



LAFCO

Meeting Date: 12/01/2022

Information

SUBJECT

Consider approval of **Resolution 2022-11** adopting the Municipal Service Review (MSR) for the County Service Areas (CSAs) and approving a Sphere of Influence (SOI) Update for the Wild Wings CSA (LAFCo No. 21-04), and determine the MSR/SOI Update is exempt from the California Environmental Quality Act (CEQA)

RECOMMENDED ACTION

1. Open the Public Hearing to receive staff presentation and public comment on the CSAs MSR/SOI Update.
2. Close the Public Hearing.
3. Consider the information presented in the staff report and during the Public Hearing. Discuss and direct staff to make any necessary changes.
4. Approve Resolution 2022-11, adopting the MSR for the CSAs and approving the SOI Update for the Wild Wings CSA, and determining the MSR/SOI Update is exempt from CEQA.

FISCAL IMPACT

No fiscal impact. The LAFCo budget included staff costs and GIS work to complete the MSR in-house.

REASONS FOR RECOMMENDED ACTION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) is LAFCo's governing law and outlines the requirements for preparing periodic Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of "discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances."

An MSR is conducted prior to, or in conjunction with, the update of an SOI (LAFCos are required to review an agency's SOI every five years). In conducting an MSR, LAFCo comprehensively reviews all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies. An MSR also evaluates the structure and operations of agency services and includes a discussion of the capability and capacity of the agency to ensure the provision of municipal services to the existing service area and any foreseeable future growth. The SOI delineates the probable future physical boundaries and service area of an agency and lays the groundwork for potential future annexation. Based on the findings of the MSR checklist, staff can recommend whether a SOI update is warranted.

Commissioners may recall the MSR process for the CSAs began in spring 2021 but was put on hold to prioritize the MSR for the Fire Protection Agencies. A draft MSR was completed for El Macero CSA back in 2021 before the project was put on hold and the remaining CSAs were completed since August 2022. This chronology is relevant because correspondence is included from these separate timeframes.

BACKGROUND

CSAs in State Law

Yolo County has utilized County Service Areas (CSAs) for over 50 years to provide services to the residents of some unincorporated areas. The basic premise of a CSA is for communities or a designated area to self-fund a service (or multiple services) by charging a direct assessment or property-related fee for services such as water and/or sewer service, road and/or drainage maintenance, street lighting, fire protection, flood protection, and/or landscaping. As the name implies, a CSA is administered by County staff under the direction of the County Board of Supervisors (BOS). A CSA may be established to provide many types of extended municipal services within an unincorporated area which the County is authorized by law to perform, and which the County does not also perform to the same extent on a countywide basis. The BOS may establish a CSA Advisory Committee to advise it regarding a CSA's services. State law governing County Service Areas spans Sections 25210-25217.4 of the Government Code.

Existing CSAs and Services Provided

The following table includes all seven (7) CSAs currently in Yolo County, five (5) of which are included in this MSR/SOI. Because the purpose of an MSR is to review all agencies that provide a certain service or services within a given area and to assess various alternatives for improving efficiency and affordability of infrastructure and service delivery, two of the CSAs were combined with the review of other districts that provide like services. Garcia Bend CSA was included in the Fire Protection Agencies MSR/SOI and Snowball CSA was included in the Reclamation Districts and Local Maintaining Agencies MSR/SOI.

CSAs and Authorized Services

CSA	Authorized Services
Dunnigan	Street lighting
El Macero	Water Sewer Street maintenance and right of way landscaping/lighting Drainage
Garcia Bend (not incl.)	Fire protection
North Davis Meadows	Water Sewer Landscaping Street lighting Drainage
Snowball (not incl.)	Flood protection
Wild Wings	Water Sewer Recreation (golf course)
Willowbank	Water (inactive)

Overall CSA Observations

Of the 7 total CSAs in Yolo County, 4 provide only one service (two of which are not included in this MSR as noted). Dunnigan's street lighting services currently organized as a CSA is probably an excessive form of government for what could be more simply managed with a lighting district, however additional services for Dunnigan have been considered in the past and are currently being considered again through the Yolo County Dunnigan Community Plan update in process. Therefore, any decisions regarding changing the governance of this CSA should wait for the outcome of this infrastructure feasibility study and municipal service analysis. The Willowbank CSA (water) hasn't provided water service itself since 1999 and LAFCo recommends it should be dissolved altogether and reform its

advisory committee as it provides community value notwithstanding the CSA.

For the remaining 3 CSAs that provide multiple services (El Macero, North Davis Meadows and Wild Wings), El Macero and North Davis Meadows CSAs are either already connected, or in the process of connecting, to City of Davis water and/or sewer services and sharing services with other agencies to the greatest extent feasible. No additional government efficiencies are currently seen. Wild Wings CSA is more "stand alone" and currently requires significant attention. Its wastewater treatment plant (WWTP) experienced a catastrophic failure in 2018 and the recent drought beginning in 2019 has put water reliability at significant risk. The Wild Wings CSA is already considering options for needed improvements to its WWTP, working on drilling a new well, and studying the long-term feasibility of connecting to a municipal water system at either Esparto CSD, Madison CSD, or the City of Woodland (with significant costs borne by only 339 parcels). Yolo County is actively working on feasibility studies and infrastructure upgrades but could better support the CSA Manager to focus on resolving these significant long-term infrastructure sustainability issues.

Overarching CSA Recommendations for Yolo County

During this MSR/SOI process, several issues came up that span many or all the CSAs and/or the following overarching recommendations are recommended as follows:

CSA Sustainability

- Continue to focus Yolo County staff time and resources on resolving the significant long-term municipal water and sewer service sustainability issues for the Wild Wings CSA as noted in the MSR.

CSA Governance

- Dissolve the Willowbank CSA and form a Willowbank Community Advisory Committee in its place with the BOS District 4 Office as liaison. Consider a 5-member committee instead of the current 7 members, which is a legacy of the original CSA representation reflecting consolidation of three neighborhood water systems.
- For the remaining Davis-area CSAs (El Macero and North Davis Meadows), continue to pursue shared services with the City of Davis as much as possible including exploring options with the City of Davis for direct billing of City water and sewer services reflective of agreed-upon rate structures and ensuring that any direct billing methodologies are legally defensible and administration is financially viable.
- Allow the Dunnigan Community Plan Update process currently underway by the Department of Community Services to run its course considering the feasibility of adding water and/or sewer municipal services. If additional services ultimately do not work out such that the CSA would continue to operate only as a pass-through for PG&E street lighting charges, consider the cost/benefit of downgrading the Dunnigan CSA to a lighting district.
- Formally disband the Dunnigan CSA Advisory Committee. It is not currently active and is not needed for the CSA's sole existing service as a PG&E pass through district. The advisory committee can be reformed if additional services are added to the CSA in the future.

CSA Staff Support

- Direct Human Resources to perform a desk audit of what's referred to as the "CSA Manager" position and create a class specification and salary range for it. There has been high turnover in this position since the last MSR and the "CSA Manager" is required to exercise much greater responsibility and decision-making than the current Community Services Analyst classification/salary being used for this role. In addition, this position would benefit from more financial and administrative staff support so it can perform at a higher level and more goals can be accomplished overall.

Individual CSA Recommendations

Below are the recommendations contained in each individual MSR:

Dunnigan CSA

- Allow the Dunnigan Community Plan Update process currently underway by the Department of Community Services to run its course considering the feasibility of adding water and/or sewer municipal services. If additional services ultimately do not work out such that the CSA would continue to operate only as a pass-through for PG&E street lighting charges, consider the cost/benefit of dissolving the Dunnigan CSA and forming a lighting district in its place.
- Formally disband the Dunnigan CSA Advisory Committee. It is not currently active and is not needed for the CSA's sole existing service as a PG&E pass through district. The advisory committee can be reformed if additional services are added to the CSA in the future.

EI Macero CSA

- Although street paving, maintenance, sweeping and landscape/lighting is not an essential municipal service, the EI Macero CSA Advisory Committee needs to calibrate community expectations and recommend how the limited \$180 annual street fee funding should be prioritized going forward. Services either need to be reduced to stay within available funding and/or potentially separate out the street fee into more specific components and attempt another Prop 218 increase.
- For the Davis-area CSAs (EI Macero and North Davis Meadows), continue to pursue shared services with the City of Davis as much as possible including exploring options with the City of Davis for direct billing of City water and sewer services reflective of agreed-upon rate structures and ensuring that any direct billing methodologies are efficient, legally defensible, and administration is financially viable.

North Davis Meadows CSA

- The North Davis Meadows CSA will need to consider options to redesign its common landscape areas and street medians to be drought tolerant because the current assessments will not cover the new City water rates.
- For the Davis-area CSAs (EI Macero and North Davis Meadows), continue to pursue shared services with the City of Davis as much as possible including exploring options with the City of Davis for direct billing of City water and sewer services reflective of agreed-upon rate structures and ensuring that any direct billing methodologies are efficient, legally defensible, and administration is financially viable.

Wild Wings CSA

- Continue to focus Yolo County staff time and resources on resolving the significant long-term municipal water and sewer service sustainability issues for the Wild Wings CSA as noted in the MSR.
- Continue studying the feasibility of connecting to other municipal water systems in the surrounding area to improve water supply security/redundancy.
- The Wild Wings CSA WWTP discharge permit from SWRCB is up for renewal. The CSA needs to select and move forward with an option quickly to increase the WWTP's reliability and meet State standards.
- If the golf course continues to struggle to find an adequate operator and/or have financial issues, the CSA should consider leasing out the golf course operations to an outside provider, so it is no longer a CSA day to day management responsibility.
- The Wild Wings CSA needs to provide a new flood control and drainage service and fund to be added (and LAFCo should consider adding flood control and drainage to the CSA's powers). Separating this new service and fee into its own fund would be more transparent.
- If any future requests for water or sewer service extensions outside Wild Wings CSA boundaries are submitted, the CSA should carefully consider its capacity to serve additional connections.
- The County should provide additional accounting and administrative staff support to the CSA Manager so this time can be better utilized to address CSAs significant infrastructure issues.

Willowbank CSA

- Initiate a LAFCo application to dissolve the Willowbank CSA and the BOS should form a Willowbank Community Advisory Committee in its place, with the BOS District 4 Office as liaison. Consider a 5-member committee instead of the current 7 members, which is a legacy of the original CSA representation reflecting consolidation of three neighborhood water systems.

Agency/Public Involvement

While conducting this MSR, the LAFCo Executive Officer met with the CSA Manager and the active advisory committees for the CSAs (El Macero, North Davis Meadows, Wild Wings and Willowbank), sometimes more than once. The CSA advisory committees seem satisfied with LAFCo's review, although the Willowbank CSA will continue to discuss whether any municipal services are anticipated that may warrant maintaining the district and not dissolving it per the MSR's recommendation. Although the advisory committee meetings were amicable, the multi-service CSAs (El Macero, North Davis Meadows, and Wild Wings) all undergo some level of resident controversy. All three of these CSAs have been litigated by residents since the last MSR for various reasons such as accounting, changes in fees, or management. Of the six cases (4 in El Macero, 1 in North Davis Meadows, and 1 in Wild Wings), two have been settled and the other four were either ruled in favor of the County and/or dismissed.

A notice of availability of the Draft MSR/SOI and public hearing was published in the Davis Enterprise and Woodland's Daily Democrat 21 days in advance. Individual mailed notices were not provided because the mailing list exceeds 1,000 parcels. The CSA Manager and advisory committee members were provided an opportunity to review and comment on an administrative draft report before it was made public. Overall, few changes have been requested to the MSR/SOI since the November 9, 2022 Public Review Draft. Minor edits to the MSR/SOI have been formatted in added text and ~~deleted text~~ so it is clear what has changed as compared to the Public Review Draft. Any changes will be incorporated into the final adopted MSR/SOI. Correspondence has been included under Attachment C. Any additional correspondence received after this report will be provided to the Commission in a supplemental packet.

California Environmental Quality Act (CEQA)

CEQA requires analysis of agency approvals of discretionary "projects." A "project," under CEQA, is defined as "the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment." Section 15061 (b)(3) of the CEQA Guidelines describes the General Rule that CEQA only applies to projects which "have the potential for causing a significant effect on the environment; where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Section 15320 is a Categorical Exemption for reorganization of local governmental agencies that do not change the geographical area in which previously existing powers are exercised. Approval of the Municipal Service Review and Sphere of Influence Update, and the district reorganization that might follow, does not approve any development project or result in development. No physical construction or activity is contemplated as a result of this action because water services were already extended to the Watts-Woodland Airport per LAFCo No. 933 approved on August 22, 2019. The Sphere of Influence Update for the Wild Wings CSA does not change the geographical area in which water services are provided and the Watts-Woodland Airport is already developed. The project, therefore, will not have the potential to result in individual or cumulative significant effects on the environment. Furthermore, no special circumstances exist that would create a reasonable possibility that approving the Municipal Service Review and Sphere of Influence Update would have a significant effect on the environment. Therefore, the project is exempt from CEQA and no further environmental review is necessary.

Attachments

ATT A-Reso 2022-11 Adopting County Service Areas MSR-SOI Dec 1, 2022

ATT B-MSR-SOI for the CSAs 11.17.2022

ATT C-CSA MSR-SOI Correspondence

Form Review

Inbox

Christine Crawford (Originator)
Form Started By: Christine Crawford
Final Approval Date: 11/17/2022

Reviewed By

Christine Crawford

Date

11/17/2022 02:28 PM
Started On: 11/08/2022 02:11 PM