program. When signs of I&I are found, staff either replaces a section of pipe or installs a pipe patch. When staff finds problems that are not isolated to a small section of pipe, staff schedules a major line replacement project. District staff has also completed a smoke test of the entire wastewater collection system to locate and remove sources of unauthorized I&I into the system. The expected useful life of a properly developed and well maintained wastewater collection system is approximately 60 to 80 years. Brooktrails Township was initially developed in the mid-1960s and approximately 95% of the wastewater collection system was installed before 1970; therefore, the infrastructure installed at that time is about fifty-years old and in fair condition. (BTCSD: 2018, n.d.; LAFCo, 2010)

The Brooktrails Township Specific Plan identifies the following wastewater collection infrastructure improvements to serve the needs of Brooktrails Township as it develops over time.

- Expanded capacity of the wastewater trunk main by replacing or paralleling the existing 15-inch diameter pipe between Brooktrails Township and the City of Willits Wastewater Treatment Plant to accommodate development beyond 2,000 units, and a second new line to accommodate 3,000 units.

(Mendocino, 2004)

3.6.2 WASTEWATER TREATMENT AND DISPOSAL SERVICES

The District and the City of Willits entered into an agreement on September 11, 1967 for the City to provide wastewater treatment and disposal services to the District. This agreement has been amended over time. Contract amendment No. 2 in 1975 granted the District an exclusive right to dispose of 0.16 MGD of effluent and a subsequent contract amendment in 1982 increased the allowable volume of effluent from the District to 0.49 MGD. Per the contract terms, the District agreed to reimburse the City for costs allocated to the District based on the ratio of total flow entering the City's treatment plant. The District contributes approximately 30% of the effluent treated at the City's WWTP. In 2018, the District's average daily flow volume of effluent to the City's WWTP was 0.28 MGD. The District's 0.49 MGD allowable volume of effluent level is likely not enough to accommodate full buildout of Brooktrails Township. (LAFCo, May 2019; BTCSD, 2019)

In 2012, the City completed a two-phase project involving major improvements and upgrades to the City's Wastewater Treatment Plant (WWTP). The expanded WWTP facility has a design discharge capacity of 7.0 MGD and a permitted average monthly flow of 4.0 MGD. The City requested that permitted flow be limited to 4.0 MGD based on projected needs through 2025. The treatment plant currently treats an average of 0.65 MGD dry weather flow (without I&I) and 1.20 MGD wet weather flow. (LAFCo, May 2019)

In 2010, the District filed a lawsuit against the City seeking, declaratory relief regarding wastewater accounting methods and allocation of operating costs and annual audits. The City filed a cross complaint against the District to recover certain costs and expenses incurred by the City related to the WWTP improvement project. On April 6, 2015, the District and the City settled the lawsuit stipulating a new cost allocation to the District of \$22,000 for a fixed monthly fee beginning July 1, 2015 in addition to 36% of the City's bond payments or debt service for the WWTP improvement project (MLH, 2018). The settlement required that a forensic audit be completed by June 30, 2019, identifying the costs and volumes of wastewater contributed by the District, in order to establish a fair accounting of the true cost of treating and disposal of the District's wastewater. The forensic audit is currently underway (BTCSD, 2019).

3.7 DETERMINATIONS

This section presents the required MSR determinations pursuant to California Government Code §56430(a) for the Brooktrails Township Community Services District.

3.7.1 MSR REVIEW FACTORS

3.7.1.1 Growth

Growth and population projections for the affected area

1. The Brooktrails Township CSD is estimated to serve a population of approximately 3,500 residents, including Spring Creek and Sylvandale.

2. The Brooktrails Township Specific Plan projections for buildout of Brooktrails Township are that there will be 3,815 residential dwellings on 3,673 developed lots with a total population of 9,919 individuals. Brooktrails Township is currently at approximately 33% of the total number of dwellings and associated population projected at full buildout.
3. Population growth is expected to increase at an annual rate of approximately 0.5% for Mendocino County. Based on this growth rate, the District can expect a small population increase of 175 people within the next five years. It is anticipated that the District will experience very limited growth until constraints related to infrastructure needs are sufficiently addressed.
4. Mendocino County has land use authority over privately-owned lands within the District boundary and makes land-use decisions based on the County's Inland General Plan and Zoning Regulations.

3.7.1.2 Disadvantaged Unincorporated Communities

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

5. Brooktrails CDP has an MHI of \$49,420 and qualifies as a DUC. Block Group 2, Census Tract 106, has an MHI of \$45,670 and qualifies as a DUC. The areas surrounding Brooktrails CDP and Block Group 2 may also qualify as a DUC. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy.

3.7.1.3 Capacity of Facilities and Adequacy of Services

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

6. The District provides a wide range of municipal services including Planning and Design Review, Parks and Recreation, Fire Protection and Emergency Medical Services, Water, and Wastewater.
7. The District is divided into three service areas: Brooktrails Township subdivision receives all District services, Spring Creek subdivision receives water and fire protection services from the District, and Sylvandale subdivision receives fire protection services from the District.
8. The District has provided water and wastewater services to the Willits Municipal Airport since the 1960s. The District does not provide any other out-of-agency services, except for mutual aid responses and dispatched service calls for fire protection and emergency medical services.
9. The District's water system serves a total of 1,555 connections, including 1,548 residential, 4 commercial, and 3 public service connections. The District's water system facilities and infrastructure includes two reservoirs, Lake Emily (251 AF) and Lake Ada Rose (138 AF) for a total available water storage supply of 389 AF, a Water Treatment Plant with a design capacity of 1.2 million gallons per day, 24 water tanks with 1.7 million gallons of storage capacity, 18 pump stations, and 64 miles of water mains. The average total annual demand on the District's water system is approximately 70.3 MG (216 AF), or 55% of the total available water storage supply of 389 AF. The District's total demand on the water system in 2018 was 62,240,775 gallons (191 AF). The District has a cap on new water service connections of 1,578, allowing 23 more service connections before additional water source or storage capacity needs to be established.
10. The District owns, operates, and maintains a public wastewater collection system and receives wastewater treatment and disposal services from the City of Willits at an allowable volume of effluent

of 0.49 MGD. The District's wastewater collection system serves a total of 1,435 connections, including 1,434 in Brooktrails Township and 1 connection to the City of Willits for the Willits Municipal Airport. In 2018, the District's average daily flow volume of effluent to the City's Wastewater Treatment Plant was 0.28 MGD. There are approximately 660 lots, including 44 lots that are improved and on septic systems, that do not have wastewater collection service within Brooktrails Township, primarily located at higher elevations of the subdivision. On April 6, 2015, the District and the City of Willits settled a wastewater lawsuit stipulating a new cost allocation to the District of \$22,000 per month beginning July 1, 2015 in addition to 36% of the bond payments for the upgraded City of Willits Wastewater Treatment Plant.

11. Brooktrails Township is currently served by one access road and all vehicle traffic generated from Brooktrails Township, Spring Creek, Sylvandale, Willits Municipal Airport, and Sherwood Valley Rancheria flows into the City of Willits via Sherwood Road, a narrow, two-lane paved road with eleven-foot lanes and no shoulders. Sherwood Road is designed for 2,500 vehicle trips per day and is serving approximately 10,000 vehicle trips per day. A Second Access Road to Brooktrails Township and the surrounding area needs to be established to address current road safety and congestion issues and improve circulation for the area in order to accommodate the current population level and ultimate buildout of Brooktrails Township.
12. The District provides structural fire protection, suppression, and prevention, first responder for emergency medical services and hazardous materials incidents, and rescue/extrication. The District Fire Department is staffed by a full-time Fire Chief and a full-time Fire Prevention Officer/Battalion Chief and fifteen Volunteer Firefighters. The current staffing level is adequate to deliver services.
13. The District operates two fire stations including the main two-bay fire station located at 24680 Birch Street and a second single-bay fire station located in the Spring Creek area at the intersection of Ridge Road and Blue Lake Road. The District owns and maintains multiple fire engines and emergency response vehicles. The current fire stations and fire protection fleet are adequate to deliver services.
14. The District responds to an average of 244 fire protection and emergency medical service calls per year and the average response time is less than nine minutes for Brooktrails Township and less than fifteen-minutes in Spring Creek and Sylvandale. Brooktrails Township has an ISO rating of 4 and Spring Creek and Sylvandale have an ISO rating of 4X.
15. Water for fire suppression includes a 2,000-gallon water tender, on-board tanks on fire engines, and other water supplies available for drafting such as lakes, ponds, rivers, and water tanks with fire department hook-ups on private property. In addition, water is available in Brooktrails Township from the District's water system via 256 fire hydrants, in Spring Creek subdivision from a community water storage tank, and in Sylvandale subdivision from private water sources.
16. The District has adequate capacity to serve current demand for fire protection services and assist CAL FIRE and adjacent fire districts through mutual aid services and dispatched services calls.
17. There are no significant water, wastewater, or fire protection capacity issues or major infrastructure needs for the District that need to be addressed within the timeframe of this MSR.

3.7.1.4 Financial Ability of Agency

Financial ability of agencies to provide services

18. The District prepares an annual Budget and has annual Independent Financial Audits prepared by a qualified Certified Public Accountant. The District shall provide LAFCo a complete copy of all future financial audit reports (starting with Fiscal Year 2018-19) prepared by a Certified Public Accountant

within 12-months of the end of the fiscal year or years under examination consistent with the timeframes established by Government Code Section 26909(a)(2)(b)(ii) as amended by SB 448.

19. According to audited financial information from Fiscal Years 2014-15, 2015-016, and 2016-17, the District generally operates at a net income or revenue gain to sufficiently cover operating costs and maintains a sufficient fund balance to protect against unexpected costs. This indicates that under the current level of service delivery, the District is able to meet its ongoing financial obligations. The District has adequate finances to meet current and future demands for public services within the next five years.
20. The District's enterprise services are currently operating at a net income or revenue gain. In FY 2015-16, there was a significant reduction in expenses of the Wastewater Fund from the prior fiscal year related to approximately \$813,000 in legal fees, deferred, and withheld contract costs related to the settlement agreement reached in FY 2014-15 between the District and the City of Willits.
21. As of June 30, 2017, the District's cash and cash equivalents balance was \$304,549 for governmental activities, \$722,592 for water enterprise activities, and \$611,255 for wastewater enterprise activities.
22. On June 3, 2014, the voters in the District approved Measure K to increase the Special Fire Tax by \$34 a year from the existing \$65 per single-family residential parcel tax.
23. The District does not have a Capital Improvement Plan; however, the District defines capital improvement priorities on a five-year basis in the annual budget process.

3.7.1.5 Shared Facilities

Status of, and opportunities for, shared facilities

24. The District provides wastewater collection services and receives wastewater treatment and disposal services from the City of Willits by agreement.
25. The District contracts with Solid Wastes of Willits, Inc. for collection, transportation, disposal, and recycling of garbage, refuse, and rubbish.
26. The District participates in the Special District Risk Management Association for the purpose of providing liability, workers compensation for its facilities, operations, and employees. Health insurance is provided by the Association of California Water Agencies Joint Powers Insurance Authority for District employees and their dependents.
27. Dispatch services are provided by the CAL FIRE Emergency Communications Command Center (ECC) at the Howard Forest Station near Willits.
28. The District participates in Zone 1 of the Mendocino Countywide Mutual Aid System and works closely with the Little Lake Fire Protection District and CAL FIRE.
29. The District and the Little Lake Fire Protection District maintain a joint 'hands-on' training program for volunteer firefighters in cooperation with the Mendocino County Fire Academy.
30. There are no additional opportunities for the District to achieve management or operational efficiencies identified during the preparation of this MSR.

3.7.1.6 Accountability, Structure, and Operational Efficiencies

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

31. The District is governed by a five-member Board of Directors elected to serve 4-year terms. Constituents of the District are well represented by the fully seated and elected governing body. Several of the Board members have served the District for multiple consecutive terms which can be a

significant benefit in establishing long-standing positive working relationships in the community, understanding the history and unique aspects of the organization, and maintaining institutional knowledge.

32. Regularly scheduled Board meetings are held on the second and fourth Tuesday of the month, with the exception of August, November, and December when the Board meets on the first Tuesday only, starting at 7:00 p.m. at the Brooktrails Community Center located at 24850 Birch Street in Brooktrails Township. All meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act.
33. The District Board of Directors conducts business and takes action by approving motions and adopting resolutions and ordinances by a majority vote of a sufficient quorum. The District Board of Directors has adopted policies and procedures related to elected officials including conflict of interest and reimbursement, finances, and personnel. The District Board members file a Statement of Economic Interests (Fair Political Practices Commission Form 700) each year pursuant to Government Code §87203 of the Political Reform Act and receive two hours of training on public service ethics laws and principles at least once every two years pursuant to AB 1234. The District Board of Directors considers proposed increases to rates and fees at a properly noticed Public Hearing and subject to mailing a Notice of Hearing for Protests to all property owners pursuant to Proposition 218. The District complies with local government ethics laws and regulations and operates with accountability and transparency.
34. The District maintains a website, at the following site <http://www.btcsd.org/>, which is a helpful communication tool to enhance government transparency and accountability. The District's website is in the process of being updated and includes well organized and extensive information.
35. The District is comprised of five budgetary departmental units organized by function or service including Water, Wastewater, Fire Protective and Emergency Medical Services, Parks and Recreation, and General Government. District personnel include full-time and part-time employees for a total staffing level of 11 Full Time Equivalent (FTE) positions. A second Account Clerk/Secretary position has remained vacant for several years and will be filled Spring 2019. The District also maintains part-time professional services contracts with an Attorney for General Legal Counsel and an Architect for Planning and Design Review.
36. The public can submit written or provide verbal comments or complaints in person or by phone at the District office during business hours, Monday through Friday from 8:00 a.m. to 5:00 p.m., or at the District Board of Directors meetings during the general public comment period.

3.7.1.7 Other Service Delivery Matters

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

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

4 SPHERE OF INFLUENCE

LAFCo prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) Update process. An SOI Update considers whether a change to the SOI, or probable future boundary, of a local government agency is warranted to plan the logical and orderly development of that agency in a manner that supports CKH Law and the Policies of the Commission. The MSR and required determinations are presented in Chapters 2 and 3 of this document and form the basis of information and analysis for this SOI Update. This chapter presents the SOI Update and required determinations pursuant to California Government Code §56425(e) for Brooktrails Township Community Services District.

4.1 SOI UPDATE

4.1.1 EXISTING SPHERE OF INFLUENCE

The Sphere of Influence (SOI) for Brooktrails Township CSD is coterminous (identical to) with the District boundary and was established by LAFCo on December 6, 2010 (LAFCo Resolution No. 2010-04). There have been no changes to the District boundary or SOI since then. (LAFCo, 2010)

4.1.2 STUDY AREAS

4.1.2.1 Lower Sherwood Road

There is a small area accessed from Sherwood Road and located directly southeast of the District and in between the District and City of Willits boundaries. This area is not within the boundary of a local fire protection agency and receives fire protection and emergency medical services from CAL FIRE when staffed and from the District and the Little Lake Fire Protection District (LLFPD) when dispatched.

4.1.2.2 The Gates

There is a large area accessed from First Gate, Second Gate, and Third Gate Roads and located directly northeast of the District and in between the District and LLFPD boundaries. This area is mostly not within the boundary of a local fire protection agency and receives fire protection and emergency medical services from CAL FIRE when staffed and from the District and LLFPD when dispatched. The District is the first to respond to fire service calls in this unserved area since LLFPD must travel through the District to respond to this area.

4.1.2.3 Upper Sherwood Road

There is a large area accessed from Sherwood Road and located directly north of the District and in between the District boundary and the intersection of Highway 101 and Sherwood Road. This area is not within the boundary of a local fire protection agency and receives fire protection and emergency medical services from CAL FIRE when staffed and from the District when dispatched.

4.1.2.4 Willits Airport

The Willits Municipal Airport is accessed from Poppy Drive and located east of the District. The District provides water and wastewater services to this property per a longstanding agreement with the City of Willits. This area is not within the boundary of a local fire protection agency and receives fire protection and emergency medical services from CAL FIRE when staffed and from the District when dispatched.

4.1.3 AREA OF INTEREST DESIGNATION

LAFCo's Area of Interest Policy, per Section 10.1.12, provides for the designation or identification of unincorporated areas located near to, but outside the jurisdictional boundary and established SOI of a city or district, in which land use decisions or other governmental actions of another local agency directly or indirectly impact the subject local agency.

An Area of Interest (AOI) designation serves as a compromise approach that recognizes situations involving challenging boundary or municipal service delivery considerations, or for which urbanization may be anticipated in the intermediate or long range planning horizons. It is a tool intended to enhance communication and coordination between local agencies.

An AOI designation is most helpful when the county and city or district can reach agreement that development plans related to LAFCo designated Areas of Interest will be treated the same as if these areas were within the city or district SOI boundary regarding notification to and consideration of input from the city or district.

The four SOI Study Areas described above have been designated as an AOI as shown on Figure 1-1. These areas are identified on the District's Sphere map to further emphasize and support the District in requesting consideration from the City of Willits and County of Mendocino regarding discretionary land use entitlements or other development plans with the potential to impact District lands, facilities, and/or services.

4.1.4 PROPOSED SOI CHANGES

The District has confirmed the adequacy of their existing District boundary and SOI. The coterminous SOI is appropriate given the District's current operating level. There are no proposed SOI changes for the Brooktrails Township CSD. (BTCSD, 2018)

4.1.5 CONSISTENCY WITH LAFCO POLICIES

The District is comprised of a planned residential community with 2,500-acres of protected open space and two rural residential subdivisions. Maintaining the existing District SOI is consistent with Mendocino LAFCo Policies (refer to Section 1.5 for the specific SOI policies).

4.1.6 DETERMINATIONS

It is recommended that the Commission affirm the existing Sphere of Influence for Brooktrails Township Community Services District that is coterminous with the District boundary and establish service-specific spheres for Brooktrails Township (all services), Spring Creek (water and fire), and Sylvandale (fire) subdivisions consistent with Figure 1-1. The following statements have been prepared in support of this recommendation.

4.1.6.1 Land Uses

The present and planned land uses in the area, including agricultural and open space lands

Brooktrails Township is comprised of a semi-rural residential community, a 2,500-acre greenbelt area for open space and recreation, public facilities to support the community, and community-oriented commercial uses. The District boundary is also comprised of two adjacent rural residential subdivisions zoned U-R Upland Residential (low-density agricultural/residential uses). The areas adjacent to the District boundary are zoned R-L Rangeland, T-P Timberland Production, S-R Suburban Residential, and U-R Upland Residential and existing development is primarily residential and also includes the Ells Field Airport and

Sherwood Valley Rancheria. Mendocino County has land use authority over privately-owned lands within the District boundary and makes land-use decisions based on the County's Brooktrails Township Specific Plan, Inland General Plan, and Zoning Regulations.

4.1.6.2 Need for Facilities and Services

The present and probable need for public facilities and services in the area

The District provides a wide range of municipal services including Planning and Design Review, Parks and Recreation, Fire Protection and Emergency Medical Services, Water, and Wastewater. The Brooktrails Township CSD is estimated to serve a population of approximately 3,500 residents, including Spring Creek and Sylvandale. Population growth is expected to increase at an annual rate of approximately 0.5% for Mendocino County. Based on this growth rate, the District can expect a small population increase of 175 people within the next five years. It is anticipated that the District will experience very limited growth until constraints related to infrastructure needs are sufficiently addressed. The residents and visitors currently receiving services from the District will continue to need these public services.

4.1.6.3 Capacity of Facilities and Adequacy of Services

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

As determined in the MSR prepared for the District, the Brooktrails Township CSD has adequate personnel, finances, facilities, and equipment to meet current and future demands for public services within the next five years.

4.1.6.4 Communities of Interest

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

No social or economic communities of interest have been identified that should be included in the Brooktrails Township CSD boundary or SOI. There are four SOI Study Areas that have been designated as an Area of Interest, including Lower Sherwood Road, Upper Sherwood Road, The Gates subdivisions, and Willits Airport. These areas have been identified to assist the District in requesting consideration from the City of Willits and Mendocino County for discretionary land use entitlements or other development plans with the potential to impact District lands, facilities, and/or services.

4.1.6.5 Disadvantaged Unincorporated Communities

The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence

Brooktrails CDP has an MHI of \$49,420 and qualifies as a DUC. Block Group 2, Census Tract 106, has an MHI of \$45,670 and qualifies as a DUC. The areas surrounding Brooktrails CDP and Block Group 2 may also qualify as a DUC. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy.

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6 ACRONYMS

AF	Acre-feet
BTCSD	Brooktrails Township Community Services District
CEQA	California Environmental Quality Act
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CSD	Community Services District
FY	Fiscal Year
GPM	gallons per minute
LAFCo	Local Agency Formation Commission
LLFPD	Little Lake Fire Protection District
MG	million gallons
MGD	million gallons per day
MSR	Municipal Service Review
SOI	Sphere of Influence
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

7 ACKNOWLEDGEMENTS

7.1 REPORT PREPARATION

This Municipal Service Review and Sphere of Influence Update was prepared by Hinman & Associates Consulting, Inc., contracted staff for Mendocino LAFCo.

Uma Hinman, LAFCo Executive Officer
Larkyn Feiler, LAFCo Analyst
Beth Salomone, LAFCo Commission Clerk

7.2 ASSISTANCE AND SUPPORT

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

Brooktrails Township CSD	Tamara Alaniz, current General Manager Denise Rose, former General Manager
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8 APPENDICES

8.1 APPENDIX A – OPEN GOVERNMENT RESOURCES

The purpose of this appendix is to provide a brief list of some educational resources for local agencies interested in learning more about the broad scope of public interest laws geared towards government transparency and accountability. This appendix is not intended to be a comprehensive reference list or to substitute legal advice from a qualified attorney. Feel free to contact the Mendocino LAFCo office at (707) 463-4470 to make suggestions of additional resources that could be added to this appendix.

The websites listed below provide information regarding the following open government laws: (1) **Public Records Act** (Government Code §6250 et seq.), (2) **Political Reform Act** – Conflict-of-Interest regulations (Government Code §81000 et seq.), (3) **Ethics Principles and Training** (AB 1234 and Government Code §53235), (4) **Brown Act** – Open Meeting regulations (Government Code §54950 et seq.), and (5) **Online Compliance** regulations (Section 508 of the US Rehabilitation Act and Government Code §11135).

- Refer to the State of California Attorney General website for information regarding public access to governmental information and processes at the following link: <https://oag.ca.gov/government>.
- Refer to the State of California Attorney General website for information regarding Ethics Training Courses required pursuant to AB 1234 at the following link: <https://oag.ca.gov/ethics>.
- The Fair Political Practices Commission (FPPC) is primarily responsible for administering and enforcing the Political Reform Act. The website for the Fair Political Practices Commission is available at the following link: <http://www.fppc.ca.gov/>.
- Refer to the California Department of Rehabilitation website for information regarding Section 508 of the US Rehabilitation Act and other laws that address digital accessibility at the following link: <http://www.dor.ca.gov/DisabilityAccessInfo/What-are-the-Laws-that-Cover-Digital-Accessibility.html>.
- Refer to the Institute for Local Government (ILG) website to download the Good Governance Checklist form at the following link: www.ca-ilg.org/post/good-governance-checklist-good-and-better-practices.
- Refer to the Institute for Local Government (ILG) website to download the Ethics Law Principles for Public Servants pamphlet at the following link: www.ca-ilg.org/node/3369.
- Refer to the Institute for Local Government (ILG) website for information regarding Ethics Training Courses required pursuant to AB 1234 at the following link: <http://www.ca-ilg.org/ethics-education-ab-1234-training>.
- Refer to the California Special Districts Association (CSDA) website for information regarding online and website compliance webinars at the following link: <http://www.csda.net/tag/webinars/>.

8.2 APPENDIX B – WEBSITE COMPLIANCE HANDOUT

Refer to the next page.

Appendix B

California Website Compliance Checklist

Use this checklist to keep your district's website compliant with State and Federal requirements.

Public Records Act

SB 929

Our district has created and maintains a website

Passed in 2018, all independent special districts must have a website that includes contact information (and all other requirements) by Jan. 2020

SB 272

Our Enterprise System Catalog is posted on our website

All local agencies must publish a catalog listing all software that meets specific requirements—free tool at getstreamline.com/sb272

AB 2853 (optional):

We post public records to our website

This bill allows you to refer PRA requests to your site, if the content is displayed there, potentially saving time, money, and trees

The Brown Act

AB 392:

Agendas are posted to our website at least 72 hours in advance of regular meetings, 24 hours in advance of special meetings

This 2011 update to the Act, originally created in 1953, added the online posting requirement

AB 2257:

A link to the most recent agenda is on our home page, and agendas are searchable, machine-readable and platform independent

Required by Jan. 2019—text-based PDFs meet this requirement, Microsoft Word docs do not

State Controller Reports

Financial Transaction Report:

A link to the Controller's "By the Numbers" website is posted on our website

Report must be submitted within seven months after the close of the fiscal year—you can add the report to your site annually, but posting a link is easier

Compensation Report:

A link to the Controller's PublicPay website is posted in a conspicuous location on our website

Report must be submitted by April 30 of each year—you can also add the report to your site annually, but posting a link is easier

Healthcare District Websites

AB 2019:

If we're a healthcare district, we maintain a website that includes all items above, plus additional requirements

Including budget, board members, Municipal Service Review, grant policy and recipients, and audits

Open Data

AB 169:

Anything posted on our website that we call "open data" meets the requirements for open data

Defined as "retrievable, downloadable, indexable, and electronically searchable; platform independent and machine readable" among other things

Section 508 ADA Compliance

CA gov code 7405:

State governmental entities shall comply with the accessibility requirements of Section 508 of the federal Rehabilitation Act of 1973

Requirements were updated in 2018—if you aren't sure, you can test your site for accessibility at achecker.ca



California Special Districts Association
CSDA
Districts Stronger Together

csda.net



getstreamline.com

The Brown Act: new agenda requirements

Tips for complying with AB 2257 by January, 2019

Placement:

What it says: An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda.

What that means: Add a link to the **current agenda directly to your homepage**. It cannot be in a menu item or otherwise require more than a single click to open the agenda.

Exception:

What it says: A link to the agenda management platform may be added to the home page instead of a link directly to the current agenda, if the agency uses an integrated agenda management platform that meets specified requirements, including, among others, that the current agenda is the first agenda available at the top of the integrated agenda management platform.

What that means: If you use an agenda management system, you may add a link to that system directly to your homepage (again, not in a menu item), if the format of the agenda meets the requirements below, and if the current agenda is the first at the top of the list.

Format:

What it says: [agenda must be] Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications. Platform independent and machine readable. Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

What that means: You cannot add Word Docs or scanned (image-based) PDFs of your agenda to your website—Word Docs are not platform independent (the visitor must have Word to read the file), and scanned PDFs are not searchable. Instead, **keep your agenda separate from the packet** and follow these steps:

1. From Word or other document system: Export agenda to PDF
2. Add that agenda to your website (or to your agenda management system), and include a link to that agenda on your homepage
3. Then, you can print the agenda, add it to your pile of documents for the packet, and scan that to PDF - just keep the packet separate from the agenda (only the agenda must meet AB 2257)
4. Keep the link on the homepage until the next agenda is available, then update the link

Questions? Contact sloane@getstreamline.com or dillong@csga.net

8.3 APPENDIX C – FISCAL YEAR 2017-18 AUDIT

Refer to the next page.

Appendix C

**Brooktrails Township Community
Services District**

Basic Financial Statements

June 30, 2018

**Brooktrails Township Community Services District
Basic Financial Statements
June 30, 2018
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**Brooktrails Township Community Services District
Basic Financial Statements
June 30, 2018
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Independent Auditor's Report

Honorable President and Members of
The Board of Directors
Brooktrails Township Community Services District
Willits, California

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Brooktrails Township Community Services District, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Brooktrails Township Community Services District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with audited standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements,

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund of the Brooktrails Township Community Services District, California as of June 30, 2018, the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 5G to these financial statements, the District in fiscal 2018 adopted the provisions of Governmental Accounting Standards Board Statement Number 75, titled, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions. The District in fiscal 2018 changed its method of accounting for delinquent water availability fees, sewer availability fees and special fire tax levies. My opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, the Budgetary Comparison Schedules on pages 46 and 47, the Schedules of Proportionate Share of the Net Pension Liability and Plan Contributions on pages 48 and 49, and the Schedules of Changes in the Net OPEB Liability and Related Ratios and the Schedule of OPEB Plan Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report, dated April 20, 2019 on my consideration of the Brooktrails Township Community Services District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Brooktrails Township Community Services District's internal control over financial reporting and compliance.

Terry E. Krieg
Certified Public Accountant
Santa Rosa, California
April 20, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Brooktrails Township Community Services District annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018.

FINANCIAL HIGHLIGHTS

- The District's total net position increased by about \$225,000 over the course of this year's operations. The net position of business-type activities increased by about \$339,000 (or about 8 percent), and there was about \$114,000 decrease (or a 2 percent decrease) in the net position of governmental activities.
- During the year, the District's governmental activities expenses of \$1,345,597 were funded through a combination of property and special fire taxes as well as payment for services rendered to the Water and Sewer Enterprise Funds. The District could not financially afford these governmental activities without the property and special fire taxes. Total tax revenues in 2018 were about the same as those in the 2017 fiscal year.
- In the District's business-type activities, water sales and wastewater fees increased by about \$232,000 for a combined total of \$2.9 million. On a combined basis, business-type expenses increased about \$200,000 for a combined total of about \$2.7 million.
- The fire services fund reported an increase in net position of \$515,474 primarily due to reporting the inflow of \$420,000 in unspent capital lease proceeds and transfers in from the general fund. The Fire Fund ended fiscal 2018 with a fund balance of \$586,243 which includes the \$420,000 in funds related to the new lease.
- The general fund ended fiscal 2018 with a fund balance of \$206,538 compared to a \$395,654 fund balance at the end of fiscal 2017. The main reason for the decline was the \$244,402 in transfers out to the Fire Fund to relieve the Fire Fund of its obligation to the General Fund for unpaid interdepartmental overhead charges.
- At year-end, there was about \$536,258 (*\$226,278) in cash and investments to fund future governmental activities (*includes \$309,980 in escrowed lease funds), and about \$2.1 million in cash and investments to fund future business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *notes to the basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District government, reporting the District's operations in more detail than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like fire services and general administration were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and wastewater operations.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of Brooktrails Township Community Services District Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire services, recreation and general administration	Activities the District operates similarly to private businesses: the water and wastewater operations
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues expenses, and changes in net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the District as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* the government’s assets and liabilities. All the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District’s *net position* and how they have changed. Net position – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health, or *position*.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Statements (Continued)

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – The District's basic services for fire protection services, recreation and general government are included here. Property taxes, special fire taxes, state grants, and investment income finance most of these activities.
- *Business-type activities* – The District charges fees to customers to help it cover the costs of certain services it provides. The District's water and wastewater activities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- The Board of Directors establishes certain funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants (like state park grants and the special fire tax).

The District has two kinds of funds:

- *Governmental funds* – Fire protection services and general District administration basic services are included in governmental funds, which focus on (1) *how cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term view* that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information.
 - In fact, the District's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position increased about 2 percent between fiscal years 2017 and 2018.

Table A-1
Brooktrails Township Community Services District Net Assets
(in rounded dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
Assets							
Current and other assets	\$ 1,186,200	\$ 866,400	\$ 2,868,600	\$ 2,339,500	\$ 4,054,800	\$ 3,205,900	26%
Capital assets	5,409,400	5,443,400	6,573,800	6,769,300	11,983,200	12,212,700	-2
Total assets	\$ 6,595,600	\$ 6,309,800	\$9,442,400	\$9,108,800	\$16,038,000	\$15,418,600	4
Deferred outflows							
Pension and OPEB items	220,600	198,100	395,500	369,900	616,100	568,000	9
Long-term debt outstanding	635,800	297,800	3,483,500	3,568,400	4,119,300	3,866,200	7
Net pension liability	684,800	609,400	1,353,600	1,233,000	2,038,400	1,842,400	11
OPEB liability	58,400	34,700	118,700	122,500	177,100	122,500	45
Other liabilities	188,400	164,600	207,900	164,000	396,300	328,600	21
Total liabilities	1,567,400	1,106,500	5,163,700	5,087,900	6,731,100	6,159,700	9
Deferred inflows							
Pension and OPEB items	17,400	56,200	43,600	99,000	61,000	155,200	-61
Net position:							
Net investment in Capital assets	5,193,600	5,145,700	3,090,300	3,200,900	8,283,900	8,346,600	-1
Restricted	-	70,800	375,200	351,100	375,200	421,900	-1
Unrestricted	37,800	128,700	1,165,100	739,800	1,202,900	868,500	39
Total net position	\$5,231,400	\$5,345,200	\$4,630,600	\$4,291,800	\$9,862,000	\$9,637,000	2%

Net position of the District's governmental activities decreased about \$100,000 to \$5.2 million. Almost 100 percent of the governmental activities net position is represented by the District's net investment in capital assets (cost of land, equipment and facilities net of any related debt). The \$37,800 unrestricted net position is what remains after almost a \$500,000 net reduction for actuarial pension and retiree medical obligations.

The net position of business-type activities increased by \$339,999 to \$4.6 million. These resources cannot be used for governmental activities. The District generally can only use these net positions to finance the continuing operations of the District's water and wastewater activities.

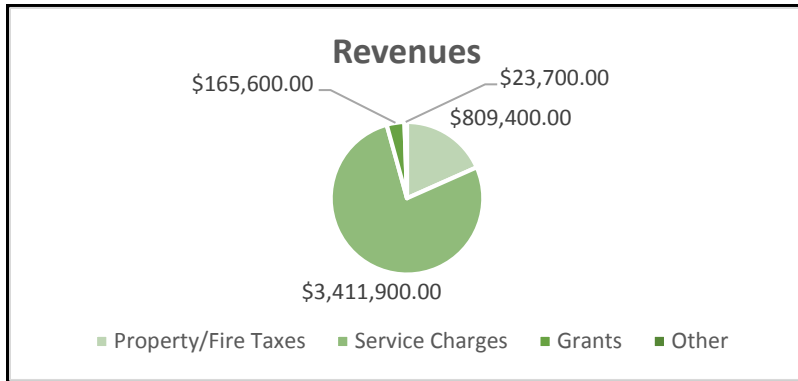
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

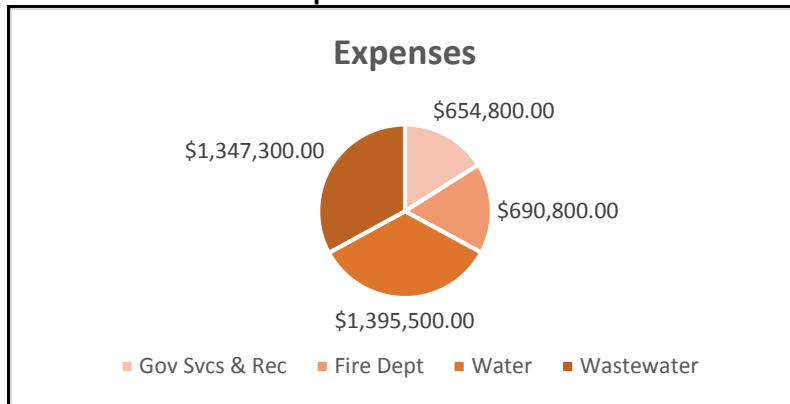
Changes in net position. The District's total revenues in fiscal 2018 were about \$4.4 million. (See Table A-2.) Virtually 71 cents of every dollar raised by the District came from charges for providing water and wastewater collection services, 18 cents of every dollar raised comes from property taxes and a special fire tax and the remaining 11 cents comes from charges for services including interfund overhead charges.

The total cost of all programs and services in fiscal 2018 increased by 12.5 percent or \$453,000 to about \$4.08 million. The District's expenses cover a range of services, with about 67% related to water and wastewater, 17% for fire services and the remaining 16% pertaining to administration and recreation operations.

Sources of District Revenues for Fiscal Year 2018



Functional Expenses For Fiscal Year 2018



Governmental Activities - Revenues for the District's governmental activities increased by about \$70,300, and the main reason was additional strike team revenues and grants in the Fire Fund.

Business-Type Activities - Revenues from the sale of water and wastewater services were in fiscal 2018 about \$232,000 more than in 2017 at about \$2.9 million.

Expenses in fiscal 2018 on a combined basis increased by about \$200,000 or about 8 percent more than the combined total of fiscal 2017 expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Revenues and Expenses of the District

Table A-2
Changes in Brooktrails Township Community Service District Net Assets
(in rounded dollars)

	Governmental Activities		Business-Type Activities		Combined Totals		Percent Change
	2018	2017	2018	2017	2018	2017	
Revenues:							
Program revenues:							
Charges for service	\$446,700	\$402,400	\$2,965,200	\$2,732,300	\$3,411,900	\$3,134,700	9%
Operating grants	39,200	20,500	-	-	39,200	20,500	91
Capital grants	-	-	126,400	-	126,400	-	100
Capital contributions	-	-	23,700	-	23,700	-	100
General revenues:							
Property taxes	315,500	304,200	-	-	315,500	304,200	4
Fire taxes	486,800	491,500	-	-	486,800	491,500	-1
Other revenues	1,900	1,200	5,200	-	7,100	1,200	492
Total revenues	1,290,100	1,219,800	3,120,500	2,732,300	4,410,600	3,952,100	12
Expenses:							
General & recreation	654,800	540,500	-	-	654,800	540,500	21
Fire services	690,800	551,500	-	-	690,800	551,500	25
Water	-	-	1,395,500	1,348,500	1,395,500	1,348,500	3
Wastewater	-	-	1,347,300	1,194,800	1,347,300	1,194,800	13
Total expenses	1,345,600	1,092,000	2,742,800	2,543,300	4,088,400	3,635,300	12
Increase (decrease) in net position before Special item	(55,500)	127,800	377,700	189,000	322,200	316,800	2
Special item	(58,300)	-	(39,000)	-	(97,300)	-	-100
Increase(decrease) in Net position	(113,800)	-	338,700	-	224,900	316,800	-29
Change in accounting principle	-	279,300	-	34,200	-	313,500	100
Net position, July 1	5,345,200	4,938,100	4,291,800	4,068,600	9,637,000	9,006,700	-
Net position, June 30	<u>\$5,231,400</u>	<u>\$5,345,200</u>	<u>\$4,630,500</u>	<u>\$4,291,800</u>	<u>\$9,861,900</u>	<u>\$9,637,000</u>	<u>2%</u>

Table A-3 presents the cost of each of the District's largest programs - general and recreation, fire, water, and wastewater.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Governmental Activities

- The amount that taxpayers paid for general administration, recreation and fire activities through District taxes was \$802,293; Some of the cost was paid by:
 - Those who directly benefited from the programs including interfund charges - \$446,720
 - Other governments and organizations and property owners that subsidized certain programs with grants and contributions - \$39,238
- The District paid for the \$859,639 “public benefit” portion with \$804,175 in property taxes, special fire taxes, and other revenues. Even after using the tax revenues, there was about a \$113,802 shortfall decrease in the residual net position which included the \$58,338 one-time expense to obtain Social Security System coverage for District employees.

**Table A-3
Cost of Brooktrails Township Community Services District Governmental
and Business-Type Activities
(in rounded dollars)**

	Total Cost of Services		Percentage Change
	2018	2017	2017-2018
General and Recreation	\$ 654,800	\$ 540,500	21%
Fire	690,800	551,500	25%
Water	1,395,500	1,348,500	3%
Wastewater	1,347,300	1,194,800	13%
Totals	\$4,088,400	\$3,635,300	13%

The increases in the general/recreation and fire expenses was the result of higher personnel and benefit expenses in fiscal 2018.

Business-type Activities

Combined revenues of the District’s business-type activities increased by \$214,000 in fiscal 2017 compared to fiscal 2016, mainly from user fees.

The net increase in business type expenses of about \$200,000 was the result of higher personnel expenses and elevated benefit costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a *combined* fund balance of \$792,781. The 2018 fiscal year ended with an overall increase of \$326,358 in the aggregated fund balances in the governmental funds. The \$326,358 net increase was directly related to reporting the inflow of \$420,000 of lease financing proceeds which was subsequently expended in fiscal 2019 upon delivery of a water tender for the fire department.

Under GASB Statement Number 68, the District's governmental operations share of the new net pension liability is reported only in the government-wide statement of net position and not in the general fund or fire fund. This accounting differs for the water and wastewater funds. The net pension liability reported in both the water and wastewater fund statements totaled \$1,353,639 at the end of fiscal 2018.

The District's Water Fund ended the 2018 fiscal year with \$629,940 in unrestricted net position as a result of current liabilities (excluding long-term debt amounts) being less than year-end current assets. This year the water enterprise reported \$53,160 as its proportionate share of the District's net OPEB liability as a result of implementing the new GASB Statement Number 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB).

The Wastewater Fund ended 2018 with about \$535,124 in unrestricted net position, and a new \$65,564 liability for its share of the OPEB net obligation. This fund also ended 2018 with about \$336,481 restricted for future capital facilities.

General Fund and Fire Fund Budgetary Highlights

General Fund spending was \$65,718 more than the final budget costs. General fund revenues were \$179,558 more than budgeted for fiscal 2018 as property tax revenue was more than expected by the Budget.

Spending in the fire services fund was \$116,637 more than the final budget. The spending variance was caused by higher personnel costs in fiscal 2018. Special fire tax revenues were about \$3,162 under budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had invested \$26.1 million (before accumulated depreciation) in a broad range of capital assets, including land, buildings, equipment, vehicles, park facilities, golf course site, water treatment and distribution, and wastewater collection facilities. (See Table A-4.)

Governmental activities included \$110,020 deposit in the Fire Fund for a special order water tender being financed with a \$420,000 lease purchase arrangement. The water tender was not delivered until fiscal 2019.

Additional information about the District's capital assets can be found starting on page 30 and 31 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table A-4
Brooktrails Township Community Services District Capital Assets
(Net of accumulated depreciation and in nearest thousand dollars)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 4,721	\$ 4,721	\$ 52	\$ 52	\$ 4,773	\$ 4,773
Buildings	775	775	-	-	775	775
Fire facilities	170	170	-	-	170	170
Equipment	102	80	1,229	1,172	1,331	1,252
Fire vehicles equipment	1,312	1,312	-	-	1,312	1,312
Dams			1,537	1,537	1,537	1,537
Pipe and collection lines			7,130	6,999	7,130	6,999
Treatment plant			9,066	9,066	9,066	9,066
Totals	7,080	6,939	19,014	18,826	26,094	25,884
Less accumulated depreciation	<u>(1,671)</u>	<u>(1,614)</u>	<u>(12,440)</u>	<u>(12,057)</u>	<u>(14,111)</u>	<u>(13,671)</u>
Net capital assets	<u>\$ 5,409</u>	<u>\$ 5,444</u>	<u>\$ 6,574</u>	<u>\$ 6,769</u>	<u>\$ 11,983</u>	<u>\$ 12,213</u>

LONG-TERM OBLIGATIONS

The District entered into a \$420,000 capital lease to finance the purchase of fire water tender. All debt payments were made as necessary. Additional information about long-term debt can be found in the detailed notes on all funds on page 32.

The District's combined total net pension liability was \$2,038,445 at June 30, 2018, and its net OPEB liability was \$177,201. More information about the net pension liability, the District's pension plans and OPEB plan can be found starting on page 37.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2019 fiscal year, the general fund and fire services revenue projections will continue to be conservative.

The District will be required to increase the base rate for wastewater to accommodate costs associated with the construction of the City of Willits Wastewater Treatment Plant, as well as increased processing costs as a result of the operation of the new treatment plant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager, Brooktrails Township Community Services District, 24860 Birch Street, Willits, California 95490.

Respectfully Submitted,
Tamara Alaniz
General Manager

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 226,278	\$ 1,736,439	\$ 1,962,717
Net receivables	195,364	333,507	528,871
Inventory	-	20,313	20,313
Prepayments	9,917	12,246	22,163
Deposits	110,020	-	110,020
Internal balances	(13,579)	13,579	-
Total current assets	<u>528,000</u>	<u>2,116,084</u>	<u>2,644,084</u>
Noncurrent assets:			
Restricted cash and cash equivalents	309,980	375,169	685,149
Long-term receivables - delinquencies	348,239	377,324	725,563
Net capital assets	5,409,433	6,573,837	11,983,270
Total noncurrent assets	<u>6,067,652</u>	<u>7,326,330</u>	<u>13,393,982</u>
Total assets	<u>6,595,652</u>	<u>9,442,414</u>	<u>16,038,066</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	215,580	385,364	600,944
Other postemployment benefits	4,972	10,094	15,066
Total deferred outflows of resources	<u>220,552</u>	<u>395,458</u>	<u>616,010</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,832	50,475	60,307
Accrued liabilities	35,367	12,443	47,810
Compensated absences	138,086	108,694	246,780
Interest payable	4,981	36,269	41,250
Capital lease due within one year	90,293	-	90,293
Loans, notes, certificates due within one year	-	89,593	89,593
Total current liabilities	<u>278,559</u>	<u>297,474</u>	<u>576,033</u>
Liabilities due in more than one year:			
Certificates of participation	-	3,106,300	3,106,300
USDA loan	-	283,402	283,402
Capital lease	545,527	-	545,527
Bank note payable	-	4,212	4,212
Net other post employment obligation	58,477	118,724	177,201
Net pension liability	684,806	1,353,639	2,038,445
Total liabilities due in more than one year	<u>1,288,810</u>	<u>4,866,277</u>	<u>6,155,087</u>
Total liabilities	<u>1,567,369</u>	<u>5,163,751</u>	<u>6,731,120</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	15,216	39,095	54,311
Other postemployment benefits	2,198	4,463	6,661
Total deferred inflows of resources	<u>17,414</u>	<u>43,558</u>	<u>60,972</u>
NET POSITION			
Net investment in capital assets	5,193,613	3,090,330	8,283,943
Restricted for:			
Capital additions and debt service	-	375,169	375,169
Unrestricted (deficit)	37,808	1,165,064	1,202,872
Total net position	<u>\$ 5,231,421</u>	<u>\$ 4,630,563</u>	<u>\$ 9,861,984</u>

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP COMMUNITY SERVICE DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	District Government		
					Governmental Activities	Business-type Activities	Total
District government:							
Governmental activities:							
General administration	\$ 556,981	\$ 408,243	\$ -	\$ -	\$ (148,738)	\$ -	\$ (148,738)
Parks recreation	97,752	-	-	-	(97,752)	-	(97,752)
Fire services	690,864	38,477	39,238	-	(613,149)	-	(613,149)
Total governmental activities	<u>1,345,597</u>	<u>446,720</u>	<u>39,238</u>	<u>-</u>	<u>(859,639)</u>	<u>-</u>	<u>(859,639)</u>
Business-Type Activities:							
Water	1,395,527	1,429,358	-	11,697	-	45,528	45,528
Wastewater	1,347,254	1,535,838	-	138,443	-	327,027	327,027
Total business-type activities	<u>2,742,781</u>	<u>2,965,196</u>	<u>-</u>	<u>150,140</u>	<u>-</u>	<u>372,555</u>	<u>372,555</u>
Total District government	<u>\$ 4,088,378</u>	<u>\$3,411,916</u>	<u>\$ 39,238</u>	<u>\$ 150,140</u>	<u>(859,639)</u>	<u>372,555</u>	<u>(487,084)</u>
General revenues and special item:							
General revenues:							
Taxes:							
Property taxes					\$ 315,455	\$ -	\$ 315,455
Special fire tax					486,838	-	486,838
Unrestricted investment earnings					1,882	5,151	7,033
Special item: Social Security Section 218 coverage agreement					(58,338)	(38,986)	(97,324)
Total general revenues					<u>745,837</u>	<u>(33,835)</u>	<u>712,002</u>
Change in net position					<u>(113,802)</u>	<u>338,720</u>	<u>224,918</u>
Net position, beginning (restated)					<u>5,345,223</u>	<u>4,291,843</u>	<u>9,637,066</u>
Net position, ending					<u>\$ 5,231,421</u>	<u>\$ 4,630,563</u>	<u>\$ 9,861,984</u>

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Fire Services Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 226,278	\$ 309,980	\$ 536,258
Taxes receivable	23,980	171,384	195,364
Due from other funds	244,402	-	244,402
Prepayments	6,822	3,095	9,917
Deposit for capital asset acquisition	-	110,020	110,020
Long-term receivables - delinquent fire taxes	-	348,239	348,239
Total assets	<u>\$ 501,482</u>	<u>\$ 942,718</u>	<u>\$ 1,444,200</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,790	\$ 2,042	\$ 9,832
Accrued liabilities	29,173	6,194	35,367
Due to other funds	13,579	244,402	257,981
Total liabilities	<u>50,542</u>	<u>252,638</u>	<u>303,180</u>
Deferred inflows of resources			
Delinquent fire taxes	-	348,239	348,239
Fund balances:			
Nonspendable	6,822	3,095	9,917
Nonspendable - capital asset acquisition	-	110,020	110,020
Restricted for capital asset acquisition	-	309,980	309,980
Unassigned	444,118	(81,254)	362,864
Total fund balances	<u>450,940</u>	<u>341,841</u>	<u>792,781</u>
Total liabilities and fund balances	<u>\$ 501,482</u>	<u>\$ 942,718</u>	<u>\$ 1,444,200</u>
Total Governmental Fund Balances			\$ 792,781
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			5,409,433
Long-term receivables do not provide current financial resources and therefore are deferred in the funds			348,239
The net OPEB liability does not require the use of current financial resources and is therefore not reported in the funds.			(58,477)
The net pension liability does not require the use of current financial resources and is not reported in the funds			(684,806)
Deferred inflows from pensions and other postemployment benefits do not provide current financial resources and are not reported in the funds			(17,414)
Deferred outflows from pensions and other postemployment benefits do not use current financial resources and are not reported in the funds			220,552
Some liabilities including compensated absences, accrued interest payable and long-term debt are not due and payable in the current period and, therefore, are not reported in the funds			(778,887)
Net Postion of Governmental Activities			<u>\$ 5,231,421</u>

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
Statements of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Fire Services Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 315,455	\$ -	\$ 315,455
Special fire taxes	-	486,838	486,838
Intergovernmental	-	39,238	39,238
Charges for services:			
Other governments	-	35,021	35,021
Interfund overhead charges	357,699	-	357,699
Planning fees	2,670	-	2,670
Franchise fees	30,828	-	30,828
Interest	1,853	29	1,882
Miscellaneous	17,046	3,456	20,502
	<u>725,551</u>	<u>564,582</u>	<u>1,290,133</u>
Total revenues			
EXPENDITURES			
Current:			
General government:			
Administration	512,447	-	512,447
Recreation	91,594	-	91,594
Fire Protection services	-	588,645	588,645
Capital outlay	32,652	3,839	36,491
Debt service:			
Principal	-	81,939	81,939
Interest	-	14,321	14,321
	<u>636,693</u>	<u>688,744</u>	<u>1,325,437</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures before other financing source and special item	<u>88,858</u>	<u>(124,162)</u>	<u>(35,304)</u>
Other financing source:			
Capital lease financing	-	420,000	420,000
Special item:			
Social Security Section 218 coverage agreement	<u>(33,572)</u>	<u>(24,766)</u>	<u>(58,338)</u>
Net change in fund balances	55,286	271,072	326,358
Fund balances, July 1	<u>395,654</u>	<u>70,769</u>	<u>466,423</u>
Fund balances, June 30	<u>\$ 450,940</u>	<u>\$ 341,841</u>	<u>\$ 792,781</u>

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP COMMUNITY SERVICE DISTRICT
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		\$ <u>326,358</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$22,924) exceed depreciation (\$56,876) in the current period.		
	(33,952)	
Changes in compensated absences do not always require the use of current financial resources and are therefore not reported in the funds	(50,874)	
Changes in the net pension liability and deferred items do not use current financial resources and are not reported in the funds	(16,928)	
Proceeds from capital lease financing provide current financial resources but increase liabilities in the statement of net position	(420,000)	
Repayment of long-term debt uses current financial resources, but reduces liabilities in the statement of net position	81,939	
Interest payable on long-term debt does not require the use of current financial resources and is not reported in the funds	(4,981)	
Changes in the OPEB Obligation do not provide current financial resources and are not reported in the funds	<u>4,636</u>	
	<u>(440,160)</u>	
Net differences		<u>\$ (113,802)</u>
Change in Net Position of Governmental Activities		<u>\$ (113,802)</u>

See accompanying notes to the basic financial statements

BROOKTRAILS COMMUNITY SERVICES DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds		Totals
	Water	Wastewater	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 905,710	\$ 830,729	\$ 1,736,439
Receivables(net)	168,121	165,386	333,507
Inventory	20,313	-	20,313
Prepayments	6,020	6,226	12,246
Due from other funds	-	13,579	13,579
Total current assets	<u>1,100,164</u>	<u>1,015,920</u>	<u>2,116,084</u>
Noncurrent assets:			
Other assets:			
Cash and cash equivalents	38,688	336,481	375,169
Long-term receivables - delinquent accounts	174,604	202,720	377,324
Total other noncurrent assets	<u>213,292</u>	<u>539,201</u>	<u>752,493</u>
Capital assets:			
Land	51,057	854	51,911
Dams	1,537,468	-	1,537,468
Equipment	485,111	743,759	1,228,870
Lines	3,379,879	3,750,412	7,130,291
Treatment plant, tanks, and improvements	8,355,446	710,188	9,065,634
Less accumulated depreciation	<u>(8,557,140)</u>	<u>(3,883,197)</u>	<u>(12,440,337)</u>
Net capital assets	<u>5,251,821</u>	<u>1,322,016</u>	<u>6,573,837</u>
Total noncurrent assets	<u>5,465,113</u>	<u>1,861,217</u>	<u>7,326,330</u>
Total assets	<u>6,565,277</u>	<u>2,877,137</u>	<u>9,442,414</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	172,976	212,388	385,364
Other postemployment benefits	4,520	5,574	10,094
	<u>177,496</u>	<u>217,962</u>	<u>395,458</u>
LIABILITIES			
Current liabilities:			
Accounts payable	49,470	1,005	50,475
Accrued liabilities	5,995	6,448	12,443
Interest payable	31,007	5,262	36,269
Compensated absences	53,888	54,806	108,694
Loans and certificates due in one year	66,114	23,479	89,593
Total current liabilities	<u>206,474</u>	<u>91,000</u>	<u>297,474</u>
Liabilities due in more than one year:			
Bank loan	4,212	-	4,212
USDA Certificate	370,300	-	370,300
USDA Loans	126,463	156,939	283,402
Net pension liability	609,221	744,418	1,353,639
Net other postemployment benefit liability	53,160	65,564	118,724
USDA Certificate, Series 2008	2,736,000	-	2,736,000
Total liabilities due in more than one year	<u>3,899,356</u>	<u>966,921</u>	<u>4,866,277</u>
Total liabilities	<u>4,105,830</u>	<u>1,057,921</u>	<u>5,163,751</u>
DEFERRED INFLOW OF RESOURCES:			
Pensions	17,585	21,510	39,095
Other postemployment benefits	1,998	2,465	4,463
	<u>19,583</u>	<u>23,975</u>	<u>43,558</u>
NET POSITION			
Net investment in capital assets	1,948,732	1,141,598	3,090,330
Restricted for capital improvements	38,688	336,481	375,169
Unrestricted	629,940	535,124	1,165,064
Total net position	<u>\$ 2,617,360</u>	<u>\$ 2,013,203</u>	<u>\$ 4,630,563</u>

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP CUMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds		Totals
	Water	Wastewater	
OPERATING REVENUES			
Sale of water	\$ 1,200,907	\$ -	\$ 1,200,907
Services fees	-	1,209,709	1,209,709
Availability charges	108,771	269,043	377,814
Penalties	107,026	50,686	157,712
Other operating revenues	12,654	6,400	19,054
Total operating revenues	<u>1,429,358</u>	<u>1,535,838</u>	<u>2,965,196</u>
OPERATING EXPENSES			
Personnel services	341,017	366,867	707,884
Contractual services	18,288	26,645	44,933
Interfund overhead and services	140,046	153,470	293,516
Intergovernmental treatment costs	-	578,764	578,764
Utilities	139,511	14,281	153,792
Insurance	25,242	15,443	40,685
Other supplies and expenses	310,472	75,895	386,367
Depreciation	275,250	107,875	383,125
Total operating expenses	<u>1,249,826</u>	<u>1,339,240</u>	<u>2,589,066</u>
Operating income (loss)	<u>179,532</u>	<u>196,598</u>	<u>376,130</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest expense	(145,701)	(8,014)	(153,715)
Interest and investment revenue	1,873	3,278	5,151
Net non-operating revenues (expenses)	<u>(143,828)</u>	<u>(4,736)</u>	<u>(148,564)</u>
Capital contributions:			
Capital connection fees	11,697	12,014	23,711
Capital grants	-	126,429	126,429
Total capital contributions	<u>11,697</u>	<u>138,443</u>	<u>150,140</u>
Change in net position before special item	47,401	330,305	377,706
Special item:			
Social Security Section 218 coverage agreement	(18,367)	(20,619)	(38,986)
Change in net position	29,034	309,686	338,720
Total net position, July 1	<u>2,588,326</u>	<u>1,703,517</u>	<u>4,291,843</u>
Total net position, June 30	<u>\$ 2,617,360</u>	<u>\$ 2,013,203</u>	<u>\$ 4,630,563</u>

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP COMMUNITY SERVICE DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds		Totals
	Water	Wastewater	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$1,395,006	\$ 1,449,681	\$ 2,844,687
Payments to suppliers	(447,951)	(740,628)	(1,188,579)
Interfund charges for services	(140,046)	(153,470)	(293,516)
Other operating receipts	12,654	6,400	19,054
Payments to employees	(310,199)	(333,587)	(643,786)
Net cash provided by (used for) operating activities	<u>509,464</u>	<u>228,396</u>	<u>737,860</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Social Security Section 218 coverage payments	<u>(18,367)</u>	<u>(20,619)</u>	<u>(38,986)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	(63,284)	(21,627)	(84,911)
Capital connections	11,697	12,014	23,711
Purchase capital assets	(100,319)	(87,360)	(187,679)
Capital grants	-	126,429	126,429
Interest paid on long-term debt	(146,221)	(8,650)	(154,871)
Net cash provided by (used for) capital and related financing activities	<u>(298,127)</u>	<u>20,806</u>	<u>(277,321)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest receipts	<u>1,873</u>	<u>3,278</u>	<u>5,151</u>
Net cash provided by investing activities	<u>1,873</u>	<u>3,278</u>	<u>5,151</u>
Net change in cash and cash equivalents	194,843	231,861	465,690
Balances-beginning of the year	<u>749,555</u>	<u>935,349</u>	<u>1,684,904</u>
Balances-end of the year	<u>\$ 944,398</u>	<u>\$ 1,167,210</u>	<u>\$ 2,150,594</u>

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP COMMUNITY SERVICE DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds		Totals
	Water	Wastewater	
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 179,532	\$ 196,598	\$ 376,130
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	275,250	107,875	383,125
Change in assets and liabilities:			
Receivables, net	6,257	(39,075)	(32,818)
Delinquent receivables - liens	(27,954)	(40,682)	(68,636)
Prepayments	(424)	(446)	(870)
Accounts payable	45,986	(29,154)	16,832
Net pension liability and related deferrals	16,589	19,227	35,816
Other liabilities	14,228	14,053	28,281
	<u>\$ 509,464</u>	<u>\$ 228,396</u>	<u>\$ 737,860</u>
Net cash provided by (used for) operating activities	<u>\$ 509,464</u>	<u>\$ 228,396</u>	<u>\$ 737,860</u>

Noncash capital financing activities:

None

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
Statement of Fiduciary Net Position
June 30, 2018

	Retired Employees Health Care Plan
ASSETS	
Cash and cash equivalents	\$ -
Investments at fair value:	
California Employer's Retiree Benefit Trust Program (CERBT) pooled investments	34,666
Total assets	\$ 34,666
LIABILITIES	
Accounts payable	\$ -
Due to other governmental agencies	-
Total liabilities	-
NET POSITION	
Held in trust for other postemployment benefits	\$ 34,666

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
Statement of Changes in Fiduciary Net Position
Retired Employees Health Care Plan Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

	<u>Retired Employees Health Care Plan</u>
Additions:	
Contributions:	
Employer	\$ -
Investment income:	
Net appreciation in fair value of investments	2,540
	<u>2,540</u>
Total additions	<u>2,540</u>
Deductions:	
Benefits and administrative expenses	-
	<u>-</u>
Total deductions	<u>-</u>
Net increase	2,540
Net position held in trust for other post employment benefits:	
Beginning of year	<u>32,126</u>
End of year	<u><u>\$ 34,666</u></u>

See accompanying notes to the basic financial statements

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

Notes to the Basic Financial Statements June 30, 2018

1. Summary of Significant Accounting Policies

A. Reporting Entity

The District is a Community Services District governed by an elected five member Board of Directors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

The Maintenance District 1976-1 and Maintenance District One are legally separate entities for which the District is financially accountable and they are governed by the elected Board of Directors. The financial activities of the Maintenance Districts are blended with those of the District and are reported in the District's water and general funds, respectively.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the *proprietary fund financial statements*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

Notes to the Basic Financial Statements June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Services Fund* is maintained to account for the special fire tax levied and used to fund fire protection services.

The District reports the following major proprietary funds:

The *water fund* accounts for the operations of the District's water treatment and distribution system. The *wastewater fund* accounts for the operation of the District's wastewater collection activities.

The District reports as a fiduciary fund its other post employment benefit plan trust assets and financial operations.

The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting for its proprietary and government-wide operations, and the provisions of GASB Statement Number 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's water and wastewater function and other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the costs of sales and services, administration costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

Notes to the Basic Financial Statements June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The District is authorized by its most recent investment policy to invest in the State of California Local Agency Investment Fund, U.S. Treasury bonds, bills, and notes, obligations issued by US Government agencies, bankers' acceptances, repurchase agreements, and time deposits and savings and demand accounts.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

Investments for the District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are not shown net of an allowance for uncollectibles.

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Mendocino collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The District receives general property taxes under the "Teeter Plan". The District recognizes property tax revenues in the fiscal year in which they are levied. Water and wastewater charges for service remaining unpaid for more than six months are recorded as other receivable, and liens are recorded on the underlying properties. When properties are sold or transferred, the liens are paid and payments forwarded to the District by title companies. Water and sewer availability fees and the special fire tax are not subject to "Teeter Plan" arrangements. Delinquent availability fees, delinquent fire taxes, and related penalties and interest are recorded as long-term receivables. Delinquent fire taxes receivable are offset by deferred inflows in the fire fund, and are recognized as revenues when received. Delinquencies more than 5 years past due are not reported as receivable as they have entered into the tax sale recovery period and collection is doubtful after reaching tax sale status without collection.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Under the GASB 34 Implementation Rules, the District is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2003 at the date these new financial reporting standards were implemented; and the District has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Public domain infrastructure	50
System infrastructure	50
Vehicles and equipment	5 - 10

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for a portion of unpaid accumulated sick leave since the District does have a policy to pay certain amounts when employees separate from service with the District. All vacation pay and applicable sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

7. Fund Balance – Governmental Funds

Fund balances for governmental funds are reported in classifications based primarily on the extent to which the District is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) nonspendable, (2) committed, (3) assigned and (4) unassigned amounts.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

Notes to the Basic Financial Statements June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Fund Balance – Governmental Funds (Continued)

Nonspendable amounts generally are items not expected to be converted into cash such as inventories and prepaid amounts. Restricted amounts include those where constraints placed on the use of the resources are externally imposed by grantors, contributors, other governments, or by laws and regulations. Committed amounts are those amounts that can only be used for a specific purpose as determined by the District's Board of Directors. Such committed amounts may be redeployed for other uses only by the direction of the District's Board of Directors. Assigned amounts are fund balance amounts constrained by the District's intent to be used for specific purposes as determined by the District's General Manager. The unassigned fund balance amounts are the residual classification of the general fund only.

When expenditures are incurred for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, the District considers restricted amounts to have been spent first. When expenditures are incurred for which any class of unrestricted fund balance could be used, the District considers committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

8. Comparative Data

Comparative total data for the prior year have been presented in order to provide an understanding of the changes in net assets. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current years' presentation.

9. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of California Public Employees Retirement System (PERS) and additions to or deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net other postemployment benefit liability (OPEB), deferred outflows of resources of resources, deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan, and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the plan, and are provided based upon an actuarial valuation of the Plan. Benefit payments are recognized when due and payable in accordance with the benefit terms.

10. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The District has no significant separately held investments as its invested funds are held by the Local Agency Investment Fund (LAIF) of the State of California. The LAIF values its investments using pricing methods viewed as Level 1 inputs.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

2. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statements of net position. One element of that reconciliation explains that "capital assets are not financial resources and are not reported in the funds." The details of this \$ 5,409,433 difference are as follows:

Capital assets	\$ 7,080,207
Less: Accumulated depreciation	<u>(1,670,774)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 5,409,433</u>

Another element of the reconciliation explains that "long-term liabilities" are not due and payable in the current period and are therefore not reported in the funds. The details of this \$778,887 difference are as follows:

Long-Term Debt Obligations	
Compensated absences	\$ (138,086)
Interest payable	(4,981)
Capital lease obligations	<u>(635,820)</u>
Net adjustment to decrease fund balance total governmental funds to arrive at net position - governmental activities	<u>\$ (778,887)</u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$ (440,160) difference and other significant components of the difference are as follows:

Capital outlay	\$ 22,924
Depreciation expense	(56,876)
Other items	(68,147)
Proceeds from capital lease financing	(420,000)
Repayment of capital leases	<u>81,939</u>
Net adjustment to decrease <i>net changes in fund balances – of governmental activities</i>	<u>\$ (440,160)</u>

3. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis of consistent with generally accepted accounting principles for all governmental funds. Appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function and department. The District Manager may make transfers of appropriations within a department. Transfers between departments and other changes require Board of Director's approval. The legal level of control is the department and fund level. The District made supplemental appropriations during the fiscal year. Encumbrance accounting is not employed in governmental funds.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

4. Detailed Notes on All Funds

A. Deposits and Investments

Deposits and investments at June 30, 2018 consisted of the following:

Demand deposits and cash on hand	\$ 1,802,354
Capital asset acquisition escrow account	309,980
Pooled investments	535,532
Fiduciary funds	<u>34,666</u>
 Total deposits and investments	 <u>\$ 2,682,532</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for deposits is that they will be made only in institutions in California, they shall be insured or collateralized with United States backed securities, and time certificates of deposit shall have a maturity of less than five years. At June 30, 2018, \$1,601,736 of the District's bank balances of \$ 1,851,736 was exposed to credit risk.

<u>Pooled Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Local Agency Investment Fund(LAIF)	Average 193 days	<u>\$ 535,532</u>
 Totals		 <u>\$ 535,532</u>

The \$309,980 represents funds held in an escrow account at KS State Bank pending disbursement for the purchase of a water tender for the fire department.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the District's investment portfolio to maturities prescribed in Sections 53600 through 53609 of the California Government Code. *Credit Risk -* State law limits investments in various securities to certain level of risk ratings issued by nationally recognized statistical rating organizations. It is the District's policy to comply with State law as regards securities ratings. The Local Agency Investment Pool is unrated. *Custodial Credit Risk -* For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's only investment is the LAIF. Because investments in the LAIF are not evidenced by specific securities in the name of the District, the LAIF is not subject to custodial credit risk.

B. Receivables

Receivables as of year-end for the government's individual major and nonmajor funds in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Fire</u>	<u>Totals</u>	<u>Water</u>	<u>Wastewater</u>
Taxes	\$23,980	\$171,384	\$195,364	\$ -	\$ -
Accounts	-	-	-	168,121	165,386
Delinquent charges	-	-	-	174,604	202,720
Delinquent taxes	-	348,239	348,239		
 Totals	 <u>\$23,980</u>	 <u>\$519,623</u>	 <u>\$543,603</u>	 <u>\$342,725</u>	 <u>\$ 368,106</u>

The long-term receivables are liens secured by properties that are collected when the properties are sold or transferred to new owners.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

4. Detailed Notes on All Funds

C. Interfund Receivables and Payables and Transfers

1. The composition of interfund balances was:

Receivable Fund	Payable Fund	Amount
General fund	Fire fund- unpaid overhead costs	\$ 244,402
Wastewater enterprise	General fund-recreation cash flow loan	13,579
	Total	\$ 257,981

The \$244,402 inter-fund fund payable by the Fire Fund to the General Fund represents unpaid payments to the general fund for budgeted and approved overhead charges for the last three fiscal years.

D. Capital Assets

Capital asset activity relating to governmental activities for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,720,818	\$ -	\$ -	\$ 4,720,818
Total capital assets, not being depreciated	4,720,818	-	-	4,720,818
Capital assets, being depreciated:				
Buildings and improvements	774,733	-	-	774,733
Fire facilities	169,795	-	-	169,795
Fire vehicles and equipment	1,311,475	-	-	1,311,475
Other equipment	80,462	22,924	-	103,386
Total capital assets being depreciated	2,336,465	22,924	-	2,359,389
Less accumulated depreciation for:				
Buildings and improvements	(297,488)	(2,163)	-	(299,651)
Recreational facilities and equipment	(260,548)	(6,978)	-	(267,526)
Fire facilities	(166,072)	(206)	-	(166,278)
Fire vehicles and equipment	(818,186)	(47,289)	-	(865,475)
Other equipment	(71,604)	(240)	-	(71,844)
Total accumulated depreciation	(1,613,898)	(56,876)	-	(1,670,774)
Total capital assets, being depreciated, net	722,567	(33,952)	-	688,615
Governmental activities capital assets, net	\$ 5,443,385	\$ (33,952)	\$ -	\$ 5,409,433

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

4. Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity relating to business-type activities for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 51,911	\$ -	\$ -	\$ 51,911
Total capital assets, not being depreciated	<u>51,911</u>	<u>-</u>	<u>-</u>	<u>51,911</u>
Capital assets, being depreciated:				
Dams	1,537,468	-	-	1,537,468
Pipelines and distribution system	3,336,567	43,312	-	3,379,879
Pipelines and collection system	3,663,052	87,360	-	3,750,412
Treatment plant, tanks, and improvements	9,065,634	-	-	9,065,634
Equipment	<u>1,171,863</u>	<u>57,007</u>	<u>-</u>	<u>1,228,870</u>
Total capital assets being depreciated	<u>18,774,584</u>	<u>187,679</u>	<u>-</u>	<u>18,962,263</u>
Less accumulated depreciation for:				
Dams	(1,229,975)	(31,188)	-	(1,261,163)
Pipelines and distribution system	(2,676,655)	(65,991)	-	(2,742,646)
Pipelines and collection system	(3,279,280)	(74,063)	-	(3,353,343)
Treatment plant, tanks and improvements	(4,039,779)	(178,071)	-	(4,217,850)
Equipment	<u>(831,523)</u>	<u>(33,812)</u>	<u>-</u>	<u>(865,335)</u>
Total accumulated depreciation	<u>(12,057,212)</u>	<u>(383,125)</u>	<u>-</u>	<u>(12,440,337)</u>
Total capital assets, being depreciated, net	<u>6,717,372</u>	<u>(195,446)</u>	<u>-</u>	<u>6,521,926</u>
Business-type activities capital assets, net	<u>\$6,769,283</u>	<u>\$ (195,446)</u>	<u>\$ -</u>	<u>\$6,573,837</u>

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

4. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

General government	\$ 4,381
Fire services	47,495
Parks and recreation	<u>5,000</u>

Total depreciation expense - governmental activities \$56,876

Business-Type activities:

Water	\$ 275,250
Wastewater	<u>107,875</u>

Total depreciation expense - business type activities \$ 383,125

E. Long-Term Debt

Certificates of Participation

The District entered into an installment purchase agreement relating to the sale of \$454,000 in Certificates of Participation which certificates are to be purchased by the Rural Utilities Service of the United States Department of Agriculture. Under the arrangement, the District is to construct a Clearwell and backwash water recycling project. The District is obligated to make semiannual payments of principal and interest in amounts sufficient to pay the principal and interest on the certificates. The District's repayment obligation is secured by a pledge of the net revenues of its water enterprise. The certificates bear interest at 4.25 percent and mature each June 1 through June 1, 2045. The District's debt service on the certificates will be:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 7,700	\$ 16,065	\$ 23,765
2020	8,100	15,738	23,838
2021	8,400	15,394	23,794
2022	8,800	15,036	23,826
2023	9,100	14,663	23,763
2024-2028	51,900	67,160	119,060
2029-2033	63,800	55,160	118,960
2034-2038	78,700	40,386	119,086
2039-2043	96,800	22,186	118,986
2044-2046	<u>44,700</u>	<u>2,870</u>	<u>47,570</u>
Totals	<u>\$ 378,000</u>	<u>\$ 264,658</u>	<u>\$ 642,658</u>

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

4. Detailed Notes on All Funds (Continued)

F. Long-Term Debt (Continued)

USDA Loan

In addition, the District entered into a Loan Agreement, dated June 13, 2005, with the United States Department of Agriculture for an additional \$149,000 to provide additional funding for the project described above. Future debt service is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,337	\$ 5,474	\$ 7,811
2020	2,436	5,375	7,811
2021	2,540	5,271	7,811
2022	2,648	5,163	7,811
2023	2,760	5,051	7,811
2024-2028	15,664	23,391	39,055
2029-2033	19,288	19,767	39,055
2034-2038	23,751	15,304	39,055
2039-2043	29,245	9,810	39,055
2044-2048	28,130	3,114	31,244
Totals	<u>\$ 128,799</u>	<u>\$ 97,720</u>	<u>\$ 226,519</u>

USDA Loan -2010

In addition, the District entered into a Loan Agreement, dated August 12, 2009, with the United States Department of Agriculture for a \$330,000 loan to provide additional financing for the acquisition of a sewer vacuum truck and camera system. Future debt service is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 22,573	\$ 7,893	\$ 30,466
2020	23,560	6,906	30,466
2021	24,591	5,875	30,466
2022	25,667	4,799	30,466
2023	26,790	3,676	30,466
2024-2025	57,237	3,785	61,022
Totals	<u>\$ 180,418</u>	<u>\$ 32,933</u>	<u>\$ 213,351</u>

Certificates of Participation – Series 2008

The District entered into an installment purchase agreement relating to the sale of \$3,165,000 in Certificates of Participation which certificates are to be purchased by the Rural Utilities Service of the United States Department of Agriculture. Under the arrangement, the District is to construct a Reservoir Spillway Water project. The District is obligated to make semiannual payments of principal and interest in amounts sufficient to pay the principal and interest on the certificates. The District's repayment obligation is secured by a pledge of the net revenues of its water enterprise. The certificates bear interest at 4.25 percent and mature each April 15 through April 15, 2048. The District's debt service on the certificates is as follows:

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

4. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 48,000	\$ 118,320	\$ 166,320
2020	50,000	116,280	166,280
2021	52,000	114,156	166,156
2022	54,000	111,946	165,946
2023	56,000	109,650	165,650
2024-2028	319,000	510,298	829,298
2029-2033	392,000	436,646	828,646
2034-2038	485,000	343,030	828,030
2039-2043	595,000	233,752	828,752
2044-2048	733,000	96,052	829,052
Totals	<u>\$ 2,784,000</u>	<u>\$2,190,130</u>	<u>\$ 4,974,130</u>

Pledged Revenues - The District has pledged future water system revenues, net of specified expenses as defined to repay the certificates of participation and USDA loan relating to the water system. Total principal and interest remaining to be paid on those obligations are \$5,843,307. Annual principal and interest payments on those obligations are expected to require 58 percent of net system revenues as defined. Principal and interest paid for the current year and total net system revenues (exclusive of transfers in) were \$ 209,505 and \$358,300 respectively.

Bank Loan

The District, on June 18, 2015, entered into a borrowing arrangement with the Savings Bank of Mendocino County for the purposes of financing the purchase of a 2015 Ford F-350 truck. The loan was for \$33,996, bears interest at 5.49%, and is repayable in monthly installments of \$713 starting on July 18, 2015 and ending on December 18, 2019. The loan is secured by a security agreement pledging the Ford -350 truck as collateral. Future debt service on this loan is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 8,078	\$ 481	\$ 8,559
2020	4,212	68	4,280
Totals	<u>\$ 12,290</u>	<u>\$ 549</u>	<u>\$ 12,839</u>

Capital Lease Obligation

The District on June 2, 2015 entered into a capital lease financing arrangement with First Capital Equipment Leasing Corporation for the purpose of obtaining financing for the purchase of breathing apparatus and equipment, on October 6, 2015 for the purchase of a Fire Vehicle, and on November 3, 2016 for the purchase of turnout gear and equipment. In September 2017, the District entered into a \$420,000 capital lease for the purchase of a water tender for its fire department. The water tender was not placed into service until December 2018, and no costs were capitalized until fiscal 2019 when the water tender was delivered and placed in service.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

4. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

Capital Lease Obligation (Continued)

The capital leases and the cost of the equipment was \$425,302, bear interest at 3.593 percent, and are payable in annual installments as shown below through 2028. The leases are secured by the purchased equipment and the District has agreed to appropriate enough funds in each years' budget to provide for the annual repayment amounts. The future debt service on the leases is as follows:

<u>Fiscal Year</u>	<u>Water Tender Fire Vehicle</u>	<u>Fast Attack Vehicle</u>	<u>Turn-Out Gear Equipment</u>	<u>Breathing Equipment</u>
2019	\$19,365	\$19,679	\$24,534	49,078
2020	19,365	19,679	24,534	49,078
2021	60,017	19,679	24,531	-
2022	60,017	-	-	-
2023	60,017	-	-	-
2024 -2028	300,085	-	-	-
Total minimum annual lease payments	518,866	59,037	73,599	98,156
Less amount representing interest	(98,866)	(4,679)	(5,210)	(5,084)
Net present value of net minimum payments	<u>\$420,000</u>	<u>\$54,359</u>	<u>\$68,389</u>	<u>\$93,072</u>

Changes in Long-term liabilities

Long-term debt activity for the 2018 fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital lease obligations	\$ 297,759	\$ 420,000	\$ 81,939	\$ 635,820	\$ 90,293
Compensated absences	87,212	138,086	87,212	138,086	138,086
Total	<u>\$ 384,971</u>	<u>\$ 558,086</u>	<u>\$ 169,151</u>	<u>\$ 773,906</u>	<u>\$ 228,379</u>
Business-Type Activities:					
Certificate of participation	\$ 385,400	\$ -	\$ 7,400	\$ 378,000	\$ 7,700
Certificates of participation, 2008	2,830,000	-	46,000	2,784,000	48,000
USDA Loan	131,041	-	2,243	128,799	2,337
USDA Loan, 2010	202,045	-	21,627	180,418	22,573
Bank loan	19,932	-	7,641	12,290	8,078
Compensated absences	82,526	108,694	82,526	108,694	108,694
Totals	<u>\$ 3,650,944</u>	<u>\$ 108,694</u>	<u>\$ 167,437</u>	<u>\$ 3,592,201</u>	<u>\$ 197,382</u>

Subsequent Event:

In March 2019, the District used unspent lease proceeds from the water tender escrow fund to repay \$104,329 in the lease obligation. The debt service repayment schedule for this lease was amended to reflect the repayment and reduced the annual minimum lease payments from fiscal 2021 through fiscal 2028 from \$60,017 per annum to \$44,744 per annum.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

Notes to the Basic Financial Statements June 30, 2018

5. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries insurance. The District, due to the costs of available coverage, participates as a member of the Special District Risk Management Authority (SDRMA) for purposes of general liability, property coverages and for workers compensation insurance.

SDRMA provides joint protection programs for public entities covering automobile, general liability, errors and omissions claims. Under the program, the District has a \$500 retention limit similar to a deductible with the SDRMA being responsible for losses above that amount up to \$2.5 million for liability combined single limit. Property coverage is also provided up to the replacement cost of the property with a combined total for SDRMA members of one billion per occurrence.

The SDRMA provides also employee dishonesty coverage with limits of \$654,000 per loss. Boiler and machinery coverage is provided to members with coverage of up to \$100 million of replacement cost, and comprehensive and collision on selected vehicles. The District's obligations under the arrangement are to pay billed premiums for the specified coverages. The SDRMA may pay dividends to members or may make additional assessments depending on loss experience, but no dividends have been declared and no additional assessments have been levied. The SDRMA workers compensation insurance coverage is provided up to the statutory limits per occurrence and \$5 million for Employer's liability coverage subject to the terms, conditions, and exclusions provided in the memorandum of Coverage. The District obtained such coverage through the SDRMA effective July 1, 2006. Financial information pertaining to SDRMA can be obtained from its administrative offices at 1112 I Street, Suite 300, Sacramento, California 95814.

Liabilities of the District are reported in the statement of net position when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The District's only exposure to claim liabilities would be for losses or additional assessments, if any, not covered by or imposed by SDRMA.

There have been no significant changes in insurance coverages in fiscal 2018. Settlements have not exceeded coverage for each of the past three fiscal years. There were no significant claim liabilities at the end of fiscal 2018.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

Notes to the Basic Financial Statements June 30, 2018

5. Other Information (Continued)

B. Contingencies, Commitments and Wastewater Agreement

Litigation. The District is involved in litigation incurred in the normal course of conducting District business. Litigation pertaining to the wastewater treatment agreement between the District and the City of Willits discussed below was settled in March of 2015.

Grants and allocations. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

City of Willits Wastewater Agreement. The District does not own a separate wastewater treatment plant and has an agreement with the City of Willits to accept and treat the District's wastewater. Under the arrangement, the District is obligated to pay for a percentage of the City's administrative, operations, maintenance costs, debt service obligations and certain capital costs of the treatment plant.

On March 25, 2015, the District and the City of Willits agreed to settle their disputes concerning the City's wastewater treatment plant and related matters. The settlement provides that the District shall pay to the City a flat fee of \$22,000 a month for a four year period, effective July 1, 2015, as the District' share of the costs to operate the City's wastewater treatment plant in future years. Commencing with the next installment due by the City on the City's USDA loans, the District shall pay to the City 36 percent of the amounts payable to the USDA by the City on the City's three USDA loans. In addition, the District shall pay by May 25, 2015, \$213,500 representing the amounts withheld by the District toward the City's USDA loan number 7. The \$22,000 fixed monthly fee and share of the City's debt service costs are considered by the District to be operating expenses for financial reporting purposes. The \$213,500 required payment was made by the District and expensed in fiscal 2015.

Water Connections. The District announced in December of 2017 that the California State Water Resources Control Board had fully lifted its curtailment order on the sale of water connections for the District. Property owners may now submit plans and site development applications to the District for review and possible approval.

C. Public Employee Pension Plans

Plan Description - The plans are a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The CalPERS is governed by a 13 member Board of Administration with six elected members, three appointed members and four ex officio members which include the State Treasurer, the State Controller, the Director of the California Department of Human Services and a designee of the State Personnel Board.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

5. Other Information (Continued)

C. Public Employee Pension Plans (Continued)

Benefits Provided -The CalPERS provides retirement, disability and death benefits. Retirement benefits are defined as 2.0 percent of the employees final 12 months average compensation times the employee's years of service (2.0 percent for safety employees). Employees with 10 years of continuous are eligible to retire at age 55 (age 50 for safety employees). Employees are eligible for service-related disability benefits regardless of the length of service. Five years of service is required for non-service-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Pre-retirement death benefits equal an employee's final full-year salary. Both plans provide for a 2.0 percent Cost of Living Adjustment (COLA). The public safety plan is closed to new entrants.

Contributions – Section 20814 of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2014 (the measurement date), the average active employee contribution rate is 6.891 percent of annual pay, and the average employer contribution rate is 24.901 percent of annual payroll (6.905 and 14.533 percent for the safety plan).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018 the District reported a liability of \$2,038,445 for its proportionate share of the net pension liability for all plans. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2018, the District's proportion was 0.038310 percent for the miscellaneous plan and 0.004670 percent for its safety plan. For the measurement period ending June 30, 2017, the District recognized pension expense of \$294,888. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (29,044)
Changes in assumptions	249,790	-
Net difference between projected and actual earnings on pension plan investments	61,155	-
Changes in proportions and differences between District contributions and proportionate share of contributions	8,968	(24,490)
District contributions subsequent to the measurement date	208,022	-
Totals	\$527,935	\$ (53,534)

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

5. Other Information (Continued)

C. Public Employee Pension Plans (Continued)

The \$208,022 reported as deferred outflows of resources related to pensions from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability financial reporting year ended June 30, 2019 (plan measurement date of June 30, 2018). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$33,811
2020	169,031
2021	99,846
2022	(36,309)
2023	-
Thereafter	-

<u>Safety Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,927	\$ -
Changes in assumptions	34,892	-
Net difference between projected and actual earnings on pension plan investments	8,240	-
Changes in proportions and differences between District contributions and proportionate share of contributions	3,221	(757)
District contributions subsequent to the measurement	<u>24,729</u>	<u>-</u>
Totals	<u>\$ 73,009</u>	<u>\$ (757)</u>

The \$24,279 reported as deferred outflows of resources related to pensions from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the financial reporting year year ended June 30, 2019 (plan measurement year June 30, 2018). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2015	\$8,349
2016	27,479
2017	16,518
2018	(4,822)
2019	-
Thereafter	-

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

5. Other Information (Continued)

C. Public Employee Pension Plans (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.0 percent
Investment rate of return	7.15 percent, net of pension plan investment expense, including inflation

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at the CalPERS website under Forms and Publications.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension cash flows. The expected rate of return was then set equivalent to a single equivalent rate calculated by CalPERS and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 11+</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0	.80	2.27
Inflation Sensitive	6.0	.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure & Forestland	-	3.90	5.36
Liquidity	2.0	(.40)	(.90)

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent will be applied to all plans in the Public Employee Retirement Fund.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1-percentage higher (7.15 percent) than the current rate:

<u>District's proportionate share of the net pension liability</u>	<u>1% Decrease (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
Miscellaneous Plan	\$2,745,899	\$1,854,554	\$1,116,327
Safety Plan	\$ 308,740	\$ 183,891	\$ 81,832

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

5. Other Information (Continued)

C. Public Employee Pension Plans (Continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

D. Restricted Net Position and Fund Balances

The \$375,169 restricted net position in the business type activities represents assets that can be used only in accordance with restrictions imposed by law or regulations. The \$309,980 restricted fund balance in the fire fund consists of escrowed funds for capital acquisitions. The \$110,020 non-spendable in the fire fund represents a deposit on the water tender delivered in December 2018.

E. Other Post- Employment Benefits

Plan Description.

The District's defined benefit OPEB Plan provides OPEB for all eligible full-time general and public safety employees of the District. The District's plan is a single-employer defined benefit OPEB Plan administered by the District. The Board of Directors through resolutions and regulations has the authority to establish and amend the benefit terms. A separate OPEB Trust Fund has been established by the District. The plans issues publicly available financial statements as a component of the District's basic financial statements and can be obtained at the District's internet address.

Benefits Provided.

The District's OPEB plan provides healthcare benefits to eligible retirees and their dependents. Benefits are provided through third party insurers, and the full cost of the benefits is provided by the Plan.

Employees Covered by the Benefit Terms.

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefits	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>10</u>
	<u>11</u>

The District's OPEB Plan is closed to new entrants.

Contributions

District regulations grant authority to the Board of Directors to establish and amend contribution requirements. Employees are not required to contribute to the plan. Plan contributions are based upon an actuarially determined rate. For the year end June 30, 2018, the District's contribution rate was percent of covered employee payroll. The amount contributed for fiscal 2018 was \$14,341, which was based on the District's decision to pre-fund its pension obligation. Employer contributions are made on an ad hoc basis.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

5. Other Information (Continued)

E. Other Post- Employment Benefits (Continued)

Actuarial assumptions

The total net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.75 percent per year
Salary increases	3.0 percent per year
Investment rate of return	6.75 percent net of investment expense including inflation
Healthcare cost trend rates	7.5 percent for 2019 decreasing to 4 percent in 2076 and later years

Post retirement mortality projected fully generational with Scale MP-17.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial valuation as of June 30, 2017.

The long-term expected rate of return on OPEB plan investments was 6.75 percent.

Discount Rate

The discount rate used was 4.09 percent at June 30, 2017 and 3.40 percent at June 30, 2016 .

Changes in the Net OPEB Liability:

	<i>Increase (Decrease)</i>		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (a)	Net OPEB Liability (a) – (b)
Balances at 6/30/2017	<u>\$211,947</u>	<u>\$ 29,102</u>	<u>\$182,845</u>
Changes for the year:			
Service cost	11,312	-	11,312
Interest	7,347	-	7,347
Actual versus expected experience			
Assumption changes	(6,905)		(6,905)
Contributions – employer		14,341	(14,341)
Net investment income		3,073	(3,073)
Benefit payments	(14,341)	(14,341)	-
Administrative expenses	-	(16)	16
Net changes	<u>(2,587)</u>	<u>3,057</u>	<u>(5,644)</u>
Balances at 6/30/2018	<u>\$209,360</u>	<u>\$32,159</u>	<u>\$177,201</u>

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

5. Other Information (Continued)

E. Other Post - Employment Benefits (Continued)

Sensitivity of the Net OPEB Liability to changes in the discount rate and health-care cost trend rates

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the Net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1- percentage point higher (8 percent) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Net OPEB Liability (Asset)	\$187,286	\$177,201	\$167,636

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Current Trend</u>	<u>1% Increase</u>
Net OPEB liability (asset)	\$163,142	\$177,201	\$193,443

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the District's basic financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$15,358. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	5,773
Net differences between projected and actual earnings on OPEB plan investments	-	888
Contributions subsequent to the measurement date	<u>15,066</u>	<u>-</u>
Totals	<u>\$ 15,066</u>	<u>\$6,661</u>

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

**Notes to the Basic Financial Statements
June 30, 2018**

5. Other Information (Continued)

E. Other Post - Employment Benefits (Continued)

Contributions subsequent to the measurement date (June 30, 2017) will be considered in the plan valuation (June 30, 2018) for the 2019 fiscal year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal year ended June 30</u>	<u>Amounts</u>
2019	\$ (1,354)
2020	(1,354)
2021	(1,354)
2022	(1,354)
2023	(1,132)
Thereafter	(113)

Payable to the OPEB Plan

At June 30, 2018, the District had no payable for the outstanding amount of contributions to the plan for the year ended June 30, 2018.

F, Special Item - Social Security Section 218 Coverage Agreement

The District voluntarily entered into an agreement with the Social Security Administration to provide Social Security and Medicare Hospital Insurance to District employees. The \$97,324 reported in the statement of activities and the fund financial statements represents the costs associated with implementation of the agreement.

G. Change in Accounting Principle

The District in fiscal 2018 made a change in its accounting practices in order to implement the accounting and financial reporting requirements of the Governmental Accounting Standards Board (GASB) Statement Number 75 titled Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions.

The District also changed its method of accounting for delinquent special fire taxes and water/wastewater availability fees. The change was made to record delinquent accounts for amounts reported by the County as delinquent for the current and past four years. The impact of the changes in accounting principles had the following impact on the District's statement of net position:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total District</u>
Net position, June 30, 2017 as originally reported	\$5,065,951	\$4,257,623	\$9,323,574
Change in accounting principle:			
OPEB obligation payable	(34,693)	(122,506)	(157,199)
Delinquent water and wastewater availability fees		156,726	156,726
Delinquent special fire taxes	313,965	-	313,965
Net position June 30, 2017 (as re-stated)	<u>\$5,345,223</u>	<u>\$4,291,843</u>	<u>\$9,637,066</u>

Required Supplementary Information
Brooktrails Township Community Services District
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund Balance, July 1	\$ 395,654	\$ 395,654	\$ 395,654	\$ -
Resources (inflows):				
Property taxes	124,918	124,918	315,455	190,537
Plan check fees	-	-	2,670	2,670
Rents	4,800	4,800	4,000	(800)
Interest	5,100	5,100	1,853	(3,247)
Franchise fees	27,216	27,216	30,828	3,612
Interfund charges for service	383,959	383,959	357,699	(26,260)
Insurance refunds	-	-	-	-
Miscellaneous	-	-	13,046	13,046
Amounts available for charges to appropriations	<u>941,647</u>	<u>941,647</u>	<u>1,121,205</u>	<u>179,558</u>
Charges to appropriations:				
General government				
Personnel	368,811	368,811	403,279	(34,468)
Supplies	6,500	6,500	12,300	(5,800)
Contract services	12,000	12,000	24,977	(12,977)
Legal	25,930	25,930	39,336	(13,406)
Contingencies	500	500	-	500
Other services and materials	95,136	95,136	66,128	29,008
Recreation				
Other services and supplies	81,070	81,070	91,593	(10,523)
Capital outlay	<u>14,600</u>	<u>14,600</u>	<u>32,652</u>	<u>(18,052)</u>
Total charges to appropriations	<u>604,547</u>	<u>604,547</u>	<u>670,265</u>	<u>(65,718)</u>
Fund Balance, June 30	<u>\$ 337,100</u>	<u>\$ 337,100</u>	<u>\$ 450,940</u>	<u>\$ 113,840</u>

Required Supplementary Information
Brooktrails Township Community Services District
Budgetary Comparison Schedule - General Fund
Note to RSI
For the Fiscal Year Ended June 30, 2018

Note A. Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows resources:

Actual amounts "available for appropriation" from budgetary comparison schedule:	\$ 1,121,205
Differences - budget to GAAP:	

The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(395,654)</u>
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Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 725,551</u>
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Uses/outflows of resources:

Actual amounts "total charges to appropriations" from the budgetary comparison schedule	\$ 670,265
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Differences - budget to GAAP:	
Less special item for Social Security System buy in	<u>(33,572)</u>

Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 636,693</u>
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Required Supplementary Information
Brooktrails Township Community Services District
Budgetary Comparison Schedule - Fire Services Fund
Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund Balance, July 1	\$ 70,769	\$ 70,769	\$ 70,769	\$ -
Resources (inflows):				
Special fire taxes	490,000	490,000	486,838	(3,162)
Interest	-	-	29	29
Charges for services	11,000	11,000	35,021	24,021
Intergovernmental grants	-	-	39,238	39,238
Miscellaneous	20,000	20,000	3,456	(16,544)
Capital lease financing	-	-	420,000	420,000
Donations	2,500	2,500	-	(2,500)
	<u>594,269</u>	<u>594,269</u>	<u>1,055,351</u>	<u>461,082</u>
Amounts available for charges to appropriations				
Charges to appropriations:				
Fire Services:				
Salaries and benefits	252,855	252,855	384,527	(131,672)
Services and supplies	98,300	98,300	153,309	(55,009)
Interfund charges for services	64,183	64,183	64,183	-
Insurance	22,913	22,913	15,231	7,682
Contingencies	22,000	22,000	-	22,000
Debt service	93,300	93,300	96,260	(2,960)
Capital outlay	18,000	18,000	-	18,000
	<u>571,551</u>	<u>571,551</u>	<u>713,510</u>	<u>(141,959)</u>
Total charges to appropriations				
Fund Balance, June 30	<u>\$ 22,718</u>	<u>\$ 22,718</u>	<u>\$ 341,841</u>	<u>\$ 319,123</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows resources:

Actual amounts available "available for appropriation" from above budgetary comparison schedule:	\$ 1,055,351
Differences - budget to GAAP:	
Proceeds of capital leases are reported as an other financing sources in the funds and not as revenues in the funds	-420,000
The fund balance at the beginning of the year is a budgetary resource but is	<u>(70,769)</u>

Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 564,582

Uses/outflows resources:

Actual amounts "total charges to appropriations " from the budgetary comparison schedule	\$ 713,510
Less special item: Social Security System Buy-in	<u>(24,766)</u>
Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 688,744</u>

Brooktrails Township Community Services District
Schedule of the District's Proportionate Share of Net Pension Liability
(Last Ten Fiscal Years)
June 30, 2018

	Fiscal Year End			
	2015	2016	2017	2018
<u>Measurement Date</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
District's proportionate of the net pension liability	0.02469%	0.02207%	0.02129%	0.02129%
District's proportionate share of the net pension liability	\$ 1,536,497	\$ 1,514,887	\$ 1,842,415	\$ 2,038,445
District's covered employee payroll	\$ 585,403	\$ 621,263	\$ 666,499	\$ 707,313
District's proportionate share of the net pension liability as a percentage of covered employee payroll	262.47%	243.84%	276.43%	255.66%
Plan's fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%

Notes to the schedule:

Benefit changes: There were no plan changes.

Changes in assumptions: In fiscal 2016, the Plan's discount rate was changed from 7.65 percent to 7.50 percent. In fiscal 2018, the discount rate was changed from 7.50 percent to 7.15 percent.

Last Ten Years: This schedule is intended to show information for 10 years. Fiscal 2015 was the first year of implementation, and additional years information will be presented as it becomes available.

**Brooktrails Township Community Services District
Schedule of the District's Employers Pension Plan Contributions
(Last Ten Fiscal Years)
June 30, 2018**

Contributions for the Fiscal Year Ended	June 30			
	2015	2016	2017	2018
Contractually required contribution	\$ 126,263	\$199,033	\$214,472	\$ 88,686
Contribution in relation to the contractually required contribution	\$ 126,263	\$199,033	\$214,472	\$ 88,696
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 621,263	\$666,499	\$797,313	\$451,233
Contributions as a percentage of covered employee payroll	20.32%	29.86%	26.90%	19.65%

Notes to the schedule:

Plan Valuation Date: June 30, 2016

Last Ten Years: This schedule is intended to show information for 10 years. Fiscal 2015 was the first year of implementation, and additional years information will be presented as it becomes available.

**Brooktrails Township Community Services District
Required Supplementary Information
Schedule of Changes in The District's Net OPEB Liability and Related
Ratios - Last 10 Fiscal Years**

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 11,312
Interest	7,347
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(6,905)
Benefit payments	<u>(14,341)</u>
Net change in total OPEB Liability	(2,587)
Total OPEB liability, beginning of year	<u>211,947</u>
Total OPEB liability, end of year (a)	<u><u>\$ 209,360</u></u>
Plan fiduciary net position:	
Contributions employer	\$ 14,341
Net investment income	3,073
Benefit payments	(14,341)
Administrative expense	<u>(16)</u>
Net change in fiduciary net position	3,057
Plan fiduciary net position, beginning of year	<u>29,102</u>
Plan fiduciary net position, end of year (b)	<u><u>\$ 32,159</u></u>
District's net OPEB liability, end of year (a-b)	<u><u>\$ 177,201</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	15.4%
Covered payroll	\$ -
District's net OPEB liability as a percentage of covered payroll	0.0%

Notes to Schedule:

Benefit changes: In fiscal 2018 there were no changes.

Changes of assumptions: In fiscal 2018, there were no changes.

Ten years of Data: Fiscal 2018 was the first year of implementation of the GASB statement Number 75. The District used the "roll-back" technique from paragraph 244 of GASB 75 to restate its June 30, 2017 net OPEB liability. Additional years information will be presented as it becomes available.

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Schedule of OPEB Plan Contributions
Last 10 Fiscal Years

	2018
Actuarially determined contribution	\$ 14,341
Contributions in relation to the actuarially determined contribution	(14,341)
Contribution deficiency (Excess)	\$ -
Covered payroll	\$ -
Contributions as a percentage of covered payroll	0.00%

Notes to schedule:

Valuation Date	June 30, 2017
Methods and assumptions:	Entry age
Actuarial method	Level percentage of payroll, closed
Amortization method	22 year closed period for 2017/2018
Asset valuation method	Market value assets
Inflation	3.0 percent
Healthcare cost trend rates	4.0 percent per year
Salary increases	2.75 percent average including inflation
Investment rate of return	6.75 percent
Retirement age	2009 CalPERS 2.0 % @60 and 2.0% @ 55
Mortality	Post retirement mortality projected fully generational with Scale MP.
Benefit changes	None in fiscal 2018
Changes of assumptions	None in fiscal 2018
Ten years of data	Fiscal 2018 was the first year that GASB Statement Number 75 was implemented by the District. Fiscal 2017 was the first year that GASB Statement Number 74 was implemented. Additional years' information will be presented as it becomes available.

The Willits News

77 W Commercial Street
PO Box 628
Willits, CA 95490
707-459-4643
2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

PROOF OF PUBLICATION

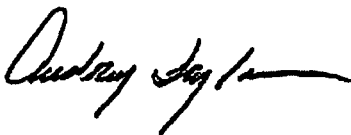
**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the principal clerk of the printer of The Willits News, a newspaper of general circulation, printed and published Every Wednesday and Friday in the City of Willits, California, County of Mendocino, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California, in the year 1903, Case Number 9150; that the notice of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

07/10/2019

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

Dated at Willits, California this 10th day of July, 2019.



Signature

Legal No. 0006365590

WN19187
Mendocino Local Agency Formation Commission (LAFCo): NOTICE OF PUBLIC HEARING NOTICE IS HEREBY GIVEN that on Monday, August 5, 2019, at 9:00 AM (or as soon thereafter as the matter may be heard) in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, LAFCo will hold a Public Hearing to consider adoption of the following: Brooktrails Township Community Services District Municipal Service Review and Sphere of Influence Update. Copies of all related documents may be reviewed once available at the LAFCo website (www.mendocinolafco.org) or at the LAFCo office. If you cannot attend the Public Hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendocinolafco.org; phone: (707) 463-4470. All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer.

7/10/2019

Notice of Exemption

Appendix E

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

County Clerk
County of: Mendocino

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

(Address)

Project Title: Brooktrails Township CSD MSR/SOI Update 2019

Project Applicant: N/A

Project Location - Specific:

The Brooktrails Township, Spring Creek, and Sylvandale subdivisions located approximately 1-mile northwest of the City of Willits.

Project Location - City: Brooktrails & environs Project Location - County: Mendocino

Description of Nature, Purpose and Beneficiaries of Project:

This is a LAFCo initiated Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Brooktrails Township Community Service District prepared in accordance with California Government Code §56430 and §56425.

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

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

Exempt Status: (check one):

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

Reasons why project is exempt:

§15306 (Information Collection): the MSR is a service evaluation study and any future actions will be subject to additional environmental review. §15061(b)(3) (General Rule): the SOI Update does not grant new municipal service powers or areas and no physical changes to the environment are anticipated, planned, or reasonably foreseeable as a result of the SOI Update.

Lead Agency

Contact Person: Uma Hinman Area Code/Telephone/Extension: (707) 463-4470

If filed by applicant:

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

Signature: _____ Date: 8/5/2019 Title: Executive Officer

Signed by Lead Agency Signed by Applicant

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

Date Received for filing at OPR: _____

**Resolution No. 2019-20-01
of the Mendocino Local Agency Formation Commission**

**Approving Adoption of the
Brooktrails Township Community Service District
Municipal Service Review and Sphere of Influence (SOI) Update**

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

WHEREAS, the Commission conducted a municipal service review to evaluate the Brooktrails Township Community Service District, hereinafter referred to as the “District”, pursuant to California Government Code Section 56430; and

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

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

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

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the municipal service review and sphere of influence update on August 5, 2019; and

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

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

1. The Commission, as Lead Agency, finds the municipal service review is exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15306. This finding is based on the use of the municipal service review as a data collection and service evaluation study. The information contained within the municipal service review may be used to consider future actions that will be subject to additional environmental review.
2. The Commission, as Lead Agency, finds the sphere of influence update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15319(a). This finding is based on the Commission determining with certainty that the sphere of influence update will have no possibility of significantly effecting the environment given that this update does not grant new municipal service powers or areas and no physical changes to the environment are anticipated, planned, or reasonably foreseeable as a result of the SOI Update.

3. This municipal service review and sphere of influence update is assigned the following distinctive short-term designation: “Brooktrails Township CSD MSR/SOI Update 2019”.
4. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations included in the municipal service review, hereby incorporated by reference.
5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.
6. The Executive Officer shall revise the official records of the Commission to reflect this update of the sphere of influence for the District.

BE IT FURTHER RESOLVED that the Brooktrails Township CSD MSR/SOI Update 2019 is hereby approved and incorporated herein by reference, that the existing sphere of influence that is coterminous with the District boundary is affirmed with no changes, that three service-specific spheres are established including Brooktrails Township Subdivision - All Services, Spring Creek Subdivision - Water and Fire Service, and Sylvandale Subdivision - Fire Service as depicted in Exhibit “A”, attached hereto, and that four Areas of Interest are designated including Lower Sherwood Road, The Gates, Willits Airport, and Upper Sherwood Road as depicted in Exhibit “A”.

The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 5th day of August 2019, by the following vote:

AYES:

NOES:

ABSTAIN:

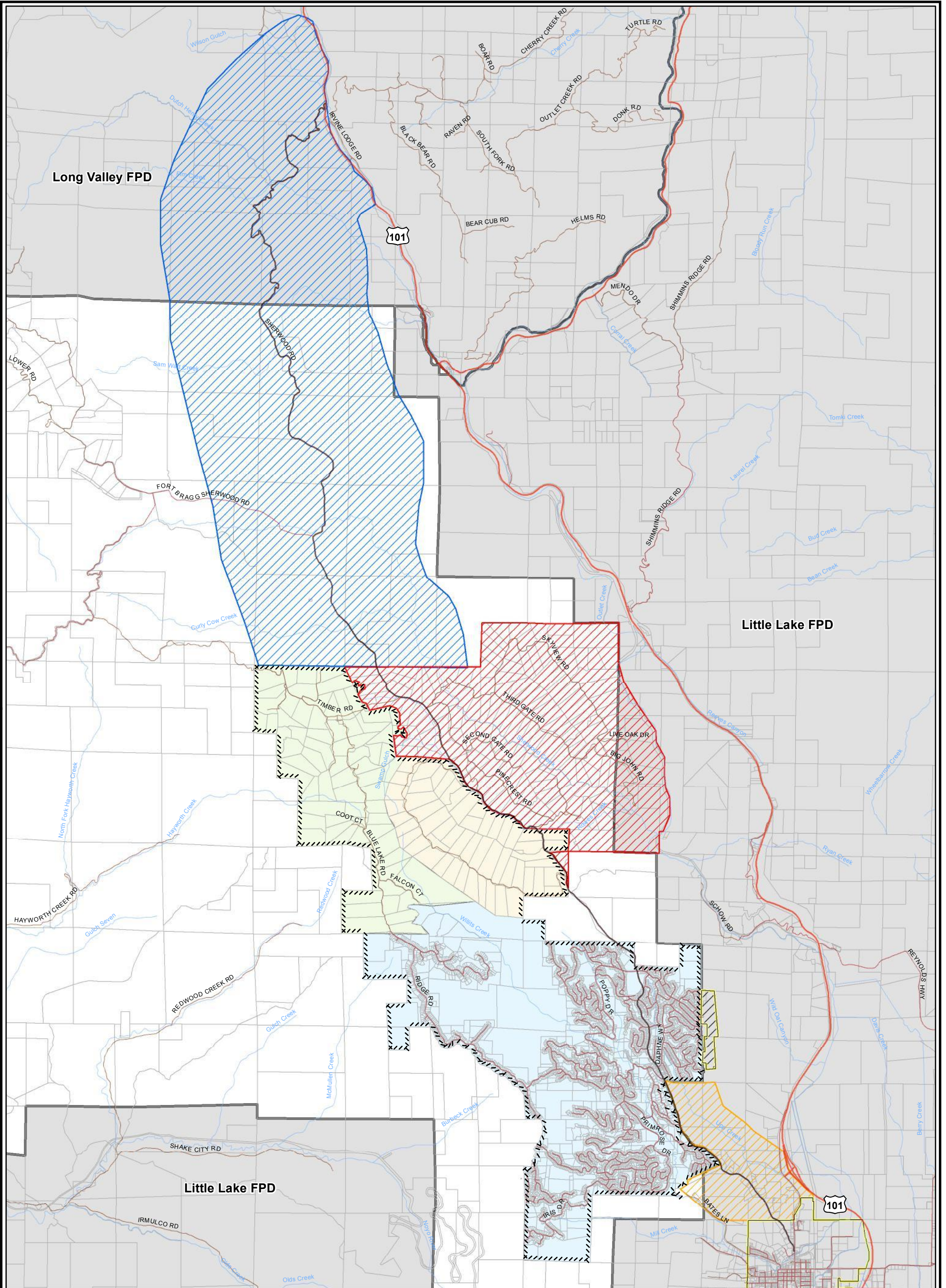
ABSENT:

ATTEST:

UMA HINMAN, Executive Officer

CARRE BROWN, Chair

Exhibit "A"



Brooktrails Township Community Services District

Source: This map was prepared by the Mendocino County Division of Information Services GIS Program, May 2019.

Note: This map is not a survey product.

- Brooktrails SOI
- Brooktrails Township
- Spring Creek
- Sylvandale
- Gates AOI
- Lower Sherwood AOI
- Upper Sherwood AOI
- Willits Airport AOI
- Parcels
- Adjacent Fire Protection Services
- City of Willits
- Highways
- Roads
- Streams

Service Specific Spheres:
 Brooktrails Township Subdivision- All Services
 Spring Creek Subdivision- Water & Fire Service
 Sylvandale Subdivision- Fire Service

0 0.25 0.5 1 Miles



MENDOCINO

Local Agency Formation Commission

Staff Report

MEETING August 5, 2019
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT Sustainable Agricultural Lands Conservation Program Grant Proposal

RECOMMENDATIONS

- a) Approve LAFCo participation in the SALC Program grant proposal and project as a partner;
- b) Authorize budget up to \$4,080 to cover a share of match funds to be expended as staff time and directing staff to bring forward a budget amendment; and
- c) Authorize the Executive Officer to expend staff time consisting of \$4,080 of budget as match funding and \$14,280 in grant funding reimbursement to participate in and support the project;
or
- d) Decline to participate in the grant proposal as a partner.

INTRODUCTION

The Sustainable Agricultural Land Conservation (SALC) Program protects at-risk agricultural lands from sprawl development in order to promote growth within existing jurisdictions, ensure open space remains available, and support a healthy agricultural economy. The Program is a branch of the California Strategic Growth Council and provides funding for agricultural conservation easements to protect lands in perpetuity, and provides grants to cities and counties to develop land use strategy plans.

Mendocino County Sustainable Agricultural Lands Committee

The primary mission of the Mendocino County Sustainable Agricultural Lands Committee is to conserve agricultural and natural resource lands throughout Mendocino County while encouraging responsible and balanced development. To support that mission, the Committee has identified the following specific goals:

- Raising awareness among Mendocino County communities about agricultural land contributions to the economy, ecosystem services and quality of life.
- Encouraging a planning process that is inclusive and includes the use of conservation tools such as conservation easements, tax incentives, urban growth boundaries, zoning and agricultural mitigation programs to conserve agricultural land.
- Increasing communication and collaboration with diverse stakeholders and decision makers.

Committee members include the Mendocino County Resource Conservation District (MCRCD), Mendocino County Board of Supervisors (representative), Mendocino County Department of Agriculture, USDA Natural Resources Conservation Service (NRCS), Mendocino County Farm Bureau, University of California Cooperative Extension (UCCE), Mendocino Land Trust (MLT), Inland Mendocino Land Trust (IMLT), Anderson Valley Land Trust (AVLT) and local farmers. See attached FAQ sheet for more details.

In November of 2015, the Mendocino County Department of Agriculture was awarded a grant for the *Strategic Growth Council – Sustainable Agricultural Lands Strategy* through the California Department of Conservation. The County contracted with the Mendocino County Resource Conservation District to conduct an assessment of agricultural lands at risk of conversion and develop recommendations for

policies and actions that could be undertaken by the County and community partners to conserve agricultural land resources.

SALC Program Pre-Proposal

Together with the Committee partners, the County of Mendocino Department of Agriculture submitted a Pre-Proposal for the Mendocino County Sustainable Agricultural Lands Conservation Program. The proposed project will facilitate the implementation of the strategies identified in the Mendocino County Sustainable Agricultural Lands Strategy 2017 (Ag Lands Strategy). The goal of the Ag Lands Strategy is to protect agricultural lands from conversion to non-agricultural uses, create a sustainable and resilient agricultural community, and promote climate beneficial farming practices. The proposed project is to assist the County of Mendocino and its project partners in achieving this goal by moving forward with key action items recommended in the Ag Lands Strategy and by building community support for a growth management program that acknowledges the value of important agricultural land and includes reasonable urban growth boundaries.

Project objectives include:

- 1) Develop an agricultural component for a Mendocino County Climate Action Plan.
- 2) Expand the Carbon Farm Planning Program and local Soil Health Initiative.
- 3) Increase participation in Williamson Act and Conservation Easement programs.
- 4) Increase communication with diverse stakeholders regarding Ag Land Strategy objectives.

Per the pre-proposal (attached), the project is being proposed at a time when Mendocino County faces a significant housing shortage which has increased conversion pressure on agricultural lands. This issue has been further compounded by the loss of over 8,000 homes due to wildfires in the Northern California region over the last two years. Several proposals for re-zoning of agricultural land are currently under review in the Ukiah Valley, the County's largest municipality. The Ag Lands Strategy determined that many farmers were unfamiliar with the specifics of such programs and recommended an outreach campaign to raise awareness about the benefits of agricultural land conservation programs. The sense of urgency for new housing developments has overshadowed public discussion of the multitude of economic and environmental benefits that agricultural land provides. The completion of the Ag Lands Strategy and the initiation of a Climate Action Plan (CAP) presents a new opportunity to engage Mendocino County residents, farmers and public officials in a growth management effort that balances housing needs and economic growth with agricultural protection. The proposed project will be accomplished through a collaboration between the Mendocino County Department of Agriculture (applicant) and the Mendocino County Sustainable Ag Lands Committee.

LAFCo has the opportunity to participate in the proposal as a partner. Proposed participation as a partner would consist primarily of stakeholder participation and require contribution in the form of Executive Officer time. The Committee estimated staff time totaling 168 hours, consisting of both match funding (\$4,800) and grant reimbursements (\$10,200).

Authorizing LAFCo to participate as a partner in the grant proposal would require approving a \$4,800 increase in the FY 2019-20 budget. The remaining staff time would be reimbursed through the grant.

LAFCo's Open Space and Agricultural Preservation Responsibilities

Open space and agricultural preservation is a factor the Commission must consider when reviewing spheres of influence and applications for annexations and extensions of services. While LAFCo does not have authority to regulate land use, it does have a mandated responsibility to consider preservation of open space and prime agricultural lands in its deliberations.

LAFCo's authority to regulate land preservation is as follows:

- Discourage urban sprawl, and preserve open space and prime agricultural lands (Section 56301)
- Adopt policies that encourage and provide planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open space and agricultural lands within those patterns (Section 56300(a)). See attached Mendocino LAFCo Agricultural Policy 9.13.
- Balance the preservation of open space and agricultural lands, which is a state interest, against the promotion of orderly development (Section 56001).
- Guide conversion of open space lands away from prime agricultural lands to non-prime lands (Sections 56377(a) and 56668(d)).
- No annexation of islands if determined to be prime agricultural land (Section 56375.3 (b)(5))
- Must consider effect of a proposal on maintaining the physical and economic integrity of agricultural lands (Section 56668(e))
- LAFCo shall require pre-zoning, but may not specify the zoning (Section 56375)

One of the difficulties that faces LAFCo in reviewing spheres of influence, annexations and service extensions, as well as commenting on land use and development project referrals from other agencies, is the inconsistencies in the definition of prime agricultural lands. The California Environmental Quality Act (CEQA) requires analysis of impacts to prime agricultural lands as defined and mapped by the Department of Conservation under its Farmland Mapping and Monitoring Program. The Cortese Knox Hertzberg (CKH) Local Government Act of 2000 has a slightly different definition, which includes explicit consideration of irrigation, an increase in crop value thresholds, and linkage to animal units. Because LAFCo is typically a Responsible Agency rather than a Lead Agency for purposes of CEQA, the differences in definitions can complicate project reviews. Participation in the project would have multiple benefits, such as an opportunity to coordinate with other agencies in identification of agricultural lands to be preserved and urban growth areas.

CONCLUSION

The project being proposed by the Mendocino County Sustainable Agricultural Lands Committee aligns with two of LAFCo's primary objectives: preservation of agricultural lands and open spaces, and the promotion of orderly growth and discouragement of urban sprawl. LAFCo is required to address these issues when updating or amending spheres of influence and for annexations into cities or municipal service districts. Participation would be beneficial in implementing LAFCo's *Agricultural and Open Space Land* policies, and proactive in preparing for development pressures within the County, particularly the Ukiah Valley.

Attachments: Mendocino County SALC FAQ
Mendocino County SALC Pre-Proposal
Mendocino LAFCo Open Space and Agricultural Land Policy 9.13

Mendocino County Sustainable Ag Lands Committee (SALC)

FACT SHEET



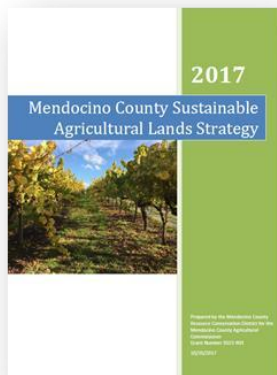
Background

In November of 2015, the Mendocino County Department of Agriculture was awarded a grant for the *Strategic Growth Council – Sustainable Agricultural Lands Strategy* through the California Department of Conservation. The County contracted with the Mendocino County Resource Conservation District (MCRCD) to conduct an assessment of agricultural lands at risk of conversion and develop recommendations for policies and actions that could be undertaken by the County and community partners to conserve agricultural land resources.

The *Mendocino County Sustainable Agricultural Lands Strategy* was completed in October 2017 and can be found at: www.mcrcd.org/

Publications

Or for more information on the Committee, contact:
Megan.McCluer@mcrcd.org



Committee Goals and Objectives

The primary goal of the Committee is to conserve agricultural and natural resource lands throughout Mendocino County while encouraging responsible and balanced development. This will be accomplished by:

- Raising awareness among Mendocino County communities about ag land contributions to the economy, ecosystem services and quality of life.
- Encouraging a planning process that is inclusive and includes the use of conservation tools such as conservation easements, tax incentives, urban growth boundaries, zoning and ag mitigation programs to conserve ag land.
- Increasing communication and collaboration with diverse stakeholders and decision makers.

LEAD COMMITTEE MEMBERS

Carre Brown, Mendocino Co Board of Supervisors
Harinder Grewal, Mendocino Co Agricultural Commissioner
Carol Mandel, Natural Resources Conservation Service (NRCS)
Devon Jones, Mendocino Co Farm Bureau
Megan McCluer, Mendocino Co Resource Conservation District (RCD)
Greg Nelson, Planning Commissioner/Farmer
Glenn McGourty, UC Cooperative Extension
Ann Cole, Mendocino Land Trust
Barbara Goodell, Anderson Valley Land Trust
Alan Nicholson, Inland Mendocino Land Trust
Kyle Farmer, Rancher

The Benefits of Conserving Ag Land:

- **A long-term, stable land base for the future of the County's ag industry**
- **A vibrant and diverse economy and production of local food**
- **The preservation of rural character, cultural heritage and quality of life**
- **Climate change mitigation through carbon sequestration**
- **Wildlife habitat and reduced habitat fragmentation**
- **Groundwater recharge, reduced storm water run-off and flooding**
- **Local food is fresher, more nutritious with less packaging and transportation needs**

Mendocino County Sustainable Agricultural Lands Committee

FACT SHEET



Agriculture is a crucial component of the Ukiah Valley and Mendocino County's economy and cultural heritage. Agriculture provides numerous jobs for County residents and substantial tax revenue for Mendocino County.

The Vision of the Committee is a well-balanced mix of urban, rural, agricultural, and grazing lands, forest, waterways and wetlands in Mendocino County that sustains humans, local food production, ecosystems, working landscapes and wildlife.

The primary Mission of the Committee is to conserve agricultural and natural resource lands throughout Mendocino County while encouraging responsible and balanced development.

The committee will provide stakeholders and decision makers with clear and concise information to allow for responsible and balanced development while conserving agricultural values and natural resources throughout Mendocino County.

AGRICULTURAL FACTS:

- California lost 58,587 acres of irrigated farmland between 2010-2012.¹ Mendocino County lost 1,394 acres of important farmland between 2014-2016. Agriculture is an important economic, environmental and cultural resource in our county. For these reasons, agricultural conversion is a critical issue to pay attention to in relation to local land use policies.
- The county of Mendocino contains less than 50,000 acres of productive farmland, 27,044 acres of which is identified as Prime, Unique, or of Statewide Importance as of 2016.² The majority of this farmland is located in southern Mendocino County in areas anticipated to experience population growth and urbanization over the next two decades.
- A risk assessment conducted using applicable Agricultural Conservation Easement Grant Program 2015/16 risk categories, found that 90 percent of Prime agricultural land, 85 percent of Farmland of Statewide Importance, and 83 percent of Unique farmland was at-risk of conversion to residential development. The highest risk areas in the county occur within municipal services boundaries and their Sphere of Influence or within two miles of these areas.

1. 2015 California Farmland Conversion Report. http://www.conservation.ca.gov/dlrp/fmmp/Pages/FMMP_2010-2012_FCR.aspx

2. CA Department of Conservation 2014-16 Mendocino Co. Land Use Conversion Data (latest report). <http://www.conservation.ca.gov/dlrp/fmmp/Pages/Mendocino.aspx>

PRE-PROPOSAL WORKSHEET FOR AGRICULTURAL LAND CONSERVATION PLANNING GRANTS

SUSTAINABLE AGRICULTURAL LANDS CONSERVATION PROGRAM

This worksheet has been developed in conjunction with the 2018-19 Sustainable Agricultural Lands Conservation Program Guidelines (Guidelines). Please refer to the Guidelines for details on program requirements and how to apply for funding.

Due to the complex nature of Sustainable Agricultural Lands project applications, all applicants are encouraged to provide the Department with a structured summary of their proposed project prior to the full application deadline.

By providing basic information about the potential project's scope and goals, Department of Conservation staff can provide preliminary technical assistance to the applicant in advance of completion of full project proposals.

The deadline for submission of pre-proposals for Planning projects is April 17, 2019. Full project proposals are due September 13, 2019.

Please submit the below form to Department of Conservation via email to SALCP@conservation.ca.gov by 11:59 P.M. on April 17, 2019. Department of Conservation staff are available to answer questions at (916) 324-0850.



SALC Program Pre-Proposal Worksheet (Agricultural Land Conservation Planning Grant)

Project Title	Mendocino County Sustainable Agricultural Lands Conservation Program	
Applicant Name	County of Mendocino	
Department/Office	Department of Agriculture	
Federal Employer ID Number	94-6000520	
Mailing Address	890 N. Bush Street, Ukiah, California 95482	
Project Title:	Mendocino County Sustainable Agricultural Lands Conservation Program	
Location (County and/or City)	County of Mendocino	
Claiming Priority Population Benefits Status ¹ (circle one)	Y N	If yes, you will need to submit a Priority Population Benefits Checklist ² with your application (<i>not</i> with this pre-proposal).
Grant Request Amount	\$193,800.	
Matching Funds Pending	\$	
Matching Funds Committed	\$38,240.	
Total Estimated Project Cost	\$232,040.	
Contact Person	Jim Donnelly	
Title	Assistant Agricultural Commissioner	
Phone Number	707-234-6830	
Email Address	donnellyj@mendocinocounty.org	

¹ A mapping tool to determine whether a project location is within a priority population census tract is available here: <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm>. Also refer to the Guidelines for further information.

² www.conservation.ca.gov/dlrp/SALCP/Pages/Apply-for-Funding.aspx.



EXECUTIVE SUMMARY AND PROPOSED PLANNING PROJECT

The proposed project will facilitate the implementation of the [*Mendocino County Sustainable Agricultural Lands Strategy 2017*](#) (Ag Lands Strategy) developed under a previous planning grant funded by the California Department of Conservation. The goal of the Ag Lands Strategy is to protect agricultural lands from conversion to non-agricultural uses, create a sustainable and resilient agricultural community, and promote climate beneficial farming practices. The proposed project will assist the County of Mendocino and its project partners in achieving this goal by moving forward with key action items recommended in the Ag Lands Strategy and by building community support for a growth management program that acknowledges the value of important ag land and includes reasonable urban growth boundaries. Recommended action items that will be implemented through the proposed project include the development of an agricultural component for a future countywide Climate Action Plan (CAP), the scaling up of a Carbon Farm Plan and Soil Health program, and increasing landowner participation in the Williamson Act and conservation easement programs. In addition to these actions, a critical component of the project will be coalition building and an education and outreach campaign aimed at raising community awareness about ag land values and the tools and strategies available to protect important ag land from conversion to residential use.

The project is being proposed at a pivotal time in Mendocino County. Like much of California, Mendocino County faces a significant housing shortage which has increased pressure on agricultural lands. This issue has been further compounded by the loss of over 8,000 homes due to wildfires in the Northern California region over the last two years. Several proposals for re-zoning of agricultural land are currently under review in the Ukiah Valley, the County's largest municipality. The Ag Lands Strategy determined that many farmers were unfamiliar with the specifics of such programs and recommended an outreach campaign to raise awareness about the benefits of agricultural land conservation programs. The sense of urgency for new housing developments has overshadowed public discussion of the multitude of economic and environmental benefits that ag land provides. The completion of the Ag Lands Strategy and the initiation of a CAP presents a new opportunity to engage Mendocino County residents, farmers and public officials in a growth management effort that balances housing needs and economic growth with agricultural protection. The proposed project will be accomplished through a collaboration between the Mendocino County Department of Agriculture (applicant) and the Mendocino County Sustainable Ag Lands Committee. Mendocino County does not have an Open Space District which makes this Committee an important conduit in developing ag land preservation strategies. Committee members include the Mendocino County Resource Conservation District (MCRCD), Mendocino County Board of Supervisors (representative), Mendocino County Department of Agriculture, USDA Natural Resources Conservation Service (NRCS), Mendocino County Farm Bureau, University of California Cooperative Extension (UCCE), Mendocino Land Trust (MLT), Inland Mendocino Land Trust (IMLT), Anderson Valley Land Trust (AVLT) and local farmers.

Project objectives include:

- 1.) Develop an agricultural component for a Mendocino County Climate Action Plan.**
- 2.) Expand the Carbon Farm Planning Program and local Soil Health Initiative.**
- 3.) Increase participation in Williamson Act and Conservation Easement programs.**
- 4.) Increase communication with diverse stakeholders regarding Ag Land Strategy objectives.**



Pre-Proposal Application Responses
<p>The questions below are designed to solicit specific facts regarding how the planned project will address the SALC Program goals and objectives. More detailed information and documentation will be required in the complete application.</p>
<p>1. Describe the proposed planning project. Describe the agricultural land base and economy within the project geographic area the amount and quality of land that can be expected to receive protection through the proposed project. Identify the types of data that will be used to evaluate the agricultural resources. Include maps of important farmland, jurisdictional boundaries, and other pertinent data that would portray the project scope (as attachments to the application). Explain why and to what extent agricultural land is being converted to other uses within project geographic area and to what extent those conversion risks are expected to continue. How will the proposed project address those conversion risks?</p>
<p>Response: <u>Project Description</u> The proposed project will move forward the implementation of the Ag Lands Strategy to protect agricultural lands from conversion to non-agricultural uses, create a sustainable and resilient agricultural community and to promote climate beneficial farming practices. The project will consist of bolstering communication between diverse stakeholders and decision makers regarding the 2017 Ag Lands Strategy objectives and recommendations, increasing awareness among the agricultural community and general public about the benefits of agricultural land conservation, increasing landowner participation in the Williamson Act and conservation easement programs and assisting the County of Mendocino with the development of an agricultural component for a future Climate Action Plan. The project will expand upon a locally facilitated Carbon Farm Plan Program and Soil Health Initiative to increase the adoption of climate beneficial farming practices and further demonstrate the value of conserving ag land as a means of meeting greenhouse gas reduction goals. A list of objectives and associated tasks is included below:</p> <p>Objective 1.) Develop an agricultural component for a Mendocino County Climate Action Plan.</p> <ul style="list-style-type: none"> • Task 1.) Organize and convene a Technical Advisory Committee to oversee development of the agricultural component. • Task 2.) Organize and convene 4 stakeholder meetings to solicit input and engage community members in plan development. • Task 3.) Conduct an initial, baseline emissions inventory and compile a suite of recommended measures to reduce GHG emissions and increase carbon sequestration on Mendocino County ag land. • Task 4.) Meet with County officials to develop draft emission reduction targets for the agricultural sector. • Task 5.) Review draft agricultural component with county officials and other stakeholders. <p>Objective 2.) Expand the Carbon Farm Planning Program and local Soil Health Initiative.</p> <ul style="list-style-type: none"> • Task 6.) Conduct 2 workshops/field days for farmers focused on climate beneficial farming practices and soil health. • Task 7.) Develop 4 carbon farm plans including 2 on properties identified at high risk of conversion according to the Ag Lands Strategy.



- Task 8.) Conduct 10 soil health assessments to raise awareness and direct management decisions.

Objective 3.) Increase participation in Williamson Act and Conservation Easement programs.

- Task 9.) Coordinate with the County Ag Commissioner, Assessors Office, and other departments to improve monitoring of Williamson Act program and promote the Williamson Act to increase enrollment by eligible producers.
- Task 10.) Conduct a targeted outreach effort to owners of agricultural parcels identified as high conversion risk to raise awareness about the Williamson Act and conservation easement programs.
- Task 11.) Conduct 2 farmland conservation workshops that include presentations and discussion on the benefits of farmland preservation, the Williamson Act, and conservation easement programs.

Objective 4.) Increase communication with diverse stakeholders regarding Ag Land Strategy objectives.

- Task 12.) Convene and facilitate monthly meetings of the Mendocino County Sustainable Ag lands Committee to maintain communication among project partners, refine planning strategies and expand dialogue between Committee members, public officials and other stakeholders.
- Task 13.) Organize and convene 6 meetings with specific stakeholder groups including realtors, City and County planning officials, housing advocacy groups and conservation organizations to explain Ag Lands Strategy objectives and solicit input.
- Task 14.) Update GIS shapefiles and data layers associated with the development of the Ag Lands Strategy and make that data available on a Web Portal hosted by the Mendocino County Resource Conservation District for use by multiple stakeholders, including county departments, in ag land conservation planning.
- Task 15.) Conduct a media campaign including press releases to local newspapers and radio broadcast appearances such as the KZYX Farm and Garden Show and the Ecology Hour to explain Ag Land Strategy objectives.
- Task 16.) Distribute educational materials such as fact sheets, e-newsletters, and postings on existing on-line communication platforms.

Mendocino County Agricultural Land Base and Economy

Mendocino County is over 2.4 million square acres, but due to steep and heavily forested terrain (see map 1-3) contains less than 50,000 acres (2%) of productive farmland, 27,044 acres of which is identified as Prime, Unique, or of Statewide Importance (2016 FMMP data). The handful of small valleys with sections of flat land suitable for farming are under demand for development. A risk assessment, conducted using applicable SALCP Agricultural Conservation Easement Grant Program 2015/16 risk categories, found that 90 percent of Prime agricultural land, 85 percent of Farmland of Statewide Importance, and 83 percent of Unique farmland was at-risk of conversion to residential development. The county's economy continues to be resource-based, including vineyards, orchards, forest products, ranching and now legal and illegal cannabis cultivation. The majority of the county's productive farmland is located in the valley bottomlands along the Russian and Navarro rivers. Agricultural production is dominated by vineyards (40%) and pasture (47.5%) but deciduous fruit and nut crops such as pears, apples, olives and walnuts remain a small but important component of the county's diversified agricultural base. Mendocino County generates



upwards of 7 percent of all County earnings (7.5 percent in 2016, as compared to 2.6 percent in California as a whole), emphasizing the significance of the sector in the County's overall economic health. The 2017 Annual Crop Report for Mendocino County indicated the gross agricultural value for all agricultural commodities was over \$268 million.

Agricultural Land Conversion and Outcomes for Protection in the Project Area

A risk assessment conducted in association with the Ag Lands Strategy indicated that 90 percent of Prime agricultural land, 85 percent of Farmland of Statewide Importance and 83 percent of Unique farmland was at risk of conversion to residential development. The highest risk areas occur within municipal services boundaries and the Sphere of Influence or within two miles of these areas in the Ukiah Valley. The Ukiah Valley has some of the most productive ag land in the county, including a quarter of all Prime farmland. Several proposals for re-zoning of important agricultural land, including Prime farmland, are currently under review in the Ukiah Valley. Like much of California, Mendocino County faces a significant housing shortage which has increased conversion pressure on agricultural lands. This issue has been further compounded by the loss of over 8,000 homes due to wildfires in the region over the last two years. In addition, demographic changes in the San Francisco Bay Area are expected to significantly impact development density along the Highway 101 corridor in southern Mendocino County, indicating that population in this area could increase substantially over the next 20 years. The Mendocino County General Plan (2009) does not have a dedicated Agricultural Element but contains general policies in support of "protection of agriculture as a basic industry important to the economy and quality of life and food security of the county by maintaining extensive agricultural land areas and limiting incompatible uses" (Mendocino County General Plan, 2009, p.4-32). Agricultural protection strategies such as zoning and Williamson Act have been the primary means to encourage and protect agricultural operations in the County, however, these programs are underutilized in agricultural areas most at risk of conversion. The Ag Lands Strategy was developed to identify barriers to participation in these programs and to move the County and its municipalities towards a growth management program that includes reasonable urban growth boundaries and greater consideration of in-fill opportunities. Now that the Ag Lands Strategy is complete, the next step in advancing these objectives is to engage Mendocino County communities, farmers, and public officials in an inclusive dialogue about the Ag Lands Strategy to increase understanding of ag land values and build support for a growth management strategy that balances the need for housing and economic development with ag land protection. Facilitated discussions with stakeholders such as local housing advocates, and conservation groups will broaden the existing coalition of project partners, increasing effectiveness and overall impact in influencing land use policy. To build community support for ag land preservation, project partners will develop fact sheets and news briefs related to ag land values and conservation tools and will post that information on various on-line platforms such as partner websites and Facebook pages. Information will also be distributed through eNewsletters and local newspaper and radio broadcasts. Workshop events will highlight the importance of ag land to the local economy, way of life and ecosystem services and will educate farmers about Williamson Act and conservation easement programs.

The proposed project includes the development of a greenhouse gas (GHG) emissions inventory and the identification of GHG reduction measures for the agriculture sector in unincorporated Mendocino County. This is a key recommendation identified in the Ag Lands Strategy and is a means to build climate resiliency, assist the State with meeting GHG reduction goals and demonstrate the potential for agricultural lands to reduce emissions and facilitate the



sequestration of atmospheric carbon dioxide (CO₂). The County has already begun a formal climate action planning process by conducting a baseline inventory of GHG emissions in a number of key sectors. The County completed its baseline inventory of Local Government Operations in 2010. A Community-wide GHG emissions inventory was also completed in 2010 and provides estimates of GHG emissions for the residential, commercial, transportation, water supply, and solid waste sectors. A baseline inventory of emissions from the agricultural sector of the economy has not been initiated to date. Development of the agricultural element for a future countywide CAP is a unique opportunity for project partners to demonstrate the value of agricultural lands in reducing emissions and facilitating carbon sequestration. The plan will identify ag land protection as an important mechanism in reducing urban sprawl which creates significantly higher levels of GHG emissions. Climate beneficial farming programs will be integrated into the plan as a recommended tool to increase the capacity of a farm or ranch to reduce emissions and capture carbon and store it as soil organic matter and/or standing carbon stocks in permanent vegetation.

The development of a Carbon Farm Plan template was a central feature of the Ag Lands Strategy and this project is proposing to expand the program through education and outreach and by developing four Carbon Farm Plans with two developed on properties that are identified as high risk of conversion parcels. These plans focus on farming activities and investments that result in a net increase in farm-system carbon which if done at scale, has the potential to offset GHG emissions from other sectors of the economy. This planning process uses USDA's COMET-Planner (<http://comet-planner.com/model>) to estimate on-farm increase in soil and biomass carbon from a list of 30 USDA NRCS conservation practices. The Ag Lands Strategy used the COMET-Planner model and the Compost Planner (designed for the CDFA Healthy Soils Incentive Program) to estimate the potential on-farm carbon capture and storage opportunities over a 10-year period for Mendocino County ag land. "What-if" scenarios were assessed with assumptions based upon local knowledge of likely adopted conservation practices and treatable acres. In this scenario, modeled estimates indicate that climate investments in the agricultural sector could offset annually all of the baseline emissions from the Local Government Operations sector within six years of program initiation. By year ten, climate investments could offset annual emissions from all other sectors with the exception of Transportation and Mobile Sources. While the ag sector does not bear the sole responsibility to offset carbon emissions from other sectors, this example demonstrates the significant benefits of incorporating climate beneficial agricultural management programs into climate action planning efforts. The Carbon Farm Plan program is closely associated with a local Soil Health program (North Coast Soil Health Hub; www.soilhub.org) in which project partners are collaborating to promote soil health practices such as reduced till and no till farming, cover crops, and composting. These practices are likely to sequester carbon and prevent its release into the atmosphere. Healthy soils increase resilience to drought, floods, and temperature fluctuations expected as a result of climate change. Increasing adoption of soil health practices will move forward the objective of creating a resilient and sustainable farming community, an objective of the Ag Lands Strategy. The project will include 2 workshops/field days to demonstrate soil health practices and will conduct comprehensive soil health assessments on 10 different farms to evaluate current soil health conditions and recommend management changes. Farmers will be directed to the State's Soil Health Initiative and the NRCS Environmental Quality Incentives Program for financial assistance in implementing soil health practices.

The project is intended to build community awareness and support for agricultural land values and protection strategies. The project will demonstrate the value of agricultural land in meeting



climate change objectives which is expected to elevate the importance of ag land preservation at a critical time. The completion of the Ag Land Strategy and initiation of a Climate Action Plan offer a foundation to broaden these discussions through coalition building, education and outreach, and climate action planning. These actions are expected to result in stronger agricultural land preservation efforts on high production ag lands throughout the County.

Evaluation Data

The project will utilize data collected and analyzed to develop the Ag Lands Strategy. This includes the following sources: 1.) A farmland at-risk of conversion assessment using SALCP Agricultural Conservation Easement Grant Program 2015/16 risk categories; 2.) cropland mapping data from the California Department of Water Resources; 3.) Farmland of importance by the Department of Conservation’s Farmland mapping and Monitoring Program (FMMP, 2010); 3.) local zoning designations; 4.) landowner surveys;

ag

Response:

Project co-benefits are described below:

Economic

Agriculture is a significant portion of Mendocino County’s economy. The 2016 Mendocino County Economic and Demographic Profile indicates the 3.6 percent of jobs in Mendocino County are considered farm employment. This is significantly higher than the 1.0 percent estimate for California as a whole. As of 2016, the agricultural sector in Mendocino County generated upwards of 7 percent of all County earnings as compared to the 2.6 percent for California as a whole. Preserving ag land and by extension, agricultural jobs and earnings, will support the County’s economic growth while supporting a diverse economy that is more resistant to broader economic downturns.

Greenhouse Gas Reduction and Carbon Sequestration

The project will reduce greenhouse gas emissions by working to reduce the rate of urban sprawl and by setting emissions reduction goals and identifying measures to achieve those goals for the agricultural sector within a Climate Action Plan. Ag land at highest risk of conversion according to the Ag Lands Strategy total 3,393 acres with parcels owned by only 24 individuals or entities. Targeted outreach to these landowners regarding ag land conservation programs and the forward movement of a growth management program that prioritizes infill and compact development is likely to result in increased ag land acres under protection from conversion. The carbon sequestration potential of County ag lands will be stabilized and enhanced by ag land protection measures and the scaling up of the Carbon Farming Program lead by the Mendocino County Resource Conservation District (MCRCD), along with the encouragement of other sustainable practices such as those recommended by CA Sustainable and Fish Friendly Farming techniques. The project will incorporate carbon farming and other recommended sustainable farming practices into the Climate Action Plan for the agricultural sector as a mitigation measure. The Ag Lands Strategy provided a modeled estimate for 10-year and 20-year GHG reduction impacts of selected conservation farming practices that are likely to be applied on Mendocino County ag land. The estimate indicated that climate investments in the agricultural sector could offset annually all of the baseline emissions from the Local Government Operations sector (22,823.00Mt CO₂e) within



six years of program initiation. By year ten, climate investments could offset annual emissions from all other sectors of the economy with the exception of Transportation and Mobile Sources. Models, such as USDA's COMET-Farm and COMET-Planner and empirical data sources will be used to estimate tons of CO₂e that would be avoided or sequestered from the atmosphere on farms by implementing climate beneficial practices.

Soil Health

The scaling up of climate beneficial farming practices through the Carbon Farm Program will result in improvements to soil health on Mendocino County ag lands. Practices such as no-till, reduced-till, compost and cover cropping result in an increase in soil organic matter which improves numerous soil functions including carbon storage, water infiltration, water holding capacity, nutrient cycling and reduced erosion risk. Healthy soils provide resiliency to drought and climate change impacts and may result in decreased farming inputs. Engaging farmers in soil health practices is an important part of building an ag community that is resilient and sustainable. Project partners will provide comprehensive soil health assessments to participating farmers to evaluate organic matter content, total carbon, aggregate stability, and other soil health indicators.

Wildlife Habitat

Mendocino County contains a wide range of sensitive habitats, including close to 700,000 acres of oak woodlands and nearly 1,000 miles of streams with threatened Chinook salmon and steelhead trout. Ag land in the highest risk category is primarily located in the Ukiah Valley along the Russian River. There are seven tributaries that flow through Ukiah Valley ag lands that contain approximately 12 miles of high value habitat for Chinook salmon and steelhead trout. The health of the fish populations is largely dependent on the continued ability of these riparian corridors to provide clean water, shade, structure and a food source. Conversion to residential use is likely to have significant adverse effects on these stream ecosystems through delivery of contaminants, habitat destruction, and streamflow flashiness. Protecting these ag lands will promote water infiltration and ground water recharge which in the Ukiah Valley, is often connected to stream-flows which are critical to maintain for the survival of these threatened species. In addition, these riparian corridors are likely to be enhanced through participation in the Carbon Farming Program which identifies woody plantings in riparian zones as a high value practice for carbon sequestration. Mendocino County and its ag lands also provide habitat for Tule Elk, which require at least some contiguous habitat to allow for herd movements; in many places in Mendocino County, adjacent ag parcels provide this habitat and the buildout of one parcel which breaks habitat continuity could result in herd splitting that is detrimental to population health overall.



2. Describe how the proposal will complement other efforts in the Project Geographic Area, including comprehensive planning efforts (e.g., Sustainable Communities Plans, Greenprints), and agricultural land use policies (e.g., Williamson Act). How would the project leverage other permanently protected lands to promote location and resource-efficient development?

Response:

The *Mendocino County Sustainable Agricultural Lands Strategy, 2017* represents the County's most recent effort to inventory agricultural lands for land use planning purposes. The Ag Lands Strategy focused on agricultural lands most at risk of conversion and identified actions that could be taken to preserve these lands and move forward with building a sustainable and resilient farming community. The development of the Ag Lands Strategy brought together a diverse group of stakeholders who continue to participate in the Mendocino County Sustainable Agricultural Lands Committee. These committee members are now partnering to carry out the proposed project which is to implement high priority actions identified in the Ag Lands Strategy. The Mendocino County General Plan (2009) does not have a dedicated Agricultural Element and is slated to be updated in the next few years according to County supervisors participating in this project. Due to more intense population and conversion pressure, the County adopted more explicit agricultural land conversion criteria in the Ukiah Valley area. In 2011, the County adopted the Ukiah Valley Area Plan (UVAP), an element of the General Plan, which supports the preservation of agricultural lands within the Ukiah Valley through its stated goals and land use policies. The proposed project will bring attention to the provisions in the UVAP which need to be emphasized again in a public forum to ensure adherence to its basic principles of ag land protection. This project's proposed coalition-building and outreach efforts will be an essential component in ensuring that the objectives of the Ag Lands Strategy are incorporated into the General Plan and UVAP update and other planning documents including the proposed Climate Action Plan.

Aside from zoning, the Williamson Act and agricultural conservation easements are the primary mechanisms most widely used in Mendocino County to preserve productive agricultural lands. Relatively low rates of landowner participation in these voluntary programs, compared to neighboring counties, suggest there are opportunities to increase participation within Mendocino County. Landowners may participate in the Williamson Act through the Mendocino County Code, Resource Preserves (Ordinance 3428). As of 2014, 18,674 acres of "important farmland" were enrolled in Williamson Act contracts, representing approximately 62 percent of all "important farmland" in the County. The Ukiah Valley had the lowest rates of enrollment, at 43 percent. Compliance monitoring has not been done by the County since 2014 and is a proposed task of part of this project. The objective is to increase enrollment by eligible producers through outreach and education while dropping from enrollment those producers who do not meet the minimum agricultural utilization standards or purchase of ag land for non-agricultural uses.

The Mendocino Land Trust currently holds conservation easements on five agricultural properties in the greater Ukiah Valley including prime ag land within the Sphere of Influence of Ukiah. A primary goal of the project is to increase participation in conservation easement programs in the Ukiah Valley to increase the amount permanently protected acres on properties at high risk of conversion. Existing easements can be used as demonstrations for other farmers and have the potential to be the focus of greenbelt and urban growth boundary planning, and the outreach and education efforts proposed for this project may yield additional parcels interested in establishing an agricultural conservation easement on their property.



<p>5. Describe your experience in developing and implementing similar projects. Do you have the internal resources and capacity to complete the proposed work or will consultants or contractors be required? Do you have the professional staff qualified to develop and successfully implement the proposal? If not, please describe how you will acquire this expertise.</p>
<p>Response:</p> <p>The project will be carried out by local, state and federal agencies working in conjunction with local land trusts. Project tasks will be carried out directly by project partners with the exception of the development of the emissions inventory and greenhouse gas reduction measures for Mendocino County's agricultural sector. Project partners have professional staff with a long history of success in carrying out similar projects including those funding through the Department of Conservation and the Strategic Growth Council.</p>



6. Identify which stakeholders will participate in the proposed project? How will these stakeholders participate?	
Response: Project partners include multiple stakeholders. Partner contributions are reflected in the table below.	
Project Partner	Actions and Tasks
Mendocino County Department of Agriculture: Ag Commissioner's Office	1.) Review Williamson Act contracts for compliance. 2.) Attend monthly MCSALC meetings 3.) Assist with planning workshops/deliver presentations re: Williamson Act 4.) Serve on technical advisory committee for Climate Action Plan.
Mendocino County Resource Conservation District	1.) Facilitate monthly MCSALC meetings 2.) Organize and facilitate 6 stakeholder meetings 3.) Update Ag Lands Strategy GIS shapefiles and data layers. Connect to RCD web-portal. 4.) Post project related educational material to RCD website 5.) Assist with planning workshops. Deliver presentations re: Carbon Farm Planning/ Soil Health 6.) Develop 4 Carbon Farm Plans 7.) Provide oversight to contractors in the development of the Climate Action Plan for the Ag. Sector. Serve on technical advisory committee.
Natural Resources Conservation Service	1.) Attend monthly MCSALC meetings 2.) Assist with planning workshops. Deliver presentations re: soil health 4.) Serve on technical advisory committee for Climate Action Plan development. 5.) Assist with 10 soil health assessments in associated planning documents.
Mendocino County Farm Bureau	1.) Attend monthly MCSALC meetings 2.) Assist with planning workshops. Deliver presentations. 3.) Serve on technical advisory committee for Climate Action Plan
University of California Cooperative Extension	1.) Attend monthly MCSALC meetings 2.) Assist with planning workshops. Deliver presentations re: soil health 3.) Assist farmers in applying for State Soil Health Initiative funds.
Mendocino Land Trust Inland Mendocino Land Trust Anderson Valley Land Trust	1.) Attend monthly MCSALC meetings 2.) Assist with planning workshops. Deliver presentations re: conservation easements 3.) Develop targeted information to farmers who own parcels identified as high risk of conversion.



BUDGET

Project Title			
	SALC Program REQUEST	MATCH FUNDING	TOTAL FUNDING
Personnel including Applicant's staff, stakeholders, contractors and consultants			
County of Mendocino	\$4,000.	\$10,000.	\$14,000.
Mendocino County Resource Conservation District (MCRCD)	\$100,200.	\$4,000.	\$104,200.
Mendocino Land Trust (MLT)	\$10,200.	\$4,080.	\$14,280.
Inland Mendocino Land Trust (IMLT)	\$10,200.	\$4,080.	\$14,280.
Anderson Valley Land Trust (AVLT)	\$10,200.	\$4,080.	\$14,280.
Environmental Consultant(s)	\$30,000.	0	\$30,000.
USDA Natural Resource Conservation Service	0	\$8,000.	\$8,000.
Mendocino County Farm Bureau	0	\$4,000.	\$4,000.
Subtotal	\$164,800.	\$38,240.	\$203,040.
Note: Information regarding Personnel and subcontractors is entered on page 2 of the Budget			
Operating Expenses			
Database development, hosting, and website maintenance	\$10,000.	0	\$10,000.
Workshop Rental Space (4 x \$1000)	\$4,000.	0	\$4,000.
Subtotal	\$14,000.	0	\$14,000.
Miscellaneous (itemize/explain—examples provided)			
Postage, Advertising, Printing	\$10,000.	0	\$10,000.
Travel reimbursement	\$5,000.	0	\$5,000.
Subtotal	\$15,000.	0	\$15,000.
TOTAL PROJECT COST	\$193,800.	\$38,240.	\$232,040.

PERSONNEL



Personnel including Applicant's staff, stakeholders, contractors and consultants required to accomplish the project should be listed in this table.

TITLE	RATE	HOURS	TOTAL
Executive Director (MCRCD)	100	120	16000
Program Manager (MCRCD)	90	800	72000
GIS Mapping, Database, and Web Expertise (MCRCD)	90	180	16200
Project Manager (MLT)	85	120	14280
Project Manager (IMLT)	85	120	14280
Project Manager (AVLT)	85	120	14280
County of Mendocino	125	32	4000
Mendocino County Farm Bureau	100	0	4000
USDA Natural Resource Conservation Service	100	0	8000
Environmental Consultant(s)	150	200	30000
			193,040

ADDITIONAL EXPLANATIONS

Please refer to the Guidelines for more information on Eligible Costs.



MAP(S) OF THE PROJECT GEOGRAPHIC AREA

Please provide a map or image depicting the area to be covered by the proposed project. The map should generally depict the area, including the extent of its agricultural resources, urban and/or rural land uses, and any ancillary map data to support the need for the proposal.³ Maps or images must print into an 8 ½" x 11" sheet of paper.

Geographic information system (GIS) data may be submitted along with digital map products. Contact SALC Program staff if you are interested in submitting data in this manner.

Thank you for your interest. Please contact the Department of Conservation at (916) 324-0850 with any questions regarding the Agricultural Land Conservation Planning Grant.

³ Examples could include Important Farmland Maps, available at:

<http://www.conservation.ca.gov/dlrp/fmmp/Pages/Index.aspx>, Spheres of Influence, priority planning areas, and other protected lands. Protected lands databases can be found at the following locations:

National Conservation Easement Database: <http://nced.conservationregistry.org/>

California Protected Area Database: <http://www.calands.org/data>

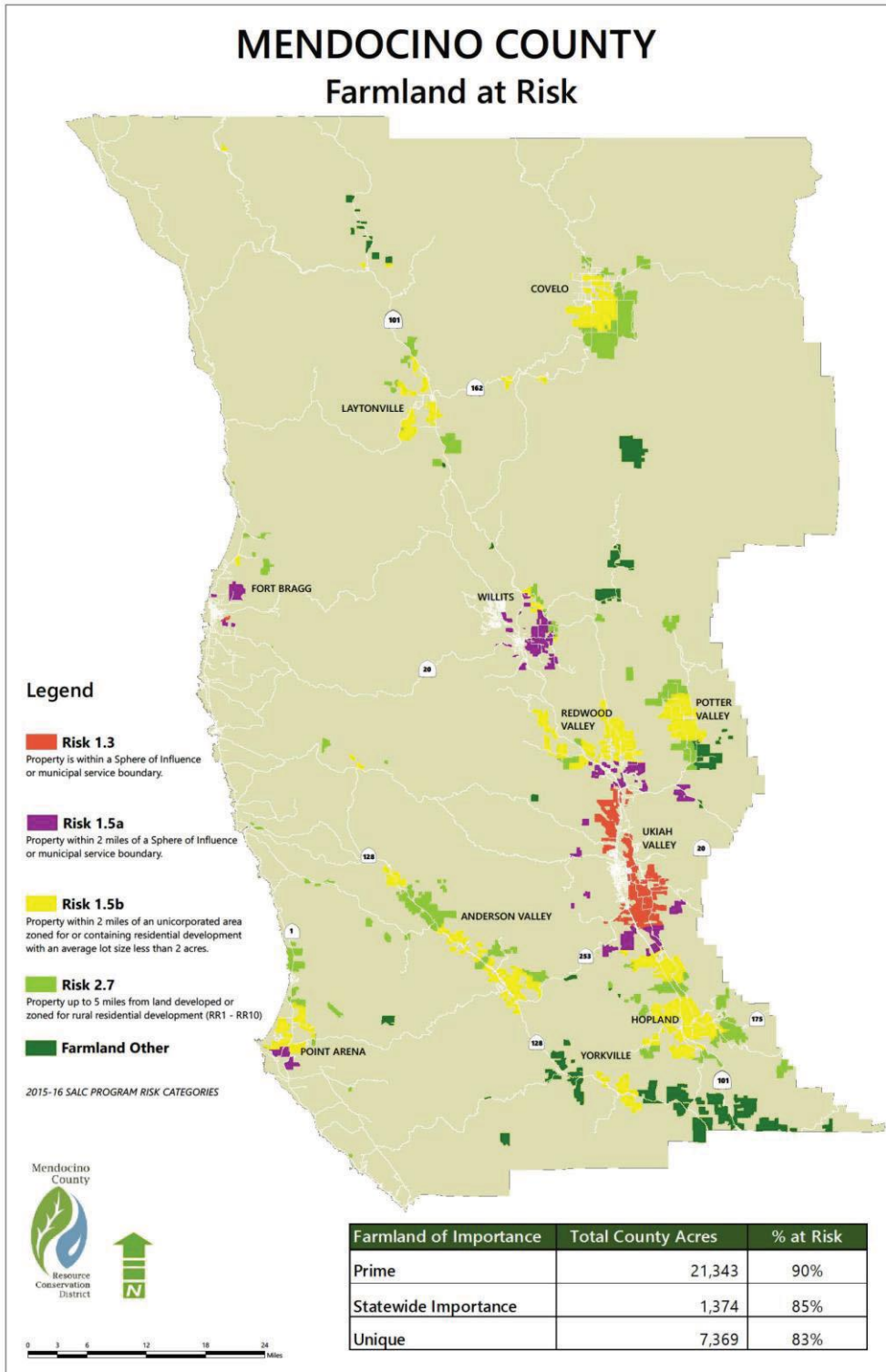
California Conservation Easement Database: <http://www.calands.org/cced>



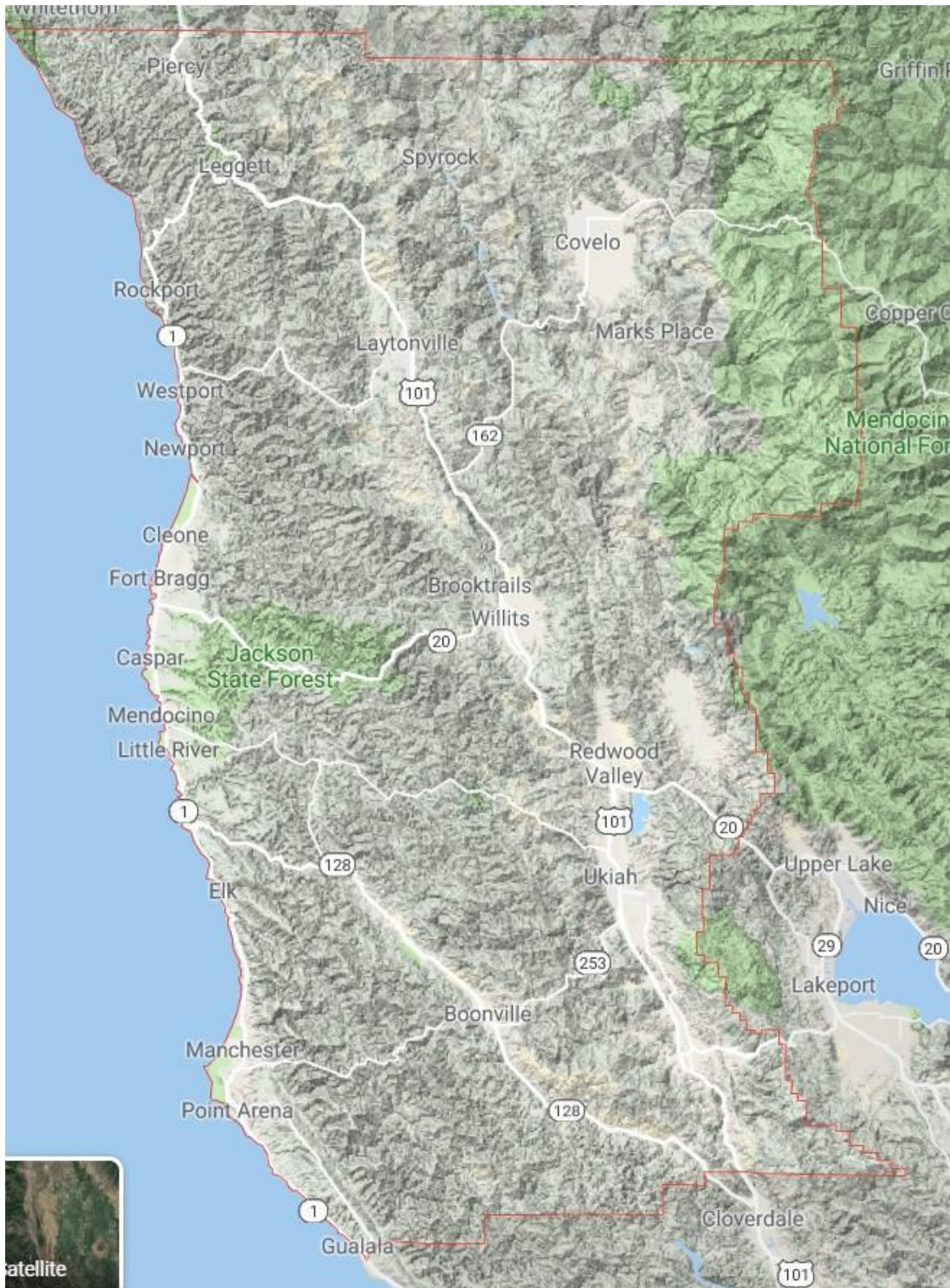
Map 1-1. Mendocino County Location Map



Map 1-2. Mendocino County Farmland at Risk of Conversion



Map1-3. Mendocino County's topography limits agriculture options.



Mendocino LAFCo Policies

9.13 AGRICULTURAL AND OPEN SPACE LAND

9.13.1 AGRICULTURAL POLICIES

- a) LAFCo's decisions shall reflect its legislated responsibility to work to maximize the retention of prime agricultural land and open space while facilitating the logical and orderly expansion of urban areas.
- b) Urban growth shall be guided away from existing prime agricultural lands unless that action would not promote planned, orderly, and efficient development of an area.
- c) The Commission shall not approve a change of organization or reorganization that would result in the annexation of territory that is subject to a Williamson Act contract unless the facilities or services proposed benefit the uses that are allowed under the contract.
- d) Development of existing vacant lands for urban uses within the jurisdictional boundaries of a local agency shall be encouraged before any annexation proposal or change to a sphere of influence is approved which would lead to, or allow, the development of prime agricultural or open space lands outside the existing jurisdiction of any local agency.
- e) Spheres of influence should reflect consideration for existing and/or potential agricultural use or resource land use and should not be extended into such areas for purposes of allowing urban development.

9.13.2 FACTORS TO CONSIDER IN REVIEW OF A PROPOSAL

A proposal which includes agricultural or open-space designated land shall be evaluated in light of the existence of the following factors:

- a) "prime agricultural land" as defined in G.C. §56064;
- b) "open space" as defined in G.C. §56059;
- c) land that is under contract to remain in agricultural or open-space use, such as a Williamson Act Contract or Agricultural/Open-Space Easement;
- d) land which has an agricultural or open-space designation;
- e) the adopted General Plan policies of the County and the affected city;
- f) the physical and economic integrity of both agricultural lands proposed for conversion to urban use and adjoining land in agricultural use;
- g) the potential for the premature conversion of agricultural or open-space designated land to urban use; and
- h) the policies and priorities in G.C. §56377.

9.13.3 CONDITIONS FOR APPROVAL OF PRIME AG/OPEN SPACE LAND CONVERSION

LAFCo will apply a heightened level of review when considering proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of prime agricultural land or open space uses to other uses and will approve such proposals only when the Commission finds that the proposal will lead to planned, orderly, and efficient development and/or provision of services. For purposes of this standard, a proposal leads to planned, orderly, and efficient development only if all of the following criteria have been considered:

- a) the land subject to the change of organization or reorganization is contiguous either to lands developed with an urban use or to lands which have received all discretionary approvals for urban development;
- b) the proposed development of the subject lands is consistent with the sphere of influence plan(s) of the affected agency or agencies;
- c) the land subject to the change of organization is likely to be developed within five years. For large development projects, annexation should be phased wherever feasible. If the Commission finds

phasing infeasible for specific reasons, it may approve annexation if all or a substantial portion of the subject land is likely to develop within a reasonable period of time;

- d) insufficient vacant non-prime or open space land exists within the existing agency boundaries or applicable sphere boundaries that is planned and developable for the same general type of use; and
- e) The proposal will have no significant adverse effect on the physical and economic integrity of other ag/open space lands.

MENDOCINO
Local Agency Formation Commission
Staff Report

MEETING August 5, 2019
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT Consultant Selection, Certified Public Accounting Firm to Conduct FY 2018-19 Audit

RECOMMENDATIONS

1. Select Zach Pehling, CPA, MBA, to perform the financial audit for Fiscal Year 2018-19, with options to extend for an additional four years (through FY 2022-23); and
2. Authorize the Chair to execute an agreement with Zach Pehling, CPA, MBA, for financial audit services consistent with the proposal; or
3. Provide direction to the Treasurer and/or staff.

BACKGROUND

Consistent with LAFCo Policy 5.2.2 *Annual Audit*, a Request for Proposals (RFP) was distributed to select a qualified individual or firm to conduct an independent audit of LAFCo's financial statements for the 2018-19 fiscal year (FY), with option for annual extensions up to an additional four years. Two firms responded: Pehling & Pehling CPAs and JJACPA CPAs (proposals attached).

The Commission directed review of the proposals to the Treasurer and Executive Officer. After reviewing the proposals, it is recommended that Zach Pehling, CPA be retained to prepare the annual audit for LAFCo for Fiscal Year 2018-19 with option to extend for up to an additional four years.

Attachments: Pehling & Pehling Proposal
JJACPA Proposal

Proposal for Annual Independent Audit Services

For Fiscal Years Ending June 30, 2019

**From: Zach Pehling, CPA, MBA
12667 Granite Dr
Truckee, CA 96161
(707) 279-4259
Zach@PehlingCPA.com
June 28, 2019**

Proposal for Financial Audit Services

For Five Years Ending June 30, 2019,

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Letter of Transmittal

For Year Ending June 30, 2019,

Audit Services to be Performed

The objective of our audit services to be performed is the expression of our opinion as to whether the financial statements of your activities and the aggregate remaining fund information, which collectively comprise Mendocino LAFCO's basic financial statements, are fairly presented in all material respects: the respective financial position at year end and respective changes in the financial position for the year then ended are in conformity with accounting principles generally accepted in the United States of America; as well as reporting on the fairness of the additional information when considered in relation to the basic financial statements taken as a whole.

We will conduct our audit in accordance with Governmental Auditing Standards. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our Audit will also include assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

Our approach to auditing starts with gaining an intricate understanding of the internal controls, policies and procedures of the District. This is done with interviews of District staff and observations of the various financial functions of the District. Once a thorough understanding is achieved we can tailor our audit program to support our opinion and look for areas where improvements can be found.

We maximize both efficiency and security using technology. We use the CCH Pro System paperless auditing system to cut processing time and costs. Pro System allows import of the Trial Balance for integration into the financial statements.

Positive Commitment to Perform

Throughout our practice, we have earned a reputation of providing client centered service. We consistently exceed our client's expectations. We are willing to go the extra mile to ensure that our clients are satisfied and well represented. We have the experience and commitment to perform the requested services in a timely fashion. We are independent in regards to the Organization.

History and Organization

Zach Pehling, CPA, is located in Truckee, California. Our firm has liability insurance in the amount of \$500,000/\$1,000,000.

Proposal for Financial Audit Services

For Year Ending June 30, 2019,

Profile of the Independent Auditor

Many firms showcase the qualifications of their most experienced partners, but few have the onsite presence of the firm owners. We are small local firm that is dedicated to helping organizations like yours. We always strive to provide the highest level of service to our clients. We provide unparalleled flexibility in meeting your needs and expectations. We are proud of the responsive service we provide to our clientele. As a client, you will benefit from our concern, dedication, timeliness and consistency.

We are focused on providing audit services to non-profits and local government agencies in Northern California. Our clientele is comprised solely of these agencies. Here we have dedicated 100% of our time to assisting non-profits and local government with their auditing needs. We feel with this kind of focus we are better able to serve our clients' needs.

We invest heavily in training and education. We focus our training on government, non-profit, and fraud CPE that is comprised of seminars and classes given by the California Society of CPA's and other qualified continuing professional education organizations.

The firm is comprised of two licensed Certified Public Accountants in the State of California. Our small practice offers several advantages to you:

- You will have year-round access to the principle partner who will be your primary contact point.
- You receive a high level of personal service.
- We do not charge our clients for contacting us throughout the year with questions regarding accounting or financial matters. We do this to show our commitment to building a strong and beneficial relationship with our clients.
- Working with the same auditors from year to year greatly reduces the time your staff spends familiarizing us with your business.

Specific Audit Approach

Our approach is designed to avoid disruption of the smooth functioning of your offices. To provide your District with the quality professional services it deserves, it is imperative that we thoroughly understand your organization. Our previous experience with governmental and not-for-profit organizations provides us with a sound foundation from which to plan our audit procedures. however, we must acquaint ourselves with specific aspects of your operations to ensure that our procedures are both comprehensive and efficient.

The planning phase of the engagement will lay the foundation for the direction of our audit and is key to cost-effective completion. Our planning will focus on preliminary analysis, information gathering, identifying significant issues and evaluating internal controls.

During the fieldwork stage we will test asset and liability accounts based on our understanding of your financials that was obtained during the planning stage. We will test revenues and disbursements using sampling. Our disbursement sampling has two purposes. We see whether the amounts posted to the

Proposal for Financial Audit Services

For Year Ending June 30, 2019,

General Ledger agree with invoices and cancelled checks. Furthermore, we examine to make sure the transactions were approved by management and follows proper internal control procedures. Our sample is chosen by a random number generator and by on scanning the detailed ledger utilizing our experience and knowledge.

At the completion of the fieldwork we will conduct an exit interview to review with management our findings and suggestions.

We will assist the organization with preparation of the financial statements, including all new and past GASB pronouncements. We have helped numerous small organizations implement various GASB pronouncements.

We are able to present the report to the Board of Directors at a meeting. Our aim is to create an open line of communication between our firm and your organization, so that the Board feels comfortable asking for help with any questions or issues that may arise during the year.

References

Jacinda, District Bookkeeper
Lake County Vector Control -
PO Box 310
Lakeport, CA 95453
707-263-4770

Dianna, District Bookkeeper
Clearlake Oaks County Water District
PO Box 709
Clearlake Oaks, CA 95423
707-263-4770

Additional references available upon request.

Bid for Audit Services

Our fee for audit services for the Fiscal-Year are based on our standard hourly rate of \$125 per for Zach Pehling and Carlie Pehling, plus out-of-pocket costs (such as report reproduction, work processing, postage, copies, telephone, etc.) Based on the information provided to us, the fee will not exceed \$3,250 per year. Subsequent years can be done with an annual 4% increase. This is an all-inclusive fee that includes performing the audit, and all associated incidentals.

If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

Bid for Financial Audit Services

For Year Ending June 30, 2019,

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur additional costs.

Very truly yours,



Zach Pehling, CPA, MBA

PROPOSAL TO
PROVIDE PROFESSIONAL AUDITING SERVICES
FOR MENDOCINO LAFCo FOR THE FISCAL
YEAR ENDING JUNE 30, 2019

Mendocino LAFCo

JJACPA, Inc
A Professional Services Corporation
1120 S. Main St., Ste 1
Fort Bragg, CA 95437

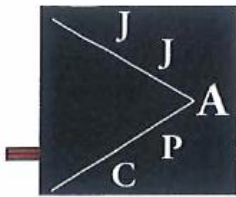
June 13, 2019

Contact: Joe Arch, President/CEO
Email: joe@jjacpa.com
Cell: (650) 868-8504

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JJACPA, Inc.

A Professional Accounting Services Corp.

June 13, 2019

Uma Hinman, Executive Officer
Mendocino LAFCo
200 South State Street
Ukiah, CA 95482

Dear Ms. Hinman,

We are pleased to submit our proposal to conduct professional auditing services for Mendocino LAFCo for the fiscal year ending June 30, 2019 with options to include up to four additional years. This proposal provides for an audit of the financial statements of Mendocino LAFCo including all applicable internal controls including those used in the administration of federal financial assistance programs, and the preparation of the financial statements and related disclosures. Supporting schedules and a management letter will include our understanding of both the internal controls in place and assessment of control risk to Mendocino LAFCo regarding all significant deficiencies or material weaknesses identified.

Why our Firm?

JJACPA differentiates itself from other CPA firms by having a unique blend of talented individuals. Each individual in the firm is a specialist in their field. Mendocino LAFCo's audit fieldwork, IT evaluation and report preparation will be performed by a CPA and CITP who has over 30 years of experience, some of which was with cities as a Finance Director and internal auditor of County departments and operations. He has also been a CAFR Reviewer for the GFOA for over 10 years, which has allowed his clients to receive awards for financial statement presentation. You will benefit with audit continuity and no phone calls from staff to management since the President will be on-site for a significant amount of the fieldwork.

The Engagement Manager assigned to the audit has eight years of increasing audit experience responsibility specific to governmental and not-for-profit organizations similar to Mendocino LAFCo. His experience with internal controls and non-profit operations will help evaluate and design audit procedures specific to Mendocino LAFCo. This hands-on approach goes beyond the standard "checklists" to ensure Mendocino LAFCo receives an effective and efficient audit with minimal disruption to operations. As Engagement Manager, he will be in the field for the entirety of the engagement to supervise staff and perform various audit functions.

JJACPA is a well-known, well-respected and trustworthy firm that prides itself in its professionalism and integrity. Our firm values its clients by providing personal attention to their unique issues and operations. Our firm logo is represented with a "greater than" sign indicating a higher quality, professional experience that does not just say it will address your needs but goes beyond the standard checklists and questionnaires of an audit and focuses on your needs by helping address concerns by applying sound judgment and practical, common sense solutions.

7080 Donlon Way, Suite 204, Dublin, CA 94568 • phone (925) 556-6200 • fax: (510) 217-5930
1102 South Main Street, #1, Fort Bragg, CA 95437 • phone (707) 964-6325
www.jjacpa.com

The firm currently audits the Mendocino Coast Recreation and Park City, City of Fort Bragg, City of Arcata, City of Atwater, City of Blue Lake, City of Ceres, City of Ferndale, City of Grass Valley, City of Lakeport, City of Clearlake, City of Rio Dell, and Town of Woodside. The firm's not-for-profit clients include the Califa Group, Meeting Professionals International, Visit Mendocino, Noyo Marine Science Center, the West Company, Mendocino Coast Botanical Gardens and Mendocino County Hospitality Center.

This letter serves as our Proposal for Annual Financial Audit for Mendocino LAFCo for the fiscal year ending June 30, 2019. We understand the audit services to be performed and commit to performing the audit services within the time period specified. Our President/CEO, Joseph J. Arch, is authorized and entitled to represent the firm, JJACPA, Inc. and empowered to sign the proposal and to submit the bid and if selected, authorized to sign a contract with Mendocino LAFCo.

We would be pleased to provide these services for Mendocino LAFCo. Please do not hesitate to contact us with any questions.

Sincerely,

A handwritten signature in blue ink that reads "J. Arch, CPA". The signature is fluid and cursive, with the initials "J. Arch" being the most prominent part, followed by "CPA" in a smaller, more upright script.

Joseph J. Arch, CPA
President/CEO
JJACPA, Inc.

B. PROFESSIONAL EXPERIENCE

JJACPA, Inc. is a medium sized accounting firm located in the San Francisco Bay Area and North Coast of California. Our offices are in Dublin and Fort Bragg, all services provided to Mendocino LAFCo will be conducted through the Fort Bragg office. JJACPA is a professional services corporation formed in 2003. As a growing firm, we have 7 full time individuals, and two contract part-time service professionals. We provide a wide range of accounting services but specialize in audits of governmental and non-profit organizations. Our President/CEO has over 30 years of accounting and auditing experience as Finance Director, Internal Auditor and external auditor. All staff assigned to Mendocino LAFCo's engagement has a minimum of three years of non-profit auditing experience.

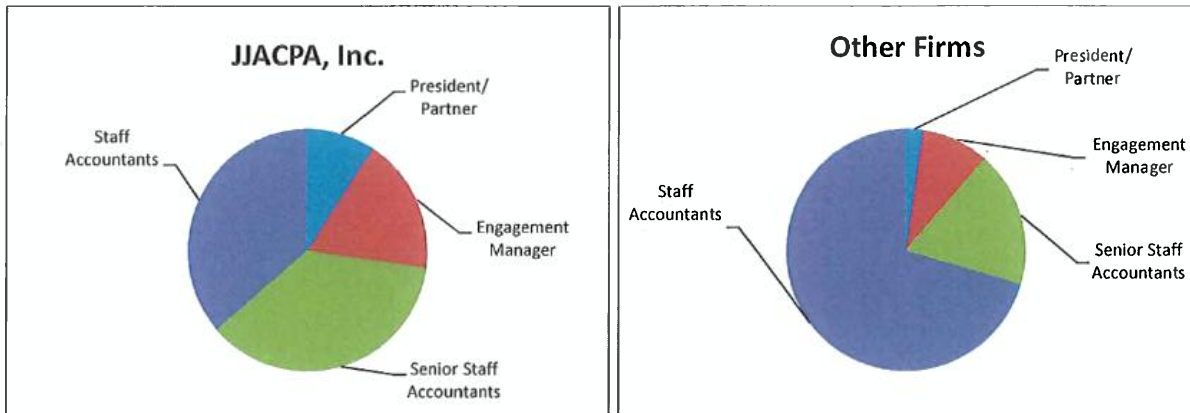
Our President/CEO, Joseph J Arch, CPA, is one of the most respected auditors and consultants in California. All his experience has included servicing governmental and not-for-profit organizations for over 30 years. He also serves as a reviewer for the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program. We have the resources to properly staff the audit of Mendocino LAFCo's financial statements to ensure effective and efficient service. Staff assigned to the engagement will assist in fieldwork and report preparation and are instructed, supervised, and managed by the President/CEO who is on-site for a significant amount of the fieldwork and will be the centralized, single point of contact for the entire agreement period.

Mendocino LAFCo will be an important client to us. You will not be subjected to a revolving door of trainees assigned to service your account. Mendocino LAFCo will receive the highest quality of services by an experienced team of professionals, with minimal changes to the engagement team over the course of the engagement. In effect, with a professional services corporation, Mendocino LAFCo will receive the personal attention and expertise many non-profit audit firms simply cannot provide. You will not be subjected to the "layered approach" of auditing, where firms send inexperienced staff that disrupts client operations with individual questions that are later asked again by another "level" of staff. Because of our experience in auditing and consulting with non-profit organizations, the President/CEO asks more pointed questions (and typically fewer) and applies the answers to all areas of the audit. Staff is supervised on-site by the President or Engagement Manager and questions are gathered at one time and asked during interviews or meetings established ahead of time, thus minimizing the impact on client operations.

We are proud of the responsive service we provide to our clientele and we are confident that Mendocino LAFCo's financial statements can be completed in accordance with your requirements. We encourage you to contact our client references to ascertain the timeliness with which we complete our audit procedures and issue our client's financial statements. We work closely with our clients by "rolling up our sleeves" and becoming a proactive member of their team. As a client, you will benefit from our concern, dedication, timeliness, and consistency. We describe our practice as responsive, creative, practical, and energetic.

We are truly "service professionals" who are actively involved in the services provided to our clients. The number of hours that the President and Engagement Manager historically spends with our non-profit clients is far in excess of the hours spent by an average of firms nationwide. They will be on-site at Mendocino LAFCo assisting with audit fieldwork to ensure the efficient completion of the engagement. You will see them frequently as they establish a truly interactive relationship in which issues are discussed throughout the entire year.

B. PROFESSIONAL EXPERIENCE



Peer Review Program

Our firm is a member of the American Institute of Certified Public Accountants Private Companies Practice Section and the Governmental Audit Quality Control Center, for which membership requires us to adhere to rigorous quality control standards in our accounting and auditing practice and to submit to a review of our practice by our peers. We have been reviewed and have always received pass ratings (the most favorable report) on the quality of our practice in 2017 for engagements performed in 2016. In this review period, specific governmental and non-profit engagements were reviewed as required by Government Audit Standards (1994). A copy of our most recent peer review report is included in Appendix A.

There have been no federal or state desk reviews or field reviews of any audits performed by JJACPA, Inc. or its predecessors in the last fifteen (15) years. In addition, there have been no investigations or disciplinary action taken, nor are any pending, against the firm during the past fifteen (15) years with any regulatory bodies or professional organizations.

License to Practice in California

JJACPA, Inc. and all key assigned professional staff are licensed to practice as certified public accountants in the State of California.

Independence

JJACPA, Inc. and all related personnel are independent of Mendocino LAFCo, as defined by auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*. For the past five years, our firm has had no professional relationship with Mendocino LAFCo, which would constitute a conflict of interest as identified in fact or appearance from any personal or professional relationship relative to performing the proposed services.

C. TEAM QUALIFICATIONS

The audit team will consist of Joseph Arch, CPA President; Brett Jones, CPA, Engagement Manager; Fortune Andzouana, M. Acc, Staff Accountant; Jun Lee, Staff Accountant and Jay Clark, CPA, Technical Reviewer.

The following is intended to provide you with a partial list of some of the relevant experience of JJACPA personnel in servicing various governmental agencies. This list includes a combination of clients currently serviced by JJACPA and clients serviced by them during prior employment.

President - Joseph J. Arch, CPA, CITP, CGFM, CGMA – Single Point of Contact

Joe graduated from the California State University - Hayward in 1983 with a Bachelor of Science degree in Accounting. He has also earned a Master's in Business Administration in Computer Information Technology from the College of Notre Dame in 1992, and a Master's in Public Administration from California State University Hayward in 1997. Joe has been a CPA since 1990 and has extensive experience in both government finance and information technology. Joe served as Assistant Finance Director for Mendocino LAFCo of San Leandro from 1995 through 1997 and as the Financial Product Manager as a member of Eden Systems from 1997 through 2000. In 2003, Joe received the designation of Certified Information Technology Professional from the AICPA. His combination of public accounting, non-profit accounting, City government, and information technology experience provides Joe with unmatched qualifications in servicing the audit and computer needs of his clientele.

Joe includes among his relevant experience servicing the auditing, accounting, and computer needs of the following current clients:

- Califa Group
- Winters Healthcare Foundation
- Meeting Professionals International
- Mendocino Coast Recreation and Park City
- Mendocino Coast Botanical Gardens
- City of Lakeport
- Mendocino Coast Tourism Commission
- City of South San Francisco
- Town of Woodside
- Humboldt County City Attorney's Office
- City of Fort Bragg
- City of Ceres
- City of Lakeport
- City of Dublin
- City of Atwater
- Mendocino Coast Hospitality Center
- Tuolumne County Hospital
- City of Arcata
- Pacific Library Partnership
- Cal State East Bay Education Foundation

Joe is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants, as well as, a frequent session leader in various governmental accounting subjects and is a member of the GFOA CAFR Review Committee and the Association of Government Accountants.

Joe will perform all audit fieldwork as well as prepare any schedules or suggestions for the financial statements, reports, and necessary disclosures for your review and approval. He will also document, analyze, and test Mendocino LAFCo's EDP structure and perform procedures to determine the relative level of risk involved in Mendocino LAFCo's use of electronic data processing and related technologies. He will also present recommended strategies and methods to increase security levels.

C. TEAM QUALIFICATIONS, CONTINUED

Technical Reviewer – Jay S. Clark, CPA

Jay is a graduate of Fresno State University and has over 20 years of experience auditing and reviewing governmental financial statements. He is a GFOA CAFR Review Committee member and has been involved in helping many cities receive the Award for Excellence in Financial Reporting from the GFOA. As a contract employee, he will review all of Mendocino LAFCo's reports from a technical standpoint and provide additional workpaper review support throughout the course of the audit as part of the firm's quality control process performed in our offices. Jay has been a member of JJACPA since incorporation in 2003. His relevant experience with current and previous clients with other firms includes:

- City of Rocklin
- Califa Group
- Metropolitan Transportation Commission
- City of Oakland
- City of Santa Cruz
- San Mateo County Library JPA
- Oakland Museum
- Oakland Zoo
- Cal State East Bay Auxiliaries
- Tuolumne County Hospital
- City of Vacaville

Engagement Manager – Brett A. Jones, CPA

Brett graduated cum laude in June 2009 from California State University, East Bay Hayward with a Bachelor of Science Degree in Business Administration with an Accounting option. Brett has extensively performed auditing procedures from engagement planning to preparation of Comprehensive Annual Financial Reports for his client assignments. As a member of JJACPA for the past eight years, Brett has contributed to every aspect of his governmental assignments with enthusiasm and a fresh perspective. He also leads the Firm's quality control program and has extensive Single Audit experience.

Brett will perform audit field work and assist Joe in the preparation of City schedules and financial statements. He will coordinate and conduct tests of Mendocino LAFCo's controls over financial reporting and validation of account balances along with the assistance of staff accountants. He will be in the field for the entirety of the audit and serve as the first level of review of audit work performed by staff. Brett currently provides services to the following clients:

- Peninsula Library System
- Califa Group
- Northnet Library System
- City of Ceres
- City of Lakeport
- City of Rocklin
- North Coast County Water City
- Mendocino Coast Botanical Gardens
- City of Grass Valley
- Pacific Library Partnership
- City of Fort Bragg
- San Mateo County Harbor City
- Fair Oaks Water City
- Coastside County Water City
- City of Waterford
- Town of Woodside
- City of Atwater
- City of Sonoma

Brett is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Accountant- Fortune Andzouana

Fortune graduated from the State Commercial University of Donetsk (Ukraine) in 1995 with a master's degree in accounting. He also earned his second master's degree from Golden Gate University (GGU), San Francisco in 2014 with an emphasis in Accounting. Fortune was a Staff Accountant at KongBasileConsulting, LLP in San Francisco.

C. TEAM QUALIFICATIONS, CONTINUED

Fortune contributes his team attitude effectively to every aspect of his governmental assignments. He is currently pursuing his CPA license and will sit for the CPA exams within the next few months. Fortune currently provides services to the following clients:

- City of Arcata
- City of Waterford
- City of Lakeport
- City of Sonoma
- Califa Group
- Peninsula Library System
- City of Fort Bragg
- Mendocino Coast Recreation and Park City
- City of Rio Dell
- City of Grass Valley
- City of Ceres
- Town of Woodside
- City of Atwater
- TRAFFIX
- Coastside County Water City
- Cordova Recreation and Park City
- City of Atwater

Accountant- Jun Lee

Jun graduated in May 2016 from University of California, Berkeley with a Bachelor of Arts Degree in Political Economy with an emphasis in Accounting. Jun brings financial acumen, knowledge of business operations, both domestically and abroad, and an ability to learn quickly and apply his knowledge to all of his assignments. He is currently pursuing his CPA license and will sit for the CPA exams within the next few months. Jun currently provides services to the following clients:

- City of Atwater
- Mendocino Coast Botanical Gardens
- Meeting Professionals International Northern California Chapter
- City of Sonoma
- Sanville Institute
- City of Grass Valley
- City of Ferndale
- City of Rio Dell
- City of Arcata
- City of Fort Bragg
- Moraga Orinda Fire Protection City
- San Mateo County Library JPA
- Bay Area Capital Funding, Inc.
- City of Ceres
- Pacific Library Partnership
- City of Atwater

C. TEAM QUALIFICATIONS, CONTINUED

Relevant Continuing Education Courses by Personnel

<u>Personnel</u>	<u>Courses Completed</u>	<u>Date</u>	<u>Hours</u>
Joe Arch, President	Pension Funding: Risky Business	3/16	1
	Lessons Learned from GASB 68 Implementation and Planning for Next Year	3/16	1.25
	Federal Award Management - Aligning Grant Accounting Best Practices with Increased Federal OMB Uniform Guidance Restrictions	3/16	1.25
	GASB Update - Behind Blue Covers	3/16	1.25
	The OPEB Standards - An Accounting, Actuarial and Auditing Perspective	3/16	1.25
	Why Should We Do the Internal Control Guidelines Issued by the State Controller's Office?	3/16	1.25
	Computer Assisted Audit Techniques	4/16	2
	2016 Government Audit Quality Center Annual Update	4/16	2
	Government Accounting and Audit Conference	5/16	8
	Staying Current with Nonprofit Accounting and Auditing	8/16	8
	Presenting Financial Data to Nonfinancial Audiences	9/16	2
	Audit Standards Update: Clarifying Risk Assessment	1/17	8
	Audits of State and Local Governments: What You Need to Know	3/17	8
	Power Query- Clean and Transform Your Client's Data	7/17	2
	Single Audits: New Insights on Factors Driving Quality	9/17	2
	2017 OMB Compliance Supplement and Single Audit Update	9/17	2
	How to Fight Back Against Hackers	9/17	2
	New NFP Financial Reporting Standard: Top 5 Things Your Board Should Know!	9/17	2
	Procurement Under the Uniform Guidance: The Time is Now!	11/17	2
	GASB No. 74 & 75: Best Practices in OPEB Accounting & Auditing	12/17	4
	Uniform Guidance Year 3: A Deeper Dive Into Challenging Audit Areas	1/18	2
	The Challenges of Loans and Loan Guarantees in a Single Audit	3/18	2
	12 Ways to Provide Better Service to Clients	4/18	1
	2018 GAQC Annual Update Webcast	5/18	2
	Centralized Partnership IRS Audit Rules	6/18	2
	Protecting Your IT Network During a Disaster	7/18	1
	TCJA: C Corp or Pass-Through? Fruit Basket Upset or Not?	9/18	3
	Tax Practice Quarterly: Annual Tax Ethics Update	10/18	2
	Smart Sampling in a Single Audit	10/18	2

C. TEAM QUALIFICATIONS, CONTINUED

<u>Personnel</u>	<u>Courses Completed</u>	<u>Date</u>	<u>Hours</u>
Brett Jones, Engagement Manager	Compilation and Review Engagements: Prepare for Big Changes under SSARS 21	1/15	2
	Audit Quality Discussion Part I: Avoiding Common Audit Deficiencies	1/15	2
	JJACPA Auditing Standards Update	1/15	8
	Government Accounting and Auditing Conference Webcast	5/15	8
	Ethics for Accountants	9/15	4
	Regulatory Review for California CPA's	9/15	2
	Applying the Uniform Guidance for Federal Awards in Your Single Audits	9/15	8
	California Fraud Case Studies	10/15	8
	Audit Standards Update: Clarified Risk Assessment Standards	10/15	8
	2016 Government Audit Quality Center Annual Update	4/16	2
	Government Accounting and Audit Conference	5/16	8
	Financial Statement, Tax and Government Fraud	10/16	4
	Internal Controls and Risk Assessment: Key Factors in a Successful Audit	10/16	8
	Audit Standards Update: Clarifying Risk Assessment	1/17	8
	2017 GAQC Annual Update Webcast	5/17	2
	Applying the Uniform Guidance for Federal Awards in Your Single Audit	4/17	10.5
	Not-for-Profit Organizations: Accounting and Auditing Principles and	8/17	8
	Individual Tax Planning Topics Webcast	9/17	8
	Internal Control and COSO Essentials for Financial Managers, Accountants and	9/17	8
	Governmental Accounting and Auditing Conference	5/18	9
	2018 State and Local Government Audit Planning Considerations	5/18	2
	Government OPEB Accounting and Financial Reporting Webcast	6/18	4
	Yellow Book Update Webinar	8/18	3
	What Every CPA Should Know About Fraud Webcast	8/18	4
	3 Hour Yellow Book Update Webinar	8/18	3
			<u>141.5</u>

C. TEAM QUALIFICATIONS, CONTINUED

Continuity of Staff

Mendocino LAFCo will be an important client to JJACPA and we will make every attempt to ensure the continuity of our entire staff for the duration of the contract. Mendocino LAFCo will receive the highest quality of services by an experienced team of professionals, with minimal changes to the engagement team over the course of the relationship. If changes should occur, Mendocino LAFCo will be notified immediately and asked to accept any replacement team members. At all times, the President will remain on your audit for as long as Mendocino LAFCo continues to be a client of the firm.

JJACPA warrants that we do not delegate or subcontract our responsibilities under agreement to anyone not working for JJACPA, Inc. Mendocino LAFCo reserves the right to request a replacement of any member of the firm's auditing team prior to, and during the course of the audit if circumstances warrant it and similarly, Mendocino LAFCo will be notified and consulted in advance of any changes made by the auditing firm concerning the auditing team.

D. AUDIT APPROACH

This section describes JJACPA's specific engagement approach and the techniques we employ in servicing organizations such as Mendocino LAFCo. We will tailor the approach outlined in this section to incorporate the unique tasks, methods, and procedures used to audit in accordance with generally accepted auditing standards and analyze the financial position of Mendocino LAFCo, the objective of which is to express an opinion on the financial statements.

As a result of our extensive experience, we have developed a highly effective and efficient approach toward analyzing transactions during an audit. We will make inquiries, observations, and analyses of Mendocino LAFCo's significant systems and internal controls that produce financial statements. We will then focus our efforts primarily on efficient and cost-effective audit techniques that are truly tailored to you and present the greatest risk of material misstatement.

Our engagement approach can ordinarily be summarized into three phases: orientation, planning, and fieldwork procedures. A description of each of these phases follows with a proposed timetable for the audit of Mendocino LAFCo's financial statements.

Our audit approach is designed to avoid disruption of the functioning of Mendocino LAFCo offices. We provide experienced personnel and plan to be on-site at all times to ensure the timely and effective completion of the audit of Mendocino LAFCo's financial statements and all other reports to be issued.

Orientation

To provide Mendocino LAFCo with the quality of professional services it deserves, it is imperative that we thoroughly understand your organization. Our previous experience with governmental organizations provides us with a sound foundation from which to plan our audit procedures. However, we must acquaint ourselves with specific aspects of Mendocino LAFCo's operations to ensure that our procedures are both comprehensive and efficient. Through an orientation/planning meeting scheduled with appropriate members of the accounting staff, this understanding of your operational processes would be obtained prior to the commencement of fieldwork. In other words, this is how we get the "lay of the land" on how Mendocino LAFCo does business and would like to have our audit team conduct the audit. This evaluation may later be incorporated in the interim fieldwork procedures using walkthroughs of key financial accounting systems. These walkthroughs are completed by the President or Engagement Manager with the assistance of staff. A list of areas will be provided in advance to Mendocino LAFCo contact to make appointments during the interim fieldwork.

We utilize CCH Prosystem fx Engagement to provide efficiencies to our audit procedures. Samples are selected using ActiveData, an integrated audit tool that allows us to take our client's electronic information and analyze and test it. We are adept at utilizing computers in conjunction with our breadth of knowledge of governmental software enterprise wide systems which enables us to use it to our full advantage to add value to our auditing processes and procedures and provide our clients with identifiable and practical results and recommendations.

The planning phase of the engagement will lay the foundation for the direction of our audit and is the key to cost-effective completion. Our planning will focus on generating a more detailed understanding of Mendocino LAFCo's operations, identifying significant issues, and designing efficient audit procedures. Specifically, we will:

D. AUDIT APPROACH, CONTINUED

- I. *Obtain an understanding of the legal and fiscal environment by reviewing:*
 - a. Existing cash flow projections and operating and capital improvement budgets.
 - b. Debt and lease agreements.
 - c. Key statistics and trends.
 - d. Economic environment, especially locally.
 - e. Current operations (internally produced financial statements).
 - f. Prior year audit reports.
 - g. Additional documentation and reports available from Mendocino LAFCo.

- II. *Meet with Mendocino LAFCo Finance Department to discuss:*
 - a. Coordination of procedures and timing.
 - b. Initial observations or areas of emphasis and risk evaluation.
 - c. Reporting requirements.
 - d. Implications of new accounting pronouncements, if any.
 - e. Implementation or effects of State or Federal actions on Mendocino LAFCo operations.

- III. *Perform analytical reviews of financial data to identify other areas that might require significant attention due to the risk involved. Comparisons to budgeted amounts and interrelationships between accounts will be analyzed and discussed with the Commission.*

- IV. *Based on our understanding of Mendocino LAFCo's operating environment, the analytical reviews, and the other planning procedures, we will highlight areas to be emphasized during our audit. We will then define the engagement objectives, concentrating on the identified areas of concern and areas we know are important to management. This will generate a schedule request that includes schedules and confirmations for the current year under audit.*

Fieldwork Procedures

The final phase of the engagement includes completion of all audit procedures to be performed. We will divide our efforts into two (2) distinct segments: interim audit procedures and final audit procedures.

a. Interim Audit Procedures:

Interim audit procedures lay Mendocino LAFCo for an efficient and effective audit. We will strive to perform a significant portion of our procedures at interim to allow a more efficient completion of the audit at year-end. Specifically, at interim, we will document Mendocino LAFCo's internal control systems. We will review minutes, debt agreements, significant transactions, and send out confirmations as requested and discussed. We will also perform some detailed testing of internal controls. At the end of interim fieldwork, sample report formats, compliance items remaining to be tested, and any other open items will be discussed with the Commission in an exit conference meeting. This will also allow for discussions of any preliminary observations and findings.

b. Final Audit Procedures:

During our final fieldwork procedures, we will complete our test work of Mendocino LAFCo's financial statement balances. Significant asset and liability accounts will be verified and tested through a combination of detailed vouching procedures and analytical techniques. We will perform analyses of various revenue and expense accounts through comparisons to budgets, ratios, and prior year amounts. Significant variances noted will be investigated further. We will also complete our evaluation of internal control and compliance objectives.

D. AUDIT APPROACH, CONTINUED

Sampling Techniques Employed

We do not contemplate utilizing statistical sampling in our audit of Mendocino LAFCo's financial statements. Most samples will be selected based upon our judgment, utilizing our experience and knowledge of financial trends and patterns. Typically, sample sizes do not exceed 40 items, but we may increase or reduce the number of items based upon what we are testing. We analyze allocations of funds to the various recipients and the related reimbursements for Single Audit, test controls for payroll, accounts payable, cash receipts and other systems utilizing these sample sizes. If it is subsequently determined that statistical sampling can enhance the efficiency of our audit procedures, we will revise our preliminary plan to incorporate use of these techniques. We are very experienced in the use of various statistical sampling techniques (i.e., monetary unit sampling), and will utilize them when appropriate.

Draft Reports

Commencing during the interim phase and continuing throughout final audit procedures, we will be discussing the preparation of the financial statements, our auditor's report, management letters (detailing our observations and recommendations concerning internal accounting control and other matters). Both the financial statements and the management letter will be reviewed in detail with you and your staff to address management comments, predecessor recommendations and any current year recommendations to facilitate a more efficient and smooth preparation process.

Since only reportable matters will be reported in the management to the Commission, other observations and suggestions for operating improvements and best practices will be communicated to you in our exit conferences. In addition, any recipient compliance reports will be formatted and reviewed with Mendocino LAFCo's staff personnel as well as appointments made to schedule the fieldwork with the project and grant managers. At all times, Mendocino LAFCo personnel will be given status updates of our efforts and schedules to meet reporting deadlines.

Management Letters

Letters to the staff and Commission of Mendocino LAFCo on internal controls and recommendations ("Management Letters") are one of our principal means of communicating with our clients relative to the results of our annual audits and reviews. The overriding goal of our letters is to assist management in reaching its internal control objectives and to provide compliance with audit standards and regulations. Comments will be limited to only reportable conditions and findings. The Management Letter will be reviewed in detail with you and your staff to verify its factual accuracy before being issued in final form.

The estimate project schedule is listed below based on the RFP's desired timeline:

Engagement Acceptance	August 2019
Presentation of Audit Plan	August 2019
Interim/Year-end Fieldwork & Mtgs.	September 2019
Draft Reports	September 2019
Final Reports & presentations	September - October 2019

E. FEES

We are committed to providing our clients with excellent service at a reasonable fee. As a personal services corporation, we do not have a national or local firm cost structure, which allows us to charge more economical rates for our services. We are large enough to properly staff our engagements and the Engagement Manager remains on-site providing personal attention to all of his client assignments. Many of our clients are served for periods exceeding five and ten years. This longevity assists in developing the satisfaction our clientele has with our services. The costs, rates and basic tasks for the engagement are shown below in the tables.

Audit Work Cost:

Service	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
Audit & related reports	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Drafting financial statements	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Meetings/presentations	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Out-of-Pocket Expenses					
Total Fiscal Year - not to exceed	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

Auditors Standard Hourly Billing Rates:

Position	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
Partner	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Manager	\$ 175	\$ 175	\$ 175	\$ 175	\$ 175
Senior Accountant	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150
Staff Accountant	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125
Clerical	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75
Other					

F. CLIENT REFERENCES

We have provided the following five relevant client references..

<u>Engagement</u>	<u>Time</u>	<u>Scope</u>	<u>Hours</u>
<p>City of Fort Bragg 416 N. Franklin Street Fort Bragg, CA 95437 Contact: Victor Damiani, Finance Director Phone: (707) 961-2825 x211 Email: vdamiani@fortbragg.com</p>	2015 - present	Financial Statement Audit for City & Uniform Guidance Audit - CAFR Review	410
<p>City of Ceres 2220 Magnolia Street Ceres, CA 95307 Contact: Suzanne Dean, Finance Director Phone: (209) 538-5764 Email: suzanne.dean@ci.ceres.ca.us</p>	2013 - present	Financial Statement Audit for City & Uniform Guidance Audit (CAFR Ready)	364
<p>Town of Woodside 2955 Woodside Road Woodside, CA 94062 Contact: Cindy Safe, Administrative Services Manager Phone: (650) 851-6790 Email: csafe@woodsidesetown.org</p>	2012 - present	Financial Statement Audits (CAFR Ready) & Financial Accounting System Conversion	114
<p>City of Grass Valley 125 East Main St. Grass Valley, CA 95945-6505 Contact: Maryanne G. Hoffer Phone: (530)274-4302 Email: maryanneh@cityofgrassvalley.com</p>	2013 - present	Financial Statement Audit for City & Uniform Guidance Audit (CAFR Ready)	306
<p>City of Lakeport 225 Park Street Lakeport, CA 95453 Contact: Nicholas Walker Phone: (707) 263-5615 ext. 301 Email: nwalker@cityoflakeport.com</p>	2012 - present	Financial Statement Audit for City, Uniform Guidance Audit & CAFR Preparation	236



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System Review Report

To JJACPA, Inc.
and the Peer Review Committee of the California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing JJACPA, Inc. (the firm) in effect for the year ended September 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of JJACPA, Inc. in effect for the year ended September 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. JJACPA, Inc. received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Richey May, C.P.A." with a stylized flourish at the end.

Englewood, Colorado
January 10, 2017



1800 Gateway Drive, Ste 200
San Mateo CA 94404-4072
(650) 522-3094
Fax: (650) 522-3080
peerreview@calcpa.org

June 07, 2017

Joseph Arch
JJACPA, Inc.
7080 Donlon Way Ste 204
Dublin, CA 94568 2789

Dear Joseph Arch:

It is my pleasure to notify you that on May 26, 2017, the California Peer Review Committee accepted the report on the most recent System peer review of your firm. The due date for your next review is March 31, 2020. This is the date by which all review documents should be completed and submitted to the administering entity. If your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,

A handwritten signature in black ink that reads 'Linda McCrone'.

Linda McCrone
Director, Peer Review Program
peerreview@calcpa.org 650-522-3095
California Society of CPAs

CC: Keith May

Firm Number: 900010155457

Review Number: 504148

MENDOCINO Local Agency Formation Commission

Staff Report

MEETING August 5, 2019
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **Status of Applications, Proposals, and Work Plan**

RECOMMENDATION

Staff recommends the Commission receive and file this report.

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 delegates Local Agency Formation Commissions (LAFCo) with regulatory and planning duties to coordinate the logical formation and development of local government agencies. This includes approving or disapproving proposals for reorganizations (i.e., annexations, detachments, dissolutions, etc.), activation of latent powers, sphere of influence amendments, and outside service agreements.

APPLICATIONS

Following is a summary of active and future proposals.

Active Proposals

There is currently one (1) active proposal.

Weger Mendocino Coast Health Care District Detachment Application Review

Ms. Weger submitted an application for detachment by petition of landowners of approximately 35,983 acres making up the eastern portion of the Mendocino Coast Health Care District. Staff has distributed the application referral to affected and interested agencies and is processing the application.

Applications On-Hold

There are currently two (2) applications on hold. Any updates available are noted below in addition to the date of last activity.

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

The application by the City of Ukiah to detach UVSD served areas from the City was deemed incomplete in December 2014. The City has requested the application remain on hold; there remains a balance of \$1,532 held in LAFCo's account.

Moore's Annexation to Irish Beach Water District (IBWD)

The application to annex a parcel of approximately 16.8 acres directly north of the IBWD into the District has been on-hold since 2015 pending completion of a concurrent processing of a Local Coastal Plan amendment and rezone. The amendment/rezone was denied by the Mendocino County Board of Supervisors in March 2019. The applicant has since made verbal requests to reactivate the LAFCo

application. In April staff sent a letter (dated April 16, 2019) to Mr. Moores requesting a revised description of the project (based on the denial of the LCP amendment) and a deposit to cover the outstanding balance of \$610 as well as a deposit to cost to reactivate the application.

Future Proposals

Following is a summary of potential new proposals to the Commission in the near future:

Anderson Valley CSD Proposed Activation of Latent Powers to Provide Water/Sewer Services

The Anderson Valley CSD has obtained two state planning grants to prepare a feasibility study and CEQA review for wastewater and water treatment plants and infrastructure to serve the community area of Boonville. Public workshops and a CEQA document are in process. The AVCSD has provided periodic updates to LAFCo staff.

Millview County Water District Proposed Annexation of Masonite Properties

A Pre-Application Review for the proposed annexation of the Masonite properties into the Millview County Water District (MCWD) was completed in September 2017. An application for the annexation is anticipated in the coming months.

WORK PLAN

Local policy directs the Commission to annually adopt a Work Plan for purposes of providing a comprehensive overview of municipal service reviews and sphere of influence reports over the course of the fiscal year. This report provides an update on progress made in terms of accomplishing the activities scheduled in the Work Plan. This report also serves to inform the Commission of any changes in circumstances or priorities.

Brooktrails Township Community Services District

A public workshop for the Brooktrails Township CSD MSR/SOI Update was held June 3, 2019. It is scheduled for public hearing on August 5, 2019.

Mendocino City Community Services District

The MSR/SOI Update is scheduled for the 2019-20 fiscal year. Staff is preparing the Request for Information (RIF) for initiating the Update.

County Service Area (CSA) No. 3

The Commission directed staff to prioritize the CSA 3 MSR/SOI report for FY 2019-20. This will be the first MSR/SOI report for the CSA.

Ukiah Valley Sanitation District (UVSD)

The UVSD SOI was established in the 1984 Zion Study along with the City of Ukiah and special districts Countywide. A 2014 effort to update the MSR/SOI was not completed.

**CALAFCO Daily Legislative Report
as of Sunday, July 28, 2019**

1

AB 508 (Chu D) Drinking water: consolidation and extension of service: domestic wells.**Current Text:** Amended: 7/5/2019 [html](#) [pdf](#)**Introduced:** 2/13/2019**Last Amended:** 7/5/2019**Status:** 7/10/2019-From committee: Do pass and re-refer to Com. on APPR. (Ayes 5. Noes 0.) (July 10). Re-referred to Com. on APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

8/12/2019 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, PORTANTINO, Chair

Summary:

The California Safe Drinking Water Act requires the state board, before ordering consolidation or extension of service, to, among other things, make a finding that consolidation of the receiving water system and subsumed water system or extension of service to the subsumed water system is appropriate and technically and economically feasible. The act defines "subsumed water system" for these purposes as the public water system, state small water system, or affected residences consolidated into or receiving service from the receiving water system. This bill would modify the provision that authorizes consolidation or extension of service if a disadvantaged community is reliant on a domestic well described above to instead authorize consolidation or extension of service if a disadvantaged community, in whole or in part, is reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water.

Position: Watch**Subject:** Disadvantaged Communities, Water

CALAFCO Comments: This bill allows the SWRCB to order an extension of service in the case a disadvantaged community has at least one residence that are reliant on a domestic well that fails to provide safe drinking water. It allows members of the disadvantaged community to petition the SWRCB to initiate the process. It allows the owner of the property to opt out of the extension. The bill also places limitations on fees, charges and terms and conditions imposed as a result of the extension of service. Finally, the extension of service does not require annexation in the cases where that would be appropriate.

AB 600 (Chu D) Local government: organization: disadvantaged unincorporated communities.**Current Text:** Amended: 4/29/2019 [html](#) [pdf](#)**Introduced:** 2/14/2019**Last Amended:** 4/29/2019**Status:** 6/24/2019-Read second time. Ordered to third reading.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Under current law, an application to annex a contiguous disadvantaged community is not required if, among other things, a local agency formation commission finds that a majority of the registered voters within the disadvantaged unincorporated community are opposed to the annexation, as specified. This bill would additionally provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the affected disadvantaged unincorporated community would prefer to address the service deficiencies through an extraterritorial service extension.

Attachments:[CALAFCO Oppose Letter 05 07 19](#)[LAFCo Oppose letter template 05 07 19](#)[CALAFCO Oppose Letter REV April 19, 2019](#)[LAFCo Oppose letter template REVISED](#)[CALAFCO Oppose Letter April 16, 2019](#)[LAFCo Oppose letter template](#)**Position:** Oppose**Subject:** Disadvantaged Communities, Water

CALAFCO Comments: As amended on April 29, the bill still has a number of issues. The bill still allows for an extension of service in lieu of annexation.

The bill adds (8)(C) to Government Code Section 56375. As written, this section creates confusion and contradicts §56375(8)(A). It appears the intention is to prohibit LAFCo from approving the annexation of two or more contiguous disadvantaged communities within five years that are individually less than ten acres but cumulatively more than ten acres. If so, then this language conflicts with §56375(8)(A), which allows for commission policies to guide the commission in determining the size of the area to be annexed. Further, the term "paragraph" as used in this section creates uncertainty as to what section or subsection is actually being addressed.

The bill does nothing to address the engineering and financial issues that must be solved in order to ensure sustainable service. Further it does not allow for local circumstances and conditions to be considered by offering a "one size fits all" approach.

AB 1253 (Rivas, Robert D) Local agency formation commissions: grant program.**Current Text:** Introduced: 2/21/2019 [html](#) [pdf](#)**Introduced:** 2/21/2019**Status:** 7/10/2019-Failed Deadline pursuant to Rule 61(a)(10). (Last location was GOV. & F. on 6/6/2019)(May be acted upon Jan 2020)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would require the Strategic Growth Council, until July 31, 2025, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency to a disadvantaged community, as defined, and for other specified purposes, including the initiation of an action, as defined, that is limited to service providers serving a disadvantaged community and is based on determinations found in the study, as approved by the commission. The bill would specify application submission, reimbursement, and reporting requirements for a local agency formation commission to receive grants pursuant to the bill. The bill would require the council, after consulting with the California Association of Local Agency Formation Commissions, to develop and adopt guidelines, timelines, and application and reporting criteria for development and implementation of the program, as specified, and would exempt these guidelines, timelines, and criteria from the rulemaking provisions of the Administrative Procedure Act. The bill would make the grant program subject to an appropriation for the program in the annual Budget Act, and would repeal these provisions on January 1, 2026. This bill contains other existing laws.

Attachments:[LAFCo Support Letter Template](#)[CALAFCO Support letter Feb 2016](#)**Position:** Sponsor**Subject:** Disadvantaged Communities, LAFCo Administration, Municipal Services, Special District Consolidations

CALAFCO Comments: This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCos one-time grant funding for in-depth studies of potential reorganization of local service providers. Last year, the Governor vetoed AB 2258 - this is the same bill. The Strategic Growth Council (SGC) will administer the grant program. Grant funds will be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts (pursuant to SB 448, Wiczkowski, 2017). The grant program would sunset on July 31, 2024.

The bill also changes the protest threshold for LAFCo initiated actions, solely for the purposes of actions funded pursuant to this new section. It allows LAFCo to order the dissolution of a district (outside of the ones identified by the SCO) pursuant to Section 11221 of the Elections code, which is a tiered approach based on registered voters in the affected territory (from 30% down to 10% depending).

The focus is on service providers serving disadvantaged communities. The bill also requires LAFCo pay back grant funds in their entirety if the study is not completed within two years and requires the SGC to give preference to LAFCos whose decisions have been aligned with the goals of sustainable communities strategies.

We were unsuccessful in getting the \$1.5 M into the budget so the author has decided to make this a 2-year bill and try again in the next budget. As this is a new Governor we are unsure about his willingness to make General Fund appropriations for items not in the budget.

AB 1389 (Eggman D) Special districts: change of organization: mitigation of revenue loss.**Current Text:** Introduced: 2/22/2019 [html](#) [pdf](#)**Introduced:** 2/22/2019

210 of 214

Status: 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/14/2019)(May be acted upon Jan 2020)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would authorize the commission to propose, as part of the review and approval of a proposal for the establishment of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, that the special district, to mitigate any loss of property taxes, franchise fees, and other revenues to any other affected local agency, provide payments to the affected local agency from the revenue derived from the proposed exercise of new or different functions or classes of service.

Position: Watch

Subject: CKH General Procedures

CALAFCO Comments: This bill allows LAFCo, when approving a proposal for new or different functions or class of service for a special district, to propose the district provide payments to any affected local agency for taxes, fees or any other revenue that may have been lost as a result of the new service being provided.

AB 1628 (Rivas, Robert D) Environmental justice.

Current Text: Amended: 6/14/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 6/14/2019

Status: 7/9/2019-Read second time. Ordered to third reading.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law requires the Secretary for Environmental Protection, on or before January 1, 2002, to convene a Working Group on Environmental Justice composed of various representatives, as specified, to assist the California Environmental Protection Agency in developing by July 1, 2002, an agencywide environmental justice strategy. Current law requires the Office of Planning and Research to be the coordinating agency in state government for environmental justice programs. Current law requires the Director of State Planning and Research to consult with specified entities, including the Secretary for Environmental Protection. Current law defines "environmental justice" for these purposes. This bill would require the director to additionally consult with the Attorney General and the Bureau of Environmental Justice in the Environment Section of the Department of Justice.

Position: Watch With Concerns

Subject: Environmental Justice

CALAFCO Comments: Recently amended, this bill changes one of the factors considered by LAFCo in the review of an application pertaining to environmental justice. Specifically it changes the definition of "environmental justice" to: "(A) The availability of a healthy environment for all people.(B) The prevention, reduction, and elimination of pollution burdens for populations and communities experiencing the adverse effects of that pollution, so that the effects of the pollution are not disproportionately borne by those populations and communities. (C) Government entities conducting direct outreach and providing capacity-building assistance and technical assistance to populations and communities most impacted by pollution. (D) Including populations and communities most impacted by pollution as active partners in the decisions or activities that affect their environment or health, and incorporating recommendations from those populations and communities into environmental and land use decisions."

It is unclear how LAFCo is to actually consider several of these definition factors.

CALAFCO continues to work with the author and sponsors on amendments.

AB 1751 (Chiu D) Water and sewer system corporations: consolidation of service.

Current Text: Amended: 7/5/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 7/5/2019

Status: 7/5/2019-Read second time and amended. Re-referred to Com. on APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

8/12/2019 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, PORTANTINO, Chair

Summary:

The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board related responsibilities and duties. Current law authorizes the state board to order consolidation of public water systems where a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water, as provided. This bill, the Consolidation for Safe Drinking Water Act of 2019, would authorize a water or sewer system corporation to file an application and obtain approval from the commission through an order authorizing the water or sewer system corporation to consolidate with a public water system or state small water system that has fewer than 3,300 service connections and serves a disadvantaged community, or to implement rates for the subsumed water system.

Position: Watch

Subject: Water

CALAFCO Comments: This bill allows for water (public or state small) or sewer systems corps to file an application for consolidation with the SWRCB.

AB 1822 (Committee on Local Government) Local Government: omnibus.

Current Text: Chaptered: 6/26/2019 [html](#) [pdf](#)

Introduced: 3/11/2019

Last Amended: 4/8/2019

Status: 6/26/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 20, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law requires a commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Current law requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Current law defines "sphere of influence" to mean a plan for the probable physical boundaries and service area of a local agency. Current law defines the term "service" for purposes of the act to mean a specific governmental activity established within, and as a part of, a general function of the special district, as specified. This bill would revise the definition of the term "service" for these purposes to mean a specific governmental activity established within, and as a part of, a function of the local agency.

Attachments:

[CALAFCO Support letter April 16, 2019](#)

[LAFCo Support letter template](#)

Position: Sponsor

Subject: LAFCo Administration

CALAFCO Comments: This is the annual Omnibus bill.

SB 272 (Morrell R) Fire Protection District Law of 1987.

Current Text: Amended: 4/4/2019 [html](#) [pdf](#)

Introduced: 2/13/2019

Last Amended: 4/4/2019

Status: 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was GOV. & F. on 2/21/2019)(May be acted upon Jan 2020)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Fire Protection District Law of 1987 provides that whenever a district board determines that it is in the public interest to provide different services, to provide different levels of service, or to raise additional revenues within specific areas of the district, it may form one or more service zones by adopting a resolution that includes specified information, fixing the date, time, and place for public hearing on the formation of the zone, publishing notice, as specified, hearing and considering any protests to the formation of the zone at the hearing, and, at the conclusion of the hearing, adopting a resolution ordering the formation of the zone. If a resolution adopted after the public hearing would substantially expand the provision of services outside of an existing service zone and the extension of service would result in those persons in the expanded area paying charges for the expansion of services, this bill would provide that the resolution does not become effective unless approved by a majority of the voters within the expanded service area.

Position: Watch

CALAFCO Comments: As amended, the bill amends the Health & Safety code regarding the formation of zones within a fire protection district by requiring the district hold an election, regardless of the protest level, if the district wants to substantially expand (as defined in the bill) services outside the zone. This is unrelated to 56133. CALAFCO will retain a Watch position.

SB 414 (Caballero D) Small System Water Authority Act of 2019.

Current Text: Amended: 6/25/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Last Amended: 6/25/2019

Status: 7/11/2019-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 1.) (July 10). Re-referred to Com. on APPR. (Received at desk July 10 pursuant to JR 61(a)(10)).

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.

Position: Support

Subject: Water

CALAFCO Comments: This bill is very similar to AB 2050 (Caballero) from 2018. Several changes have been made. This bill is sponsored by Eastern Municipal Water District and the CA Municipal Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water authority. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency.

LAFCo will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB's appointed Administrator will act as the applicant on behalf of the state. LAFCo will have ability to approve with modifications the application, and the new agency will have to report to the LAFCo annually for the first 3 years.

SB 646 (Morrell R) Local agency utility services: extension of utility services.

Current Text: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 5/7/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 78, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Mitigation Fee Act, among other things, requires fees for water or sewer connections, or capacity charges imposed by a local agency to not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the reasonable cost of providing the service or materials is submitted to and approved by 2/3 of the electors voting on the issue. The Mitigation Fee Act defines the term "fee" for these purposes. This bill would revise the definition of "fee" to mean a fee for the physical facilities necessary to make a water connection or sewer connection, and that the estimated reasonable cost of labor and materials for installation of those facilities bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection.

Position: Neutral

Subject: CKH General Procedures

CALAFCO Comments: UPDATE AS OF THE 4/11/19 AMENDMENTS: These amendments address all of our concerns and the bill now only addresses fees.

2

AB 213 (Reyes D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 1/15/2019 [html](#) [pdf](#)

Introduced: 1/15/2019

Status: 7/8/2019-In committee: Set, first hearing. Hearing canceled at the request of author.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would, for the 2019-20 fiscal year, require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018-19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018-19 fiscal year to the 2018-19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17.

Attachments:

[CALAFCO Support Letter](#)

Position: Support

Subject: Tax Allocation

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for inhabited annexations. This bill is the same as AB 2268 (Reyes) from last year.

AB 818 (Cooley D) Local government finance: vehicle license fee adjustment amounts.

Current Text: Introduced: 2/20/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 5/17/2019-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 4/3/2019)(May be acted upon Jan 2020)

Desk	Policy	2 year	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current property tax law, for the 2006-07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Current law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012. This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

Attachments:

[LAFCo Support letter template](#)

[CALAFCO Support March 2019](#)

Position: Support

Subject: Financial Viability of Agencies

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for cities incorporating after 2018. This is the same bill as AB 2491 from 2018.

AB 1304 (Waldron R) Water supply contract: Native American tribes.

Current Text: Amended: 5/6/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 5/6/2019

Status: 7/12/2019-Failed Deadline pursuant to Rule 61(a)(11). (Last location was N.R. & W. on 5/29/2019)(May be acted upon Jan 2020)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law provides for the establishment and operations of various water districts. This bill would specifically authorize a water district, as defined, to enter into a contract with a Native American tribe to receive water deliveries from an infrastructure project on tribal lands. The bill would repeal its provisions on January 1, 2025.

Position: Watch

Subject: Municipal Services, Water

CALAFCO Comments: This bill amends the water code to allow a Native American tribe to sell/deliver water to a water district (as defined in the water code section 20200). The bill sunsets on January 1, 2025.

SB 379 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 74, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would enact the First Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

SB 380 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 75, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would enact the Second Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

SB 381 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 76, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would enact the Third Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

AB 134 (Bloom D) Safe Drinking Water Restoration.

Current Text: Amended: 5/20/2019 [html](#) [pdf](#)

Introduced: 12/5/2018

Last Amended: 5/20/2019

Status: 7/10/2019-Failed Deadline pursuant to Rule 61(a)(10). (Last location was E.Q. on 6/12/2019)(May be acted upon Jan 2020)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would require the State Water Resources Control Board to report to the Legislature by July 1, 2025, on its progress in restoring safe drinking water to all California communities and to create an internet website that provides data transparency for all of the board's activities described in this measure. The bill would require the board to develop metrics to measure the efficacy of the fund in ensuring safe and affordable drinking water for all Californians.

Position: Watch

Subject: Water

AB 315 (Garcia, Cristina D) Local government: lobbying associations: expenditure of public funds.

Current Text: Amended: 7/5/2019 [html](#) [pdf](#)

Introduced: 1/30/2019

Last Amended: 7/5/2019

Status: 7/12/2019-Failed Deadline pursuant to Rule 61(a)(11). (Last location was NAT. RES. on 7/5/2019)(May be acted upon Jan 2020)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law authorizes the legislative body of a local agency, defined as a county, city, or city and county, or a district, defined broadly to include other political subdivisions or public corporations in the state other than the state or a county, city and county, or city, to attend the Legislature and the Congress of the United States, and any committees thereof, and to present information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district. Current law also authorizes the legislative body of a local agency or a district to enter into an association for these purposes and specifies that the cost and expense incident to the legislative body's or district's membership in the association and the activities of the association are proper charges against the local agencies or districts comprising the association. This bill, with respect to moneys paid to or otherwise received by an association from a local agency or district member of the association, would prohibit an association of local agencies or districts from expending those moneys for any purpose other than the above-described activities and educational activities.

Position: Watch

AB 530 (Aguilar-Curry D) The Fairfield-Suisun Sewer District.

Current Text: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/13/2019

Last Amended: 4/22/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 69, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Fairfield-Suisun Sewer District Act creates the Fairfield-Suisun Sewer District and grants to the district various powers relating to the treatment and disposal of sewage. The current act provides for the election of a board of directors for the district and administrative procedures for the operation of the district. Violation of regulations adopted by the board is a misdemeanor. This bill would make various administrative changes to the act, including removing the requirement that the district appoint a clerk and changing the posting requirements for regulations.

Position: Watch

Subject: Special District Powers, Special Districts Governance

CALAFCO Comments: This bill makes administrative changes to this special act district. It also allows for an extension of service pursuant to 56133 (keeping that LAFCo process intact).

AB 948 (Kalra D) Coyote Valley Conservation Program.

Current Text: Amended: 6/18/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Last Amended: 6/18/2019

Status: 7/3/2019-In committee: Hearing postponed by committee.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

8/12/2019 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, PORTANTINO, Chair

Summary:

Would authorize the Santa Clara Valley Open-Space Authority to establish and administer the Coyote Valley Conservation Program to address resource and recreational goals of the Coyote Valley, as defined. The bill would authorize the authority to collaborate with state, regional, and local partners to help achieve specified goals of the program. The bill would authorize the authority to, among other things, acquire and dispose of interests and options in real property.

Attachments:

[CALAFCO Support Letter 06 27 19](#)

Position: Support

AB 1053 (Dahle R) Fallen Leaf Lake Community Service District.

Current Text: Amended: 3/25/2019 [html](#) [pdf](#)

Introduced: 2/21/2019

Last Amended: 3/25/2019

Status: 7/12/2019-Failed Deadline pursuant to Rule 61(a)(11). (Last location was GOV. & F. on 5/22/2019)(May be acted upon Jan 2020)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would prohibit, on and after January 1, 2020, the Fallen Leaf Lake Community Services District from providing any services or facilities except fire protection, including medical response and emergency services, and parks and recreation services or facilities.

Position: Watch

CALAFCO Comments: CALAFCO will watch this bill to determine if the outcome of the State Audit on this district will have an impact on all CSDs.

AB 1457 (Reyes D) Omnitrans Transit District.

Current Text: Amended: 5/24/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 5/24/2019

Status: 7/10/2019-Failed Deadline pursuant to Rule 61(a)(10). (Last location was GOV. & F. on 6/25/2019)(May be acted upon Jan 2020)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and specified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district.

Attachments:

[CALAFCO Oppose unless amended letter April 2019](#)

Position: Neutral

CALAFCO Comments: This is a special act district formation. The bill takes what is currently a JPA and transforms it into a special district. CALAFCO has been working with the author and sponsor on amendments and the May 24 version addresses the vast majority of concerns. CALAFCO continues to work with the author and sponsor on minor technical amendments.

SB 654 (Moorlach R) Local government: planning.

Current Text: Introduced: 2/22/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Status: 3/14/2019-Referred to Com. on RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, makes certain findings and declarations relating to local government organizations, including, among other things, the encouragement of orderly growth and development, and the logical formation and modification of the boundaries of local agencies, as specified. This bill would make nonsubstantive changes to these findings and declarations.

Position: Watch

CALAFCO Comments: This is a spot bill. The author indicates he has no plans to use this for LAFCo law.

SB 780 (Committee on Governance and Finance) Local Government Omnibus Act of 2019.

Current Text: Amended: 7/1/2019 [html](#) [pdf](#)

Introduced: 2/28/2019

Last Amended: 7/1/2019

Status: 7/11/2019-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To consent calendar. (Ayes 8. Noes 0.) (July 10). Re-referred to Com. on APPR. (Received at desk July 10 pursuant to JR 61(a)(10)).

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law requires the governing body of a public agency, within 70 days after the commencement of the agency's legal existence, to file with the Secretary of State, on a form prescribed by the secretary, and also with the county clerk of each county in which the public agency maintains an office, a specified statement of facts about the agency. Current law requires this information to be updated within 10 days of a change in it. Current law requires the Secretary of State and each county clerk to establish and maintain an indexed Roster of Public Agencies that contains this information. This bill would instead require the Secretary of State and each county clerk to establish and maintain an indexed Registry of Public Agencies containing the above-described information.

Position: Watch

CALAFCO Comments: This is the Senate Governance & Finance Committee's annual Omnibus bill.

Total Measures: 24
Total Tracking Forms: 24