



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 agenzied 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