



AGENDA ITEM 8A

MEETING: March 15, 2017
TO: Humboldt LAFCo Commissioners
FROM: George Williamson, Executive Officer
SUBJECT: **Initial Review of Proposed Reorganization of the Samoa Peninsula Fire Protection District to a Community Services District**

The Commission will receive an overview of the proposal, submitted by resolution of application from the Samoa Peninsula Fire Protection District (SPFPD) for a reorganization consisting of SPFPD dissolution, and new community services district (CSD) formation. As proposed, reorganization would be for purposes of expanding municipal services on the Peninsula.

LAFCos are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate the formation and development of local governmental agencies and their municipal services. This includes approving or disapproving proposed changes of organization or reorganization consistent with adopted policies and procedures pursuant to California Government Code (G.C.) Section 56375. LAFCos are authorized with broad discretion in amending and conditioning changes of organization as long as they do not directly regulate land use, property development, or subdivision requirements.

A. BACKGROUND

The Samoa Peninsula FPD currently provides fire protection services to the portion of the peninsula south of the Highway 255 Bridge, including the communities of Samoa, Fairhaven and Finntown. Reorganization of the FPD into a CSD would provide the necessary governance structure for the provision of expanded municipal services to the residents, businesses, industries, and recreational users on the Peninsula. The proposed Reorganization includes the following jurisdictional changes:

1. Dissolution of the Samoa Peninsula Fire District, organized under the Fire Protection District Law of 1987, California Health and Safety Code Section 13800 et seq.
2. Formation of a new community services district, organized under the Community Services District Law, California Government Code Section 61000 et seq.

The principle reasons for the proposed Reorganization are as follows:

- A single governing entity is required by Humboldt County and the Coastal Commission to oversee operation and maintenance, fiscal responsibility, and governance of community services to the Town of Samoa.

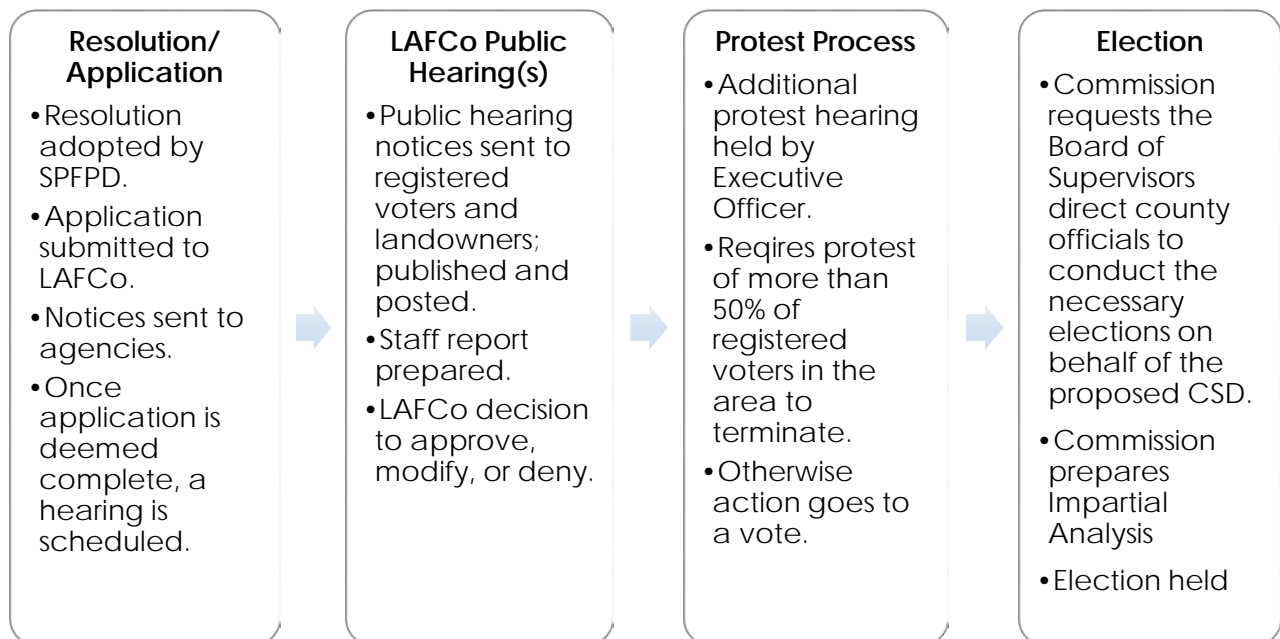
- The Samoa Pacific Group has explored several options including annexing into Manila Community Services District, forming a new community services district, and joining and reorganizing the current Samoa Peninsula Fire District.
- It has been determined that reorganizing the Samoa Peninsula Fire District is the best option for providing services to the Peninsula.

Community Services Districts (CSDs) are formed pursuant to the Community Services District Law (§61000 et seq. of the Government Code). The law authorizes CSDs to provide a broad array of local services. The actual services to be provided by a specific district are identified in the formation process. Thereafter, that district can provide additional types of services only by obtaining approval from LAFCo and the voters within the district. The proposed Peninsula CSD would provide the following services:

- Water Supply, Treatment, Storage, and Distribution (domestic and raw)
- Wastewater Collection, Treatment, and Disposal
- Fire Protection, rescue, and emergency response (including tsunami evacuation)
- Parks, Recreation, Trails, and Open Space
- Landscape Maintenance within Public Areas
- Streets, Street Maintenance and Street Lighting
- Storm Drainage

B. FORMATION PROCESS

The Community Services District Law (Government Code Section 61000 *et al*) is the Principal Act for forming and administering a Community Services District. If LAFCo approves the formation, the registered voters within the boundary would vote on whether to form the CSD. Formation steps are shown below:



Under the CKH Act, LAFCo has the discretion to approve (with or without conditions), modify, or deny the application for forming such a district. LAFCo may also adopt conditions of approval that would apply to the CSD.

ELECTION CALENDAR

Tentative Dates	Description
May 17 LAFCo Meeting Subject to commissioner availability	Public Hearing - Recommendation and Action *Approval triggers 30-day reconsideration period and conducting authority (protest) proceedings
June 16	Reconsideration Period Ends – if no request made, protest hearing is conducted with appropriate 21-day notice
July 10 in Samoa	Protest Hearing – conducted by Executive Officer
July 19 LAFCo Meeting	Confirm Protest Hearing results; Adopt resolution requesting Board of Supervisors call election
August 1 BOS Meeting	Election called – by Board of Supervisors
August 9	Last day for county elections official to publish Notice of Election
August 11	Official Filing Date for Ballot Measures and Board Candidate's Statement of Qualifications
November 7	Consolidated District Election

C. DISCUSSION

LAFCo staff has been coordinating with SPFPD to review a Draft Management Plan prepared by SHN Engineers & Geologists. This technical analysis provides a conceptual plan for governing the newly formed CSD, including recommended organizational structure, staffing levels, and operating budgets. Operating budgets prepared for the CSD consist of an initial "start-up" budget and five years of projected operating revenues and expenses. Based on the projected expenses, the Draft Management Plan explores various rate systems (benefit assessments and user fees) and presents a list of rate system recommendations. LAFCo staff anticipates the Draft Management Plan will be completed by the end of March and will be the basis for LAFCo consideration of the district formation proposal.

Draft Terms and Conditions are presented for early review by the Commission. The intent is to provide a clear framework for the fire district reorganization to a CSD, as well as provide clarity as to the condition of infrastructure and transfer of assets related to the Town of Samoa subdivision approval.

D. RECOMMENDATION

Staff recommends the Commission receive the staff report and provide questions and feedback as necessary.

Attachments

Attachment A: Boundary Figure

Attachment B: Draft Terms and Conditions



ATTACHMENT B

Draft Terms and Conditions – Formation of the Peninsula CSD

1. Name – The name of the district shall be the Peninsula Community Services District.
2. Boundaries – A map and boundary description of the Peninsula Community Services District are set forth in Exhibit A, attached to the Commission's Resolution making determinations and made a part thereof.
3. Sphere of Influence – A sphere of influence of the Peninsula Community Services District shall be coterminous with the District boundaries. Future amendments and/or updates of the sphere shall be conducted in accordance with Government Code Sections 56425 and 56430.
4. Successor
 - A. The Samoa Peninsula Fire Protection District shall be dissolved and all of its corporate powers shall cease.
 - B. Any employees of the Samoa Peninsula Fire Protection District will become employees of the Peninsula Community Services District.
 - C. The Peninsula Community Services District shall be the successor to the Samoa Peninsula Fire District for the purpose of succeeding to all of the rights, duties and obligation of the dissolved Samoa Peninsula Fire Protection District, with respect to enforcement, performance or payment of any outstanding bonds or other contracts, obligations, including the provisions of and other liabilities of the dissolved Samoa Peninsula Fire District.
 - D. The Samoa Peninsula Fire Protection District currently has contracts with the Board of Administration of the California Public Employees' Retirement System ("PERS"). The Peninsula Community Services District and PERS will develop a contract that shall be deemed a continuation of the Samoa Peninsula Fire Protection District's PERS contract pursuant to Government Code Section 20508. The Peninsula Community Services District's contract shall preserve the classic formula for continuing employee members of PERS. Accumulated contributions, assets and liability for service under the former districts' contracts are vested rights of continuing employee members of PERS, and shall be merged into the contract of the successor district upon reorganization pursuant to Government Code Section 20508.
 - E. All property, whether real or personal, including all monies (including cash on hand and monies due to uncollected) of the Samoa Peninsula Fire Protection District shall be transferred to and vested in Peninsula Community Services District, as outlined in Exhibit B.
 - F. Upon the effective date of the Reorganization, the Peninsula Community Services District shall be authorized and entitled to extend and/or continue to levy, impose,

or fix and collect any previously authorized charge, fee, assessment or tax approved, imposed and/or levied by Samoa Peninsula Fire Protection District, including but not limited any rates and charges for the provision of fire protection services.

G. The property tax allocation factor for the Samoa Peninsula Fire Protection District, for those properties within the District, shall be reallocated so that in future fiscal years these taxes shall be allocated to the Peninsula Community Services District.

5. Authorized Services – The Peninsula Community Services District shall be authorized the following functions and services as active powers, authorized to be provided within its boundaries, pursuant to Government Code Section 61600:

- A. Water Supply, Treatment, Storage, and Distribution (domestic and raw)
- B. Wastewater Collection, Treatment, and Disposal
- C. Fire Protection, rescue, and emergency response (including tsunami evacuation)
- D. Parks, Recreation, Trails, and Open Space
- E. Landscape Maintenance within Public Areas
- F. Streets, Street Maintenance and Street Lighting
- G. Storm Drainage

The District may in the future provide other types of services if authorized by the Community Services District Law, subject to compliance with the statutory procedures for authorizing additional services.

6. District Board of Directors

- A. Governing Board - The Peninsula Community Services District shall be governed by a board of directors composed of five (5) members elected at large for four-year terms by registered voters residing within the District.
- B. Election of Initial Governing Board - The Board of Directors of the Samoa Peninsula Fire Protection District shall serve as the initial Board of Directors of the successor agency, the Peninsula Community Services District.
- C. Staggered Terms of Office – For the initial Board of Directors, the terms of three (3) members shall be four years and the terms of two (2) members shall be two years.
- D. First Board of Directors Meeting – In addition to all other means authorized by law, the first meeting of the Board of Directors may be called by notice given in a lawful manner by any four members of the Board of Directors.

7. Benefit Assessments and User Fees – The formation of the Peninsula Community Services District shall be contingent upon a successful vote on the formation pursuant to Government Code Section 61014, and the District completing successful benefit assessments and user fees to fund the activities of the District. If the Proposition 218

proceedings are not successful, the Peninsula Community Services District shall be subject to dissolution.

8. Dedication of Asset Transfer – All assets and resources described in Exhibit C shall be offered with an irrevocable dedication by Samoa Pacific Group LLC to the Peninsula Community Services District, and the LAFCo Executive Officer, with legal counsel as warranted, shall verify prior to issuing a certificate of completion that a legal mechanism has been adequately established to ensure such transfer of assets and resources either at initiation of the community service district, or as particular infrastructure components are subsequently confirmed to be improved and acceptable for transfer to the Peninsula Community Services District.
9. Infrastructure Condition – Until such time as the CSD Board of Directors is seated, and thereafter if directed by said board, all infrastructure and facilities to be transferred to the Peninsula Community Services District shall be permitted and in compliance with state and federal requirements subject to confirmation by either the County of Humboldt or an engineer not affiliated with Samoa Pacific Group LLC, as applicable, to ensure that the condition of such infrastructure has been improved as outlined in a Detailed Engineering Analysis, and that said improvements and the condition of the infrastructure in general have been verified as conforming to applicable engineering standards. The Detailed Engineering Analysis shall describe the existing condition of facilities, projected demand on capacity, regulatory and design criteria under which improvements will be made (including ADA compliance), and costs of any recommended improvements. A Detailed Engineering Analysis shall be completed within one calendar year of the Certificate of Completion being recorded. LAFCo may extend this deadline upon request by the District.
10. Asset Transfer and Transition Agreement – Prior to the transfer of any dedicated assets, the Peninsula Community Services District and Samoa Pacific Group LLC shall set forth mutual agreements in writing for the orderly transition and conveyance of assets, including those obligations to accept and take ownership of those assets by the Peninsula Community Services District.
11. Monthly User Fees – The initial annual user fees for the Peninsula Community Services District, including any and all debt service, shall not exceed the small community affordability thresholds of 2.5% for water and 2.0% for wastewater (as a percentage of community median household income) as established by the EPA.
12. Creation of Zones – The board of directors of the Peninsula Community Services District may form one or more divisions or zones with varying levels of service and establish different levels of special taxation therein. The District may use divisional accounting to establish accurate divisional budgets and rates and charges based solely on the cost to provide services within the Town of Samoa and the rest of the peninsula, so rates in each service area will not be affected by the other.

13. Appropriations Limit – The Peninsula Community Services District shall set an appropriations limit (Gann limit) as soon as feasibly possible, as required by California Constitution Article XIII B, Section 4.

14. Single Ballot Question – The question of formation, dissolution of Samoa Peninsula FPD, and all terms and conditions shall be presented as one question on the ballot.

“Shall the order adopted on _____, 2017, by the Humboldt Local Agency Formation Commission ordering a reorganization affecting the Samoa Peninsula Fire Protection District and providing for the formation of a district in the territory described, known as the Peninsula Community Services District, be approved, subject to the terms and conditions specified in the order?”

15. Effective Date – The effective date of Peninsula Community Services District shall be determined by the certification of the election results by the Board of Supervisors and the filing of the certificate of completion by the LAFCo Executive Officer with the County Clerk-Recorder’s office. The certificate of completion must be filed within one calendar year from the date of approval unless a time extension is approved by the Commission.

16. Final Processing Costs – Any and all costs including mapping, engineering, planning, environmental review, fiscal analyses, LAFCo processing fees, election proceedings, recording fees, and any other required local, state, and LAFCo fees incurred to complete the formation of the Peninsula Community Services District, including State Board of Equalization filing fees, will be borne by the project proponents.