



## AGENDA ITEM 7A

**MEETING:** January 21, 2026

**TO:** Humboldt LAFCo Commissioners

**FROM:** Colette Santsche, Executive Officer

**SUBJECT:** **Proposed Annexation of the North McKay Ranch Subdivision to the Humboldt Community Services District.**

The Commission will consider a proposal submitted by the Humboldt Community Services District requesting annexation of approximately 72.35 acres (5 parcels) of land located adjacent to the District boundary and within its adopted Sphere of Influence. The proposed annexation would enable the District to extend water, wastewater, and street lighting services to the North McKay Ranch Subdivision, a mixed-use development with up to 320 housing units located at the eastern terminus of Fern Street in the Cutten area.

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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, such as district annexations, 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

Proceedings for this annexation were initiated by resolution of application adopted by Humboldt Community Services District (HCSD). The property owner, Fairhaven Cottages LLC, has requested HCSD expand its jurisdictional boundary to provide water, wastewater, and street lighting services to the following parcels: APN 017-032-003, 017-071-009, 017-072-003, and 017-073-007. In addition, one parcel owned by Field Committee Corporation (APN 017-073-008), is proposed for annexation due to its proximity of the land entirely surrounded by the North McKay Ranch Subdivision Project.

The annexation area totals 72.35 acres (5 parcels) located within HCSD's adopted Sphere of Influence (SOI) and contiguous to the District's existing boundary. Annexation would enable HCSD to extend services to support the phased residential and commercial development approved for the North McKay Ranch Subdivision.

Humboldt County served as lead agency for the project's General Plan Amendment (GPA), Zoning Reclassification (ZR), Tentative Subdivision Map, and Planned Development (PD) Permit. A Draft Environmental Impact Report (EIR) was prepared pursuant to CEQA and circulated for a 45-day public review period beginning May 15,

2020. In December 2021, a Partial Recirculated Draft EIR was released for additional review.

The Final EIR was certified by the Humboldt County Planning Commission on January 6, 2022, and forwarded to the Board of Supervisors. After continued hearings and consultation with legal counsel regarding potential litigation, the Board of Supervisors reconsidered the project on March 7, 2023, with modifications that included additional transportation mitigation measures and full project electrification (no gas hookups or wood stoves as a means of lowering its greenhouse gas emissions). At that time, the Board voted to certify the Final EIR and approve the GPA, ZR, Tentative Subdivision Map, and PD Permit (County Record No. PLN-9902-GPA).

Throughout the County's review process, LAFCo staff remained in coordination with HCSD regarding annexation planning and submitted comments on the CEQA documents to ensure that service delivery requirements were appropriately addressed.

## **B. DISCUSSION**

### **Reasons for Proposal**

The majority property owner for the annexation area, Fairhaven Cottages LLC, has requested water, wastewater, and street lighting services to support the development of the North McKay Ranch Subdivision.

### **Description of Annexation Area**

The proposed annexation encompasses five parcels (APNs 017-032-003, 017-071-009, 017-072-003, 017-073-007 and 017-073-008) totaling approximately 72.35 acres located adjacent to the HCSD boundary and within its adopted SOI. These parcels represent the portion of the North McKay Ranch Subdivision that currently lies outside HCSD's service boundary. Together with three parcels already within HCSD's jurisdiction, the subdivision totals approximately 81 acres.

At full buildout, the subdivision is planned for up to 320 residential units and approximately 22,000 square feet of commercial space, developed over nine phases. Residential uses will include 50 small-lot single-family homes, 96 standard-lot single-family homes, and 174 multifamily units. An additional 34 accessory dwelling units (ADUs) may also be constructed, bringing the total potential to 354 units.

Approximately 21.73 acres of the subdivision will be preserved as open space and dedicated to Humboldt County for trail management and public use. This dedicated open space abuts existing community fields, providing a buffer between portions of the new subdivision and adjacent neighborhoods to the west. To the east, the site borders the McKay Community Forest, a County-owned property planned for a future regional park and trail system, creating opportunities for recreational connectivity.

In addition, one parcel associated with Redwood Fields owned by Field Committee Corporation (APN 017-073-008) is proposed for annexation due to its proximity of the land entirely surrounded by the North McKay Ranch Subdivision Project. A second Redwood

Fields parcel (APN 017-073-010), as well as three subdivision parcels (APNs 017-071-004, 017-073-009, and 017-072-002), are already within HCSD's existing boundary and therefore do not require annexation.

Figure 1: HCSD Annexation Area

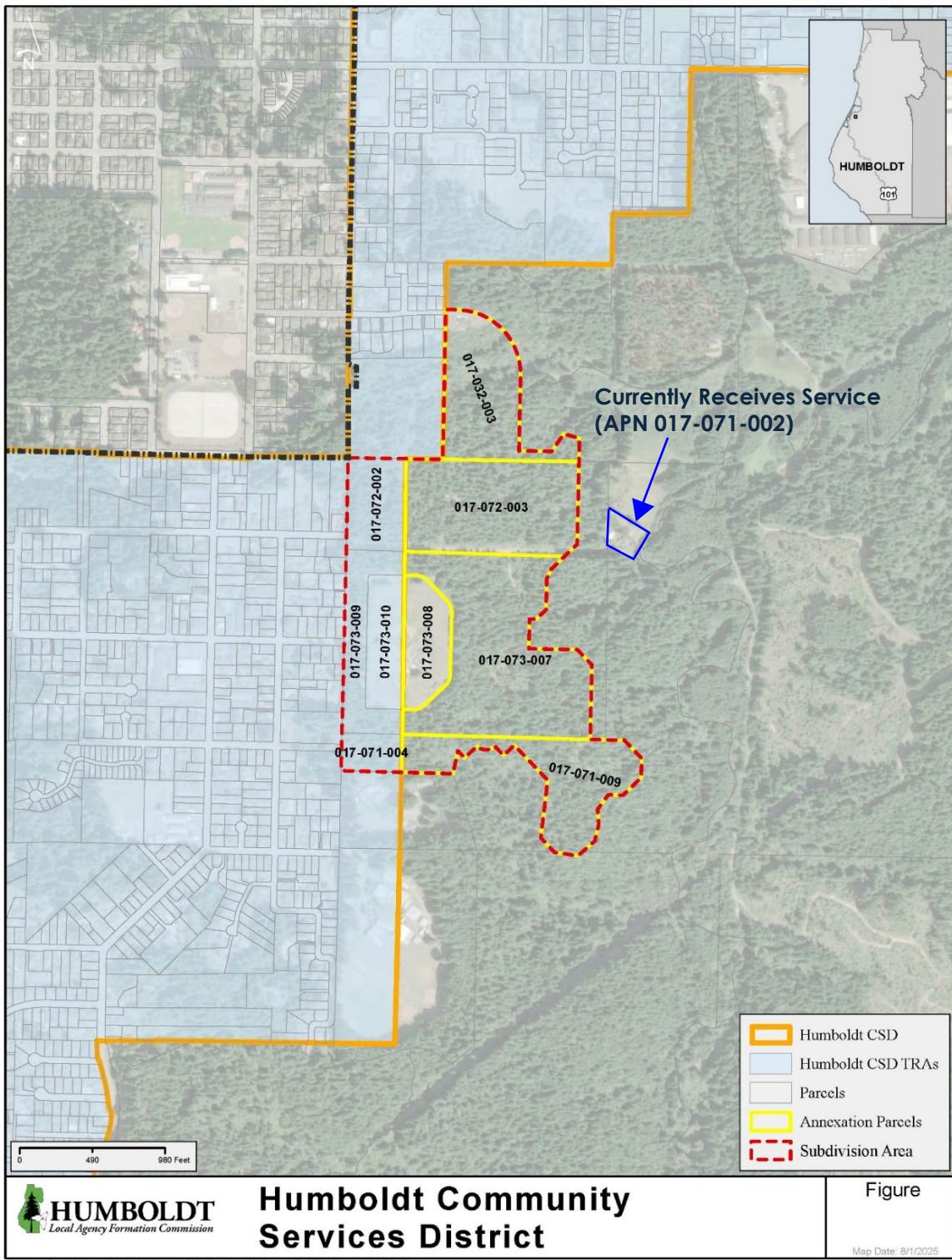
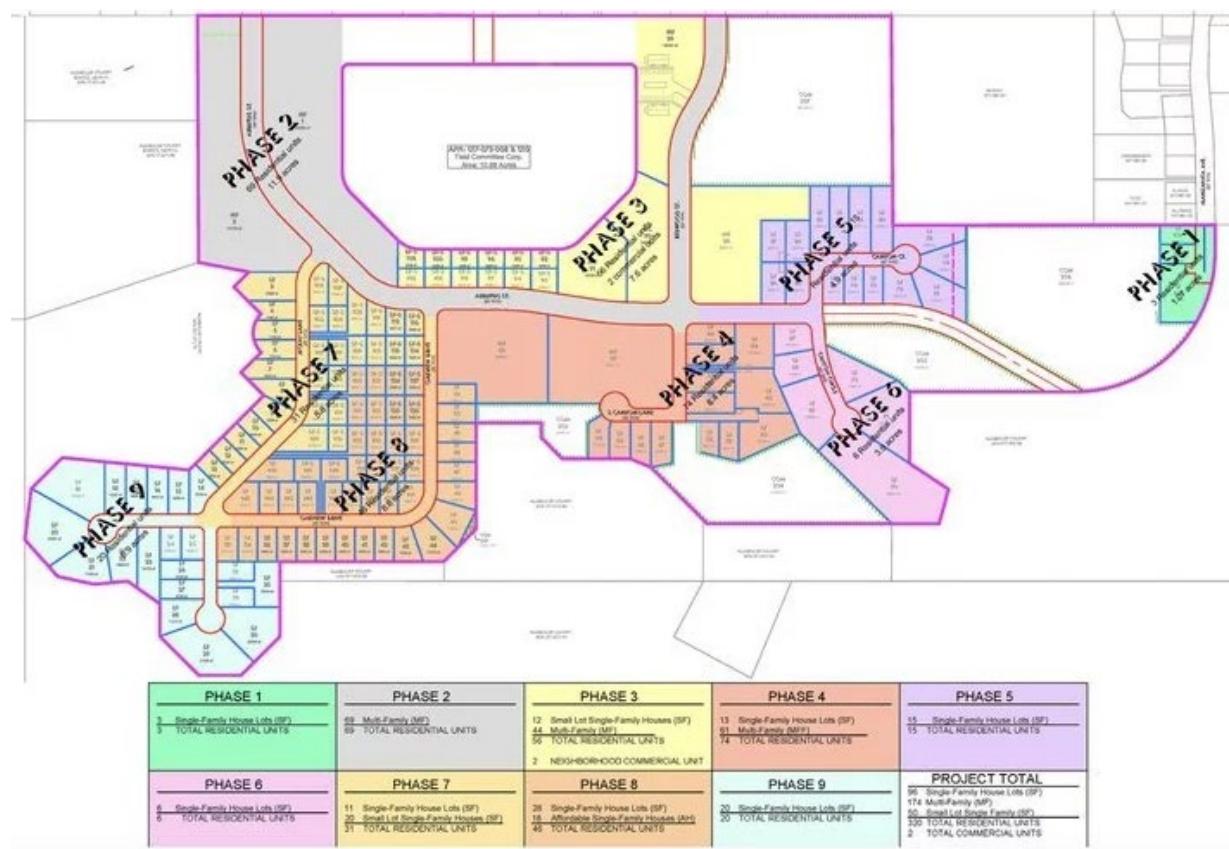


Figure 2: McKay Ranch Subdivision Phasing



### Continued Service to APN 017-071-002

HCSD currently provides water service to an existing single-family residence on APN 017-071-002 (see Figure 2), which lies outside the annexation area but is served by a private waterline that traverses the project site. The 1.76-acre parcel is designated Timberland and zoned TPZ (Timber Production Zone). Although the owner expressed interest in possibly being included in the annexation area, the parcel is not contiguous with the proposed annexation boundaries. A County-owned parcel (APN 017-072-004) lies between the North McKay Ranch Subdivision project site and the residence, preventing adjacency and creating potential complications if annexation were pursued. To avoid creating an island or irregular boundary, the intervening County parcel would also need to be annexed in conjunction with the residence.

Given these circumstances, the residence is not proposed for annexation at this time and will continue as a pre-existing out-of-district service connection. To protect this connection, HCSD has requested a condition of approval requiring that all existing services, including service to APN 017-071-002, are not disrupted by project construction or infrastructure improvements<sup>1</sup>. This will require securing appropriate easements, ensuring access for maintenance, and coordinating with the project developer to safeguard the private service line. The parcel will continue to be served under HCSD's

<sup>1</sup> See Conditions #5 in Proposed Terms and Conditions Section

out-of-district service policies and rate structures. From a LAFCo perspective, this unique circumstance should be acknowledged to ensure service continuity for the existing residence while maintaining logical and efficient service boundaries.

### **Land Use and Growth Planning**

The North McKay Ranch Subdivision is consistent with the land use designations and growth expectations established in both the Humboldt County General Plan and the Eureka Community Plan (ECP, adopted in 1995), as documented in the Certified Final EIR (SCH# 2019049166). The EIR notes that the project site, formerly timberland, has long been identified in planning documents for eventual residential and neighborhood-commercial development. The project includes a General Plan Amendment and Zoning Reclassification to allow higher-density residential and mixed-use designations in place of the existing RL (Residential Low Density, 1-7 du/acre), aligning the site with the County's growth management framework. (EIR, Section 3.11 – Land Use & Planning)

The ECP is now nearly thirty years old, and several of its underlying assumptions—particularly those related to population growth, traffic capacity, and infrastructure investment—have shifted. While the plan projected significant housing development in the Cutten–Martin Slough area, much of that growth has not materialized due to infrastructure limitations, including roadway connectivity, sewer interceptor capacity, and water storage. The North McKay Ranch project represents one of the first large-scale subdivisions in this area to advance with a defined phasing and service plan. The EIR emphasizes that consistency with the ECP depends upon completion of required infrastructure improvements and annexation to HCSD for water, wastewater, and lighting services. In this way, the project illustrates both the alignment of land use policy with long-standing planning goals and the need for comprehensive, updated approaches to integrate growth with infrastructure and service provision in the greater Eureka area.

Separately, the Humboldt County Planning and Building Director has indicated that the County has secured a \$300,000 Community Development Block Grant (CDBG) planning grant to evaluate infrastructure needs along the Walnut Drive corridor, an area that includes additional undeveloped land designated and zoned for residential uses. Completion of this planning effort could help establish a framework for future development to pay its proportional share of cumulative infrastructure improvements, or to construct necessary facilities subject to reimbursement provisions. While the infrastructure improvements proposed for the North McKay Ranch Subdivision are sufficient to serve that project, additional development along the corridor would likely require further water storage capacity and related system upgrades beyond what is currently planned.

### **Municipal Services**

To support the proposed annexation, HCSD, in coordination with the project proponent, prepared a Plan for Services (see Attachment A). The Plan outlines how the District would extend and provide municipal services—including water, wastewater, and street lighting—to the North McKay Ranch Subdivision. It describes existing infrastructure, anticipated service demands, and necessary improvements to ensure adequate capacity and service reliability.

Under Government Code §56653, LAFCo must consider whether a proposal can reasonably be expected to provide needed public services in an efficient and sustainable manner. The attached Plan for Services demonstrates HCSD's ability to serve the proposed annexation area, identifies capital improvements that will be the responsibility of the project proponent, and clarifies how ongoing operations and maintenance will be funded. The following sections summarize service provisions and key considerations for the proposed annexation.

### Water Services

Water service to the proposed subdivision will be provided by HCSD. A Water Supply Assessment prepared by SHN (October 2020) determined that the project would require approximately 231,610 gallons per day at full buildout (see Figure 1 below).

**Figure 3: Estimated Water Demand**

<b>Land Use</b>	<b>Proposed Project Unit Amount</b>	<b>Water Demand</b>	<b>Proposed Project Demand (GPD)</b>
Dwelling Units (du) <sup>1</sup>	320 d.u.	720 GPD per d.u.	230,400
Commercial	22,000 square feet	55 GPD per 1,000 square feet	1,210
<b>Total</b>			<b>231,610</b>

**Note:** This is a conservative estimate as the same water demand is utilized for multi-family, single-family, and affordable units.

**Source:** HCSD 2016; Humboldt County Code Section 331.11.5.

*Draft EIR, Section 3.18.5 – Project Impact Analysis and Mitigation Measures (Table 3.18-1).*

HCSD's water supply is sourced primarily from the Humboldt Bay Municipal Water District (HBMWD) and the City of Eureka (approximately 74%), with supplemental capacity from two HCSD-owned wells (2.28 MGD) and an active intertie with the City of Eureka (1.15 MGD). HBMWD provides a peak allocation of 2.9 MGD, resulting in a total available supply capacity of 6.33 MGD, or about 2,310 million gallons per year.

District-wide water demand has shown a downward trend in recent years, from 740 million gallons in 2015 to approximately 523 million gallons in FY 2024/25. Based on these figures and available supply capacity, HCSD has determined there are sufficient resources to serve the proposed project. This conclusion is supported by the City of Eureka, which noted in its referral response to LAFCo that "additional demand from this annexation will have little to no impact on [the potable water supply of] the City, as the Mad River Pipeline has sufficient capacity to accommodate the increase."

While sufficient source capacity exists, new onsite and offsite infrastructure is required to support service to the project. With respect to offsite infrastructure, HCSD has requested that the annexation be subject to conditions requiring the following improvements<sup>2</sup>:

- Construction of a new 250,000-gallon water storage tank at the Ridgewood Tank Site, and

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<sup>2</sup> See Conditions #1–2 in Proposed Terms and Conditions Section

- Upsizing approximately 1,000 feet of water main along Walnut Drive (between Holly Street and Cypress Avenue) from 8-inch to 12-inch diameter.

Both improvements are required to be in place prior to occupancy of Phase 2 and any subsequent phases. All associated costs of these improvements would be the responsibility of the project proponent.

#### Wastewater Services

HCSD currently serves 6,326 sewer connections with a peak daily wastewater flow of approximately 1.92 million gallons per day (MGD), with an average daily flow of 0.92 MGD. The project would add approximately 320 residential units and 2 commercial lots, representing about a 5% increase in total connections.

The District contracts with the City of Eureka for approximately 30 percent of the capacity at the Greater Eureka Area Wastewater Treatment Plant (GEAWTP), formerly the Elk River WWTP. The facility has a peak dry weather treatment capacity of 8.6 MGD and peak wet weather capacity of 12 MGD (current average flow: 0.92 MGD). Based on the peak dry weather allocation, HCSD is entitled to up to 2.58 MGD. With current peak flows of 1.92 MGD, the District maintains an available reserve capacity of approximately 0.66 MGD. Wastewater from the proposed project is estimated at less than 0.23 MGD, well within the District's permitted capacity. This conclusion is supported by the City of Eureka, which noted in its referral response to LAFCo that "a 5% increase in flow would remain well below HCSD's contracted capacity at the plant."

While sufficient contracted capacity exists today, the GEAWTP is subject to regulatory compliance upgrades. In 2016, the City of Eureka received a Cease-and-Desist Order (CDO) from the North Coast Regional Water Quality Control Board (NCRWQCB) regarding discharges to Humboldt Bay. The order required compliance with blending prohibitions by 2028 and with the State's Enclosed Bays and Estuaries Policy by 2032. The CDO has since been rescinded and replaced with an updated NPDES permit (2023), which requires blending prohibition compliance by 2028 and full policy compliance by 2042. Compliance will require significant capital investment, including secondary treatment upgrades and potentially construction of an ocean outfall or full plant rehabilitation.

The City estimates that blending prohibition compliance will cost approximately \$20 million, with HCSD's share projected at \$7 million between FY 2026-27. Full compliance by 2042 is estimated at up to \$60 million, with HCSD responsible for an estimated \$20 million. These costs are incorporated into HCSD's Capital Improvement Plan as long-term debt obligations.

Project-specific infrastructure will also be required to serve the subdivision. A new sewer lift station will be constructed by the developer at the northeastern portion of the site (planned open space), designed to District standards. Wastewater will flow by gravity to the lift station, then be pumped via a new force main west to Redwood Street, north along Walnut Drive, and connected to an existing sewer manhole at Walnut and Hemlock Streets. Additionally, prior to Phase 2 development, HCSD must complete the Hemlock Sewer Transmission Line connection to the Martin Slough Interceptor at the

City's O Street metering station. Unlike the project-specific improvements, this capital project will be funded by HCSD. Only Phase 1, consisting of three single-family homes on an extension of Manzanita Avenue, may proceed prior to completion of this capital project.

#### Street Lighting

New roadways and commercial buildings within the subdivision are expected to include street lighting for security and safety purposes. Standard SR-S4: Light and Glare requires that all new outdoor lighting be compatible with the surrounding setting. Fixtures and standards must be fully shielded and designed to minimize off-site glare by directing light within property boundaries. In addition, Mitigation Measure MM-AES-2 requires the applicant to prepare and submit an outdoor lighting plan to Humboldt County for review and approval prior to filing a final map for each phase of development. This ensures that light and glare will not result in significant impacts to nearby sensitive receptors.

HCSD has requested that the annexation be subject to a condition indicating that, should street lighting be required, a Street Lighting Assessment District pursuant to the Lighting and Landscaping Act of 1972, or another applicable enabling act commonly used for street lighting assessment districts be established or extended. All costs for operation and ongoing maintenance of the lighting system would be funded through establishment of the assessment district. The developer would be responsible for installing the required infrastructure in coordination with HCSD, with no financial obligation borne by the District outside of administering the assessment once established<sup>3</sup>.

HCSD's role in street lighting would be limited to administration of the assessment district, such as levy and collection of assessments and coordination with PG&E. The District does not typically perform direct maintenance, repair, or replacement of street lighting infrastructure, which is generally contracted through third-party providers.

County staff have indicated that the County does not view itself as a preferred provider of street lighting services for the subdivision. While street lighting could theoretically be provided through establishment of a County-administered dependent lighting district, administered by Humboldt County Public Works and funded through assessments on benefited properties, the County generally seeks to avoid the formation of new dependent lighting districts where alternative service providers or mechanisms are feasible.

#### **Other Services and Providers:**

##### Fire Protection and Emergency Services

The annexation area is located within the jurisdiction of the Humboldt No. 1 Fire Protection District and is served by the Humboldt Bay Fire Authority. Humboldt Bay Fire provides fire protection, emergency medical response, and rescue services. Project infrastructure improvements—including upsized water mains and new storage capacity—will also enhance fire flow and hydrant capacity, benefiting fire suppression capabilities.

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<sup>3</sup> See Condition #4 in Proposed Terms and Conditions Section

### Road Maintenance

All new roadways constructed as part of the North McKay Ranch Subdivision will be built by the developer to Humboldt County standards and, upon acceptance, will be dedicated to and maintained by the County. Final roadway design—including alignment, grading, drainage, and related improvements—will be reviewed and approved by the Department of Public Works prior to construction.

County General Plan Policy 2620.8 (North McKay Tract) calls for at least three access points onto Walnut Drive (extensions of Redwood, Fern, and Arbutus Streets) and states that development should also include a through road with a northerly extension to the intersection of Manzanita and Harrison Avenue, with timing of street extensions determined by Public Works. The approved project provides two primary access points—Redwood Street and Arbutus Street—serving the vast majority of units, commercial space, and open space. Fern Street provides only secondary access to two lots because it currently terminates at Redwood Fields and does not connect to Walnut Drive. Manzanita Avenue provides access to three single-family lots only. The project does not include a through-road or a future extension to Manzanita/Harrison.

While the Development Agreement references planning and rights-of-way for a through road with timing to be determined by Public Works, the project record does not identify a binding funding mechanism, cost-sharing arrangement, or construction schedule for the through-road extension to Manzanita/Harrison. Accordingly, long-term implementation of that connection remains unresolved at this time. The absence of a through-road and the lack of a defined funding/implementation framework for the Manzanita/Harrison extension may ultimately affect circulation, connectivity, and emergency access in the Cutten area.

### Transit Services

Public transit service to the annexation area is provided by Humboldt Transit Authority (HTA) through the regional fixed-route bus system, Redwood Transit Service (RTS), as well as by specialized local routes. The RTS corridor primarily operates along U.S. Highway 101, with connecting service provided into the greater Eureka area. While the project site itself is not directly located on a current transit route, nearby connections are available along Walnut Drive and within central Cutten, providing access to employment, commercial centers, and regional destinations.

### Law Enforcement

Law enforcement services for the annexation area will continue to be provided by the Humboldt County Sheriff's Office, which serves the unincorporated Cutten community. The addition of up to 320 residential units and related commercial uses will incrementally increase demand for patrol and public safety services.

### Parks, Trails, and Open Space

The project dedicates approximately 21.73 acres of open space to Humboldt County for long-term trail management and public use. This dedication aligns with County policies to expand recreational opportunities and provide community amenities. The subdivision design also integrates open space buffers around Redwood Fields, maintaining connectivity with existing community recreation facilities.

### Solid Waste and Recycling

Solid waste and recycling collection will continue to be provided by Recology Humboldt County under existing franchise agreements. Service will extend to new residential and commercial units as development proceeds, and disposal will occur at permitted regional facilities. No change in provider is anticipated as a result of annexation.

### Electricity, Natural Gas, and Telecommunications

Utility services will be extended from existing providers in the surrounding area, including Pacific Gas and Electric (PG&E) for electricity and natural gas, AT&T for telephone service, and Charter/Spectrum (formerly Suddenlink) for cable and Internet. These providers have infrastructure in place adjacent to the project site and will expand service as development phases progress.

### Stormwater and Drainage

Stormwater management is not a service provided by HCSD but is an essential element of subdivision development. The project proposes bioswales and drainage infrastructure to capture runoff from new roadways, with overflow discharging into natural drainage courses flowing to Ryan Creek. Humboldt County Public Works will oversee stormwater facilities as part of subdivision approval and long-term maintenance.

### Schools

Public education services will continue to be provided by Eureka City Schools District. While the project is expected to contribute additional enrollment, the School District is responsible for long-term planning and facility needs. School impact fees will be collected at the time of building permit issuance in accordance with State law to mitigate future facility demands.

### **Additional Funding Sources**

As discussed above, major infrastructure improvements required for the project—such as water main extensions, the 250,000-gallon storage tank, and new sewer lift stations—will be constructed and funded by the project developer (Kramer Properties) or other outside sources. These capital improvements will therefore not result in additional up-front costs to HCSD. However, once placed into service, the ongoing operation, maintenance, and eventual repair or replacement of these systems will become the responsibility of HCSD.

Funding for ongoing operations will be derived from a combination of property tax allocations, service charges and fees, and assessment zones established where appropriate (e.g., for street lighting). Of these, service charges represent the largest and most direct funding source for day-to-day water and wastewater operations. HCSD most recently completed a comprehensive water and wastewater rate study in March 2023, which provided the basis for the District's current fee structure. The study evaluated projected demand, infrastructure needs, and cost-of-service principles to ensure that rates remain sufficient to cover operational costs while maintaining financial stability.

The updated rate structure, including capacity charges, ensures that new connections—such as those created by the North McKay Ranch Subdivision—contribute

proportionately to the District's capital investment needs. Capacity charges are one-time fees imposed on new or upsized connections to recover the cost of existing infrastructure and planned improvements that benefit future customers. These charges are calculated consistent with the Mitigation Fee Act (Gov. Code §66013) and are designed to place new utility customers on equal financial footing with existing customers.

Once connected, new customers then incur the same ongoing service charges and water and sewer rates as existing ratepayers. This two-part approach—capacity charges at the time of connection, followed by regular service charges—ensures that the costs of system expansion are equitably allocated, while the ongoing operation and maintenance of District facilities are borne collectively by all customers. Importantly, capacity charge revenues may not be used for day-to-day operations, but are restricted to capital facilities and improvements necessary to accommodate growth.

#### **WATER – MONTHLY SERVICE RATES**

Rates below are effective August 1, 2025. The monthly fixed charge shall depend on the meter size. Volumetric rates are for units of 100 cubic-feet (HCF).

	<u>Fixed Monthly Service Charges</u>	<u>Volumetric Consumption Charge</u>
SFR <1 inch and <24 Fixture Units	\$28.74	\$6.47 per HCF
5/8 inch meter	\$28.74	\$6.47 per HCF
3/4 inch meter	\$41.37	\$6.47 per HCF
1 inch meter	\$66.62	\$6.47 per HCF
1-1/2 inch meter	\$129.76	\$6.47 per HCF
2 inch meter	\$205.50	\$6.47 per HCF
3 inch meter	\$407.52	\$6.47 per HCF
4 inch meter	\$1,266.11	\$6.47 per HCF
6 inch meter	\$2,023.67	\$6.47 per HCF

#### **SEWER - MONTHLY SERVICE RATES:**

Rates below are effective August 1, 2025. The rates and minimum sewer service charges billed monthly to customers within the service area of the District shall be as follows:

	<u>Monthly Fixed Service Charge per Account</u>	<u>Plus Monthly Fixed Service Charge Per Living Unit (LU)/Equivalent Dwelling Unit (EDU)*</u>	<u>Plus Winter Average - Volumetric Charge per HCF</u>
Single Family Residential (1-3 LU)	\$4.57	\$36.15	\$11.99
Multi-Family (4 or more LU)	\$4.57	\$26.63	\$11.99
Mobile Homes	\$4.57	\$21.69	\$11.99
Trailer Parks	\$4.57	\$21.69	\$11.99
Commercial – Light Strength (<370 mg/liter)	\$4.57	\$36.15	\$12.00
Commercial – Med. Strength (370-500 mg/liter)	\$4.57	\$36.15	\$20.94
Commercial – Heavy Strength (>500 mg/liter)	\$4.57	\$36.15	\$26.73

\* Fixed monthly service charges for Residential accounts shall be based on the number of Living Units (LU) at the Service Address. Fixed Monthly Service Charges for Commercial accounts shall be based on Equivalent Dwelling units (EDU).

#### **ANALYSIS**

The analysis of the proposal is organized into two sections. The first section considers the proposal relative to the factors mandated for review by the Legislature anytime LAFCOs review boundary changes. The second section considers issues required by other applicable State statutes in processing boundary changes, such as environmental compliance with the California Environmental Quality Act.

## Required Factors for Review

G.C. Section 56668 requires the Commission to consider 17 specific factors anytime it reviews proposals for a change of organization or reorganization involving special districts. The majority of the prescribed factors focus on the impacts of the proposed boundary changes on the service and financial capacities of the affected agencies. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process.

A summary of key statements and conclusions generated in the review of the mandated factors for the proposal follows, with a complete analysis provided in Attachment B.

- Land Use and Growth - The annexation supports planned residential and mixed-use development consistent with the Eureka Community Plan and County General Plan and contributes to Humboldt County's ability to meet its Regional Housing Needs Allocation.
- Sphere of Influence - The annexation area lies entirely within HCSD's adopted Sphere of Influence and is consistent with the District's planned future service area.
- Service Availability - HCSD can provide water, wastewater, and street lighting services to the annexation area, subject to identified infrastructure improvements and conditions funded by the project proponent.
- Water Supply Adequacy - Adequate water supply is available provided required storage and distribution improvements are completed prior to occupancy of later project phases, consistent with County approvals and CEQA findings.
- Fiscal Effects and Revenues - Services will be supported by property tax increment, capacity charges, service fees, and assessments. Revenues are expected to increase incrementally as development occurs.
- Agricultural, Open Space, and Conservation Policies - The County determined through CEQA review that conversion of the site from historic timberland use is consistent with adopted planning policies and does not conflict with open space or agricultural conservation priorities.
- Transportation and Infrastructure Planning - Transportation impacts and access were addressed through County approvals and the certified EIR. Long-term regional improvements remain unfunded but are consistent with adopted plans.
- Agency Comments and Landowner Consent - Comments from affected agencies raised no objections to the annexation. The proposal has 100 percent landowner consent and is not subject to protest proceedings.

## Other Considerations

### Sphere of Influence

The proposed annexation area is located entirely within HCSD's adopted Sphere of Influence (SOI). LAFCo approved HCSD's comprehensive SOI Update on March 18, 2015, which expanded the District's SOI to include multiple planning areas, including the McKay Tract (Area D), encompassing approximately 1,701 acres. The North McKay

Ranch annexation area falls within this McKay Tract SOI area and is therefore consistent with the Commission's long-range planning determination regarding HCSD's future service area.

As required by the SOI conditions, HCSD has documented service availability and infrastructure requirements through its annexation application materials, including water and wastewater capacity analyses and identification of developer-funded capital improvements. The proposal is consistent with the SOI condition that future development and service extensions occur within planned urban development areas and in coordination with County land use approvals. Additionally, the annexation does not expand HCSD's service footprint beyond its adopted SOI, nor does it introduce services into areas planned primarily for agriculture or open space, thereby remaining consistent with the Commission's SOI policies related to growth management, resource protection, and orderly service provision.

#### Agency Comments

Upon receipt of the annexation application, LAFCo staff circulated a Notice of Filing and referral materials to affected local agencies and departments for review and comment (see [Attachment C](#)). Responses were received from the Humboldt County Surveyor's Office and the City of Eureka Public Works Department (see [Attachment D](#)).

The County Surveyor noted that the final boundary map and geographic description associated with the annexation will be subject to review by the County Surveyor to ensure compliance with applicable mapping and boundary description requirements. A deposit for this review has been submitted to the County.

The City of Eureka Public Works Department indicated that it is not opposed to the proposed annexation and commented that adequate water and wastewater capacity exists to serve the development. The City's comments support the conclusion that the proposed annexation and extension of services by HCSD will not adversely affect regional utility systems or the City's infrastructure.

#### Property Tax Exchange Agreement

This proposal is subject to the provisions of Revenue and Taxation Code (R&T Code) Section 99.01, as it involves the extension of services by a special district to an area where those services have not previously been provided by any local agency. In such cases, the exchange of property tax revenue is limited to the annual tax increment generated within the annexation area and attributable to the affected local agencies.

The County Auditor-Controller determined the applicable Tax Increment Factor (TIF) allocated to HCSD for the annexation area is 0.01061, based on the existing tax distribution in Tax Rate Area (TRA) 081-009 and excluding school district shares that are not eligible for reallocation under state law. HCSD adopted a resolution accepting this allocation.

The statutory negotiation period provided under RTC §99(b) allows affected agencies to voluntarily agree to a redistribution of property tax increment beyond the base allocation identified by the Auditor-Controller. In this case, no affected agency elected to share additional increment with HCSD during the negotiation period. The County has

confirmed that, notwithstanding the absence of additional voluntary sharing, the property tax increment identified in the Auditor-Controller's notice will be implemented upon completion of the annexation and recognition by the State Board of Equalization. Tax rate area boundaries and property tax allocations will become effective for the assessment roll as of the date stipulated by the State Board of Equalization.

#### Conducting Authority Proceedings

HCSD has received written consent from 100 percent of the landowners within the proposed annexation. LAFCo published a voluntary notice in the Times Standard regarding the January 21, 2026 public hearing. To date, no comments have been received from surrounding landowners, voters, or residents regarding the proposed annexation. Considering the proposal has 100 percent landowner consent, the annexation is not subject to protest proceedings.

#### Environmental Review

The North McKay Ranch Subdivision Project was subject to full environmental review under the California Environmental Quality Act (CEQA). A Draft Environmental Impact Report (EIR) was circulated for public review in 2020, with a partially recirculated Draft EIR released in December 2021 to address updated project components. On March 7, 2023, the Humboldt County Board of Supervisors certified the Final EIR (SCH# 2019049166), finding that the document was completed in compliance with CEQA and provided a comprehensive analysis of the project's environmental impacts.

As part of its certification, the Board adopted:

- CEQA Findings of Fact, addressing each significant impact and corresponding mitigation.
- A Statement of Overriding Considerations, acknowledging that certain project benefits outweighed significant and unavoidable impacts.
- A Mitigation Monitoring and Reporting Program (MMRP), ensuring that adopted mitigation measures will be implemented and enforced during project development.

Humboldt LAFCo is identified as a Responsible Agency under CEQA for this project. Accordingly, LAFCo may rely on the certified EIR prepared by Humboldt County, the Lead Agency, when reviewing and considering the proposed annexation. As a Responsible Agency, LAFCo's role is limited to evaluating the adequacy of the environmental analysis for the purposes of annexation and ensuring that mitigation measures applicable to the provision of HCSD services are properly implemented.

Prior to taking action on the proposed annexation, LAFCo must certify that it reviewed and considered the information contained in the EIR. Additionally, the Commission must identify the significant effects of the project as findings, adopt an appropriate Mitigation Monitoring and Reporting Program, and provide a Statement of Overriding Considerations, if necessary.

## C. RECOMMENDATION

The proposed North McKay Ranch Subdivision annexation appears appropriate relative to the factors required by statute for consideration. The annexation promotes orderly growth, efficient service delivery, and clear service responsibility and is consistent with LAFCo law and adopted local plans. It is recommended the following conditions of approval be applied with delegation to the Executive Officer to determine when the requested actions have been sufficiently satisfied before proceeding with a recordation.

- a) Per the Water Supply Analysis performed by SHN Consulting Engineers and the Condition of Approval set forth by the County of Humboldt, the developer shall ensure that, prior to the issuance of a building permit for any residential or commercial structures, the Building Permit for the installation of the new 250,000-gallon water tank at the Ridgewood Tank Site shall be issued. This requirement can also be met by entering into a cost sharing arrangement for a larger tank that has sufficient capacity to serve this project if a tank project is initiated by others. Furthermore, prior to the final inspection sign-off and/or final approval of an occupancy permit for any residential or commercial structure, sufficient water storage must be installed and operational. This condition does not apply to Phase 1 development along the extension of Manzanita Street.
- b) Per the Water Supply Analysis performed by SHN Consulting Engineers, the developer shall ensure that, prior to the final inspection sign-off and/or final approval of an occupancy permit of any residential or commercial structures the section of watermain within Walnut Drive between Holly Street and Cypress Avenue shall be increased to 12-inch diameter. This condition may be met by constructing adequate water storage within the North McKay Ranch Subdivision capable of providing adequate fire flow. This condition does not apply to Phase 1 development along the extension of Manzanita Street.
- c) The developer shall enter into and comply with main line extension agreement(s) with Humboldt Community Services District for water and sewer infrastructure for each phase of the North McKay Ranch Subdivision project.
- d) The developer shall install all necessary infrastructure for street lighting at no cost to HCSD and establish a street lighting assessment zones compliant with Article 6 of the Humboldt Community Services District Code.
- e) Ensure that all existing services are not disrupted by the construction, implementation, and deployment of this development, including but not limited to the service to APN 017-071-002-000.
- f) Comply with all conditions of approval set forth by the County of Humboldt.
- g) Upon effective date of the annexation, the affected territory will be subject to all previously authorized charges, fees, assessments, and taxes that were lawfully enacted by the Humboldt Community Services District. The affected territory will also be subject to all of the rates, rules, regulations, and ordinances of the District.

- h) Completion of the 30-day reconsideration period provided under G.C. Section 56895.
- i) Submittal of a final map and geographic description of the affected territory conforming to the requirements of the State Board of Equalization and approved by the Humboldt County Surveyor.
- j) Payment of any outstanding fees as identified in the Commission's adopted fee schedule.

### **Commission Options**

Staff has identified three options for Commission consideration with respect to the proposal. These options are summarized below.

#### Alternative Action One (Recommended):

1. Adopt the draft resolution identified as Attachment E, certifying the Draft and Final Environmental Impact Report prepared for the project by Humboldt County as Lead Agency, making required CEQA findings regarding potential impacts of the project, adopting the Mitigation Monitoring and Reporting Program, and adopting a Statement of Overriding Considerations.
2. Second, adopt the draft resolution identified as Attachment F, approving the proposed annexation subject to the conditions outlined in this report.

#### Alternative Action Two:

Continue consideration of the item to the next regular meeting and provide direction to staff for additional information as needed.

#### Alternative Action Three:

Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year unless a request for reconsideration is filed and approved within 30 days of Commission action.

### ***Procedures for Consideration***

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

- A. Receive verbal report from staff
- B. Open the public hearing and invite testimony.
- C. Discuss item and – if appropriate – close the hearing and consider action on recommendation:

*"I move to adopt Resolution No. 2026-01, certifying that the Commission has independently reviewed and approves the Environmental Impact Report previously adopted by the County of Humboldt, adopting a Mitigation Monitoring and Reporting Program, and making Findings relative to and approving the Humboldt Community Services District North McKay Ranch Subdivision Annexation".*

*"I move to adopt Resolution No. 2026-02, approving the Humboldt Community Services District North McKay Ranch Subdivision Annexation, subject to conditions as identified in the staff report".*

### **Attachments**

Attachment A: Plan for Services

Attachment B: Required Factors for Review

Attachment C: LAFCo Notice of Filing (Referral)

Attachment D: Agency Comments

Attachment E: Draft Resolution 2026-01

Attachment F: Draft Resolution 2026-02

# **Humboldt Community Services District**

*Dedicated to providing high quality, cost effective water and sewer service for our customers*

## **North McKay Ranch Subdivision Project PLAN FOR SERVICES**

### **INTRODUCTION & PURPOSE**

The purpose of this document is to outline a Plan for Services to support an application submitted to the Humboldt Local Agency Formation Commission (Humboldt LAFCo) for the service territory annexation by the Humboldt Community Services District. Humboldt Community Services District (HCSD or District) intends to submit an application to Humboldt LAFCo on behalf of property owner Fairhaven Cottages LLC, a subsidiary of Kramer Properties, inc. (Developer), to approve the extension of the existing HCSD boundary to include the following APNS: 017-032-003, 017-071-009, 017-072-003, 017-073-007 and 017-073-008, which are currently within the District's Sphere of Influence, so that HCSD can provide street lighting, water and sewer services to the proposed project.

Note: parcel 017-073-008 is part of the sports fields owned by Field Committee Corporation and is not property of Developer. This property is being annexed along with the others listed above so as not to create an "island" within District boundaries.

### **Proposed Development Description**

The proposed subdivision will be accessed by an extension of Redwood Street approximately forming a loop around the Redwood Fields recreation area. The loop will have several cul-de-sacs and a secondary looped road. The development is proposed to commence in phases, with the initial phases centered in the project footprint, and the branched cul-de-sacs progressing afterward. The first phase also includes three units at the end of Manzanita Avenue. See the Appendix for the proposed subdivision and phasing maps. The development consists of a mix of small lot single-family, single-family, multifamily, and commercial units. Additionally, full-sized single-family residential lots are expected to be allowed to develop accessory dwelling units.

In total, 50 small lot single-family units, 96 single-family units, 174 multi-family units, and 2 commercial lots are proposed to be constructed. An additional 34 accessory dwelling units are estimated to be developed at full build out.

### **EXISTING INFRASTRUCTURE/SERVICE**

#### **Water**

Water services within the project area will be provided by HCSD. HCSD supplies water to 7,698 active connections, approximately 97 percent of which are residential and 3

percent commercial. Water service is not provided to any industrial users. In 2015, a total of 740.2 million gallons of water were distributed to customers within the HCSD service area. Average daily use for HCSD customers is estimated at 2.03 MGD in 2015, and peak daily use estimated at 3.6 MGD (Humboldt County 2017). HCSD receives approximately 74 percent of its water from Humboldt Bay Municipal Water District (HBMWD) and the City of Eureka. HCSD also maintains two water supply wells that supplement the water supply, with a rated capacity of 1,580 GPM, or 2.28 MGD. HCSD's active connection with the City of Eureka has a capacity of 800 GPM, or 1.15 MGD. The contract with the HBMWD allows for a peak rate allocation of 2.9 MGD. Therefore, the combined source capacity is estimated at 6.33 MGD.

### **Wastewater**

HCSD currently maintains 6,326 sewer service accounts, 97 percent of which are associated with residential users, with the remainder associated with commercial users (SHN Engineers and Geologists 2014). HCSD's wastewater infrastructure includes 28 wastewater pumping stations, and 78 miles of sewer mains. Five of HCSD's lift stations are located in the Pine Hill area, five in the Rosewood area, five in the Cutten and Ridgewood areas, six in the Myrtletown area, three in the King Salmon area, and five in the Humboldt Hill area. HCSD's peak daily wastewater flow is approximately 1.92 MGD, with an average wastewater flow of 0.92 MGD (SHN Engineers and Geologists 2014). HCSD has an agreement with the City of Eureka to purchase approximately 30 percent of the capacity at the City of Eureka Elk River Wastewater Treatment Plant (WWTP), which has a current peak dry weather treatment capacity of 8.6 MGD and peak wet weather treatment capacity of 12 MGD (Order No. RI - 2023-0016 NPDES No. CA0024449) (RWQCB2023).

## **ANTICIPATED SERVICE DEMANDS**

### **Water Supply Study**

A Water Supply Assessment Study was completed by SHN Consulting Engineers and Integral Consulting in October, 2020 as a requirement of the Project's Environmental Impact Report that was used to inform this plan for services.

### **Domestic Water Usage**

Domestic water use estimates were obtained from HCSD's meter data for single-family and multi-family residential units. The meter data was compared against HCSD's usage goal of 113 gallons per capita per day with an estimated 3 persons per equivalent dwelling unit (EDU) or 339 gallons per day per EDU (gpd/ EDU). This data was also compared with meter data from a single-family development in Eureka and a previous water supply assessment in HCSD's sphere of influence, both of which used approximately the same consumption basis per EDU. For the purposes of the Water Supply Assessment Study, small lot single family homes and accessory dwelling units were considered to have the same estimated water usage as a typical single-family unit. For the purpose of modeling demand, a typical single-family residence is estimated to

use 339 gpd on an average day. In total, 180 EDUs are associated with the single-family units. Multi-family residence buildings may be metered separately for each unit. Given that meter data from HCSD does not reflect the number of units per account and the design of the multi-family development has not begun, we assume 2.5 persons per multi-family unit for an average demand of 283 gpd/unit. Therefore, a multifamily unit is estimated to be 83.5% of the demand of a residential EDU. The multi-family count for the development is 145 EDUs (174 multi-family dwelling units x 83.5%).

### **Commercial Water Usage**

The size and type of commercial development has not been determined; therefore, typical commercial usage data from HCSD was utilized in the Water Supply Assessment Study. The two proposed commercial lot sizes are approximately 42,000 and 53,000 square feet. An estimate of the maximum size of each of the building footprints, accounting for setbacks and parking, is approximately 8,000 square feet. For the purposes of the Water Supply Assessment study, it was assumed that each commercial building will include four separate units.

According to HCSD's 2023 rate study, HCSD defines commercial accounts by wastewater strength. According to the study, light-, medium-, and high-strength connections have an average water usage of 615 gpd, 2,092 gpd, and 1,321gpd, respectively. The proposed commercial development is assumed to be a mix of light and medium strength accounts and, for the purposes of modeling, the Water Supply Assessment Study assumes one medium-strength and three light-strength units per commercial lot. Thus, the total combined water usage per day is estimated at 7,874 gpd on average for a total of approximately 23 EDUs. Because the building design and occupancy have not yet been completed, the water usage is a rough estimate that is considered to be conservative, and should be revisited in the planning phase of the commercial units.

## **PROPOSED SERVICE INFRASTRUCTURE**

### **Water Infrastructure**

Underground potable water pipelines will be extended to the project site at no cost to the District, and potable water supplies will be supplied by HCSD. Additionally, the Water Supply Assessment Study has determined that a new 250,000-gallon water storage tank will be required to serve the proposed project. The proposed water storage tank will be located approximately 2.5 miles south of the proposed project, near Ridgewood, California, adjacent to HCSD's existing water storage tank (Ridgewood Tank Site). A water supply study has been completed that identifies the exact size and location of the water storage tank.

The proposed water storage tank will be permitted before any building permits are issued for phase 2 and beyond. Further, the water storage tank will be in service before any of the new construction associated with phase 2 and beyond are certified for

occupancy (phase 1 consists of three single family homes on the extension of Manzanita Ave.).

The development agreement between the Developer and Humboldt County is valid until December 18, 2044. The Ridgewood Tank Site is ideally situated to supply water for future developments in Cutten, Ridgewood, and Elk River. The District estimates that approximately 5,000 undeveloped housing units in the area could be served by water stored at the Ridgewood Tank Site. Between now and when the Developer is ready to proceed with phase 2 of the North McKay Ranch Subdivision, other developers may express interest in developing properties that could rely on water supplied by the Ridgewood Tank Site. The District may also seek outside funding in the form of grants or other funding mechanisms to construct a tank capable of serving future developments near the Ridgewood Tank Site.

If either of these scenarios occurs, the storage tank requirement tied to the Water Supply Assessment Study will be reevaluated. The Developer may then meet the requirement for a water storage tank identified in the Water Supply Assessment Study by participating in a cost-sharing arrangement for a tank appropriately sized to supply all projects.

The District must act as stewards of its real property and assets. The Ridgewood tank site has a limited amount of space for the development of additional water storage. The District must implement a plan that does not restrict future capacity at the Ridgewood Tank Site to a single development. If funding for a water storage project at the Ridgewood Tank Site becomes available from other sources, the Developer will participate in a cost sharing agreement at that time or relinquish any claim to access water storage capacity resulting from the project or any claim to District property.

Alternatively, the Developer may choose to forgo using the Ridgewood Tank Site and construct an adequately sized water storage tower at a different location (either within the subdivision or on other land owned by the Developer) to meet the water supply requirements outlined in the Water Supply Assessment Study.

To provide additional flexibility, this Plan for Services allows for the possibility of adjusting timelines and responsibilities as the development landscape evolves. In the event that unforeseen changes arise, such as alterations in the timeline for the North McKay Ranch Subdivision or shifts in the region's development priorities, the parties may renegotiate the terms of the water supply and storage solutions. This could include the option for the Developer to collaborate with other stakeholders or pursue alternative strategies that align with the needs of the District and the broader community. If new development proposals emerge, the District and the Developer may explore various avenues for sharing resources, including but not limited to grants, enhanced infrastructure financing district(s), joint ventures, partnerships, or phased construction to ensure the efficient use of the Ridgewood Tank Site or an alternative location. Both parties agree to remain open to these possibilities and will work together in good faith to

address future challenges in a way that benefits the area's long-term water infrastructure and growth.

The Water Supply Assessment Study has also determined that the main on Walnut Drive between Holly Avenue and Cypress will need to be upsized to 12 inches to accommodate the proposed development and fire flow requirements. This condition of approval will be implemented before any new construction associated with phase 2 and beyond will be certified for final occupancy.

Due to the determination by SHN Consulting Engineers and Integral Consulting during the Water Supply Assessment that the water main within Walnut Drive will require upsizing to service the project, all associated costs of implementation will be funded privately or come from other sources and shall be at no cost to District. Given that the replacement of the line will be less than 1000 feet and will replace an existing facility, impacts associated with temporary service interruptions, noise, air quality and dust emissions from construction activities were estimated to account for this line replacement. As such, the previously circulated EIR sections accounted for a range of construction-based impacts, including utility replacements.

The Developer will enter into and comply with the terms of the mainline extension agreement(s) with HCSD to extend water service to the proposed North McKay Ranch subdivision project.

The developer or others will install all infrastructure required to provide drinking water services for this project at no cost to the District.

## **Wastewater**

Underground wastewater pipelines will be extended to the project site at no cost to the District, and wastewater collection and treatment services will be provided by HCSD. A new sewer lift station will be constructed by the developer at the northeastern portion of the subdivision that is planned to remain open space. The lift station will be designed and constructed by the Developer to the District's standards and specifications. All sewage within the subdivision will gravity flow to the low point at the north end of the subdivision to the new sewage lift station. The sewage will be pumped to the existing sanitary sewer manhole located on Hemlock Street at the intersection of Hemlock and Walnut Street via a new sewer line (forcemain) to be installed between the project site and the intersection of Walnut Drive and Hemlock Street by the Developer. The new sewer line will extend west onto Redwood Street, turning north onto Walnut Drive, and then connect to the existing sewer system manhole located on Hemlock Street at the intersection of Hemlock and Walnut Street. All utility work will occur in the existing right-of-way. All costs associated with wastewater improvements in relation to this project, will be funded privately or come from other sources and shall be at no cost to District. The Developer will enter into and comply with the terms of (a) main line extension agreement(s) with HCSD for extension of wastewater service to the proposed North McKay Ranch subdivision project.

All infrastructure required to provide wastewater services for this project will be designed and constructed to the District's standards and specifications by the Developer or others at no cost to the District.

### **Hemlock Sewer Transmission Line**

The Humboldt Community Services District is undertaking a project to increase sewer transmission capacity from the Cutten area by connecting the Hemlock Sewer Main to the Martin Slough Interceptor at the City's O Street metering station. This project must be completed before the collection system from phases 2 and beyond of the North McKay Ranch Subdivision Project can be connected to the Humboldt Community Services District system (phase 1 consists of three single family homes on the extension of Manzanita Ave.). The Hemlock Sewer Transmission Line project will be funded by HCSD.

### **Street Lighting**

Consistent with County Code Section 314-31.1.6.5.4, all utilities associated with the proposed project will be placed underground (Humboldt County 2017b). Lots are to be served by community water, wastewater, and street lighting services, which will be extended from HCSD. The HCSD prepared a Municipal Services Review (MSR) for expansion of its SOI that includes the project site. The developer will establish street lighting assessment zone(s) if street lighting services are to be provided by HCSD, funding for these services and all associated street lighting costs may be done privately or come from other sources and shall be at no cost to District.

Lighting of the project site currently contains existing outdoor lighting around Redwood Fields Park and its associated parking areas. The new roadways and commercial buildings will have street lighting installed for security purposes. All new outdoor lighting will be the minimum lumens required for security purposes, directed downward, and shielded to prevent light spillover onto adjacent properties.

All infrastructure required to provide street lighting services for this project will be installed by the Developer or others through private funding or other sources and shall be at no cost to the District.

Services for the proposed project will be extended to the affected territory within the twenty-year period established in the executed Development Agreement by and between the County of Humboldt and Fairhaven Cottages LLC./Kramer Properties, Inc. relating to the North McKay Subdivision Project that extends until December 18, 2044, or ninety (90) days following the Project Build-out, whichever is earlier. Funding for these services may be done privately or come from other sources and shall be at no cost to the District.





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PROJECT NAME:

# MCKAY RANCH SUBDIVISION

TENTATIVE MAP FOR a  
PLANNED DEVELOPMENT

HUMBERD COUNTY  
APN 017-073-008 & 010

APN 017-071-001 & 002

APN 017-071-003 & 004

APN 017-071-005 & 006

APN 017-071-007 & 008

APN 017-071-009 & 010

APN 017-071-011 & 012

APN 017-071-013 & 014

APN 017-071-017 & 018

APN 017-071-020 & 021

APN 017-071-023 & 024

APN 017-071-026 & 027

APN 017-071-029 & 030

APN 017-071-032 & 033

APN 017-071-035 & 036

APN 017-071-038 & 039

APN 017-071-041 & 042

APN 017-071-044 & 045

APN 017-071-048 & 049

APN 017-071-051 & 052

APN 017-071-054 & 055

APN 017-071-058 & 059

APN 017-071-061 & 062

APN 017-071-064 & 065

APN 017-071-068 & 069

APN 017-071-071 & 072

APN 017-071-074 & 075

APN 017-071-078 & 079

APN 017-071-081 & 082

APN 017-071-084 & 085

APN 017-071-088 & 089

APN 017-071-091 & 092

APN 017-071-094 & 095

APN 017-071-098 & 099

APN 017-071-101 & 102

APN 017-071-104 & 105

APN 017-071-108 & 109

APN 017-071-111 & 112

APN 017-071-114 & 115

APN 017-071-118 & 119

APN 017-071-121 & 122

APN 017-071-124 & 125

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APN 017-071-158 & 159

APN 017-071-161 & 162

APN 017-071-164 & 165

APN 017-071-168 & 169

APN 017-071-171 & 172

APN 017-071-174 & 175

APN 017-071-178 & 179

APN 017-071-181 & 182

APN 017-071-184 & 185

APN 017-071-188 & 189

APN 017-071-191 & 192

APN 017-071-194 & 195

APN 017-071-198 & 199

APN 017-071-201 & 202

APN 017-071-204 & 205

APN 017-071-208 & 209

APN 017-071-211 & 212

APN 017-071-214 & 215

APN 017-071-218 & 219

APN 017-071-221 & 222

APN 017-071-224 & 225

APN 017-071-228 & 229

APN 017-071-231 & 232

APN 017-071-234 & 235

APN 017-071-238 & 239

APN 017-071-241 & 242

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APN 017-071-251 & 252

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APN 017-071-304 & 305

APN 017-071-308 & 309

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APN 017-071-408 & 409

APN 017-071-411 & 412

APN 017-071-414 & 415

APN 017-071-418 & 419

APN 017-071-421 & 422

APN 017-071-424 & 425

APN 017-071-428 & 429

APN 017-071-431 & 432

APN 017-071-434 & 435

APN 017-071-438 & 439

APN 017-071-441 & 442

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APN 017-071-614 & 615

APN 017-071-618 & 619

APN 017-071-621 & 622

APN 017-071-624 & 625

APN 017-071-628 & 629

APN 017-071-631 & 632

APN 017-071-634 & 635

APN 017-071-638 & 639

APN 017-071-641 & 642

Agenda Item 7A

**ATTACHMENT B**  
**ANALYSIS OF REQUIRED FACTORS**

Government Code Section 56668 requires the Commission to consider 17 specific factors anytime it reviews proposals for a change of organization or reorganization involving special districts. The purpose in considering these factors is to help inform the Commission in its decision-making process.

- 1) Population and population density; land area and land use; assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.**

The North McKay Ranch Subdivision is located in the Cutten area southeast of the City of Eureka. The development is located on the west side of Ryan Slough which creates a gulch that borders the eastern edge of the proposed development area. Within the proposed annexation area, there is currently one (1) single family home with an estimated population of three (3) persons. As such, the area is considered uninhabited for purposes of the LAFCo annexation process (less than 12 registered voters).

Land uses within the annexation area are subject to the 1995 Eureka Community Plan (ECP) and zoning is subject to the Humboldt County Zoning Code. The parcels within the annexation area are zoned Residential Single Family (R-1), with combining zones indicating Planned Unit Development (P), Recreation (R), and Greenway with Open Space (GO). Adjacent parcels surrounding the proposed annexation area to the east are zoned TPZ and are largely unoccupied. Adjacent properties to the north, west, and south are occupied and Zoned R-1, R-3, R-1/GO, and R-1(P). Areas immediately north and west of the annexation area (near Dolbeer Street) are within the City of Eureka and subject to the City's General Plan and Zoning Code. The total assessed value of properties within the annexation area (land and improvements) is \$1,560,256. The proposed annexation has 100% landowner consent.

The proposed development will, at full build out, create up to 320 residential units and approximately 22,000 square feet of commercial space. The project is proposed to take place over nine (9) phases over a multi-year period, with phasing driven by market conditions. As such, population increase over the next 10 years caused by the project will likely be slow, but could result in approximately 780 new residents in the area based on an average household size of 2.45 persons.

- 2) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**

The need for expanded community services within the affected territory includes multiple services. An analysis of the availability and adequacy of services relative to projected needs of the annexation area follows.

- o Water

Water service to the proposed subdivision will be provided by HCSD. The District has a total supply capacity of 6.33 MGD (2,310 million gallons per year) and currently utilizes approximately 523 million gallons per year. A Water Supply Assessment prepared by SHN (October 2020) determined that the proposed subdivision would require approximately 231,610 gallons per day at full buildout. As such, there is currently enough source capacity to support the project.

While sufficient source capacity exists, new onsite and offsite infrastructure is required to support service to the project. With respect to offsite infrastructure, HCSD has requested that the annexation be subject to conditions requiring two key improvements:

- Construction of a new 250,000-gallon water storage tank at the Ridgewood Tank Site, and
- Upsizing approximately 1,000 feet of water main along Walnut Drive (between Holly Street and Cypress Avenue) from 8-inch to 12-inch diameter.

Both improvements are required be in place prior to occupancy of Phase 2 and any subsequent phases. All associated costs of these improvements would be borne by the project proponent.

Separately, the Humboldt County Planning and Building Director has indicated that the County has secured a \$300,000 Community Development Block Grant (CDBG) planning grant to evaluate infrastructure needs along the Walnut Drive corridor, an area that includes additional undeveloped land designated and zoned for residential uses. Completion of this planning effort could help establish a framework for future development to pay its proportional share of cumulative infrastructure improvements, or to construct necessary facilities subject to reimbursement provisions. While the infrastructure improvements proposed for the North McKay Ranch Subdivision are sufficient to serve that project, additional development along the corridor would likely require further water storage capacity and related system upgrades beyond what is currently planned.

- o Wastewater

HCSD currently serves 6,326 sewer connections with a peak daily wastewater flow of approximately 1.92 million gallons per day (MGD), with an average daily flow of 0.92 MGD. The project would add approximately 320 residential units and 2 commercial lots, representing about a 5% increase in total connections.

The District contracts with the City of Eureka for approximately 30 percent of the capacity at the Greater Eureka Area Wastewater Treatment Plant (GEAWTP), formerly the Elk River WWTP. The facility has a peak dry weather treatment capacity of 8.6 MGD and peak wet weather capacity of 12 MGD (current average flow: 0.92 MGD). Based on the peak dry weather allocation, HCSD is entitled to up to 2.58 MGD. With current peak flows of 1.92 MGD, the District maintains an available reserve capacity of approximately 0.66 MGD. Wastewater from the proposed project is estimated at less than 0.23 MGD, well within the District's permitted capacity.

Project-specific infrastructure will be required to serve the subdivision. A new sewer lift station will be constructed by the developer at the northeastern portion of the site (planned open space), designed to District standards. Wastewater will flow by gravity to the lift station, then be pumped via a new force main west to Redwood Street, north along Walnut Drive, and connected to an existing sewer manhole at Walnut and Hemlock Streets. Additionally, prior to Phase 2 development, HCSD must complete the Hemlock Sewer Transmission Line connection to the Martin Slough Interceptor at the City's O Street metering station. Unlike the project-specific improvements, this capital project will be funded by HCSD. Only Phase 1, consisting of three single-family homes on an extension of Manzanita Avenue, may proceed prior to completion of this capital project.

- o Lighting

New roadways and commercial buildings within the subdivision will include street lighting for security and safety purposes. Mitigation Measure MM-AES-2 requires the applicant prepare and submit an outdoor lighting plan to Humboldt County for review and approval prior to filing a final map for each phase of development.

HCSD has requested that the annexation be subject to a condition specifying that, if street lighting services are to be provided by the District, a Street Lighting Assessment District pursuant to the Lighting and Landscaping Act of 1972, or another applicable enabling act commonly used for street lighting assessment districts be established. All costs associated with the operation, maintenance, and eventual repair or replacement of the lighting system would be funded through the assessment district. The developer would be responsible for installing the required street lighting infrastructure in coordination with HCSD, with no financial obligation borne by the District outside of administering the assessment once established.

HCSD's role in street lighting would be limited to administration of the assessment district, such as levy and collection of assessments and in coordination with service providers. The District does not typically perform direct maintenance, repair, or replacement of street lighting infrastructure, which is generally contracted through third-party providers.

County staff have indicated that the County does not view itself as a preferred provider of street lighting services for the subdivision. While street lighting could theoretically be provided through establishment of a County-administered dependent lighting district, administered by Humboldt County Public Works and funded through assessments on benefited properties, County staff have advised that the County generally seeks to avoid the formation of new dependent lighting districts where alternative service providers or mechanisms are feasible.

- o Roads

All new roadways constructed as part of the North McKay Ranch Subdivision will be built by the developer to Humboldt County standards and, upon acceptance, will be dedicated to and maintained by the County. Final roadway design—including alignment, grading, drainage, and related improvements—will be reviewed and approved by the Department of Public Works prior to construction. Based on review of the subdivision approvals and Development Agreement, the County has not

identified a project-specific funding mechanism, such as a road maintenance assessment district or permanent road division to fund specified roadway maintenance activities. Absent a project-specific funding mechanism, the County would rely on its existing road maintenance funding sources for ongoing roadway operation and maintenance.

- o Police

Law enforcement services for the annexation area will continue to be provided by the Humboldt County Sheriff's Office, which serves the unincorporated Cutten community. The addition of up to 320 residential units and related commercial uses will incrementally increase demand for patrol and public safety services.

- o Fire Protection

The annexation area is located within the jurisdiction of the Humboldt No. 1 Fire Protection District and is served by the Humboldt Bay Fire Authority. Humboldt Bay Fire provides fire protection, emergency medical response, and rescue services. Project infrastructure improvements—including upsized water mains and new storage capacity—will also enhance fire flow and hydrant capacity, benefiting fire suppression capabilities.

Fire protection services are funded through a combination of property tax revenues and benefit assessments. Based on estimated property tax revenues attributable to the annexation area using Tax Year 2025 assessed values, the Humboldt No. 1 FPD receives a property tax allocation with an adjusted tax increment factor of 0.156232, representing approximately 15.6 percent of the 1 percent ad valorem property tax levy within the annexation area. In addition, properties within the subdivision will be subject to the District's parcel-based benefit assessment. As development occurs, new housing units are constructed and additional parcels are created, assessment revenues and total property tax revenues (based on based on higher assessed values) will increase incrementally over time, providing additional funding to support expanded fire service demands.

- o Parks, Trails, and Open Space

The project dedicates approximately 21.73 acres of open space to Humboldt County for long-term trail management and public use. This dedication aligns with County policies to expand recreational opportunities and provide community amenities. The subdivision design also integrates open space buffers around Redwood Fields, maintaining connectivity with existing community recreation facilities.

- o Stormwater and Drainage

Stormwater management is not a service provided by HCSD but is an essential element of subdivision development. The project proposes bioswales and drainage infrastructure to capture runoff from new roadways, with overflow discharging into natural drainage courses flowing to Ryan Creek. Humboldt County Public Works will oversee stormwater facilities as part of subdivision approval and long-term maintenance.

- o Electricity, Natural Gas, and Telecommunications

Utility services will be extended from existing providers in the surrounding area, including Pacific Gas and Electric (PG&E) for electricity and natural gas, AT&T for telephone service, and Charter/Spectrum (formerly Suddenlink) for cable and internet. These providers have infrastructure in place adjacent to the project site and will expand service as development phases progress.

- o Solid Waste

Solid waste and recycling collection will continue to be provided by Recology Humboldt County under existing franchise agreements. Service will extend to new residential and commercial units as development proceeds, and disposal will occur at permitted regional facilities. No change in provider is anticipated as a result of annexation.

As part of its review, LAFCo is required to consider alternative courses of action related to the cost and adequacy of services in the affected area and adjacent areas. One potential alternative to annexation to HCSD would be annexation of the subdivision into the City of Eureka, which could allow the City to serve as both the municipal service provider and land use authority. Early in the project's planning and entitlement process, a determination was made to pursue service provision through HCSD rather than annexation to the City of Eureka. That decision informed the County's role as land use authority and the subsequent processing and approval of the subdivision, including environmental review, zoning and development agreements. Given the approvals already granted and the reliance on HCSD for municipal services, revisiting annexation to the City of Eureka at this stage would require reopening fundamental land use and service decisions and is not a practical alternative to the proposed annexation.

**3) *The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.***

The proposed annexation to the HCSD will expand the District boundaries within its adopted Sphere of Influence (SOI). A portion of the proposed North McKay Ranch Subdivision is currently within HCSD's boundary and is intended to be served by HCSD. The proposed annexation would allow the extension of services to the remainder of the subdivision area. Development of the subdivision will provide additional housing units to the area, including multi-family units, which provide a wider range of housing options for different income levels. This will help Humboldt County meet its Regional Housing Needs Allocation as set by the California Department of Housing and Community Development.

**4) *The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in G.C. Section 56377.***

Government Code §56377 requires LAFCo to consider the effect of a proposal on the preservation of open space, including agricultural and timberlands, and the consistency of the proposal with applicable open-space conservation policies. The annexation area

was historically used for timber production; however, the land has been designated for residential development since adoption of the Eureka Community Plan in 1995, and its conversion from timberland to urban uses was contemplated and approved through the County's long-range planning framework.

As part of the North McKay Ranch Subdivision approvals, Humboldt County evaluated the loss of timberland and open-space resources through a certified Environmental Impact Report and determined that the project's impacts were acceptable with mitigation and project design features, including permanent preservation of approximately 21.7 acres as dedicated open space and trail corridors. The subdivision concentrates development adjacent to existing urban uses and public facilities, while retaining significant areas of open space that provide buffering, recreation, and connectivity to surrounding public lands, including the McKay Community Forest. Consistent with the County's CEQA determinations, the proposed annexation does not conflict with open-space conservation priorities under Government Code §56377 and facilitates planned urban development in an area long identified for such use.

**5) *The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.***

Government Code §56016 requires LAFCo to consider whether a proposal would adversely affect the physical and economic integrity of agricultural lands, defined as land currently used for agricultural production or designated for long-term agricultural use. The annexation area is not in active agricultural production and has not been designated for agricultural use in the County's General Plan. While the property was historically used for timber operations, it has been planned for urban residential development since adoption of the Eureka Community Plan in 1995 and is designated Residential Low with Planned Development combining zones.

As part of the North McKay Ranch Subdivision approvals, Humboldt County evaluated potential impacts to agricultural and timber resources through a certified Environmental Impact Report and concluded that the project would not result in significant impacts to agricultural lands as defined by state law. The County further determined that the project would not induce conversion of surrounding agricultural lands, as the subdivision is bounded by existing urban development, public open space, and County-owned forest lands planned for recreation rather than agriculture. Based on the County's environmental review and long-range land use designations, the proposed annexation would not impair the physical or economic integrity of agricultural lands consistent with Government Code §56016.

**6) *The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.***

The annexation area is adjacent to HCSD's jurisdictional boundary. The proposed annexation creates a logical boundary that encompasses the entirety of the proposed North McKay Ranch Subdivision and abuts the natural boundary created by the land

contours around Ryan Slough. The annexation area boundaries have been drawn to follow Assessor's parcel lines.

#### **7) A regional transportation plan adopted pursuant to G.C. Section 65080.**

Government Code §65080 requires preparation of a Regional Transportation Plan by the region's designated transportation planning agency. In Humboldt County, this function is carried out by the Humboldt County Association of Governments (HCAOG), which has adopted a long-range RTP and is currently in the process of updating that plan. The RTP identifies long-term, largely unfunded transportation improvements in the Cutten area, including conceptual roadway connectivity projects such as a Harris Street-Fern Street connector and completion of Fern Street connections. These projects are identified as long-range planning concepts rather than committed or programmed improvements.

The proposed HCSD annexation does not involve roadway construction, roadway ownership, or transportation system management, all of which remain under Humboldt County jurisdiction. The approved North McKay Ranch Subdivision provides vehicular access consistent with County subdivision approvals, including two primary access points from Redwood Street and Arbutus Street, with limited secondary access from Fern Street and Manzanita Avenue. While County General Plan policy language for the North McKay Tract (Policy 2620.8) references the concept of future through-road connectivity with timing determined by Public Works, the approved subdivision and development agreement do not include a funded or scheduled roadway extension beyond what has already been approved.

From a LAFCo perspective, the annexation enables provision of water, wastewater, and lighting services in an area already planned for urban development and does not conflict with regional transportation objectives or preclude future transportation improvements identified in the RTP. Any future roadway extensions, connectivity improvements, or funding mechanisms remain subject to separate County review, programming, and approval processes. Accordingly, the proposed annexation does not impair consistency with Government Code §65080 or adopted regional transportation planning policies.

#### **8) Consistency with city or county general and specific plans.**

The annexation area is governed by the Humboldt County General Plan, the Eureka Community Plan (ECP), and applicable County zoning regulations. The ECP, adopted in 1995, identifies the North McKay Tract as an area planned for long-term residential development following conversion from timberland uses. Policy 2620.8 calls for rezoning approximately 80 acres to residential uses with a Planned Development combining zone and establishes a framework for clustered housing, a range of lot sizes, open space preservation, and a maximum of 320 dwelling units.

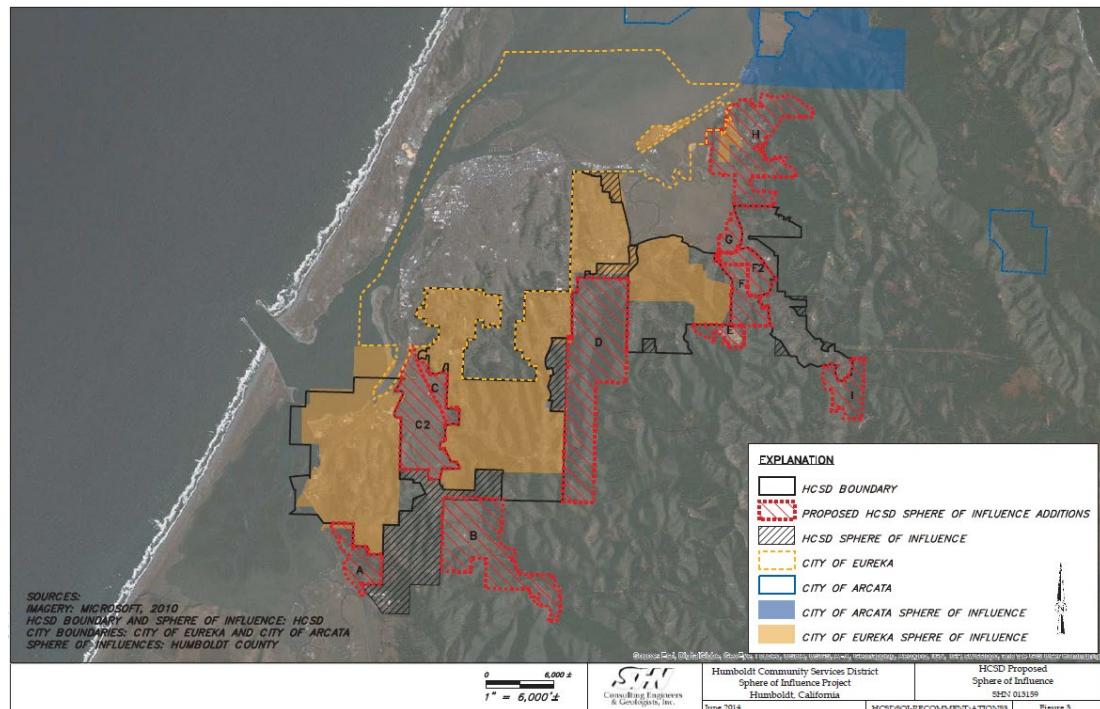
While the ECP projected substantial residential growth in the Cutten and Martin Slough areas, much of that growth has not occurred over the past 30 years due to infrastructure constraints, including roadway connectivity, sewer collection and interceptor capacity, and water distribution and storage limitations. The North McKay Ranch Subdivision represents one of the first large-scale residential projects in the area to advance with

approved land use entitlements, defined phasing, and a coordinated municipal services plan. Humboldt County approved the project through a General Plan Amendment, Zoning Reclassification, Tentative Subdivision Map, and Planned Development Permit, and certified a Final EIR finding the project consistent with adopted land use policies.

To address broader infrastructure planning needs, the County has secured a \$300,000 Community Development Block Grant (CDBG) planning grant to evaluate long-term infrastructure requirements along the Walnut Drive corridor, which includes additional undeveloped lands designated and zoned for residential uses. While the infrastructure improvements proposed for the North McKay Ranch Subdivision are sufficient to serve that project, additional development along the corridor would likely require expanded water storage capacity and related system improvements beyond what is currently planned. From a LAFCo perspective, the proposed annexation supports orderly and efficient implementation of adopted land use plans by enabling municipal services in an area long planned for urban development, while acknowledging the need for continued coordinated infrastructure planning as future growth occurs.

**9) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.**

The proposed annexation area is located entirely within HCSD's adopted Sphere of Influence (SOI). LAFCo approved HCSD's comprehensive SOI Update on March 18, 2015, which expanded the District's SOI to include multiple planning areas, including the McKay Tract (Area D), encompassing approximately 1,701 acres. The North McKay Ranch annexation area falls within this McKay Tract SOI area and is therefore consistent with the Commission's long-range planning determination regarding HCSD's future service area.



The 2015 SOI Update established a policy framework intended to guide future annexation review and ensure coordination among HCSD, Humboldt County, and other affected agencies. The conditions of approval recognize that portions of the SOI are planned for urban or suburban development under the Eureka Community Plan and related County land use documents, while also emphasizing that annexation decisions should be tied to demonstrated infrastructure capacity, service demand, and consistency with adopted plans. The North McKay Ranch Subdivision represents a concrete implementation of those long-range planning assumptions, supported by County-approved land use entitlements and environmental review.

As required by the SOI conditions, HCSD has documented service availability and infrastructure requirements through its annexation application materials, including water and wastewater capacity analyses and identification of developer-funded capital improvements. The proposal is consistent with the SOI condition that future development and service extensions occur within planned urban development areas and in coordination with County land use approvals. Additionally, the annexation does not expand HCSD's service footprint beyond its adopted SOI, nor does it introduce services into areas planned primarily for agriculture or open space, thereby remaining consistent with the Commission's SOI policies related to growth management, resource protection, and orderly service provision.

**10) The comments of any affected local agency or other public agency.**

Upon receipt of the annexation application, LAFCo staff circulated a Notice of Filing and referral materials to affected local agencies and departments for review and comment (see [Attachment C](#)). Responses were received from the Humboldt County Surveyor's Office and the City of Eureka Public Works Department (see [Attachment D](#)).

The County Surveyor noted that the final boundary map and geographic description associated with the annexation will be subject to review by the County Surveyor to ensure compliance with applicable mapping and boundary description requirements. A deposit for this review has been submitted to the County.

The City of Eureka Public Works Department indicated that it is not opposed to the proposed annexation and commented that adequate water and wastewater capacity exists to serve the development. The City's comments support the conclusion that the proposed annexation and extension of services by HCSD will not adversely affect regional utility systems or the City's infrastructure.

**11) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.**

HCSD has prepared a detailed Plan for Services ([Attachment A](#)) demonstrating that adequate infrastructure, service capacity, and operational capability exist to serve the annexation area. Required infrastructure improvements necessary to support the North McKay Ranch Subdivision will be funded by the project proponent or through established financing mechanisms, ensuring that service expansion does not create undue financial burden on existing ratepayers. Based on estimated property tax revenues attributable to

the annexation area using Tax Year 2025 assessed values, HCSD will receive a property tax allocation with an adjusted tax increment factor of 0.01061, representing approximately 1 percent of the 1 percent ad valorem property tax levy within the annexation area. As an enterprise district, ongoing operation and maintenance of services will predominantly be supported through HCSD's established rate structure, capacity charges, assessments where applicable, and incremental property tax revenues attributable to development within the annexation area. Based on information provided, the proposed annexation will not impair HCSD's ability to provide adequate services.

**12) *Timely availability of water supplies adequate for projected needs as specified in G.C. Section 65352.5.***

Development of the North McKay Ranch Subdivision will require construction of a new 250,000 gallon water storage tank at the Ridgewood Tank Site and upsizing of approximately 1,000 feet of water main along Walnut Drive between Holly Street and Cypress Avenue from 8 inch to 12 inch in diameter. These infrastructure improvements are required to be completed prior to occupancy of Phase 2 of the project, ensuring that sufficient water storage, distribution capacity, and fire flow are available as development occurs. While the water infrastructure improvements proposed for the North McKay Ranch Subdivision are sufficient to serve that project, additional development along the Walnut Drive corridor would likely require expanded water storage capacity and related system improvements beyond what is currently planned.

**13) *The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.***

The annexation supports the County's ability to implement its housing plans and make meaningful progress toward meeting its 7<sup>th</sup> Cycle Regional Housing Needs Allocation (RHNA). Unincorporated Humboldt County has been allocated 2,481 housing units under the 7<sup>th</sup> Cycle (2027-2035). This includes 211 acutely low, 333 extremely low, 244 very low, 397 low, 253 moderate, and 1,043 above moderate housing units.

The North McKay Ranch Subdivision, which has been approved by the County, authorizes up to 320 residential units consisting of 50 small-lot single-family homes, 96 standard-lot single-family homes, and 174 multifamily units. An additional 34 accessory dwelling units (ADUs) may also be constructed, bringing the total potential to 354 units. This range of housing types is intended to accommodate a variety of household sizes and income levels and is consistent with the County's adopted housing strategy.

**14) *Any information or comments from the landowner or owners, voters, or residents of the affected territory.***

HCSD has received written consent from 100 percent of the landowners within the proposed annexation. LAFCo published a voluntary notice in the Times Standard

regarding the January 21, 2026 public hearing. No comments have been received from surrounding landowners, voters, or residents regarding the proposed annexation. Because the proposal has 100 percent landowner consent, the annexation is not subject to protest proceedings.

**15) Any information relating to existing land use designations.**

The North McKay Ranch Subdivision required and received multiple discretionary land use approvals from Humboldt County, including a General Plan Amendment, Zoning Reclassification, and approval of a Planned Unit Development (PUD). While the Eureka Community Plan had long designated the area for Residential Low Density development, the General Plan Amendment and rezoning refined and modernized those designations to allow a mixed and clustered residential development pattern supported by limited neighborhood-serving commercial uses and permanent open space. The PUD framework permits flexibility in lot sizes, housing types, and site design, enabling more efficient use of land while maintaining overall density limits and environmental protections.

These approvals align the project with the County's broader growth management framework by concentrating residential development within a planned urban area, adjacent to existing infrastructure and services, rather than dispersing growth into outlying rural or resource lands. Collectively, the General Plan Amendment, zoning changes, and PUD represent a policy decision by the County to accommodate anticipated housing needs through compact, coordinated development consistent with adopted land use plans and infrastructure planning assumptions.

**16) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the local of public facilities and the provision of public services.**

The proposal would not result in inconsistencies with environmental justice safeguards. The proposed annexation is intended to clearly define service responsibilities for the benefit of neighboring service providers, land use officials, and the public. Additionally, the proposed subdivision includes multiple housing types including multi-family residential units which may accommodate a wider range of income levels. No minority populations or otherwise disadvantaged communities will be adversely affected by the proposed annexation.

**17) In the case of district annexation, whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.**

The proposed annexation supports coordinated service delivery, long-term reliability, and orderly community development in a manner that benefits both current and future inhabitants. Future residents will benefit from reliable, publicly managed water, wastewater and street lighting services provided by HCSD, consistent with adopted service standards and regulatory oversight.



670 9<sup>th</sup> Street, Suite 202, Arcata, CA 95521  
(707) 445-7508 / (707) 825-9181 fax  
[www.humboldtlafco.org](http://www.humboldtlafco.org)

## NOTICE OF FILING

**DATE:** August 1, 2025

**TO:** Eureka Elementary School District  
Eureka Unified School District / Eureka SCID No. 1  
Humboldt County Office of Education  
Redwoods Joint Community College District  
Humboldt No. 1 Fire Protection District (Humboldt Bay Fire Authority)  
Humboldt Bay Municipal Water District  
Humboldt Bay Harbor, Recreation, and Conservation District  
Humboldt County Flood Control District (Zone 05)  
Humboldt County Roads (District No. 03)  
Humboldt County Resource Conservation District  
Humboldt County Office of Education  
Humboldt County Administrative Office  
Humboldt County Assessor's Office  
Humboldt County Auditor-Controller's Office  
Humboldt County Sheriff's Office  
Humboldt County Elections Office  
Humboldt County Environmental Health  
Humboldt County Office of Emergency Services  
Humboldt County Planning and Building Department  
Humboldt County Public Works Department  
City of Eureka

**Cc:** Terrence Williams, Humboldt Community Services District  
Kurt Kramer & Travis Green, Kramer Properties Inc.  
Mike Wilson, District 3 Supervisor  
Rex Bohn, District 1 Supervisor

**FROM:** Colette Santsche, LAFCo Executive Officer  
Krystle Brogna, LAFCo Clerk/Analyst

**SUBJECT:** APPLICATION RECEIVED – HUMBOLDT CSD NORTH MCKAY RANCH ANNEXATION

### APPLICATION INFORMATION

**Project:** North McKay Ranch Annexation to the Humboldt Community Services District

**Location:** Cutten; Fern Street at Harrison Avenue – see Exhibit A

**APNs:** 017-032-003, 017-071-009, 017-072-003, 017-073-007 and 017-073-008

**Notice:** The above referenced application has been submitted to LAFCo and this notice of filing is being issued in accordance with Government Code Section 56658(b)(1). If you wish to receive a copy of the application and supporting documents, please contact LAFCo staff at [colette@humboldtlafco.org](mailto:colette@humboldtlafco.org). We request agency comments by **September 1, 2025**.

## Proposal Overview

LAFCo has received an application submitted by the Humboldt Community Services District (HCSD or District) requesting annexation of approximately 72.35 acres (5 parcels) of land located adjacent to the District boundary and within its adopted Sphere of Influence (SOI). The proposed annexation would enable the District to extend water, wastewater, and street lighting services to the North McKay Ranch Subdivision—a mixed-use development with up to 320 housing units—located at the eastern terminus of Fern Street in the Cutten area.

## Reasons for Proposal

The annexation was initiated by resolution of application of HCSD. The property owner Fairhaven Cottages LLC has requested HCSD expand their jurisdictional boundary to provide water, wastewater, and street lighting services to the following APN's: 017-032-003, 017-071-009, 017-072-003, and 017-073-007. In addition, one parcel associated with the Redwood Empire Little League (APN 017-073-008) owned by Field Committee Corporation is proposed for annexation due to the proximity of the land entirely surrounded by the North McKay Ranch Subdivision Project.

## Development of Subdivision

The North McKay Ranch Subdivision consists of seven parcels totaling approximately 81 acres and is proposed to be developed in nine phases. The project includes a mix of residential and commercial uses, with full buildout allowing for up to 320 residential units and approximately 22,000 square feet of commercial space. Residential development would include 50 small-lot single-family homes, 96 standard-lot single-family homes, and 174 multifamily units. An additional 34 accessory dwelling units (ADUs) may also be constructed, bringing the potential total to 354 residential units.

The anticipated residential mix includes 146 single-family homes and 174 multifamily units. Approximately 21.73 acres of the site would remain undeveloped and preserved as open space, to be dedicated to the County for future trail management and public use. The subdivision is expected to be built over a 20-year period, with actual phasing to be determined based on market conditions.

The project also includes a variety of on-site and off-site infrastructure improvements to support development. The subdivision was approved by the Humboldt County Board of Supervisors on March 7, 2023, through a General Plan Amendment, Zoning Reclassification, Tentative Subdivision Map, and Planned Development Permit (County Record No. PLN-9902-GPA).

## Provision of Public Services

HCSD will provide water, wastewater, and street lighting services to the annexation area. To accommodate increased service demands associated with the North McKay Ranch Subdivision, the project's Water Supply Assessment identifies several critical infrastructure improvements.

A new 250,000-gallon water storage tank and upsizing of approximately 1,000 feet of existing water main along Walnut Drive (between Holly Street and Cypress Avenue) to 12-inch diameter are required to ensure adequate capacity and fire flow. These improvements will be funded by the project proponent, Kramer Properties, and are incorporated as Conditions of Approval. The water tank must be permitted before building permits are issued for Phase 2 and beyond, and it must be operational prior to final occupancy of any Phase 2 and beyond development.

HCSD currently provides water service to an existing single-family residence on APN 017-071-002, which lies outside the annexation area but is served by infrastructure that traverses the project site. As a condition of approval, HCSD will ensure that this existing service is maintained without interruption during all phases of project construction and implementation.

Wastewater service to the annexation area will require construction of a new sewer lift station in the northeastern portion of the site, also to be developed by the project proponent. In addition, the Hemlock Sewer Transmission Line Project—funded and completed by HCSD—must be in place before wastewater connections can be made for Phase 2 and beyond. Only Phase 1, consisting of three single-family homes on an extension of Manzanita Avenue, may proceed prior to completion of this capital project.

If street lighting services are requested, the developer will establish one or more assessment zones in accordance with HCSD Code. All necessary infrastructure will be installed at no cost to the District, and funding for ongoing services may come from private or other sources.

The annexation area is located within the jurisdiction of the Humboldt No. 1 Fire Protection District and will continue to be served by Humboldt Bay Fire Authority for fire protection and emergency response services.

#### Property Tax Exchange Agreement

Revenue and Taxation (R&T) Code Section 99 requires that, prior to LAFCo considering jurisdictional changes, a determination must be made regarding the exchange of property tax revenue among the affected local agencies. This ensures that the redistribution of tax revenue reflects changes in service responsibility.

This proposal is subject to the provisions of R&T Code Section 99.01, as it involves the extension of services by a special district to an area where those services have not previously been provided by any local agency. In such cases, the exchange of property tax revenue is limited to the annual tax increment generated within the area subject to the jurisdictional change and attributable to the affected local agencies.

Any special district involved may negotiate on its own behalf; however, if a district does not adopt a resolution approving the exchange, the County Board of Supervisors is authorized to determine the exchange on the district's behalf. The final property tax exchange must be documented by resolution of the County and must specify how the annual tax increment will be allocated in future years.

Completion of the property tax negotiation process is required before the LAFCo Executive Officer may issue a Certificate of Filing for the annexation.

#### Environmental Review

The North McKay Ranch Subdivision Project was subject to environmental review pursuant to the California Environmental Quality Act (CEQA). An Environmental Impact Report (EIR) was prepared to evaluate the potential environmental effects associated with the proposed development. Both a Draft EIR and Partial Recirculation Draft EIR were circulated for public review and comment, with all responses to comments incorporated into the Final EIR.

On March 7, 2023, the Humboldt County Board of Supervisors certified the Final Environmental Impact Report (SCH# 2019049166), finding that the EIR had been completed in compliance with

CEQA and that it adequately analyzed the environmental impacts of the project. As part of the certification, the Board adopted CEQA Findings of Fact, a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program (MMRP) to ensure implementation of required mitigation measures.

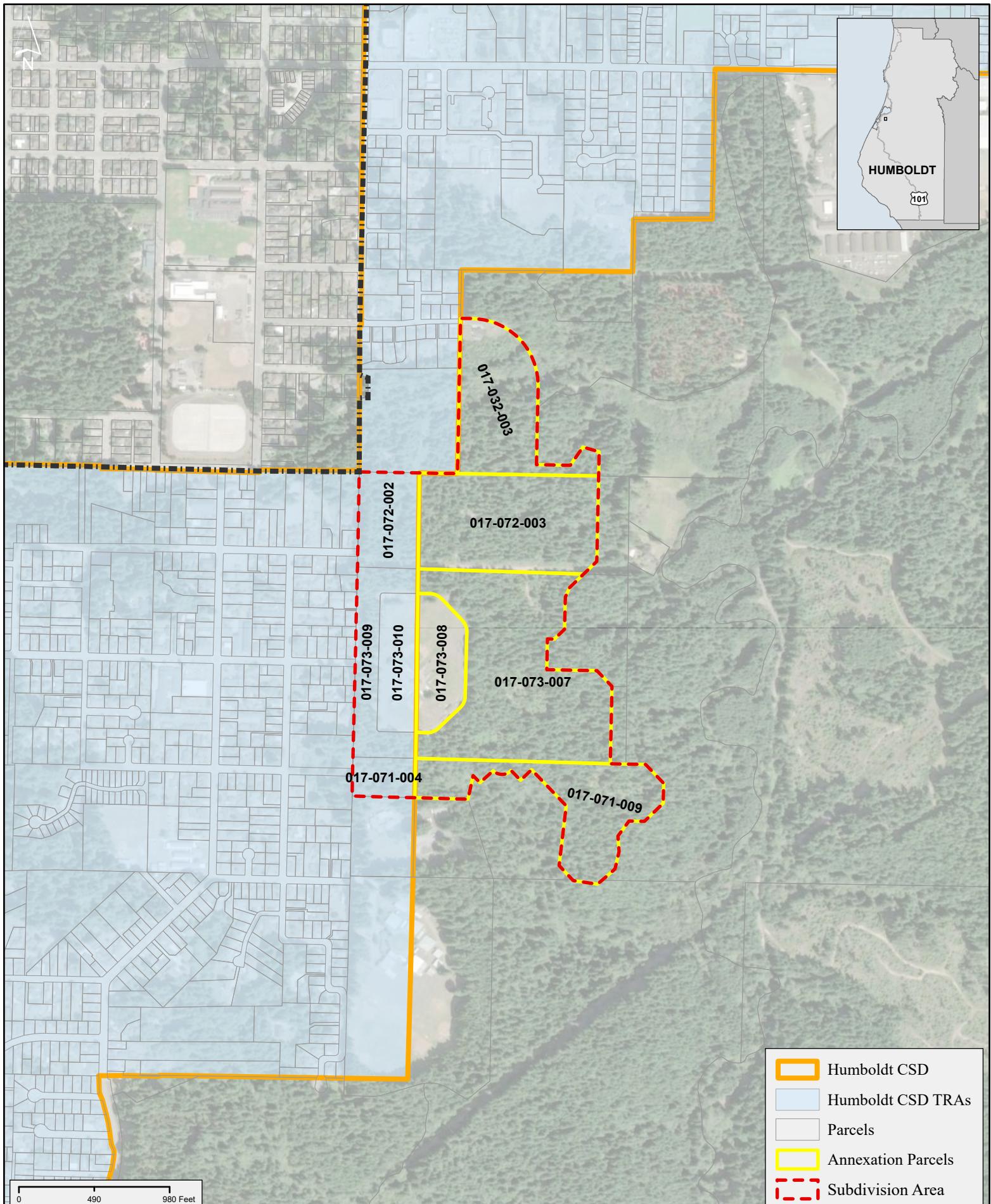
Humboldt LAFCo is a Responsible Agency under CEQA for this project and will rely on the certified EIR during its review and consideration of the proposed annexation.

The application described above is currently pending review by LAFCo and is anticipated to be presented as an informational item at the September 17, 2025, LAFCo meeting. Please review and provide any comments by September 1, 2025.

If you have any questions or would like a copy of the application materials, please contact LAFCo at (707) 445-7508 or via email at [colette@humboldtlafco.org](mailto:colette@humboldtlafco.org).

Exhibit A: Annexation Area Figure

Exhibit B: Plan for Services





## RE: LAFCo Notice of Filing - HCSD North McKay Annexation

**From** Kelly Allen

**Date** Tue 8/26/2025 8:54 AM

**To** Colette Santsche

**Cc** Cristin Kenyon; Jesse Willor; Miles Slattery

Colette – We do not anticipate any issues with the City's treatment plant or related infrastructure associated with this development, for the following reasons:

### 1. HCSD Connections

- HCSD currently serves 6,326 sewer connections.
- This project would add approximately 320 residential units and 2 commercial lots, representing about a 5% increase in total connections.

### 2. Wastewater Treatment Plant (WWTP) Capacity

- HCSD contracts for 30% of the City's WWTP capacity.
- Current average flow: 0.92 MGD; peak daily flow: 1.92 MGD.
- A 5% increase in flow would remain well below HCSD's contracted capacity at the plant.

### 3. Potable Water Supply

- Additional demand from this annexation will have little to no impact on the City, as the Mad River Pipeline has sufficient capacity to accommodate the increase.

Thanks and let me know if anything additional is needed,



**Kelly Allen**  
Public Works Director  
(707) 268-5253  
3575 W Street, Eureka CA 95503

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**From:** Cristin Kenyon  
**Sent:** Monday, August 4, 2025 9:52 AM  
**To:** Miles Slattery; Kelly Allen; Jesse Willor  
**Subject:** FW: LAFCo Notice of Filing - HCSD North McKay Annexation

In case this didn't come to you.

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**From:** Freed, Ken  
**Sent:** Wednesday, August 13, 2025 9:55 AM  
**To:** Colette Santsche; Krystle Heaney  
**Cc:** Mattson, Tom; CountySurveyor

**Subject:** RE: LAFCo Notice of Filing - HCSD North McKay Annexation

Colette,

Yes the Surveyor's Office will want to review the description and will require a review deposit per the current Humboldt County adopted fee schedule.

Kenneth M. Freed  
Assistant Engineer II  
Humboldt County Department of Public Works – Land Use Division  
3015 H Street Eureka, CA 95501  
Ph (707)445-7205 Fax (707) 445-7388



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**From:** Colette Santsche  
**Sent:** Tuesday, August 12, 2025 12:09 PM  
**To:** Freed, Ken; Krystle Heaney  
**Cc:** Mattson, Tom; CountySurveyor  
**Subject:** Re: LAFCo Notice of Filing - HCSD North McKay Annexation

**Caution:** This email was sent from an EXTERNAL source. Please take care when clicking links or opening attachments.

Hi Ken,

Thanks for checking. See attached. Please let me know whether the Surveyor's Office will want to review the description and require a deposit.

Colette Santsche  
*Executive Officer*  
Humboldt LAFCo  
707.445.7508 office |

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**From:** Freed, Ken <[KFreedom@co.humboldt.ca.us](mailto:KFreedom@co.humboldt.ca.us)>  
**Sent:** Tuesday, August 12, 2025 10:41 AM  
**To:** Colette Santsche <[colette@humboldtlafc.org](mailto:colette@humboldtlafc.org)>; Krystle Heaney <[krystleh@humboldtlafc.org](mailto:krystleh@humboldtlafc.org)>  
**Cc:** Mattson, Tom <[TMattson@co.humboldt.ca.us](mailto:TMattson@co.humboldt.ca.us)>; CountySurveyor <[countysurveyor@co.humboldt.ca.us](mailto:countysurveyor@co.humboldt.ca.us)>  
**Subject:** RE: LAFCo Notice of Filing - HCSD North McKay Annexation

Colette

Thank you for the opportunity to comment on the annexation.

The County Surveyor has determined that all legal descriptions (including those for jurisdictional boundaries) must be prepared by a licensed land surveyor, regardless that the CA Board of Equalizations states otherwise.

Kenneth M. Freed  
Assistant Engineer II  
Humboldt County Department of Public Works – Land Use Division  
3015 H Street Eureka, CA 95501  
Ph (707)445-7205 Fax (707) 445-7388



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**From:** Colette Santsche <[colette@humboldtlafc.org](mailto:colette@humboldtlafc.org)>  
**Sent:** Saturday, August 2, 2025 10:05 AM  
**To:** Public Works Permits <[publicworkspermits@co.humboldt.ca.us](mailto:publicworkspermits@co.humboldt.ca.us)>; CountySurveyor <[countysurveyor@co.humboldt.ca.us](mailto:countysurveyor@co.humboldt.ca.us)>  
**Cc:** Mattson, Tom <[TMattson@co.humboldt.ca.us](mailto:TMattson@co.humboldt.ca.us)>; Bronkall, Bob <[BBronkall@co.humboldt.ca.us](mailto:BBronkall@co.humboldt.ca.us)>; Krystle Heaney <[krystleh@humboldtlafc.org](mailto:krystleh@humboldtlafc.org)>  
**Subject:** Fw: LAFCo Notice of Filing - HCSD North McKay Annexation

**Caution:** This email was sent from an EXTERNAL source. Please take care when clicking links or opening attachments.

Hello,

Forwarding the attached referral. See below and attached.

Colette Santsche  
*Executive Officer*  
Humboldt LAFCo  
707.445.7508 office |



**RESOLUTION NO. 26-01**

**CERTIFYING AN ENVIRONMENTAL IMPACT REPORT (EIR) PREVIOUSLY  
CERTIFIED BY THE COUNTY OF HUMBOLDT AND MAKING FINDINGS  
RELATIVE TO THE APPROVAL OF THE HUMBOLDT COMMUNITY  
SERVICES DISTRICT NORTH MCKAY RANCH SUBDIVISION  
ANNEXATION WITH CONDITIONS**

WHEREAS, the Humboldt Local Agency Formation Commission, hereinafter referred to as the "Commission," is responsible for regulating boundary changes affecting cities and special districts pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, Commission actions are subject to the California Environmental Quality Act (Public Resources Code Section 21000 et seq) ("CEQA"); and

WHEREAS, the Humboldt Community Services District ("HCSD" or "District") has submitted an application for annexation of five (5) parcels totaling 72.35 acres; and

WHEREAS, the County of Humboldt ("County"), as the "lead agency" under CEQA prepared and certified an Environmental Impact Report ("EIR") (SCH#2019049166) for the North McKay Ranch Subdivision Project; and

WHEREAS, a Notice of Availability (NOA) for the Draft Environmental Impact Report ("Draft EIR") was published on May 15, 2020, inviting comment from the general public, agencies, organizations, and other interested parties, with a comment period from May 15, 2020 to June 29, 2020; and

WHEREAS, based on changes to CEQA analysis, specifically Section 15064.3 Determining the Significance of Transportation Impacts, a Partial Recirculated Draft EIR was prepared with a NOA published on October 18, 2021 with a comment period from October 18, 2021 to December 1, 2021; and

WHEREAS, in accordance with CEQA and Section 15088 of the Guidelines for Implementation of the California Environmental Quality Act (14 Cal. Code Regs. Section 15000 et seq.) (the "CEQA Guidelines"), a Final Environmental Impact Report ("Final EIR") incorporating all comments received on the Draft EIR and Partial Recirculated Draft EIR, and responses to comments was certified by the County Board of Supervisors on March 7, 2023; and

WHEREAS, the Final EIR consists of the Draft EIR and Draft EIR appendices, Partial Recirculated Draft EIR and appendices, comments received on the Draft and Partial Recirculated Draft EIR, and responses to comments, modifications to the Draft EIR, and all documents and resources referenced and incorporated by reference in the Draft EIR, Partial Recirculated Draft EIR, and Final EIR; and

WHEREAS, the Final EIR has been completed in compliance with CEQA and the CEQA Guidelines; and

WHEREAS, CEQA requires that in approving a project for which an EIR has been prepared, the decision-making body shall review said EIR and make certain findings regarding the potentially significant effects on the environment identified in the EIR; and

WHEREAS, under CEQA Guidelines §15096, the Commission does hereby certify that acting as a responsible agency for the Project under CEQA it has considered the information contained in such EIR, and concurs in the analysis and conclusions set forth in said documents; and

WHEREAS, the Final EIR for the Project is, by this reference, incorporated into this Resolution as if fully set forth herein; and

WHEREAS, the Commission has been presented with certain evidence relating to the impact of the North McKay Ranch Subdivision project upon Agriculture/ Forestry Resources, Public Services, Utilities/ Service Systems which must be taken into consideration by or are under the jurisdiction of LAFCo; and

WHEREAS, the Commission has considered and discussed the adequacy of the Final EIR and applied its own independent judgment and analysis to that review in compliance with Pub. Resources Code Section 21002.1, subdivision (d).

**NOW, THEREFORE, BE IT RESOLVED** by the Humboldt Local Agency Formation Commission as follows:

1. The above recitals are true and correct and are incorporated herein by this reference.
2. The Commission, after considering the impact of the proposed use upon Agriculture/ Forestry Resources, Public Services, Utilities/ Service Systems which are under the purview of LAFCo, that:
  - a. The purpose of the proposed annexation is to provide necessary services, including water, wastewater, and lighting services, to the proposed North McKay Ranch Subdivision; and
  - b. The proposed North McKay Ranch Subdivision is necessary to provide additional housing that will promote the health, comfort, and convenience of the public; and
  - c. The proposed North McKay Ranch Subdivision will not have any substantial adverse environmental or ecological effect in light of the mitigation measures made conditions of this approval; and
  - d. The proposed annexation aligns with LAFCo's legislative mandates including encouraging the orderly formation of local governmental agencies, preserving agricultural land resources, and discouraging urban sprawl.

3. The Commission does hereby make the following CEQA findings:
  - a. It has independently reviewed and analyzed the Final EIR and other information in the record and has considered the information contained therein prior to acting upon or approving the portion of the Project before the Commission for consideration.
  - b. The Final EIR prepared for the Project has been completed in compliance with CEQA, Public Resources Code Section 21000 et seq, and the CEQA Guidelines.
  - c. The Final EIR is consistent with the independent judgment and analysis of LAFCo in its capacity as a responsible agency for the Project.
4. Further, the Commission makes the following findings regarding the potential impacts of the North McKay Ranch Subdivision, in compliance with Pub. Resources Code Section 21081 subdivision (a) and CEQA Guidelines Section 15091:
  - a. The Commission is not responsible for parts of the Project that may impact the following: aesthetics, air quality, biological resources, cultural resources, energy, geology/soils, greenhouse gas emissions, hazards and hazardous materials, hydrology/ water quality, land use/ planning, mineral resources, noise, population/ housing, recreation, transportation, tribal cultural resources, and wildfire.
  - b. The parts of the Project for which the Commission is responsible for include the following: agriculture/ forestry resources, public services, utilities/ service systems.
  - c. The parts of the Project for which the Commission is responsible will result in less than significant impacts related to the following: agricultural and forestry resources, and public services.
  - d. The Project will have a potentially significant impact related to public services – schools. However, this is not the responsibility of LAFCo.
  - e. The parts of the project for which the Commission is responsible will result in the following potentially significant impacts related to utilities/ service systems.
    - i. **Require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects (Impact Util-1: Water).**

The proposed development would connect to the existing HCSO infrastructure and it is unknown if adequate pressure would be available to serve the project site. As the project is in a high fire hazard zone, having adequate water and pressure flows to service the system in case of wildfire is crucial. The Commission finds that Mitigation Measure UTIL-1, Water Supply Pressure and Storage Study, will mitigate this impact to a less than significant level. Thus, the Commission finds, pursuant to Public Resources Code, section 21081, subdivision (a)(1), that “[c]hanges or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment.”

- ii. **Require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects (Impact Util-1: Wastewater).** Construction of additional wastewater infrastructure in roadways may create a potentially significant impact on transportation/ roadways due to lane and/or complete road closers. The Commission finds that Mitigation Measure TRANS-1 Traffic Management Plan, will mitigate this impact to a less than significant level. Thus, the Commission finds, pursuant to Public Resources Code, section 21081, subdivision (a)(1), that “[c]hanges or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment.”
- iii. **Require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects (Impact Util-1: Stormwater).** A portion of the project site is within the County's MS4 Permit jurisdiction and therefore, each parcel must comply with the permit requirements. This includes preparation of a Stormwater Pollution and Prevention Plan (SWPPP) (Mitigation Measure HYD-1), and a Stormwater Quality and Drainage Management Plan (Mitigation Measure HYD-2). Operation of the project has the potential to cause substantial runoff from new impervious surfaces such as roadways, parking areas, and sidewalks. The Commission finds that Mitigation Measure HYD-3 Prepare a Low Impact Development Plan, will mitigate this impact to a less than significant level. Thus, the Commission finds, pursuant to Public Resources Code, section 21081, subdivision (a)(1), that “[c]hanges or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment.”
- iv. **Have sufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry and multiple dry years (Impact UTIL-2).** Development of the proposed project would result in an increase in long-term water demand for consumption, operational uses, maintenance and other activities on the proposed project site. Project water demand calculated in the DEIR does not include the requirement for adequate pressure flows to service any needed fire hydrants, pressure storage tanks, or other emergency fire flow systems in case of a wildfire. The Commission finds that Mitigation Measure UTIL-1, Water Supply Pressure and Storage Study, will mitigate this impact to a less than significant level. Thus, the Commission finds, pursuant to Public Resources Code, section 21081, subdivision (a)(1), that “[c]hanges or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment.”
- v. **The proposed project would not generate solid waste in excess of state or local standards, or in excess of the capacity of local infrastructure, or**

**otherwise impair the attainment of solid waste reduction goals (Impact UTIL-4).** Operation of the project would include daily and annual solid waste generation from the residences and commercial businesses. The potential 60,000 tons of waste generated annually from the project could cause a significant impact. The Commission finds that Mitigation Measure UTIL-2 Recycling Bins, will mitigate this impact to a less than significant level. Thus, the Commission finds, pursuant to Public Resources Code, section 21081, subdivision (a)(1), that “[c]hanges or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment.”

Therefore, based upon all the foregoing, Humboldt LAFCo as a responsible agency under CEQA, hereby certifies the Final EIR prepared for the project as complaint with law and adequate for the portions of the project subject to LAFCo's authority. The Final EIR is on file at the Humboldt LAFCo office located at 670 9th St Suite 202, Arcata, CA 95521, and available for inspection by any interested person.

5. The Commission hereby adopts the Mitigation Monitoring and Reporting Program prepared for the project (Exhibit A).

**PASSED AND ADOPTED** at a meeting of the Humboldt Local Agency Formation Commission on the 21<sup>st</sup> day of January 2026, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Chair  
Humboldt LAFCo

Attest

---

Colette Santsche, Executive Officer  
Humboldt LAFCo



**RESOLUTION NO. 26-02**

**APPROVING THE ANNEXATION OF THE NORTH MCKAY RANCH  
SUBDIVISION INTO THE HUMBOLDT COMMUNITY SERVICES DISTRICT**

WHEREAS, the Humboldt Local Agency Formation Commission, hereinafter referred to as the "Commission," is responsible for regulating boundary changes affecting cities and special districts pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the Humboldt Community Services District, hereinafter referred to as "Humboldt CSD" or "District," filed an application with the Commission by resolution of application; and

WHEREAS, the proposal seeks Commission approval for annexation of approximately 72.35 acres (5 parcels) adjacent to the District's boundary and with its adopted Sphere of Influence (SOI); and

WHEREAS, the subject territory is uninhabited as defined in Government Code Section 56046; and

WHEREAS, the Executive Officer has given notice of the public hearing by the Commission on this matter; and

WHEREAS, the Executive Officer has reviewed available information and prepared a report and recommendations on the proposal, which has been presented to the Commission in the manner provided by law; and

WHEREAS, the Commission did consider and certify, as a Responsible Agency under the California Environmental Quality Act (CEQA), the Environmental Impact Report prepared by the County of Humboldt for the North McKay Ranch Subdivision prior to consideration of the proposed annexation (LAFCo Resolution 26-01); and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on January 21, 2025; and

WHEREAS, the Commission considered all the factors required by law under Government Code Section 56668 and adopted local policies and procedures.

**NOW, THEREFORE, BE IT RESOLVED** by the Humboldt Local Agency Formation Commission as follows:

1. The Commission's determinations on the proposal incorporate the information and analysis provided in the Executive Officer's written report.

2. The Commission, as Responsible Agency, hereby determines that the sphere of influence amendment and annexation has been fully vetted under the regulations and guidelines of CEQA and will cause a less than significant impact with incorporated mitigation measures as outlined in the adopted Mitigation Monitoring and Reporting Program (LAFCo Resolution 26-01).
3. The Commission approves the annexation of the North McKay Ranch Subdivision to the Humboldt CSD for provision of water, wastewater, and lighting services, contingent upon the satisfaction of following terms and conditions as determined by the Executive Officer:
  - a) Per the Water Supply Analysis performed by SHN Consulting Engineers and the Condition of Approval set forth by the County of Humboldt, the developer shall ensure that, prior to the issuance of a building permit for any residential or commercial structures, the Building Permit for the installation of the new 250,000-gallon water tank at the Ridgewood Tank Site shall be issued. This requirement can also be met by entering into a cost sharing arrangement for a larger tank that has sufficient capacity to serve this project if a tank project is initiated by others. Furthermore, prior to the final inspection sign-off and/or final approval of an occupancy permit for any residential or commercial structure, sufficient water storage must be installed and operational. This condition does not apply to Phase 1 development along the extension of Manzanita Street.
  - b) Per the Water Supply Analysis performed by SHN Consulting Engineers, the developer shall ensure that, prior to the final inspection sign-off and/or final approval of an occupancy permit of any residential or commercial structures the section of watermain within Walnut Drive between Holly Street and Cypress Avenue shall be increased to 12-inch diameter. This condition may be met by constructing adequate water storage within the North McKay Ranch Subdivision capable of providing adequate fire flow. This condition does not apply to Phase 1 development along the extension of Manzanita Street.
  - c) The developer shall enter into and comply with main line extension agreement(s) with Humboldt Community Services District for water and sewer infrastructure for each phase of the North McKay Ranch Subdivision project.
  - d) The developer shall install all necessary infrastructure for street lighting at no cost to HCSD and establish a street lighting assessment zones compliant with Article 6 of the Humboldt Community Services District Code.
  - e) Ensure that all existing services are not disrupted by the construction, implementation, and deployment of this development, including but not limited to the service to APN 017-071-002-000.
  - f) Comply with all conditions of approval set forth by the County of Humboldt.

- g) Upon effective date of the annexation, the affected territory will be subject to all previously authorized charges, fees, assessments, and taxes that were lawfully enacted by the Humboldt Community Services District. The affected territory will also be subject to all of the rates, rules, regulations, and ordinances of the District.
- h) Completion of the 30-day reconsideration period provided under G.C. Section 56895.
- i) Submittal of a final map and geographic description of the affected territory conforming to the requirements of the State Board of Equalization and approved by the Humboldt County Surveyor.
- j) Payment of any outstanding fees as identified in the Commission's adopted fee schedule.

4. The proposal is assigned the following distinctive short-term designation:

Humboldt CSD North McKay Annexation 26-02

5. The effective date shall be the date of recordation of the Certificate of Completion. 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.

**PASSED AND ADOPTED** at a meeting of the Humboldt Local Agency Formation Commission on the 21<sup>st</sup> day of January 2026, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Chair  
Humboldt LAFCo

Attest:

---

Colette Santsche, Executive Officer  
Humboldt LAFCo

EXHIBIT A

MAP AND BOUNDARY DESCRIPTION  
HUMBOLDT COMMUNITY SERVICES DISTRICT ANNEXATION

