



AGENDA ITEM 7A

MEETING: July 17, 2019
TO: Humboldt LAFCo Commissioners
FROM: George Williamson, Senior Advisor and Sarah West, Analyst
SUBJECT: **City of Blue Lake Municipal Service Review and Sphere of Influence Update**
The Commission will review and consider approving the City of Blue Lake Municipal Service Review and Sphere of Influence Update.

BACKGROUND

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

The MSR reviews the city's operations, governance, ability to provide services, and opportunities for shared services in the region. The City of Blue Lake provides a full range of municipal services, including water, wastewater, storm drainage, streets and street maintenance, street lighting, and parks and recreation. Fire services to the region are provided by the Blue Lake Fire Protection District (FPD). The city also contracts with outside agencies to provide certain municipal services, such as law enforcement (by contract with Humboldt County) and garbage collection.

DISCUSSION

This item was initially reviewed by the Commission at its May 2019 meeting. At that time LAFCo staff had worked extensively with the City of Blue Lake to review city services, identify existing out of agency service connections, and update the sphere of influence boundary. Two SOI boundary update alternatives were developed by staff for Commission consideration (see *Reduced Sphere Alternative* and *Levee Alternative*).

The City of Blue Lake indicated that they favored retaining the existing SOI over the two reduction alternatives, citing city interest in sphere lands for activities such as recreation, and for having a stronger position to comment on County cannabis applications in those areas. Additionally, the City requested more time to continue to identify the locations of their out of agency service connections and further address boundary considerations. The Commission opened the public hearing, received testimony regarding the study, and then continued the public hearing to July 17th.

Following the May Commission meeting, LAFCo staff prepared a third alternative reflecting Blue Lake's request to retain the SOI "as is". This alternative generally retains the current SOI but modifies the boundaries to follow parcel lines. As a result the SOI would

be extended south to include a complete parcel along the Mad River, and reduce to the east and north. The existing SOI is 1,272 acres, relatively large for a city Blue Lake's size. The parcel line adjusted SOI would be 1,250 acres, which is less than a 2% change (see Attachment A).

Out of agency connections remain an outstanding item. LAFCo staff initiated the request for an out of agency connections list for water and sewer services in December of 2018. Since then LAFCo staff have worked with the City to document connections outside city limits. Prior to the May Commission meeting, the City indicated that they anticipated that they had 150 water connections and 45 sewer connections outside of city limits. This included connections to the Blue Lake Rancheria and connections that are not currently being used (e.g., infrastructure is extended to the properties and services were used in the past). However, a complete spreadsheet indicating the location (APN and site address, if applicable), the type of services provided, and the status of each connection was and continues to be outstanding. Out of agency services indicated in the Attachment A map and the Municipal Service Review are based upon a historic incomplete spreadsheet and do not reflect the updated estimate of 150 water and 45 sewer connections. LAFCo staff feels that despite an incomplete record, there is enough information to finalize the municipal service review and update the city's SOI to the recommended Levee Alternative. Subsequent to MSR/SOI adoption, complete documentation of out of agency services is still required from the City. LAFCo staff will continue to follow up with the City on this request.

Alternatives for Commission Action

As discussed above, staff has identified several options for Commission consideration with respect to the proposal. These options are summarized below.

- *Reduced Sphere Alternative:*
This alternative updates the SOI to reflect Humboldt LAFCo's current boundary policies and excludes the majority of resource lands not designated for urban uses and wherever possible modify the existing SOI to match established parcel lines and eliminate the Fieldbrook-Glendale CSD SOI overlap.
- *Levee Alternative (Recommended):*
This second scenario modified the Reduced Sphere Alternative to include areas the City identified as of particular interest to them. It was developed for consideration after discussions with Blue Lake regarding concerns about cannabis permitting in lands adjacent to their jurisdictional boundary, their desire to retain all parcels served by the city in their SOI and to include areas along the trails and levees just south of the city. This alternative removes a significant amount of resource land from the SOI and also eliminates the Fieldbrook-Glendale CSD boundary overlap.
- *Parcel Line-Based Alternative:*
This alternative was developed by LAFCo staff for Commission consideration following the May 2019 Commission meeting where Blue Lake indicated they exclusively supported retaining the existing sphere of influence. It covers a similar

extent of territory as the existing Blue Lake SOI but modifies it to better follow parcel lines, and therefore create a more logical boundary per LAFCo policy. It does not exclude the Fieldbrook-Glendale CSD overlap and includes substantial resource lands.

RECOMMENDATION

Staff recommends the Commission adopt the Municipal Service Review document and update the City of Blue Lake SOI to the boundary depicted as the "Levee Alternative" in Attachment A. Additionally, staff recommends that this action include a condition requiring the submittal of complete out of agency water and sewer service documentation by the City and restricting LAFCo applications involving the city until the condition is fulfilled. Documenting where service is provided outside of the City's boundary is critical to LAFCo's mandate to designate agency service boundaries and process out of agency service requests. The required documentation should indicate the location (APN and site address, if applicable), the type of services provided, and the status of each connection. See condition language in draft Resolution 19-03

Procedures for Consideration

This item has been agenzized for consideration as part of a noticed public hearing. The following procedures are recommended with respect to the Commission's consideration of this item:

- 1) Receive verbal report from staff
- 2) Open the public hearing and invite testimony.
- 3) Discuss item and – if appropriate – close the hearing and consider action on recommendation:

"I move to adopt Resolution No. 19-03, thereby approving the City of Blue Lake Municipal Service Review and updating the Sphere of Influence as depicted in the Levee Alternative in Attachment A."

Attachments

Attachment A: Sphere of Influence Alternatives Map
Attachment B: City of Blue Lake MSR and SOI Update
Attachment C: Resolution No. 19-03



Figure

Date: 7/12/2019

City of Blue Lake

Municipal Service Review

Draft Public Hearing Draft for
July 17, 2019



HUMBOLDT
Local Agency Formation Commission

www.humboldtlafo.org

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Acknowledgments:

LAFCo staff would like to thank the contributors to this Municipal Service Review. Input instrumental in completing this report was provided by Blue Lake City Manager Mandy Mager, City Clerk April Sousa, City Finance Director Vicki Hutton, and City Planner Garry Rees.

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1.0 MSR/SOI BACKGROUND

1.1 Role and Responsibility of LAFCo

Local Agency Formation Commissions (LAFCOs) are independent regulatory commissions that were established by the State legislature in 1963 to encourage the orderly growth and development of local governmental agencies including cities and special districts. Today, there is a LAFCo in each of California's 58 counties. Humboldt LAFCo is a seven-member commission comprised of two members of the Humboldt 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.

LAFCo is responsible for implementing the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act") (California Government Code Section 56000 *et seq.*) for purposes of facilitating changes in local governmental structure and boundaries that foster orderly growth and development, promote the efficient delivery of services, and encourage the preservation of open space and agricultural lands. Some of LAFCo's duties include regulating jurisdictional boundary changes and the extension of municipal services. This includes city and special district annexations, incorporations/formations, consolidations, and other changes of organization. LAFCo seeks to be proactive in raising awareness and building partnerships to accomplish this through its special studies, programs, and actions.

The CKH Act outlines requirements for preparing Municipal Service Reviews (MSRs) for periodic 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" (§56301). The CKH Act Section 56301 further establishes that "one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities." SOIs, therefore, guide both the near-term and long-term physical and economic growth and development of local agencies, and MSRs provide the near-term and long-term time-relevant data to inform LAFCo's SOI determinations.

1.2 Purpose of Municipal Service Reviews

As described above, MSRs are designed to equip LAFCo with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCo broad discretion in deciding how to conduct MSRs, including geographic focus, the scope of the study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The purpose of an MSR, in general, is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. An MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. While LAFCOs have no direct regulatory authority over cities and special districts, MSRs provide information concerning the governance structures and efficiencies of service providers – and may also serve as the basis for subsequent LAFCo decisions. The MSR is intended to provide information and analysis to

support a sphere of influence update. A written statement of the study's determinations must be made in the following areas:

1. Growth and population projections for the affected area
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies
4. Financial ability of the agency to provide services
5. Status of and opportunities for shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by Commission policy

This MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

1.3 Purpose of Spheres of Influence

In 1972, LAFCo were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, " 'sphere of influence' means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission" (§56076). All boundary changes, such as annexations, must be consistent with an agency's sphere of influence with limited exceptions.

Pursuant to Humboldt LAFCo policy, an MSR is conducted prior to or in conjunction with its mandate to review and update each local agency's sphere of influence every five years or as necessary. The municipal service review process is intended to inform the Commission as to the availability, capacity, and efficiency of local government services prior to making sphere of influence determinations.

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that addresses the following (§56425(c)):

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

Service reviews may also contain recommendations for sphere of influence or government structure changes needed to implement positive service changes. Where more detailed

analysis of service options is necessary, service reviews may contain recommendations for special studies where there is the potential to reduce service gaps and improve service levels.

1.4 Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

Humboldt LAFCo has adopted DUC-related policy, which identifies 31 inhabited unincorporated “legacy” communities for purposes of implementing SB 244. These legacy communities were defined as part of the Humboldt County 2014 Housing Element for areas not located within the sphere of influence of a city. Therefore, additional review is needed to determine “disadvantaged unincorporated communities” within and adjacent to city spheres of influence. As such, this MSR will document DUCs associated with the City of Blue Lake SOI.

CKH Act Section 56375(a)(8)(A) prohibits LAFCo from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCo. The legislative intent is to prohibit “cherry picking” by cities of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

1.5 Organization of MSR/SOI Study

This report focuses on key issues that may be particularly relevant to the subject agency while providing required LAFCo MSR and SOI determinations. This report provides the following:

- A description of the subject agency;
- Any new information since the last MSR and a determination regarding the need to update the SOI;
- MSR determinations for Commission review; and
- Identifies any other issues that the Commission should consider in the MSR/ SOI.

2.0 AGENCY OVERVIEW

2.1 Overview

Table 1: City of Blue Lake Profile	
FORMATION	
Agency Name	City of Blue Lake
Incorporation Date	April 11, 1910
Enabling Legislation	General Law City, California Constitution, Article 11, Section 2, and California Government Code §34000 et seq.
CONTACT	
Contact	Amanda Mager, City Manager
E-mail	citymanager@bluelake.ca.gov
City Hall	118 Greenwood Ave. Blue Lake, CA 95525
Mailing Address	P.O. Box 458, Blue Lake, CA 95525
Phone	707.668.5655
Website	www.bluelake.ca.gov
GOVERNANCE	
Governing Body	City Council
Council Meetings	Fourth Tuesday of every month, 6:30 PM
Meeting Location	Skinner Store, 111 Greenwood Ave. (behind City Hall)
SERVICES	
Services Provided	Water, Wastewater, Street Maintenance, Parks & Recreation
Areas Served	Incorporated city limits and surrounding unincorporated areas

The City of Blue Lake is located in Northern Humboldt County in the Mad River Watershed. It is inland of the Humboldt Bay area along Highway 299. Though founded years earlier, the city was incorporated in 1910 and has a current estimated population of 1,096 living in an area of about 0.6 square miles (416 acres). It is governed by a five-member city council whose members are elected at large.

The city has a small downtown business district as well as an industrial park, but most residents are employed outside of town, primarily in the nearby cities of Arcata and Eureka. Blue Lake provides a relatively full range of municipal services and operates its own public works department. The City of Blue Lake also contracts with outside agencies to provide certain municipal services, such as police, garbage collection, and recycling. The Blue Lake Fire Protection District (FPD) provides fire and rescue services within the city limits and to surrounding areas including Glendale, Liscom Hill, West End Road, and portions of Korbel.

The last MSR was adopted in 2010 and documented the need to reduce the city's sphere of influence to better reflect the probable physical boundary and service area of the city.

Although the MSR was adopted, the proposed SOI reduction was postponed at the request of the city until the Humboldt County General Plan was completed in 2017. This document will serve to update information regarding city services and provide the basis for updating the city's SOI.

2.2 Jurisdictional Boundary

Incorporation and Initial Development

The City of Blue Lake is located within the ancestral territory of the Wiyot people. During the 1850s the Wiyot were forced out of their traditional territory and killed in large numbers by Euro-American settlers. In 1908, the Blue Lake Rancheria was established under the Rancheria Act.

The City of Blue Lake incorporated as a general law city in 1910, becoming the 6th city in Humboldt County. The present-day city comprises the communities of "old" Blue Lake, Powersville, and Scottsville.

City Boundary

The current boundary is roughly 0.65 square miles (416 acres) in area and is bordered on the west by the Mad River. The city boundary extends from slightly past the main stem of the Mad River on the south to include Blue Lake Boulevard to the north. The city is surrounded by rural and agricultural land and State Highway 299 runs just north of the incorporated city. See Figure 1.

City Annexations

There have been no annexations to the City of Blue Lake since the last MSR in 2010. The most sizable annexations occurred during the 1980s consistent with the city's General Plan. This included an annexation in 1983 to expand the Blue Lake Industrial Park to support the construction of an 11-megawatt biomass power plant. After approval of this annexation and power plant construction, an additional 124.5 acres was annexed to the city in 1984. The city also assumed responsibility for maintaining the Mad River Levee at this time. In 1985, Blue Lake annexed 8.76 acres to incorporate some of the Wastewater Treatment Facility that was outside city limits. In 1986, the city annexed the site of their 500,000-gallon water storage tank for purposes of management and control.

2.3 Out of Agency Services

Currently, the City of Blue Lake provides water and wastewater services to approximately 100 parcels outside the city boundary (Figure 2). It is believed that the majority of these parcels have been served prior to January 1, 2001, and were therefore exempt from LAFCo review and approval. The continuation of service to pre-existing out of agency parcels is not constrained by the city's boundary or SOI. In addition, the city has expressed no interest in annexing parcels that are currently receiving city services due in part to the high costs assumed by the maintenance of Blue Lake Boulevard. Currently, this arterial road is maintained by Humboldt County and the costs to the city of assuming responsibility for road repair and maintenance is considered prohibitive, even with the increased tax revenue associated with annexation. Any future proposals to extend services outside the city's boundary would be subject to LAFCo review and approval pursuant to Government Code Section 56133 and Humboldt LAFCo policy.

2.4 Current Sphere of Influence

The City of Blue Lake SOI encompasses 847 acres beyond the city limits and is bordered by the North Fork of the Mad River to the south and Highway 299 to the north. Territory outside the city limits and within the SOI is currently double the area contained within city limits (i.e., 416 acres). As noted previously, the Commission considered an SOI reduction during the last MSR review cycle in 2010. Areas proposed to be excluded from the SOI primarily included resource lands that were not planned for urban uses. At the public hearing held on January 20, 2010, the city commented that their SOI has been pre-zoned to preserve agricultural lands and to prevent sprawl and development, noting that the city may wish to annex these lands in the future for preservation purposes. The city added that they were currently in the process of analyzing their projected future growth and requested that the SOI amendment and reduction be postponed until the next mandated MSR and SOI update, giving the County adequate time to complete their General Plan Update process. At the January 20, 2010, LAFCo hearing, the Commission adopted Resolution 10-02, approving this City of Blue Lake MSR, without the proposed SOI amendment and recommended reevaluating the SOI reduction during the next MSR and SOI update cycle, pending the outcome of the County General Plan Update.

Land Use and Development

The predominant Humboldt County land use designations within the existing Blue Lake SOI include Agricultural Exclusive, Conservation Floodway, Timberland, Tribal Lands, Residential Agriculture, Urban Reserve, and Residential Estates. Other uses include Commercial Recreation, Mixed Use, Public Facility, and Residential Low Density. Lands designated as Urban Reserve, Residential Estates, Mixed Use, and Residential Low Density have been outlined in Humboldt County's General Plan as appropriate to receive some level of municipal services rather than relying on on-site water and wastewater systems. (See Figure 3).

Communities of Interest

When considering a municipal service provider's jurisdictional boundary and SOI, LAFCo considers the existence of surrounding social or economic communities of interest and areas which may have financial, geographic or other various links to the municipal provider. The following "communities of interest" have been identified within and adjacent Blue Lake's current SOI:

Glendale

The community of Glendale is located along Glendale Road, approximately two miles west of Blue Lake and approximately eight miles east of Arcata. There are approximately 150 housing units and 375 people living within the Glendale community based on 2010 Census Block data. The Glendale area receives water and wastewater services from the Fieldbrook-Glendale CSD, which contracts with the City of Arcata for wastewater treatment and disposal. In 2015, Fieldbrook-Glendale CSD annexed 16 residential parcels along Liscomb Hill Road that had been outside the boundaries but receiving water and sewer services from the district (LAFCo Resolution 15-18). A portion of this annexation area (13 parcels), which is now part of the Fieldbrook-Glendale CSD boundary and SOI, is within the north-western area of Blue Lake's SOI (See Figure 2). Blue Lake does not serve the Liscomb Hill area but does provide water services to adjacent residential properties along Glendale Drive, Hilltop Lane, and Riverview Lane. Both agencies have served the region historically, and service infrastructure likely predates LAFCo's current policies that discourage overlapping agency boundaries and SOIs.

Tribal Lands

The Blue Lake Rancheria and other tribally-designated lands lie within the northwest portion of Blue Lake SOI, in an area substantially surrounded by the city. The Rancheria was originally established in 1908 and is a federally recognized tribal government. The City of Blue Lake currently provides water and wastewater services to several parcels within this area.

2.5 Sphere of Influence Update

As part of this SOI update, two alternatives have been developed for Commission consideration, as discussed below.

Reduced Sphere Alternative

The *Reduced Sphere Alternative* was developed based upon Humboldt LAFCo's 2018 updated Agricultural and Open Space Lands Policy and excludes the majority of resource lands not designated for urban uses.

Per Humboldt LAFCo Boundary Change Policy 8.4(3) - "Reduced Spheres":

The Commission may consider removal of land from an agency's sphere of influence if the territory consists of agricultural lands, open space lands or agricultural preserves whose preservation would be jeopardized by inclusion within the agency's sphere, and/or if the land is not expected to be developed for urban uses or require urban-type services within the next 10 years or more.

As such this alternative excludes the majority of lands designated as Agricultural Exclusive, Conservation Floodway, or Timber Production in the Humboldt County General Plan. Those parcels identified by the County via land use designations as appropriate to receive some level of municipal services were retained within the sphere. Wherever possible, the alternative sphere boundary was modified to match established parcel lines, and the Fieldbrook-Glendale SOI overlap was eliminated.

Levee Alternative

A second scenario (Levee Alternative) was developed for consideration after discussions with Blue Lake city staff regarding the area in the southeast portion of the existing sphere. City staff identified the area to the east of the Powers Creek District, between the southern city limits

and the North Fork of the Mad River Levee, as a part of the community's social identity. City staff noted that while not within city limits, the levee serves as a distinct community separator that provides viewshed and recreational opportunities to residents. City staff indicated that while Blue Lake has no immediate plans to annex the area, they would like to retain the sphere there to be able to participate in a higher level of review regarding Humboldt County Cannabis activity applications. Currently, the County has cannabis activity applications on file for several parcels in this area. Under the County's current Cannabis Ordinance¹, a conditional use permit is required, and a hearing may be requested for commercial cannabis activity when it is located within the SOI of any incorporated city or within a Community Planning Area (CPA). The Levee Alternative also includes all lands the city has indicated they serve outside agency boundaries. Wherever possible, the alternative sphere boundary was modified to match established parcel lines, and the Fieldbrook-Glendale SOI overlap was eliminated.

¹ Humboldt County Ordinance No. 2599 (CCLUO for the Areas Outside the Coastal Zone). May 8, 2018.
<https://humboldt.gov/DocumentCenter/View/63734/Ord-No-2599-CCLUO-inland-certified-copy-PDF>

3.0 SOCIO-ECONOMICS

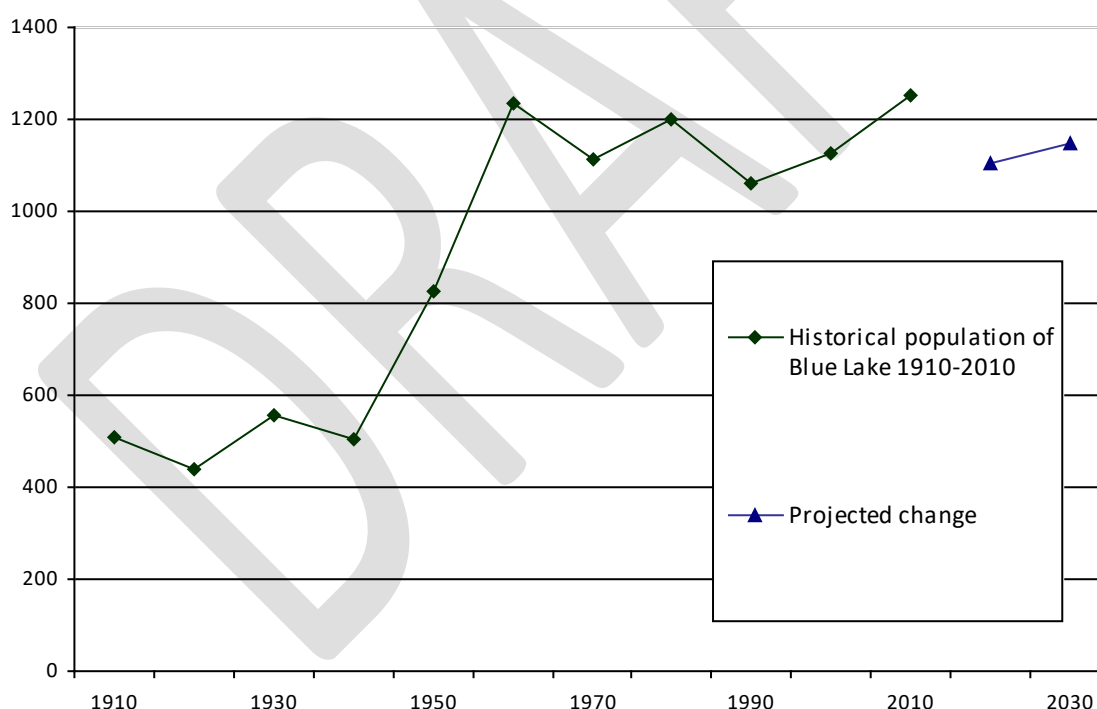
3.1 Growth and Population

Historical Growth

In the 19th century, the timber industry was a major part of the Blue Lake economy and shipped wood on the Arcata and Mad River Railroad. The Annie and Mary line, as the railroad was known, was founded in 1854, and was the oldest working railroad in California until its closure in 1985².

Like other Pacific Northwest towns closely linked to the timber industry, Blue Lake experienced the ebb and flow of population growth that typified the boom and bust cycle of the American West. Blue Lake experienced most of its growth post-WWII from roughly 1950-1970. The town's population more than doubled in the period from 1940-1960. See Figure 4.

Figure 4: City of Blue Lake Population



In the 1970s the lumber industry decline resulted in a stabilization of Blue Lake's population growth. Population numbers have stayed relatively steady since the 1970s. During the last 25-year period, Blue Lake made a shift from being a "mill town" with jobs in or near Blue Lake to a "bedroom community", representing a desirable, residential location for persons employed in Arcata and Eureka, and for students attending Humboldt State University in Arcata. The

² Blue Lake CA Chamber of Commerce <http://www.sunnybluelake.com/history/>

Dell'Arte School of Physical Theater draws students and performers to Blue Lake and accounts for as much as 2% or more of the City's population³.

Current and Projected Growth Patterns

The 2010 Census population of Blue Lake was 1,253. At a projected countywide annual growth rate of 0.5 percent⁴, the Blue Lake population will have an additional 105 people by 2030.

3.2 Land Use and Geographic Factors

The City of Blue Lake includes approximately 0.65 square miles of urban area, farmland and forested area within the Mad River Valley along Highway 299. Residential land use in Blue Lake is predominantly single-family residences. This includes three mobile home parks and individual mobile homes located throughout the City. Residential use is concentrated north of and distributed throughout the downtown area. See Figure 3 for full land use details.

Events and facilities that draw visitors include Dell'Arte International School of Physical Theatre performances (especially the annual Mad River Festival), the Blue Lake Museum, the Mad River Brewing Company, the Logger Bar, a spa with overnight accommodations, and Annie & Mary Day.

The area surrounding Blue Lake is rural and sparsely populated. The Blue Lake Rancheria Tribe, an integral part of the Blue Lake community, opened the Blue Lake Casino in 2002. While not a part of the City of Blue Lake, the casino draws many North Coast residents to town.⁵

Powers Creek District

In 1980, the City began plans for an industrial park which is now called Blue Lake Powers Creek District and includes a portion of Powers Creek, open space buffer areas, and the Mad River Levee. Located in the southern portion of town, the park makes up about 15 percent of the total city area, or over half of the industrially designated land. Approximately 28 percent of City land area is designated for industrial use, including areas adjacent to the industrial park. Powers Creek is currently designated primarily for light industrial uses; however, the Planning Commission is working on a new "O" (Opportunity) Zone that would allow for mixed use. Current businesses located there are the Mad River Brewery, Jewell Distillery, Wallace and Hinz (woodworking/processing), Fish Brothers, Tomaso's Food, Paradise Cay (publishing), and more.⁶

County Land Use

Land uses in the unincorporated territory surrounding Blue Lake are subject to the Humboldt County General Plan, most recently updated in 2017. Currently, the County is in the process of updating the zoning within the Mad River Valley and also developing a Community Plan for the area. Zoning is anticipated to be finalized in 2019 and the Community Plan is anticipated to commence in 2020 to reflect the General Plan Update.

³ City of Blue Lake General Plan Housing Element 2009

⁴ California Department of Transportation. "Humboldt Economic Forecast". Created September 26, 2017. http://www.dot.ca.gov/hq/tpp/offices/eab/socio_economic_files/2017/Humboldt.pdf

⁵ City of Blue Lake General Plan Draft Land Use Element 2006

⁶ City of Blue Lake Website <http://bluelake.ca.gov/business/industrial-park>

Agricultural Land and Open Space

Agricultural uses, in and around Blue Lake, include grazing, and crop production. Most agricultural areas are outside the City limits but are within the City's SOI. Humboldt LAFCo is mandated by the CKH Act Section 56001 to promote orderly growth by discouraging urban sprawl, preserving open space and prime agricultural lands, and efficiently extending government services. The City of Blue Lake's current SOI covers a large area, including a rural and agricultural area north of State Highway 299⁷.

Existing open spaces within City limits include Powers Creek, a small redwood grove, several parcels of land in agricultural use, the old lake site, railroad right-of-way, levee, and the Powers Creek Trail area. Natural features and land use surrounding the City also add to the feeling of open space including the Mad River, hillsides in timber production, and agricultural land. These features function as an open space "buffer," helping define Blue Lake's boundaries and identify the City as a rural town.⁸

Recent California commercial cannabis regulations add a new dimension to agricultural-use considerations within local jurisdictions. In unincorporated territory outside Blue Lake's city limits, cannabis activities are subject to Humboldt County's Commercial Cannabis Land Use Ordinances. Notably, any cannabis project subject to the County's ordinances located in or within one thousand feet of a city, or within the SOI of a city requires a Conditional Use Permit from the county. Within Blue Lake city limits, commercial cannabis activities are prohibited, and recreational cannabis activities are restricted. Personal residential cultivation is limited to six plants and prior to beginning cultivation, a permit must be procured from the City⁹.

3.3 Disadvantaged Unincorporated Communities

LAFCo is required to evaluate disadvantaged unincorporated communities (DUCs) as part of this review, including the location and characteristics of any such communities within or contiguous to the Blue Lake SOI. As noted previously, 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. The identification of DUCs is intended to ensure that the needs of these communities are met when considering service extensions and/or annexations in unincorporated areas.

While by definition not a DUC, the MHI of the city under review is a helpful indicator to establish likely regional economic conditions. The median household income (MHI) for the City of Blue Lake is \$50,500¹⁰, which is 75 percent of California's statewide median household income of \$67,169¹¹. The City is therefore considered to be a disadvantaged community and it's likely that the City's adjacent neighborhoods may qualify as DUCs. One adjacent residential area meets the registered voter criteria for DUC evaluation: the community of Glendale located west of the City along Highway 299.

The community of Glendale, served by the Fieldbrook-Glendale CSD, has been identified as a legacy community in the Humboldt County General Plan. Legacy communities are unincorporated areas that are geographically isolated and have been inhabited for at least

⁷ City of Blue Lake General Plan Land Use Element 1986

⁸ City of Blue Lake General Plan Land Use Element 1986

⁹ City Council of Blue Lake Ordinance No. 526 Personal Marijuana cultivation

¹⁰ American Community Survey, 2017.

<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

¹¹ [U.S. Census Quickfacts](https://www.census.gov/quickfacts/ca). 2017. <https://www.census.gov/quickfacts/ca>

50 years¹². Legacy communities and disadvantaged unincorporated communities often have shared boundaries. Glendale is within a Disadvantaged Community Tract and the MHI is listed as \$48,718, which is 76 percent of California's statewide median household income of \$63,783¹³, thereby qualifying Glendale as a DUC. This includes the Hilltop area which the City serves.

Within a DUC, three basic services are evaluated: water, wastewater, and fire protection. There are two local agency service providers in Glendale: the Fieldbrook-Glendale CSD which provides water and wastewater service and the Blue Lake FPD which provides structural fire protection. The Fieldbrook-Glendale CSD provides fire protection services within its District north of the Glendale area, while the Blue Lake FPD provides fire protection services within the Glendale area.

Should future annexations or service extensions be proposed for the City of Blue Lake, special consideration will be given to any potential DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCo Policy.

¹² Humboldt County General Plan 2017- Housing Element Appendix G

¹³ CA Department of Water Resources DAC Mapping Tool <https://gis.water.ca.gov/app/dacs/>

4.0 ACCOUNTABILITY AND GOVERNANCE

4.1 Governance

Governance Structure

The City of Blue Lake is a “General Law” city, organized under the laws set forth in the Government Code commencing with Section 34000. The City is governed by a five-member, at-large elected council, which establishes overall policies for the City. Annually, the council selects one of its members to serve as mayor and another to serve as mayor pro-tem. The mayor presides at council meetings; the mayor pro-tem presides in the mayor's absence. Meetings are held on the fourth Tuesday of the month, unless otherwise posted. Meetings start at 6:30 p.m. and are held at the Skinner Store Building behind City Hall located at 111 Greenwood Avenue¹⁴. 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 on the public bulletin boards located at City Hall, the post office, the library, and on the City's website.

4.2 Administration

Blue Lake operates with a council-manager form of government, meaning the council is the legislative body and they appoint a city manager to administer the daily operations of the City on behalf of the city council. As a part of this system, the council also directly appoints:

- City Attorney
- Commission, committee, board, agency and task force members
- City representatives to other organizations. [Ord. 213A §2.60.001, 1992.]

City council elections are held in November of even-numbered years when either two or three council members are elected to four-year terms. The council members work together to enact laws and establish administrative city policy through the council's rules and regulations. The current City Council membership is shown in Table 2:

Table 2. Blue Lake City Council		
Council Members	Contact	Term Expiration
Adelene Jones, Mayor	ajones@bluelake.ca.gov	November 2020
Bobbie Ricca, Mayor Pro Tem	bricca@bluelake.ca.gov	November 2020
Chris Curran	ccurran@bluelake.ca.gov	November 2022
Elaine Hogan	ehogan@bluelake.ca.gov	November 2022
Summer Daugherty	sdaugherty@bluelake.ca.gov	November 2020

¹⁴ City of Blue Lake: bluelake.ca.gov/home

At the end of each calendar year, the City Clerk publishes a list of all appointments to the regular and ongoing commissions which are appointed by the City Council. This is done pursuant to the Maddy Act, Government Code Section 54970. This list is posted at the local library branch and online and updated when needed. Commissions that are appointed by the City Council include:

- Planning Commission
- Public Safety Commission
- Parks and Recreation Commission
- Economic Development Commission

During the 2017-18 Fiscal Year, the city employed a total of 8 full-time and 7 contract employees. The City also employs part-time and seasonal workers.

City Manager

The City Manager is responsible for the administration of municipal affairs. All municipal departments operate under the supervision of the City Manager. Under the direction of the City Manager, city staff, using the resources appropriated by the Council in the budget, carry out the policies of the Council. The City Manager also serves as the Director of Public Works. Public Works oversees many aspects of City management including: public works administration, economic development, City Clerk, personnel, recruitment, purchasing, contracts, budget oversight, solid waste, special projects, solid waste & recycling services, intergovernmental relations, grant acquisition, and public information.

City Clerk

The City Clerk is the local official who administers democratic processes such as elections, access to city records, and all legislative actions ensuring transparency to the public. They also act as a compliance officer for federal, state, and local statutes including the Political Reform Act, the Brown Act, and the Public Records Act. Additional duties include managing public inquiries and relationships and arranges for ceremonial and official functions.

Planning Commission and Department

The Blue Lake Planning Commission is an advisory agency appointed by the City Council that makes recommendations relating to the growth and development of the City. The Planning Commission is the approving authority for subdivisions, lot mergers and lot line adjustments, use permits, and variances. Appointments are held in June of even-numbered years, in which either two or three planning commission members are elected to four-year terms. The Planning Commission meets at 7 pm. the third Monday of each month at the Skinner Store located behind City Hall.

The Planning Department utilizes contract planning and engineering services to meet staffing and project needs. City planning services include environmental review and implementation of the City's land use and development policies as identified in the General Plan. This includes administration of the City's zoning, subdivision, and environmental ordinances. The Planner also provides support to the Building Official, Director of Public Works, City Attorney, City Manager, City Council, and the Planning Commission. Engineering services include the

review, design, and recommendation of transportation, water, wastewater, and building improvements and upgrades.¹⁵

A building official is available to the public at City Hall every Wednesday for building permit questions and needs. Appointments with the planner are also available on the 2nd and 4th Wednesdays of every month for questions about zoning, setbacks, home occupation permits, and other planning related questions.

Other City Commissions

Other City commissions include a Parks and Recreation Commission, a Public Safety Commission, and an Economic Development Commission.

4.3 Accountability

When conducting service reviews and reviewing proposals, LAFCo considers an agency's accountability for community service needs, including governmental structure, operational efficiencies, financial resources, and promoting public access.

The City offers multiple ways to keep citizens informed about services, meetings, finances and decision-making processes. Public notices are posted on the website. Past meeting agendas and meeting minutes may be found in the Archive section of the City's website. Financial reports are presented monthly at Council meetings and the Council reviews an Annual Financial Report in a special public meeting every January. 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.

City Council Meetings and Agendas

Agendas and minutes of council meetings are posted on the City's website as required by the California Brown Act (AB 2257).¹⁶ An amendment (Government Code section 54954.2) to the Brown Act taking effect January 1, 2019, will require local agencies to comply with new requirements for posting agendas on their website. The new amendment will require agencies with websites to post a prominent, direct link on their primary web pages to the current agenda for all meetings which occur on and after January 1, 2019.¹⁷ In addition, the agenda must be in a format that is retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.¹⁸ Agendas and minutes of City Council meetings are currently posted online on the City's website.

Budgets

The City posts its annual budget on its webpage through a link located on the main page of the website. Members of the public can access, peruse, and download the City's current budget online through the City's website. Budgets are prepared and presented to the Council by the City Manager for approval and adoption on an annual basis.

General Plan

¹⁵ FY 2018-19 City of Blue Lake Adopted Budget

¹⁶Amendment to the Brown Act Provides for New Website and Agenda Requirements.

<https://www.hansonbridgett.com/Publications/articles/2017-07-public-agency-brown-act>

¹⁷ [Ibid](#)

¹⁸ [Ibid](#)

The last complete City General Plan was approved in 1986. This plan and any of the since updated sections are not currently available online for public review. Providing the complete adopted general plan online for the public would improve accountability and help citizens better understand Blue Lake's operations and decision-making processes.

In 2014, the City of Blue Lake was awarded a \$134,385 grant from the California Strategic Growth Council through the Sustainable Communities Planning and Incentives Grant Program to incorporate climate action and sustainability policies as part of a General Plan and Zoning Ordinance update. Streamline Planning Consultants (now part of SHN engineering), the contract City Planner for Blue Lake, submitted the grant application on behalf of the City. The grant work will be completed jointly by City Staff, Streamline Planning Consultants and Redwood Coast Energy Authority. One of the grant tasks is targeted revisions to the City General Plan, including updates to the Land Use, Circulation and Housing elements and the addition of an Energy element.¹⁹

California has required that all cities adequately plan to meet the housing needs of everyone in the community as an essential element of a city general plan. The primary mechanism for a city to do this is by adopting a "housing plan" known as a housing element. A city is required to develop and update a Housing Element at five-year intervals and submit annual progress reports to the CA Department of Housing and Community Development (HCD). Blue Lake's Housing Element was last approved by HCD in 2009 and a draft element (not approved by HCD) from 2015 is available for information purposes. Since then, Blue Lake has not submitted a draft housing element for the current 5th cycle housing element planning period and the document is considered past due²⁰. City staff reports they are currently in the process of updating their draft housing element.

An updated HCD approved Housing Element would again improve the City's accountability to plan for housing needs of those who will live and work in its community. Additionally, those who build homes and help families become homeowners often rely on funding from state and federal housing programs administered by HCD and other state departments and agencies. Whether a jurisdiction has a compliant Housing Element can impact their eligibility for funding in many cases.

4.4 Shared Facilities

Typically, the primary public service issue facing rural communities is the provision of adequate public services and funding, rather than issues of overlapping or duplicative services provided by another public agency. The services and facilities provided by the City of Blue Lake are critical to residents of the area. The city collaborates with other public agencies to provide service more efficiently or effectively. Some of Blue Lake's collaborative activities include the following:

- A long-term relationship with the Friends of the Blue Lake Library, a non-profit that supports the programs and facilities of the Blue Lake Library. The Blue Lake Library is a branch of the Humboldt County Library system.

¹⁹ City of Blue Lake website

²⁰CA Dept. of Housing and Community Development. *Housing Element Implementation Tracker*. Updated 12/04/2018 http://www.hcd.ca.gov/community-development/housing-element/docs/Housing_Element_Implementation_Tracker.xlsx

- A long-term relationship with the Blue Lake Fire Protection District, which provides fire protection and rescue services to Blue Lake and surrounding areas.
- Membership in the Redwood Coast Energy Authority (RCEA), a joint powers authority founded in 2003 whose members include the seven cities, the county, and the Humboldt Bay Municipal Water District. RCEA administers Humboldt County's Community Choice Energy program, which offers local renewable energy and lower energy prices to Humboldt County residents and businesses.
- Membership in the Humboldt County Association of Governments (HCAOG), a JPA comprised of the seven cities and the county. HCAOG is the designated Regional Transportation Planning Agency and is largely responsible for programming state highway, local street, and road improvements, and public transportation resources.
- The Blue Lake Rancheria Transit Authority is partially funded by the City and provides regular bus service from Blue Lake to the City of Arcata. The City of Blue Lake is currently not a member of the Humboldt Transit Authority (HTA), a JPA signed by Humboldt County and the cities of Arcata, Eureka, Fortuna, Rio Dell, and Trinidad. All cities within the agreement are served by fixed route and dial-a-ride transit options that allow access throughout Humboldt County.
- Membership in the Humboldt Waste Management Authority, a joint powers authority that provides solid waste management services in the county.
- Membership in the Redwood Region Economic Development which is a collaboration of elected officials from throughout Humboldt County dedicated to economic and business development.
- California League of Cities, an association of California city officials who work together to enhance knowledge and skills, exchange information and combine resources to influence policy decisions that affect cities

5.0 SERVICES AND INFRASTRUCTURE

5.1 Service Overview

The City of Blue Lake provides several municipal services either directly or through contracts with other governmental agencies or private companies. Municipal services provided directly by the City of Blue Lake include:

- Water service
- Wastewater collection, treatment, and disposal
- Streets, stormwater drainage, and street lighting
- Parks and recreation

5.2 Water

Water Source

The City of Blue Lake obtains all of its domestic water supply through a contract with the Humboldt Bay Municipal Water District (HBMWD). Water is delivered to the city via a booster pump station northwest of the City on Glendale Drive. The City's daily use allotment is currently 400,000 gallons, established via a contract with HBMWD. During the 2017-18 Fiscal Year, the City reported an average use of 204,712 gallons per day (gpd), 51% of their daily allotment from HBMWD. In the same year, during the peak use month of August, city water customers utilized an average of 244,900 gallons per day or 61% of the 400,000 gpd allotment from HBMWD. The City reports that the 2017-18 water use was higher than average due to an ongoing water leak. Once addressed, city water use is anticipated to decrease.

Infrastructure, Distribution, and Storage

The system includes two redwood water storage tanks, transmission mains, fire hydrants, valves, and the water services from the mains to individual water meters. The City owns and operates the booster pump station on Glendale Drive, which pumps water through a single pipe into the City's main distribution system to a pressure needed to fill two storage tanks. The distribution system consists of 51,050 feet of pipeline which is mostly asbestos cement, installed in 1973. The booster station pumps water into town and the water that is not used flows through the system and into the City's storage tanks. The City has two redwood storage tanks with a total storage capacity of 900,000 gallons. The tanks each have a single inlet/outlet pipe.

Water Service Rates

The city's water service rates are summarized in Table 3. Water bills are based upon a fixed monthly base fee plus a tiered charge based upon usage. The city provides water services beyond its jurisdictional boundary and has established a separate fee structure, increased by a factor of 50% for these services citing²¹ additional costs and risks in connection with operating and maintaining the system.

City water rates are set via ordinance. Current rates were set in 2013, and established a rate increase schedule over a two-year period, from 2013 to 2015 (see Table X for current rates).

²¹ City of Blue Lake Municipal Code 13.08.020 9 (Service Outside City)

Rates may also be adjusted to pass through the wholesale costs of water purchases from the Humboldt Bay Municipal Water District. The City reports that it is in the early stages of a planning process to analyze the operational and capital needs for the City's water system and propose rate adjustments.

Water usage rates per person per household vary depending on annual seasonal conditions. The average American family of four uses around 10,500 gallons (1,400 cubic feet) in a 30-day period²². Given this baseline, 49% of the bill is a fixed monthly charge, and 51% is based on the amount of water consumption.

Table 3. 2019 Water Service Rates		
	Charge Type	Monthly Charge
Inside City Rate	Base Fee for 5/8" or 3/4" pipe (most residences)	\$25.01
	0 - 200 cu. ft. (consumption)	\$1.70 per 100 cu. ft.
	201- 400 cu. ft. (consumption)	\$1.80 per 100 cu. ft.
	401 – 1200 (consumption)	\$1.91 per 100 cu. ft.
	1201 and up (consumption)	\$1.86 per 100 cu. ft.
Outside City Rate	Base Fee for 5/8" or 3/4" pipe (most residences)	\$37.51
	0 - 200 cu. ft. (consumption)	\$ 2.55 per 100 cu. ft.
	201- 400 cu. ft. (consumption)	\$ 2.71 per 100 cu. ft.
	401 – 1200 (consumption)	\$ 2.86 per 100 cu. ft.
	1201 and up (consumption)	\$ 2.78 per 100 cu. ft.

5.3 Wastewater

The Blue Lake wastewater system serves approximately 1,255 customers²³. The service area includes the City of Blue Lake (business and residential), the Blue Lake Industrial Park, the Blue Lake Rancheria Hotel and Casino, and 45 residents located outside of city limits. Of these connections, 23 are industrial, including the brewery and the rancheria.

Collection Infrastructure

City wastewater responsibilities include the wastewater treatment plant, the sewer mains, manholes, lift stations and two pump stations that make up the sewer collection system. The collection system covers an approximate service area of 0.6 square miles and includes more than 16 miles of sewer pipe.

The City reports that wet weather flows in the form of infiltration/inflow (I & I) contributes a large amount of the total annual flow to the sewer collection system. The City's I & I can be

²² U.S. Environmental Protection Agency. Accessed April 10, 2019. <https://www.epa.gov/watersense/understanding-your-water-bill>

²³ SHN. City of Blue Lake Sewer System Management Plan. February 2014.

as much as six times the average summer flow during major winter storm events. Significant portions of the City's collection system are in need of repair and/or replacement due to excessive I & I. The Public Works department has an informal plan has been developed for implementing improvements based on the City staff's visual observations of needed repairs.

Treatment Facilities

The Blue Lake wastewater treatment plant (WWTP) is in the northwest corner of the City near the flood plain of the Mad River. The WWTF is a primary headworks facility followed by a 7.5-acre, 4-cell secondary treatment lagoon system, a chlorine disinfection system, and 2 effluent disposal percolation ponds. The WWTF has an average dry weather flow (ADWF) of 0.18 MGD²⁴. To date, the system has not experienced any sewer overflow events. In 2013 the city received recognition from the California Water Environment Association with a Wastewater Treatment Plant of the Year Award for the North Coast region.²⁵

Facility Capacity

Wastewater system best practices include ensuring the hydraulic capacity of key sanitary sewer system elements for dry weather peak flow conditions, as well as the appropriate design storm or wet weather event. The wastewater treatment capacity is 1 million gallons per day (MGD). The system is designed for average flows of 0.25 MGD and peak flows of 1.54 MGD. The City's average dry weather flows are currently 0.15 MGD.

In 2013, the city adopted an *Interim Policy Pertaining to the Release of Sewer Capacity*. It determined that it had a remaining unallocated sewer capacity equal to 100 residential equivalent units (REUs). 60 REUs were reserved then for residential connections, including both single and multi-family uses. 40 REUs were then made available for non-residential use. Non-residential development requests for use of sewer capacity may be approved by the City Manager, if equal to or less than one REU. Requests that exceed one REU must be approved by the City Council.

5.4 Streets, Stormwater, and Street Lighting

The Public Works Department's municipal service responsibilities include developing and maintaining street lighting; flood control, and roads. The Department employs maintains 6.7 miles of road, traffic signals, street lights, and stormwater drainage systems. Much of this infrastructure was built in the 1950s and 1960s, and the Department reports that the city's stormwater and road system are aging.

City streets include Chartin and Hatchery Roads and a system of additional arterial, collector and local streets. The city's street system needs drainage improvements. Some streets are lacking full width (gutter to gutter) paving. There is a need to overlay some of the streets. The City has indicated that it needs to address subgrade of some streets.

5.5 Parks and Recreation

The Parks and Recreation Department offers its own programs and maintains facilities for public use. Among the programs regularly offered are roller skating, adult sports leagues,

²⁴ Ibid.

²⁵ "Blue Lake receives wastewater treatment award: recent upgrades funded by local tribe" Times-Standard Article 11/20/13 <http://www.times-standard.com/article/zz/20131120/NEWS/131129258>

drop-in recreation, school break camps, summer recreation, leisure classes, facility rentals and seasonal events such as the Nessler Car Show and Easter Egg Hunt.

The department is staffed by a Parks and Recreation Director, and Recreation Specialists, After School and Summer Program Coordinators, and many part-time recreation leaders. The department works in conjunction with the advisory Blue Lake Parks and Recreation Commission to develop programs and policies. The commission meets the second Tuesday of every other month at 2:00 pm in the Skinner Store building^l.

The City of Blue Lake has the following parks and recreational facilities (8.5 acres in total):

- Perigot Park located at 312 South Railroad has a little league field, a regulation softball/baseball field, bocce ball courts, new state of the art playground, and picnic area with a cooking booth. All facilities are open to the public except when rented to private parties. Furthermore, the Annie and Mary trail is across the road from the site.
- Victor Prasch Community Hall, located on the Perigot Park grounds, is utilized as a roller rink, basketball court, dance floor, and multipurpose room. The hall also has a kitchen and dining area. It is available for a birthday party, event, and skate rentals.
- The Community Tot Lot located at the corner of 4th and I streets is a neighborhood playground for small children as the name implies.
- The Horse Arena located at 210 Chartin, although a park facility, is maintained by community volunteers and has been in use since the early 1970s. It remains free to the public.
- Tennis and Basketball Courts are located at 210 Chartin Road and have recently undergone total rehabilitation with complete resurfacing and equipment upgrades.²⁶

5.6 Law Enforcement

The City of Blue Lake is contracting with the Humboldt County Sheriff's Office for police services. The contract provides for 2.5 deputy positions on dedicated assignment to the city for 10 hours a day. Continuous response from the Sheriff's Office 1608 Pickett Road McKinleyville Substation is also available to the city 24/7. The current contract also provides access to the full scope of the Sheriff Department's services, including detective services, coroner services, SWAT, etc. A portion of the Sheriff Department contract is charged to the Supplemental Law Enforcement Services Fund, which comes receives \$100,000+ from the State for public safety purposes.

The department works in conjunction with the advisory Blue Lake Public Safety Commission to provide input and policies. The commission meets the first Monday of every other month at 6:00 pm in the Skinner Store building located at 111 Greenwood Rd - behind City Hall.

5.7 Other Relevant Service Providers

Blue Lake Fire Protection District

The Blue Lake FPD is a special district governed by the California Health and Safety Code Section 13800 – 13970. Humboldt LAFCo conducted a separate MSR and SOI update for the

²⁶ 2009 Draft Blue Lake MSR

Blue Lake FPD, which was last updated in 2013 as a part of the Eastern County Fire MSR. Below is an overview of District operations as they relate to the City of Blue Lake.

The Blue Lake FPD provides fire protection services to the City of Blue Lake and surrounding unincorporated areas including the eastern portion of the Glendale area, as well as other more sparsely developed areas on the north and south sides of the Mad River. The Blue Lake FPD is comprised of the Blue Lake Volunteer Fire Department (VFD), which operates out of one fire station located at 111 First Avenue in Blue Lake.

The Blue Lake FPD participates in the countywide mutual aid agreement and has an automatic aid agreement with the Arcata FPD where both districts are dispatched to fires and other major emergency calls in Blue Lake and the Valley West area of Arcata. The Arcata FPD is located west of the Blue Lake FPD, and the Fieldbrook VFD is located north of Glendale.

Fieldbrook-Glendale Community Services District

The Fieldbrook-Glendale Community Services District (CSD) provides water and wastewater services within the district's 10.9 square mile boundary located almost entirely north of the Mad River, east of McKinleyville and west of Blue Lake. Currently, about 19 acres of the district overlaps with the City of Blue Lake's SOI in the Glendale area. The District serves approximately 1,460 residents who live in 641 housing units, according to the 2010 Census²⁷. The district has established zones inside the district within which certain services are provided. The District provides water and fire protection services to the Fieldbrook area and water and wastewater services to the Glendale area.

The District contracts with the City of Arcata to pump its raw wastewater to Arcata's facility for treatment and disposal. In the 2015 Fieldbrook-Glendale CSD Municipal Service Review determined that the availability of connections within the District's wastewater system was limited by its contractual amount with the City of Arcata; Noting that alternative solutions to treatment and disposal must be found to accommodate future development. At that time Arcata indicated it was not interested in increasing the District's contract amount for wastewater treatment and disposal, and recommended the District consider other alternatives. The review identified receiving wastewater treatment services from the City of Blue Lake as a potential future option, however, Blue Lake would need to increase its treatment capacity to do so. Blue Lake indicated that it did not wish to increase wastewater capacity at that time. An opportunity exists for future collaboration between Blue Lake and the District to address regional wastewater needs. Preparing a study to determine viability, benefits, and opportunities for shared services would help determine whether shared facilities would be an appropriate fit for the communities served.

Blue Lake Rancheria

The Blue Lake Rancheria is an independent tribal government located directly next to the incorporated boundary of Blue Lake. Currently, the Rancheria receives water and wastewater services from the city via several out of agency service connections. The Tribe reports via its website²⁸ that it provides police services as well as electricity (from a solar array micro-grid), fuels, water, wastewater, recycling, sanitation, and telecommunications.

²⁷ Fieldbrook-Glendale CSD MSR 2015

²⁸ Blue Lake Rancheria Website. Accessed May 3, 2019. <https://bluelakerancheria-nsn.gov/about/departments/utility/>

Blue Lake Rancheria reports it is developing several economic enterprises to foster community resilience innovation²⁹. Currently, in design, the Toma Resilience Campus is intended to create a facility for capacity building. Plans include a business incubator, maker spaces, training/event venue, commercial kitchen, and retail space, estimated to be open in 2021.

6.0 FINANCE

6.1 Financial Overview

The City of Blue Lake prepares an annual budget which serves as the basis for the city's financial planning and budget control systems for the delivery of city services and the implementation of capital projects. Additionally, each fiscal year, the city prepares an Annual Financial Report. Contained within the Annual Financial Report is an audit prepared by a qualified Certified Public Accountant. The most recent city audit was prepared for the 2017-18 Fiscal Year by Anderson, Lucas, Somerville, & Borges, LLP.

6.2 Budget

Annual Budget Process

The City Council establishes annual budgets for the General Fund, Special Funds, and Water and Sewer Enterprise funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council in accordance with the municipal code. Table 5 below summarizes the City budget for the past three fiscal years.

Revenues and Expenses

The largest General Fund revenue sources for the City include Taxes, Park and Recreation fees, State funds and rental income. General Fund 2018-19 budget expenditures were allocated as follows: 30% Parks and Recreation, 29% law Enforcement, 24% General Government, 13% Streets, and 4% Planning and Building.³⁰ The City also receives funds from a number of other sources including water and sewer service fees. 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 the 2018-19 fiscal year, expenditures are expected to exceed revenues by almost \$72,000.

²⁹ *Humboldt County State of the Economy 2019*. A companion handout to AEDC's Humboldt County Economic Development Summit. Article written by Jana Ganion, Sustainability and Government Affairs Director.

³⁰ City of Blue Lake 2018-19 Adopted Budget

Table 5: City of Blue Lake General Fund Budget Summary ³¹			
Budget	Actual FY 2016-17	Actual FY 2017-18	Adopted FY 2018-19
Revenues			
Taxes	\$204,001	\$200,204	\$200,050
Licenses, Permits & Franchise Fees	\$55,058	\$60,348	\$60,300
Interest Earned	\$2,677	\$8,329	\$8,330
Rents	\$138,465	\$134,994	\$21,807
State, County & Grant Revenue	\$236,449	\$185,534	\$185,025
Service Charges	\$13,551	\$8,815	\$11,100
Park & Recreation Fees	\$147,161	\$128,459	\$142,337
Other Revenues	\$11,774	\$15,295	\$7,000
Transfers-in from Other Funds	\$0	\$55,940	\$75,981
Total General Fund Revenues & Transfers-in	\$806,459	\$798,918	\$711,930
Expenditures			
Mayor and City Council	\$5,545	\$4,397	\$4,850
City Attorney	\$10,000	\$12,961	\$15,000
General Government	\$150,525	\$156,008	\$165,668
Planning Department	\$18,355	\$18,831	\$22,375
Building Department	\$9,237	\$9,805	\$12,550
Law Enforcement	\$218,807	\$260,598	\$227,448
Animal Control	\$6,709	\$6,380	\$7,350
Public Works-Streets	\$86,025	\$97,460	\$103,302
Park Facilities	\$24,753	\$12,973	\$21,893
Park Grounds	\$56,336	\$61,054	\$63,792
Recreation Programs	\$76,057	\$72,265	\$59,997
Summer Youth Program	\$27,690	\$28,197	\$29,312
Skate Program	\$46,065	\$52,325	\$50,252
Total General Fund Expenditures	\$736,104	\$793,274	\$783,789
General Fund Excess (Deficit)	\$70,355	\$5,644	(\$71,859)

³¹ City of Blue Lake Approved Budget FY 2018-19

Enterprise Funds

As enterprise operations, the city's water and wastewater systems are budgeted separate from the General Fund and intended to be financed and operated such that the cost of providing services to customers is almost entirely financed or recovered through use charges or service rates.

Water

Water service revenues exceeded expenditures by \$97,000 in the 2017-18 fiscal year and are projected to exceed expenditures again in the 2018-19 fiscal year. The City maintains several funds related to water service, including the general Water Fund with projected to have a fund balance of \$961,500 at the end of the current fiscal year, the Water Connection Fee Fund projected to have \$154,190, the Water Capital Reserve Fund projected to have \$22,805, and the Turbidity Reduction Facility Reserve Fund projected to have a negative balance of -\$1,183 at the end of the fiscal year 2018-19. The 2018-19 Budget also projects a \$40,000 capital expenditure for the Water Tank Improvement project.

Sewer

Sewer service revenues exceeded expenditures by \$69,000 in the 2017-18 fiscal year and are projected to exceed expenditures again in the 2018-19 fiscal year. The City maintains several funds related to sewer service, including the general Sewer Fund with projected to have a fund balance of \$58,500 at the end of the current fiscal year, the Sewer Connection Fee Fund projected to have \$252,200, the Sewer Capital Reserve Fund projected to have \$1,049,800 at the end of fiscal year 2018-19. The City of Blue Lake maintains a sewer capital reserve fund that accumulates cash for future capital replacement, improvements, and purchases to the wastewater system. The funding source is the monthly charge per residential equivalent unit added to normal sewer charges. The 2018-19 Budget also projects a \$25,000 capital expenditure for wastewater treatment Grinder Improvement project.

7.0 MUNICIPAL SERVICE REVIEW DETERMINATIONS

As set forth in CKH Act Section 56430(a), In order to prepare and to update the SOI in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for a service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

(1) Growth and population projections for the affected area

- a) Currently, the population of Blue Lake is estimated at 1,096. At a projected countywide annual growth rate of 0.8 percent, the population of Blue Lake will reach approximately 1,201 by 2030, an addition of 105 people³²

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

- a) Given Blue Lake's MHI and its status as a Disadvantaged Community Place, it stands to reason that sections of unincorporated territory surrounding the City may qualify as disadvantaged. Should Blue Lake pursue annexation, DUCs within the proximity of the city may be further evaluated.
- b) The community of Glendale is identified as a DUC and is currently within the boundary of Glendale Fieldbrook CSD which provides water and wastewater services. The community is also partially within Blue Lake's SOI.

(3) The present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

- a) The current city sewer system capacity limits future urban development within and surrounding the City of Blue Lake. Improvements could be made to the sewer system infrastructure to increase capacityⁱⁱ.
- b) During the peak use month of August, Blue Lake used 61% (on average) of its contractual water allotment for the 2017-18 fiscal year, indicating sufficient capacity for projected growth within city limits for the duration of its 20-year water contract.

(4) Financing ability of agencies to provide services

- a) The City of Blue Lake is financially solvent and has sufficient funds to provide City services throughout its jurisdiction. It has received numerous successful grants and appears able to acquire funds for necessary upgrades and maintenance as appropriate.

(5) Status of and, opportunities for, shared facilities

- a) The services provided by the City of Blue Lake 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

³² County of Humboldt General Plan 2017 Land Use Element. Pgs. 4-3, 4-5.
<https://humboldt.gov/DocumentCenter/View/61996/Chapter-4-Land-Use-Element-PDF>

services: fire protection services provided by the Blue Lake FPD; fire dispatch services provided by the CALFIRE Interagency Command Center; police dispatch services provided by the Humboldt County Sheriff Department; and solid waste services provided by Humboldt Waste Management Authority.

- b) Fieldbrook Glendale CSD provides water and wastewater services directly adjacent to properties that receive municipal services from the City of Blue Lake. An opportunity exists for future collaboration between Blue Lake and the District to address regional service needs, particularly for wastewater. Preparing a study to determine viability, benefits, and opportunities for shared services would help determine whether shared facilities would be an appropriate fit for the communities served.

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

- a) The City of Blue Lake maintains a website (<http://bluelake.ca.gov>) where it posts City information, documents, and updates.
- b) The City is governed by a five-member City Council elected to serve 4-year terms. Regularly scheduled monthly City Council meetings are held and 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.

(7) Any other matter related to effective or efficient service delivery

- a) The Fieldbrook-Glendale CSD provides water and wastewater services to the community of Glendale, which is currently partially within Blue Lake's SOI. Those properties receiving service from Fieldbrook -Glendale CSD should be removed from the City of Blue Lake's Sphere of Influence.

8.0 SPHERE OF INFLUENCE ANALYSIS AND DETERMINATIONS

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city, as defined by G.C. Section 56036, and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to the following:

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

- a) The predominant Humboldt County land use designations within the existing Blue Lake SOI include Agricultural Exclusive, Conservation Floodway, Timberland, Tribal Lands, Residential Agriculture, Urban Reserve, and Residential Estates. Other uses include Commercial Recreation, Mixed Use, Public Facility, and Residential Low Density. Lands designated as Urban Reserve, Residential Estates, Mixed Use, and Residential Low Density have been outlined in Humboldt County's General Plan as appropriate to receive some level of municipal services rather than relying on on-site water and wastewater systems.
- b) The Commission discourages the annexation of agricultural lands to a city for the purpose of promoting urban development³³.

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

- a) The City of Blue Lake has 150 water connections and 45 wastewater connections outside the city boundary, indicating a present and future need for services beyond Blue Lake's City boundary.
 - I. LAFCo prefers³⁴ the City of Blue Lake annex territory it wishes to provide municipal services to, rather than provide an out of agency service agreement for the extension of services beyond the city boundary. In some instances, the Commission may grant exceptions when local circumstances justify an out of agency service extension agreement as the most appropriate course of action³⁵.
 - II. With the exception of APN 312-121-013, which received water and wastewater extension approval from the Commission in 2016, it is believed that those parcels receiving services outside agency boundaries had been extended prior to January 1, 2001, and are therefore exempt³⁶ from LAFCo review and approval.
 - III. The continuation of service to pre-existing out of agency parcels subject to G.C. section 56133 (e) is not constrained by the city's SOI boundary.

33 Humboldt LAFCo Boundary Change Policy 3.10, Adopted May 16, 2018.

34 Humboldt LAFCo Boundary Change Policy 4.3(6), Adopted May 16, 2018.

35 Humboldt LAFCo Boundary Change Policy 4.3(7), Adopted May 16, 2018.

36 Subject to G.C. section 56133 (e) and Humboldt LAFCo Boundary Change Policy, Adopted May 16, 2018.

- IV. The intensification of services³⁷ to a specific property whose service connection is exempt per G.C. section 56133 (e) would be subject to LAFCo review and approval, pursuant to Government Code Section 56133 and Humboldt LAFCo policy.
- V. Any future extension of services outside the city's boundary is subject to LAFCo review and approval, including SOI expansion, pursuant to Government Code Section 56133 and Humboldt LAFCo policy.
- VI. Blue Lake may provide municipal services outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory, under specified circumstances, subject to Commission approval³⁸.

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

- a) The current city sewer system capacity limits future urban development within and surrounding the City of Blue Lake. Improvements could be made to the sewer system infrastructure to increase capacity.
- b) During the peak use month of August, Blue Lake used 61% (on average) of its contractual water allotment for the 2017-18 fiscal year, indicating sufficient capacity for projected growth within city limits for the duration of its 20-year water contract.

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

- a) The Glendale area, located to the north and west of the City of Blue Lake, may be considered "a community of interest" due to the economic ties and proximity to the City.
- b) The Blue Lake Rancheria, located adjacent to the city's northwest boundary may be considered a community of interest.

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

- a) Unincorporated territory surrounding the City may qualify as disadvantaged. Should future annexations or service extensions be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCo Policy.
- b) The community of Glendale is identified as a DUC and is currently within the boundary of Glendale Fieldbrook CSD which provides water and wastewater services. The community is also partially within Blue Lake's SOI.

³⁷ Humboldt LAFCo Boundary Change Policy 4.2(A), Adopted May 16, 2018.

³⁸ Humboldt LAFCo Boundary Change Policy 4.1, Adopted May 16, 2018



RESOLUTION NO. 19-03

APPROVING THE CITY OF BLUE LAKE MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

WHEREAS, the Humboldt 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 Humboldt County; and

WHEREAS, the Commission conducted a municipal service review to evaluate the availability and performance of governmental services provided by City of Blue Lake, hereinafter referred to as the "City", pursuant to California Government Code Section 56430; and

WHEREAS, the Commission conducted a sphere of influence update for the City 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 provided 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 form and manner prescribed 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 May 15 and July 17, 2019; and

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

NOW, THEREFORE, BE IT RESOLVED by the Commission 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 Section 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 Section 15061(b)(3). This finding is based on the Commission determining with certainty the update will have no possibility of significantly affecting 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: "City of Blue Lake MSR/SOI Update 2019".
4. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations included in the municipal service review, hereby incorporated by reference.
5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.
6. The Executive Officer shall revise the official records of the Commission to reflect this update of the sphere of influence for the City of Blue Lake.

BE IT FURTHER RESOLVED that:

1. The City of Blue Lake MSR/SOI Update 2019 is hereby approved, and the sphere of influence for the City of Blue Lake is reduced as depicted in Exhibit "A", attached hereto.
2. The Commission will not accept any future proposal involving the City of Blue Lake, until the following terms and conditions are met as determined by the Executive Officer or designee:
 - a. Submittal of complete out of agency service connection record for water and waste water services by the City of Blue Lake. The record must include the location of connection (current APN and site address, if applicable), number of meters at connection, type of connection (size of pipe, and the status of each connection (active or inactive).

PASSED AND ADOPTED at a regular meeting of the Humboldt Local Agency Formation Commission on the 17th day of July 2019, by the following roll call vote:

AYES: Commissioners:
NOES: Commissioners:
ABSENT: Commissioners:
ABSTAIN: Commissioners:

Estelle Fennell, Chair
Humboldt LAFCo

Attest:

George Williamson, Senior Advisor
Humboldt LAFCo