

ADOPTED

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

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

Prepared for:

MENDOCINO LAFCO

200 South School Street
Ukiah, California 95482

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

Workshop: August 7, 2017

Public Hearing: November 6, 2017

Continued Public Hearing: December 4, 2017

Adopted: December 4, 2017

LAFCo Resolution No. 2017-18-05

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

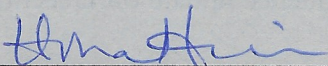
AYES: (6) Brown, Doble, Gonzalez, Hamburg, Orth, Ward

NOES: (0)

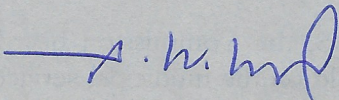
ABSTAIN: (0)

ABSENT: (1) McNerlin

ATTEST:

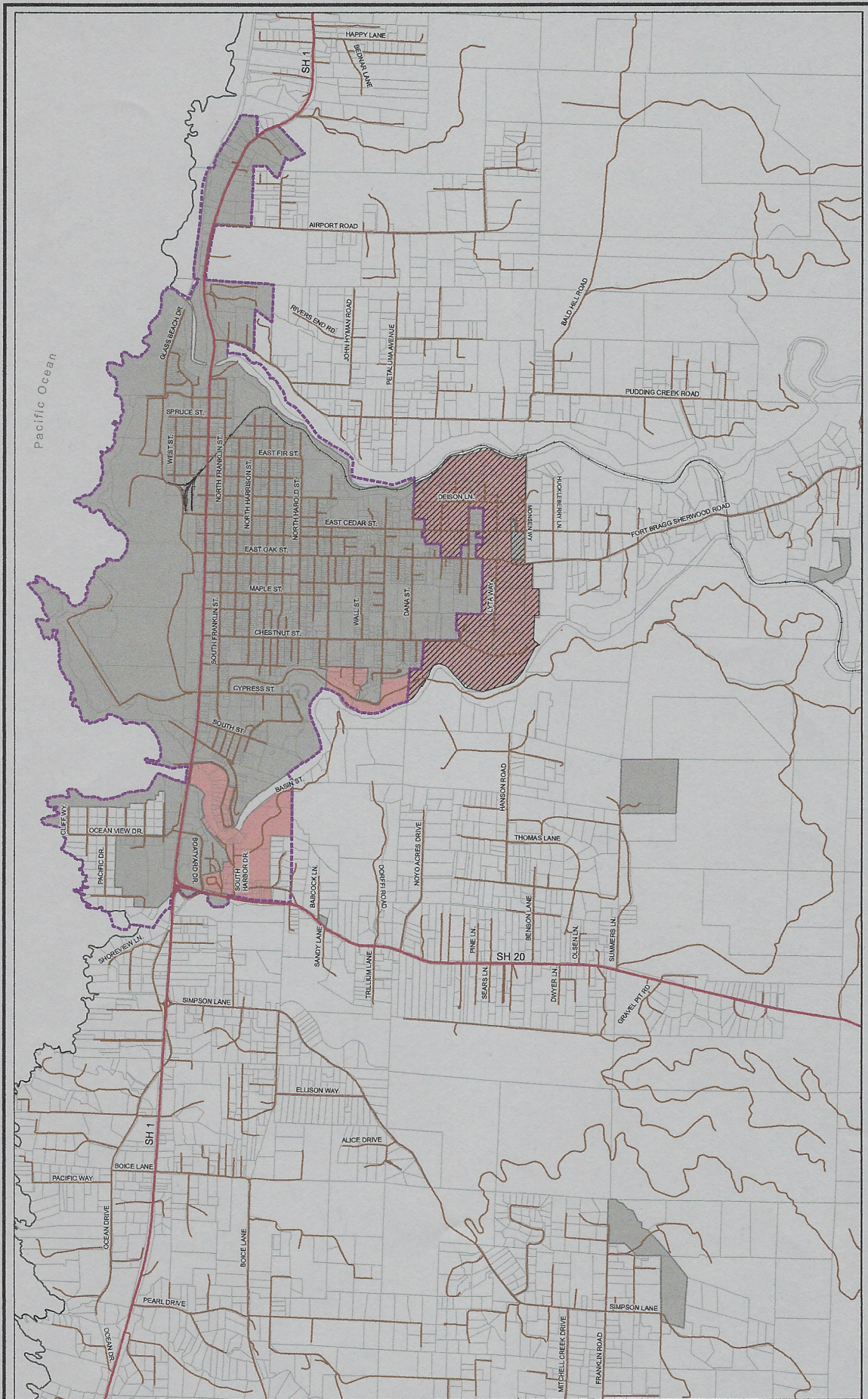


UMA HINMAN, Executive Officer



GERALD WARD, Chair

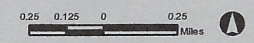
Exhibit "A"



City of Fort Bragg and the Municipal Improvement District

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

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



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1 INTRODUCTION

1.1 LOCAL AGENCY FORMATION COMMISSION

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

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

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

1.2 MENDOCINO LAFCO

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

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

1.3 MUNICIPAL SERVICE REVIEW

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

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

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

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

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

1.4 SPHERE OF INFLUENCE

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

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

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

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

1.5 SENATE BILL 215

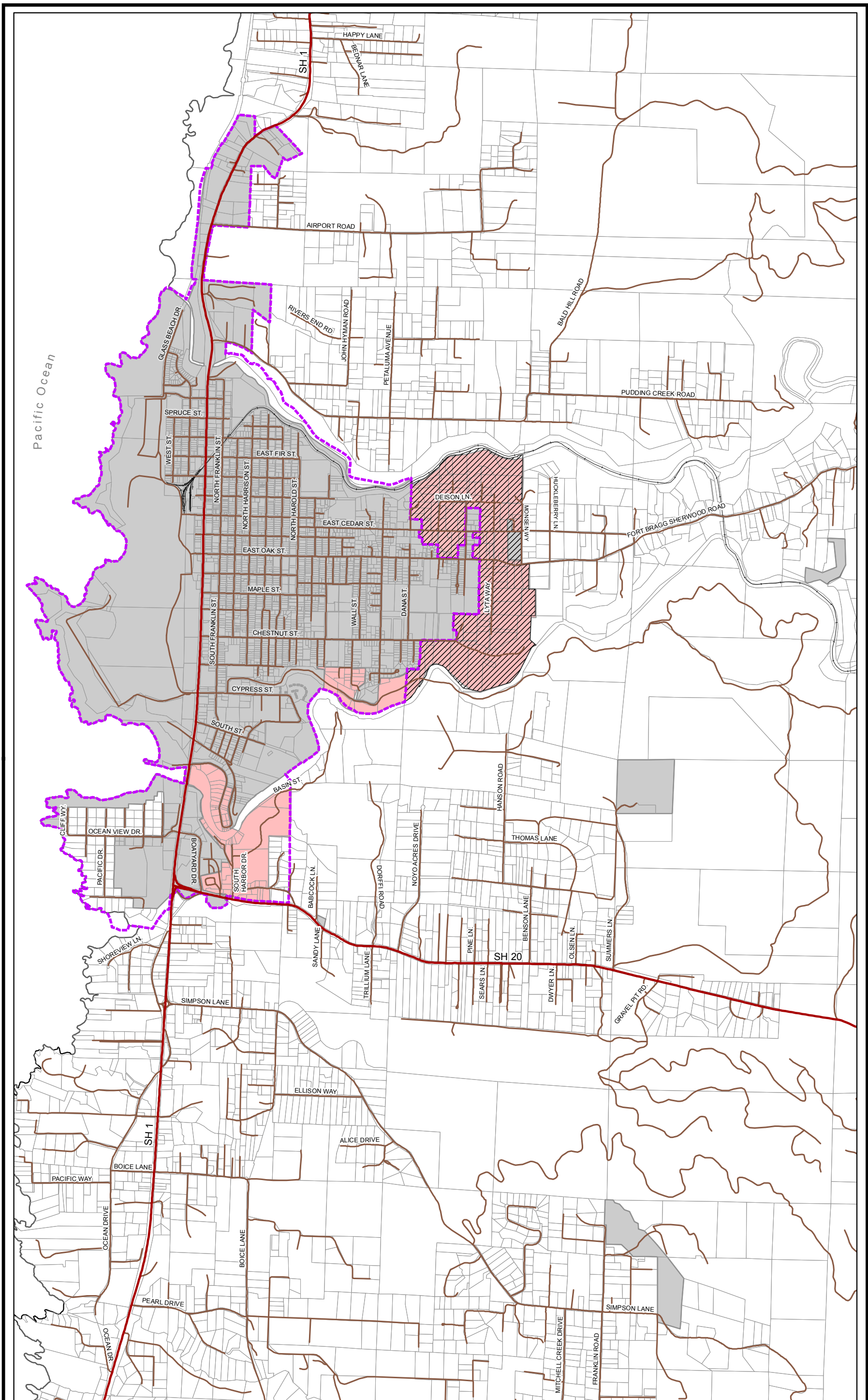
Senate Bill (SB) 375 (Sustainable Communities and Climate Protection Act) requires each metropolitan planning organization (MPO) to address regional greenhouse gas (GHG) emission reduction targets for passenger vehicles in their Regional Transportation Plan (RTP) by integrating planning for transportation,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

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

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

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

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

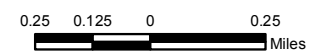


City of Fort Bragg and the Municipal Improvement District

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

Note: This map is not a survey product.

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



2 OVERVIEW

2.1 AGENCY PROFILE

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

2.2 FORMATION, BOUNDARY, AND SERVICES

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

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

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

2.3 GOVERNMENT STRUCTURE

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

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

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

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

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

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

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

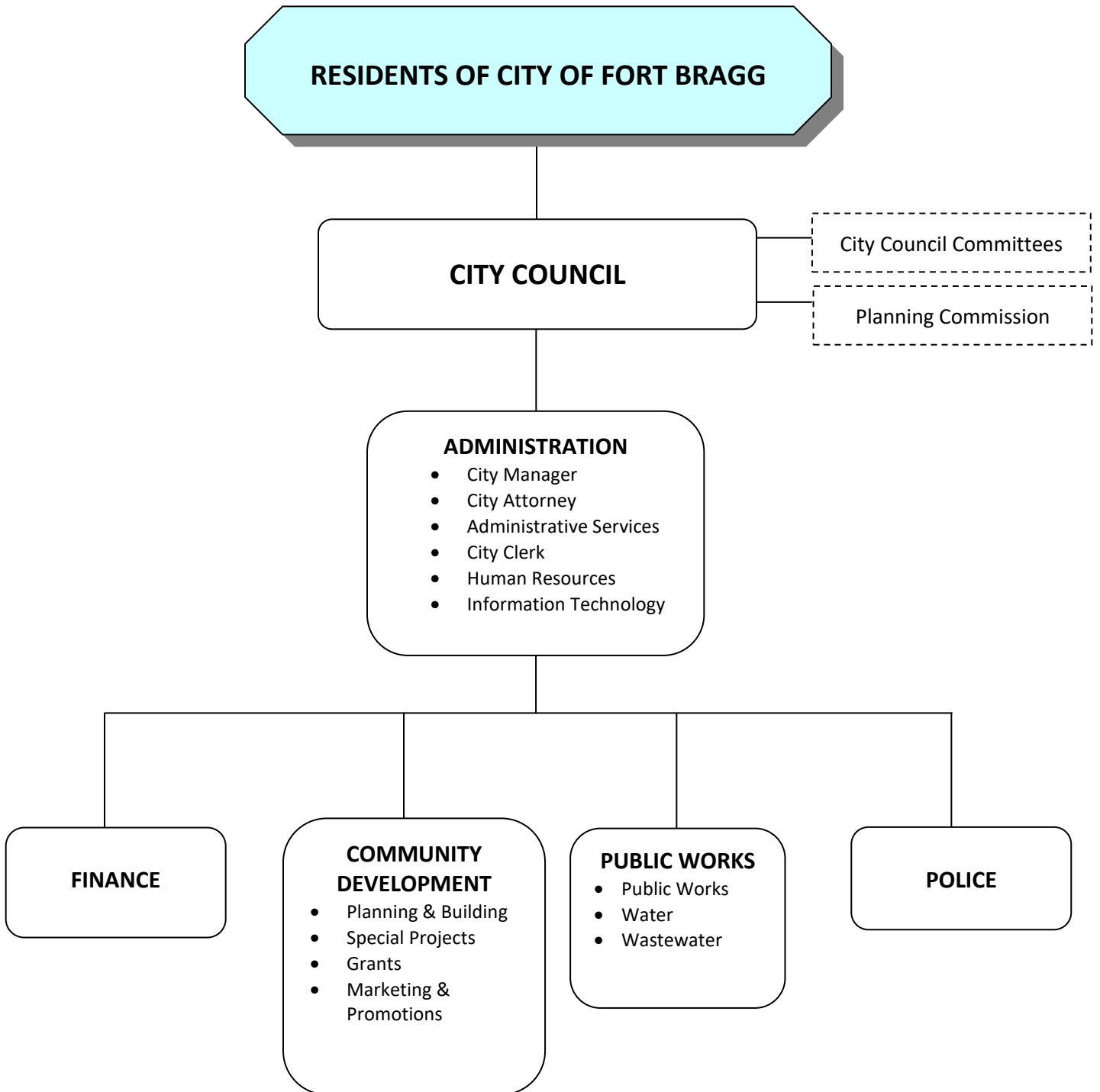
Table 2.3 City of Fort Bragg Public Involvement Opportunities	
Method	Link
City Website	http://city.fortbragg.com/
City Meetings Archives	https://cityfortbragg.legistar.com/Calendar.aspx
City Meetings Live Stream	http://city.fortbragg.com/501/Council-Meeting-Live-Stream
Public Hearing Notices	http://city.fortbragg.com/417/Public-Hearing-Notices
City Dialogue Meetings	http://city.fortbragg.com/290/City-Dialogue
Public Notification Portal	http://city.fortbragg.com/list.aspx
Online Request Tracker	http://city.fortbragg.com/requesttracker.aspx
City Manager's Biweekly Reports	https://city.fortbragg.com/167/City-Notes
Facebook	https://www.facebook.com/CityFortBraggCA/
Instagram	https://www.instagram.com/cityfortbragg/
Twitter	@CityFortBraggCA
YouTube Channel	https://www.youtube.com/channel/UCHVi8EInW9Davk_zr7CDx7g
Source: Fort Bragg, March 2017	

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

2.4 MANAGEMENT AND STAFFING

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

Figure 2-2 City of Fort Bragg Organizational Chart



Source: Fort Bragg, July 2017

2.4.1 OPPORTUNITIES FOR COLLABORATION OR SHARED FACILITIES

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

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

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

2.5 FINANCING

2.5.1 ANNUAL BUDGET

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

Throughout the year, the budget serves as a financial management tool and an operational plan for the delivery of City services and the implementation of funded capital projects.

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

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

2.5.2 FINANCIAL AUDIT REPORT

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

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

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

2.5.3 GENERAL FUND

The City has three major operating funds: the General Fund, Water Enterprise, and Wastewater Enterprise. In addition, the City's chart of accounts includes the C.V. Starr Center Enterprise, special revenue, grant and capital project funds, and internal service funds. The following table summarizes the

revenues, expenses, and changes in fund balance for the City's General Fund based on audited financial statements for Fiscal Years (FY) 2013-14, 2014-15, and 2015-16.

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

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

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

Comparing revenues to expenses is another way to measure the annual fiscal health of City operations. In FY 2013-14, expenses exceeded revenues by \$194,984. Revenues exceeded expenses by \$251,071 in FY 2014-15. In FY 2015-16, revenues again exceeded expenses by \$638,319. For the years audited, the City's annual revenue sufficiently covers annual expenses indicating that under current levels of public service, the General Fund is fiscally healthy.

2.5.3.1 Cost Allocation Plan Correction

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

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

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

2.5.3.2 Fiscal Year 2017-18 Budget

The information provided in this section is from the May 24, 2017 City Council Staff Report which accompanied the Proposed Budget for Fiscal Year 2017-18. In FY 2017-18, the General Fund operating budget is projected to have revenues of \$9.05 million and appropriations budgeted at \$9.38 million. While some portion of the \$354,000 operating deficit is comprised of one-time capital projects, the General Fund is generally operating at a loss. The fund balance in the General Fund is expected to

decrease from \$2.41 million in FY 2016-17 to \$2.05 million in FY 2017-18. Once reserves and encumbrances are taken into account, the unassigned fund balance in the General Fund is projected to be \$301,000. The decline in fund balance for the General Fund is primarily due to the implementation of a new cost allocation plan beginning in FY 2016-17, repayment to the Water and Wastewater Enterprise Funds for prior year over-payment based on the old cost allocation plan, and increasing expenses outpacing slow revenue growth. (Fort Bragg, May 2017)

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

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

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

2.5.4 ENTERPRISE FUNDS

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

Table 2.5 City of Fort Bragg Financial Summary (Water Enterprise)			
	FY 2013-14	FY 2014-15	FY 2015-16
Beginning Fund Balance	\$ 2,726,698	\$ 2,388,578	\$ 2,787,966
Prior Period Adjustments	\$ (85,386)	\$ -	\$ -
Ending Fund Balance	\$ 2,388,578	\$ 2,787,966	\$ 3,806,373
Operating Revenues			
Charges for services	\$ 2,228,589	\$ 2,460,658	\$ 2,595,679
Other operating revenues	\$ -	\$ 34,955	\$ 28,267
Total Operating Revenues	\$ 2,228,589	\$ 2,495,613	\$ 2,623,946
Operating Expenses			
Personnel services	\$ 672,254	\$ 669,320	\$ 673,226
Administration	\$ 463,937	\$ 636,837	\$ 622,660

Table 2.5 City of Fort Bragg Financial Summary (Water Enterprise)			
	FY 2013-14	FY 2014-15	FY 2015-16
Repairs and maintenance	\$ 408,547	\$ 53,894	\$ 98,235
Materials and supplies	\$ 187,663	\$ 274,495	\$ 227,644
Utilities	\$ 95,386	\$ 106,887	\$ 105,090
Contractual services	\$ 107,300	\$ 64,918	\$ 90,478
Insurance	\$ 18,103	\$ -	\$ 16,755
Depreciation	\$ 323,135	\$ 332,729	\$ 298,264
Total Operating Expenses	\$ 2,276,325	\$ 2,139,080	\$ 2,132,352
Non-Operating Revenues (Expenses)			
Interest income	\$ 21,782	\$ 27,168	\$ 14,847
Other non-operating revenues	\$ 13,270	\$ 63,741	\$ 182,744
Loss on disposition of capital assets	\$ (23,761)	\$ -	\$ -
Bond issue costs	\$ (67,700)	\$ -	\$ -
Interest expense	\$ (171,191)	\$ (147,070)	\$ (131,645)
Total Non-Operating Income/(Loss)	\$ (227,600)	\$ (56,161)	\$ 65,946
Other Financing Sources (Uses)			
Transfers In	\$ 22,602	\$ 1,809,025	\$ 547,175
Transfers Out	\$ -	\$ (1,710,009)	\$ (86,308)
Total Other Financing	\$ 22,602	\$ 99,016	\$ 460,867
Net Income/(Loss)	\$ 252,734	\$ 399,388	\$ 1,018,407

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

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

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

Table 2.6 City of Fort Bragg Financial Summary (Wastewater Enterprise)			
	FY 2013-14	FY 2014-15	FY 2015-16
Beginning Fund Balance	\$ 7,940,554	\$ 7,929,094	\$ 7,687,401
Prior Period Adjustments	\$ (16,878)	\$ (690,158)	\$ -
Ending Fund Balance	\$ 7,929,094	\$ 7,687,401	\$ 8,203,285
Operating Revenues			
Charges for services	\$ 3,004,493	\$ 3,194,149	\$ 3,332,333
Total Operating Revenues	\$ 3,004,493	\$ 3,194,149	\$ 3,332,333
Operating Expenses			

Table 2.6 City of Fort Bragg Financial Summary (Wastewater Enterprise)			
	FY 2013-14	FY 2014-15	FY 2015-16
Personnel services	\$ 1,061,418	\$ 1,127,997	\$ 1,150,738
Administration	\$ 689,511	\$ 785,794	\$ 849,141
Repairs and maintenance	\$ 418,749	\$ 133,670	\$ 84,425
Materials and supplies	\$ 148,731	\$ 189,140	\$ 196,505
Utilities	\$ 120,050	\$ 119,030	\$ 119,393
Contractual services	\$ 168,763	\$ 88,856	\$ 102,494
Insurance	\$ 25,502	\$ 23,821	\$ 17,967
Other operating expenses	\$ -	\$ 1,721	\$ 47,404
Depreciation	\$ 308,851	\$ 314,016	\$ 317,785
Total Operating Expenses	\$ 2,941,575	\$ 2,784,045	\$ 2,885,852
Non-Operating Revenues (Expenses)			
Interest income	\$ 8,146	\$ 12,157	\$ 8,420
Other non-operating revenues	\$ 6,512	\$ 52,310	\$ 82,957
Loss on disposition of capital assets	\$ (34,057)	\$ -	\$ -
Interest expense	\$ (16,841)	\$ (16,456)	\$ (11,627)
Total Non-Operating Income/(Loss)	\$ (36,240)	\$ 48,011	\$ 79,750
Other Financing Sources (Uses)			
Transfers In	\$ -	\$ 933,394	\$ 335,589
Transfers Out	\$ (21,260)	\$ (943,044)	\$ (345,936)
Total Other Financing	\$ (21,260)	\$ (9,650)	\$ (10,347)
Net Income/(Loss)	\$ 5,418	\$ 448,465	\$ 515,884

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

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

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

2.5.4.1 Fiscal Year 2017-18 Budget

The Wastewater and Water Enterprise Funds are fiscally healthy. In FY 2016-17, both funds received an increase in revenue from the General Fund Cost Allocation Plan repayments and will incur lower costs from the corrected cost allocation formula in moving forward. The fund balances in the Wastewater and Water Funds are projected to decline in FY 2017-18 due to implementing the Capital Improvement Program and utilizing fund balance for one-time capital expenses, including \$11.1 million in expenditures for Wastewater Enterprise projects and \$3.4 million in expenditures for Water Enterprise

projects. On-going operating revenues in the Enterprise Funds are keeping pace with operating expenditures. Revenue in the Wastewater Enterprise is projected to increase from \$3.24 million in FY 2016-17 to \$3.34 million in FY 2017-18 and operating expenses (excluding transfers) are projected to decrease from \$2.69 million in FY 2016-17 to \$2.36 million in FY 2017-18. Water Enterprise Fund revenues are projected to increase from \$2.57 million in FY 2016-17 to \$2.67 million in FY 2017-18 and operating expenses (excluding transfers) are projected to decrease from \$2.12 million in FY 2016-17 to \$2.10 million in FY 2017-18. (Fort Bragg, May 2017)

2.5.4.2 Service Rates

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

Figure 2-3 City of Fort Bragg Water Service Rates

Adopted Water Rates as of September 1, 2014

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

The current wastewater rates also went into effect on July 1, 2013 and are shown in Figure 2-4. The wastewater rate structure includes a fixed monthly charge for each dwelling and commercial unit and a

variable charge based on actual monthly water usage for all accounts, except single family residences, which is based on winter water usage between November and February.

Figure 2-4 City of Fort Bragg Wastewater Service Rates

Adopted Sewer Rates as of July 1, 2014

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

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

2.5.5 LONG TERM FINANCIAL CONSIDERATIONS

2.5.5.1 Reserves

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

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

Economic Stabilization Reserve: The General Fund balance committed for the purpose of stabilizing the delivery of City services during periods of severe operational budget deficits and to mitigate the effects of major unforeseen changes in revenues and/or expenditures is established at an amount equivalent to 5% to 10% of the City's annual operating budget for the General Fund. This range serves as a cushion to safeguard the City's fiscal health against fluctuations in revenues and costs due to economic volatility. City Council approval shall be required before expending any portion of this committed fund balance. Access to these funds will be reserved for economic emergency situations such as unanticipated major declines in revenue, budgeted revenue taken over by another entity, or a catastrophe exceeding of funds in the Emergency Contingency Reserve.

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

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

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

2.5.5.2 Outstanding Debt

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

Figure 2-5 City of Fort Bragg Debt Summary

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

Source: (Fort Bragg, March 2017)

2.5.5.3 Capital Improvement Plan

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

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

Figure 2-6 City of Fort Bragg Capital Improvement Program

Fund	Project Number	Project Category/Name	Prior FY(s)	FY 17/18 Proposed Budget	FY 18/19 Projected	FY 19/20 Projected	FY 20/21 Projected	FY 21/22 Projected	5 year CIP Total	Beyond CIP	Total Project Costs
MUNICIPAL FACILITIES											
416	PWP-00094	Guest House Rehabilitation	\$ 213,730	\$ 70,000	\$ 80,000	\$ -	\$ -	\$ -	\$ 363,730	\$ -	\$ 363,730
417	PWP-00095	City Hall - Painting, Roofing & Generator	77,000	-	60,000				137,000		137,000
418	PWP-00102	East City Hall, Structural, Pool Bldg & Other	72,700	226,500	68,000				367,200		367,200
	PWP-00108	Police Station Garage		20,000	180,000				200,000	70,000	270,000
		Town Hall Exterior Painting		-				60,000	60,000		60,000
	N/A	Main St Fire Station Rehab		-					-	1,950,000	1,950,000
	N/A	Highway 20 Fire Station		-					-	500,000	500,000
	N/A	Rule 20 Project (undergrounding utilities)		-					-	1,200,000	1,200,000
		Total Municipal Facilities	363,430	316,500	388,000	-	-	60,000	1,127,930	3,720,000	4,847,930
PARKS & COMMUNITY SERVICES											
407	CDD-00020	Glass Beach Staircase	32,807	162,000					194,807		194,807
415	CDD-00020	Coastal Trail - Phase II (central Segment)	99,422	950,578	170,000				1,220,000		1,220,000
		Guest House Park Signs & Walkway		-	45,000				45,000		45,000
419	PWP-00096	Bainbridge Park Improvements	75,000	33,290					108,290		108,290
		Total Parks & Community Services	207,229	1,145,868	215,000	-	-	-	1,568,097	-	1,568,097
STREET MAINTENANCE & TRAFFIC SAFETY											
414	PWP-00097	Alley Rehabilitation	300,000	750,000		750,000		750,000	2,550,000		2,550,000
	PWP-00099	Downtown Crosswalk Rehabilitation	-	62,300	-				62,300	62,300	124,600
405	PWP-00100	Street Resurfacing & Structural Repairs	1,084,879	-	2,000,000		2,000,000		5,084,879		5,084,879
413	PWP-00079	Chestnut Street Multi Use Trail	1,380,000	-					1,380,000		1,380,000
	PWP-00101	South Main St Bike & Ped Improvements		-					-	800,000	800,000
		Total Street Maint. & Traffic Safety	2,764,879	812,300	2,000,000	750,000	2,000,000	750,000	9,077,179	862,300	9,939,479
WATER ENTERPRISE											
615	PWP-00017	Summers Lane Reservoir Cover		700,000					700,000		700,000
		Water Tank Installation		1,395,349					1,395,349		1,395,349
	PWP-00092	Water Treatment Plant Overhaul		50,000		800,000	500,000		1,350,000		1,350,000
		Putding Creek Water Main Relocation		205,000	1,495,000				1,700,000		1,700,000
		Raw Water Line Engineering, Phases II through V		400,000					400,000		400,000
		Raw Water Line Replacement: Phase II - Noyo River to Water Treatment Facility		682,000					682,000		682,000
		Raw Water Line Replacement: Phase III - Newman Reservoir to Noyo River		-	906,000				906,000		906,000
		Raw Water Line Replacement: Phase IV - Hare Creek to SR 20		-		420,000			420,000		420,000
		Raw Water Line Replacement: Phase V - Forest Road 450 to Hare Creek		-				241,000	241,000		241,000
		Raw Water Pond Rehabilitation		-	200,000				200,000		200,000
		Cedar Street Water Distribution Line Replacement		-			195,000		195,000		195,000
	PWP-00078	Water Tank Replacement		-					-	1,600,000	1,600,000
	WTR-00012	East FB Pressure Zone (EFBPZ), Phase 1		-					-	525,000	525,000
	N/A	EFBPZ - Phase 2		-					-	320,000	320,000
	N/A	EFBPZ - Phase 3		-					-	560,000	560,000
		Total Water Enterprise	-	3,432,349	2,601,000	1,220,000	695,000	241,000	8,189,349	3,005,000	11,194,349
WASTEWATER ENTERPRISE											
716	WWP-00010	WW Treatment Facility Upgrade- Activated Sludge	699,000	11,000,000					11,699,000	-	11,699,000
		Sewer Main Rehabilitation		60,000	60,000	60,000	60,000	60,000	300,000	-	300,000
	WWP-00011	Sanderson Way Sewer Main Replacement - Oak to Cedar		-			215,000		215,000	-	215,000
		Total Wastewater Enterprise	699,000	11,060,000	60,000	60,000	275,000	60,000	12,214,000	-	12,214,000
Grand Total			\$ 4,034,538	\$ 16,767,017	\$ 5,264,000	\$2,030,000	\$ 2,970,000	\$ 1,111,000	\$ 32,176,555	\$ 7,587,300	\$ 39,763,855

2.6 GROWTH AND POPULATION PROJECTIONS

2.6.1 PRESENT AND PLANNED LAND USE AND DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

(Fort Bragg, March 2017)

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

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

2.6.2 EXISTING POPULATION AND PROJECTED GROWTH

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

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

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

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

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

2.7 DISADVANTAGED UNINCORPORATED COMMUNITIES

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

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

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

3 MUNICIPAL SERVICE REVIEW

3.1 SERVICE OVERVIEW

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

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

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

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

3.2 GENERAL GOVERNMENT

3.2.1 SERVICE OVERVIEW

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

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

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

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

3.2.2 STAFFING

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

3.3 FINANCE

3.3.1 SERVICE OVERVIEW

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

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

3.3.2 STAFFING

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

3.4 COMMUNITY DEVELOPMENT

3.4.1 SERVICE OVERVIEW

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

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

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

3.4.2 STAFFING

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

3.5 LAW ENFORCEMENT

3.5.1 SERVICE OVERVIEW

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

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

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

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

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

Source: (Fort Bragg, March 2017)

3.5.2 STAFFING

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

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

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

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

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

3.6 PUBLIC WORKS

3.6.1 SERVICE OVERVIEW

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

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

- Processing all roadway encroachment permits.

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

3.6.2 STAFFING

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

3.6.3 CAPITAL ASSETS

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

3.6.3.1 Public Facilities

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

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

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

Source: (Fort Bragg, January 2017)

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

3.6.3.2 Public Infrastructure

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

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

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

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

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

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

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

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

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

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

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

3.7 WATER ENTERPRISE

3.7.1 SERVICE OVERVIEW

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

3.7.2 STAFFING

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

3.7.3 CAPACITY OF FACILITIES

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

The City's water supply system draws raw water primarily from the Noyo River with the limitation that pumping does not exceed 3.0 cubic feet per second (cfs). The Noyo River direct diversion flows by gravity into a 5,000 gallon wet well and is then pumped via pipeline to the WTP from a pump station on

the river bank. The Newman Reservoir is an on-stream reservoir located on a 54-acre parcel owned by the City of Fort Bragg and impounds water from the Newman Gulch. The Summers Lane Reservoir is a new reservoir with a capacity of 45 acre-feet (AF) located on this same property. The Summers Lane Reservoir is an off-stream storage facility that holds water from Waterfall Gulch. Approximately 20% of the City's water supply during the summer months is drawn from the Newman and Summers Lane Reservoirs and approximately 25% throughout the year is from the Waterfall Gulch diversion, all of which are gravity fed through a single ten-inch pipeline to the raw water storage ponds at the WTP. (LAFCo, 2008; Fort Bragg, July 2017)

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

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

Source: (Fort Bragg, March 2017)

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

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

Source: (Fort Bragg, March 2017)

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

3.7.4 DEMAND FOR SERVICES

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

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

Source: (Fort Bragg, March 2017)

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

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

Source: (Fort Bragg, March 2017)

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

3.7.5 INFRASTRUCTURE NEEDS OR DEFICIENCIES

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

3.8 WASTEWATER ENTERPRISE

3.8.1 SERVICE OVERVIEW

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

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

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

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

3.8.2 STAFFING

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

3.8.3 CAPACITY OF FACILITIES

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

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

Currently, the WWTP wet weather treatment capacity is exceeded several times a year due to very high flows of stormwater and groundwater into the wastewater collection system caused by infiltration and inflow (I/I) and cross-connection between storm drains and sewer lines. I/I is problematic for multiple

reasons but especially because of the potential for sanitary sewer overflows (SSOs) and penalties for exceeding effluent limitations when the WWTP cannot operate as designed.

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

3.8.4 DEMAND FOR SERVICES

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

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

Figure 3-1 Historical Wastewater Flow Data 2009-2012

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

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

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

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

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

Source: (Nolte Associates, 2013)

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

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

Source: (Fort Bragg, July 2017)

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

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

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

3.8.5 INFRASTRUCTURE NEEDS OR DEFICIENCIES

The aging infrastructure of the wastewater system and the peak flow volume during wet weather events are the primary factors influencing the District's ability to provide wastewater services to customers. The City, on behalf of the District, plans for capital projects through the rolling five-year Capital

Improvement Program (CIP) as part of the annual budget development process. Refer to Figure 2-6 for a list of wastewater system projects identified in the Fiscal Year 2018-2022 CIP.

3.9 SERVICES PROVIDED BY CONTRACT OR JPA

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

3.9.1 C.V STARR COMMUNITY CENTER

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

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

3.9.2 FIRE PROTECTION

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

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

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

3.9.3 SUCCESSOR AGENCY TO FORT BRAGG REDEVELOPMENT AGENCY

Between 1986 and 2012, the Fort Bragg Redevelopment Agency carried out redevelopment projects and promoted and supported economic development and affordable housing development within a portion of the City including properties within the Central Business District, commercial and industrial lands along Main Street, and the former Georgia Pacific mill site. In early 2012, the Redevelopment Agency was dissolved as a result of ABx126 and the City Council elected to serve as the Successor Agency to the Fort Bragg Redevelopment Agency. The Successor Agency is the legal entity tasked with winding down the affairs of the former Redevelopment Agency under the supervision of an Oversight Board. The Successor Agency plays a key role in assuring that the existing debt service and other enforceable obligations of the former Redevelopment Agency are properly paid based upon a Recognized Obligation Payment Schedule (ROPS) approved by the Oversight Board and the State Department of Finance.

3.10 MSR DETERMINATIONS

3.10.1 Growth and Population Projections

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

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

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

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

6. The City has 2,275 acre-feet, or 741.312 million gallons, of water appropriations from the Noyo River, Newman Gulch, and Waterfall Gulch water sources. The City's annual water demand is approximately 767 acre-feet or 250 million gallons of drinking water. During Fiscal Year 2016-2017, the City completed the Summers Lane Reservoir Project, providing an additional 15 million gallons of raw water storage to help ensure a reliable water supply during severe drought years and for future development.

7. It is recommended that the City update the 1986 Water System Master Plan to perform an updated assessment of the adequacy of its water system infrastructure and storage facilities; continue efforts to secure additional water sources; take the necessary actions to convert the City's Noyo River Diversion Permit to a permanent license; continue to implement projects to improve the pressure in the water system lines to improve service reliability and provide adequate fire flow in the case of an emergency; and evaluate the feasibility of producing reclaimed water at the Wastewater Treatment Plant.
8. The District's Wastewater Treatment Plant (WWTP) has a secondary treatment level capacity of 1.0 million gallons per day (MGD) for average dry weather flow and 2.2 MGD for average wet weather flow. In 2016, the District's average daily flow volume was 0.842 MGD and the peak flow volume was 4.075 MGD due to wet weather events. The existing capacity of the WWTP is sufficient to meet the wastewater service demands within the planning horizon of this MSR.
9. A 2013 Predesign Study identified estimated growth parameters for the District and recommended design criteria to size the WWTP process equipment for the WWTP Upgrade Project which is estimated to cost \$11,699,000. Construction for the WWTP Upgrade Project is identified as a Fiscal Year 2017-2018 Capital Project and will be implemented once funding is secured. With this major improvement project, the District will be able to meet long-term projected wastewater service demands.
10. Infiltration and inflow (I/I) into the District's wastewater collection system has been identified as a significant problem. The City, on behalf of the District, is addressing areas with high rates of I/I by implementing slip lining pipe repairs, conducting video inspections and smoke testing of the collection system to identify needed repairs, and making visual inspections during high flows to identify major sources of I/I. Until major capital improvements are made to address I/I problems, the wet weather treatment capacity will continue to be a limiting factor for the wastewater system.
11. As part of the rezoning process for the Georgia Pacific Mill Site, it is recommended that the City assess the capacity of the water and wastewater systems to accommodate new development. The City could also include new policies in the Coastal General Plan that require proof of service prior to approval of any permits for new or more intensive development within the Mill Site.
12. Traffic projections, based on the Inland Land Use Element 10-year buildout projections (2022), indicate that the future level of service will remain virtually identical to current conditions. Further, traffic projections for all potential future development throughout the City, including anticipated development on the Georgia Pacific Mill Site, indicate that all intersections and roadway segments will conform to the standards established by the City's Circulation Element.

3.10.4 Financial Ability of Agency to Provide Services

13. Based on financial audit information from Fiscal Years 2013-14, 2014-15, and 2015-16, the City generally operates at a net income and is able to meet its ongoing financial obligations.
14. Based on the projected FY 2017-18 City budget, the General Fund is generally operating at a loss. The projected decline in fund balance for the General Fund is primarily due to the implementation of a new cost allocation plan beginning in FY 2016-17, repayment to the Water and Wastewater Enterprise Funds for prior year over-payment based on the old cost allocation plan, and increasing expense costs outpacing slow revenue growth. To stabilize the General Fund deficit and rebuild emergency reserves, the City will need to continue to budget conservatively, closely manage operating expenditures, and enhance revenue sources where

- possible. In addition, general Transient Occupancy Tax revenues are expected to increase by 5.5% in FY 2017-18 and this projected revenue gain will help to address the General Fund deficit.
15. The Water and Wastewater Enterprise Funds are fiscally healthy and on-going operating revenues in these funds are projected to continue to keep pace with operating expenditures. The Water and Wastewater Enterprise service rates went into effect on July 1, 2013. In FY 2016-17, the City prepared updated rate studies to determine the appropriate timing for implementing the rate increase schedule that was approved in 2013 and which was temporarily suspended in FY 2016-17. The rate increase will be postponed until FY 2018-19.
 16. The City's Five-Year Capital Improvement Program (CIP), covering FY 2017-18 through FY 2021-22, outlines current and future infrastructure needs and capital funding priorities for municipal facilities, parks and community services, street maintenance and traffic safety, storm drains, Water Enterprise, and Wastewater Enterprise on behalf of the District. The City identifies funding sources and commits funding for specific capital projects as part of the annual budget development process.
 17. The City maintains appropriate staffing levels for each department based on anticipated workloads and assignments, and maximizes the unique skill set of the labor force to address unanticipated public needs when they arise.
 18. While the City faces revenue constraints, there are no proposed reductions in City services. In addition, the City continues to address high priority public facility and infrastructure needs through grants, low interest loans, and special revenue funds.

3.10.5 Opportunities for Shared Facilities

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

3.10.6 Accountability for Community Services

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

may also provide verbal comments or complaints by phone or in person at City Hall during business hours and/or at City Council meetings during the general public comment period.

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

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

4 SPHERE OF INFLUENCE UPDATE

4.1 BACKGROUND

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

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

4.2.1 SPHERE OF INFLUENCE

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

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

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

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

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

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

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

4.2.2 OUT-OF-AREA SERVICES

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

4.2.3 AREAS OF INTEREST

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

4.3 SOI DETERMINATIONS

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

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

The City of Fort Bragg has a full range of land uses including low to high density residential, retail and service commercial, manufacturing, public facilities, recreation, and open space. Land uses within the City are established by the City's Inland and Coastal General Plan Land Use Elements and implemented by the City's Inland and Coastal Land Use and Development Codes. The Spheres of Influence for the City of Fort Bragg and the Fort Bragg Municipal Improvement District No. 1 are unincorporated areas currently under the land use authority of Mendocino County and are regulated by the County General Plan and Zoning Ordinance.

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

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

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

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

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

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

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

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

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

The median household income for Fort Bragg is \$33,867, which is 55% of the statewide median household income. The City of Fort Bragg is considered to be a disadvantaged community, and may have adjacent Disadvantaged Unincorporated Communities (DUCs). Should future annexations to the City and Fort Bragg Municipal Improvement District No. 1 be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCo Policy.

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