

2014

PUBLIC REVIEW DRAFT

MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE STUDY

FOR THE

Dunnigan County Service Area (CSA)





Project Name: MSR/SOI for Dunnigan County Service Area (CSA)

LAFCo Project No. S-042

Conducted By: Yolo Local Agency Formation Commission
625 Court Street, Suite 203
Woodland, CA 95695

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Subject Agency: Dunnigan County Service Area

Agency Address: 292 West Beamer Street
Woodland, CA 95695

Agency Contact Person: Regina Espinoza, County Service Area Manager

Phone Number: (530) 666-8775

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MSR/SOI BACKGROUND

ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (“CKH Act”) (California Government Code §§56000 et seq.), is LAFCo’s governing law and outlines the requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (§56301). CKH Act Section 56301 further establishes that “one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

Based on that legislative charge, LAFCo serves as an arm of the State; preparing and reviewing studies and analyzing independent data to make informed, quasi-legislative decisions that guide the physical and economic development of the state (including agricultural uses) and the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses. While SOIs are required to be updated every five years, they are not time-bound as planning tools by the statute, but are meant to address the “probable physical boundaries and service area of a local agency” (§56076). SOIs therefore guide both the near-term and long-term physical and economic development of local agencies their broader county area, and MSRs provide the near-term and long-term time-relevant data to inform LAFCo’s SOI determinations.

PURPOSE OF A MUNICIPAL SERVICE REVIEW

As described above, MSRs are designed to equip LAFCo with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCo broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The purpose of a Municipal Services Review (MSR) in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. The MSR is intended to provide information and analysis to support a sphere of influence update. A written statement of the study’s determinations must be made in the following areas:

1. Growth and population projections for the affected area;
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence;
4. Financial ability of agencies to provide services;
5. Status of, and opportunities for, shared facilities;

6. Accountability for community service needs, including governmental structure and operational efficiencies; and
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

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

PURPOSE OF A SPHERE OF INFLUENCE

In 1972, LAFCOs were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, “‘sphere of influence’ means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission” (§56076). SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. Likewise, they are also designed to discourage urban sprawl and the premature conversion of agricultural and open space resources to urbanized uses.

The role of SOIs in guiding the State’s growth and development was validated and strengthened in 2000 when the Legislature passed Assembly Bill (“AB”) 2838 (Chapter 761, Statutes of 2000), which was the result of two years of labor by the Commission on Local Governance for the 21st Century, which traveled up and down the State taking testimony from a variety of local government stakeholders and assembled an extensive set of recommendations to the Legislature to strengthen the powers and tools of LAFCOs to promote logical and orderly growth and development, and the efficient, cost-effective, and reliable delivery of public services to California’s residents, businesses, landowners, and visitors. The requirement for LAFCOs to conduct MSRs was established by AB 2838 as an acknowledgment of the importance of SOIs and recognition that regular periodic updates of SOIs should be conducted on a five-year basis (§56425(g)) with the benefit of better information and data through MSRs (§56430(a)).

Pursuant to Yolo County LAFCO policy an SOI includes an area adjacent to a jurisdiction where development might be reasonably expected to occur in the next 20 years. A MSR is conducted prior to, or in conjunction with, the update of a SOI and provides the foundation for updating it. In Yolo County, a SOI generally has two planning lines. One is the 10-year boundary which includes the area that may likely be annexed within 10 years, while the 20-year boundary is anticipated to accommodate boundary expansions over a 20-year horizon.

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

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

DISADVANTAGED UNINCORPORATED COMMUNITIES

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

On March 26, 2012, LAFCo adopted a “Policy for the Definition of ‘Inhabited Territory’ for the Implementation of SB 244 Regarding Disadvantaged Unincorporated Communities”, which identified 21 inhabited unincorporated communities for purposes of implementing SB 244.

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

ORGANIZATION OF MSR/SOI STUDY

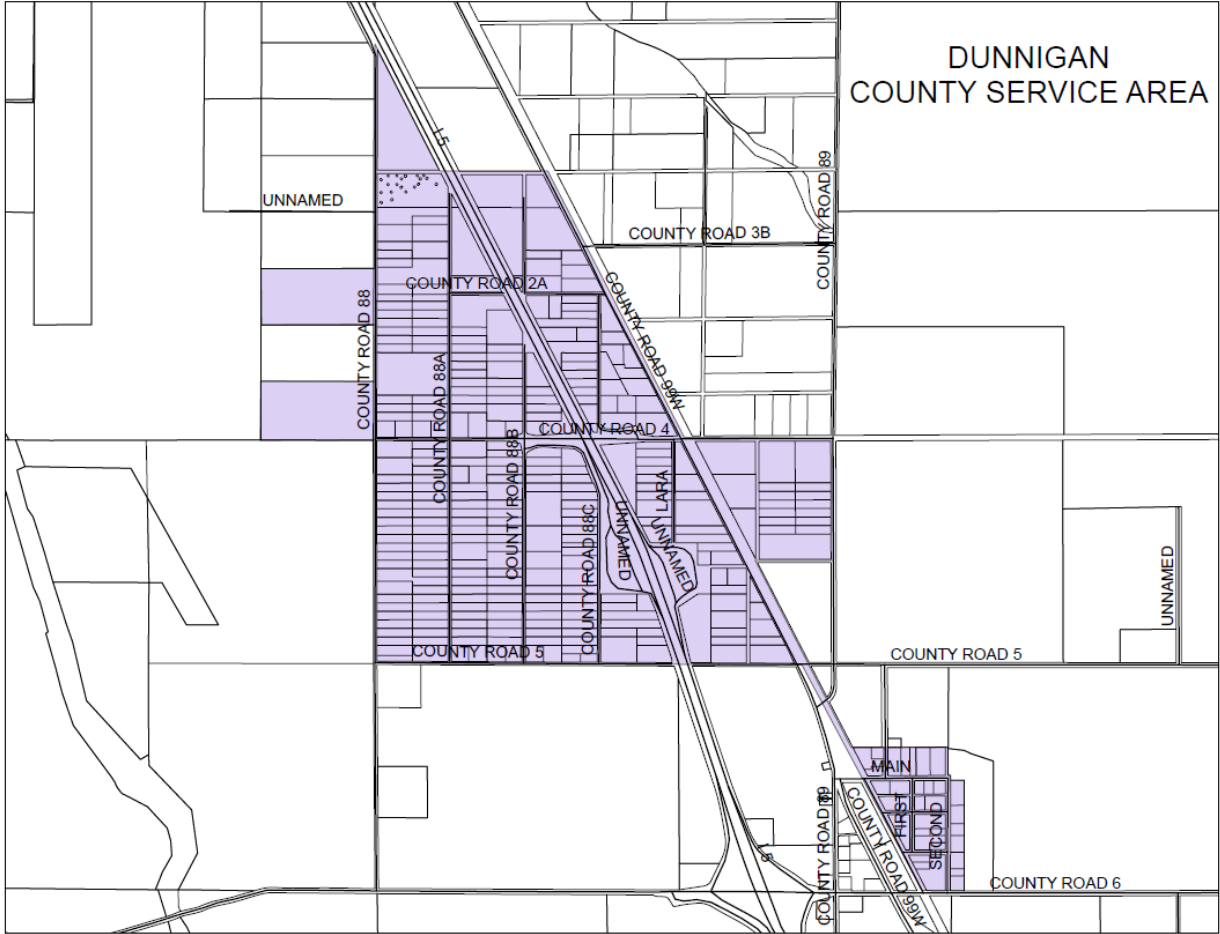
This report has been organized in a checklist format to focus the information and discussion on key issues that may be particularly relevant to the subject agency while providing required LAFCo’s MSR and SOI determinations. The checklist questions are based on the Cortese-Knox-Hertzberg Act, the LAFCo MSR Guidelines prepared by the Governor’s Office of Planning and Research and adopted Yolo LAFCo local policies and procedures. This report provides the following:

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

AGENCY PROFILE

Dunnigan County Service Area (CSA) was formed January 8, 1991 as a single function special district responsible for providing street lighting services to the town of Dunnigan (County of Yolo, 1991). At the time of its formation, the CSA was also given the latent power to provide all services allowable for CSAs by California law, which it may activate by seeking approval of the LAFCo Commission.

The CSA covers over 600 acres of land in northern Yolo County, and its service area comprises most of the inhabited and commercial areas in the town of Dunnigan. It is bounded by County Road 6 on the south, County Road 2 on the north, Southern Pacific railroad tracks to the east, and County Road 88 to the west (refer to the map below for more details). The CSA’s sphere of influence is coterminous with its service boundaries, and both have remained the same since the time of its formation.



The CSA contracts with Pacific Gas and Electric (PG&E) to supply electricity for its public lighting system, as well as to install, maintain, and service the light poles across much of the developed area in the community of Dunnigan. Consequently, the CSA does not own or operate any equipment, although it is financially responsible for all one-time and ongoing costs associated with the street lighting network. The CSA largely functions as a pass-through agency, collecting funds from the Dunnigan residents to pay the PG&E bills for the public street lighting service.

The Yolo County Board of Supervisors governs the Dunnigan CSA. The Board receives advice from a five member advisory committee composed of local Dunnigan residents, who are appointed to the committee by the Board. As directed by California Government Code Section 25212.4, the advisory committee’s role is to provide advice to the Board regarding the services and facilities of the CSA, but it is not within the authority of the advisory committee to make decisions, manage, or direct the delivery of services and facilities. The CSA is staffed by the Department of Planning and Public Works (PPW), and is billed for the staff time of the CSA Coordinator, finance staff, and County legal counsel when such services are utilized.

AFFECTED AGENCIES

Per Government Code Section 56427, a public hearing is required to adopt, amend, or revise a sphere of influence. Notice shall be provided at least 21 days in advance and mailed notice shall be provided to each affected local agency or affected County, and to any interested party who has filed a written request for notice with the

executive officer. Per Government Code Section 56014, an affected local agency means any local agency that overlaps with any portion of the subject agency boundary or SOI (included proposed changes to the SOI).

The affected local agencies for this MSR/SOI are:

County/Cities:

- City of Davis
- City of West Sacramento
- City of Winters
- City of Woodland
- County of Yolo

County Service Areas (CSAs)

- Dunnigan CSA

School Districts:

- Davis Joint Unified.
- Esparto Unified
- River Delta Unified
- Washington Unified
- Winters Joint Unified
- Woodland Joint Unified
- Pierce Joint Unified

Special Districts:

- Cemetery District – Mary’s
- Community Service District – Cacheville, Esparto, Knight’s Landing, Madison
- Fire Protection District – Dunnigan
- Sacramento-Yolo Port District
- Reclamation District – 150, 307, 537, 730, 765, 785, 787, 827, 900, 999, 1600, 2035, 2076, 2120
- Yolo County Resource Conservation District
- Water District – Dunnigan

Multi-County Districts:

- Reclamation District – 108 (Colusa), 2068 (Solano), 2093 (Solano)
- Water District – Colusa Basin Drainage
- Sacramento-Yolo Mosquito Vector Control District

MUNICIPAL SERVICE REVIEW

POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that a MSR update is not warranted.

- Growth and Population
- Disadvantaged Unincorporated Communities
- Capacity, Adequacy & Infrastructure to Provide Services
- Financial Ability
- Shared Services
- Accountability
- Other

1. GROWTH AND POPULATION

Growth and population projections for the affected area.	YES	MAYBE	NO
a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Will population changes have an impact on the subject agency’s service needs and demands?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Will projected growth require a change in the agency’s service boundary?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a) According to the U.S. Census (2010) the population in the town of Dunnigan was 1,416 in 2010, and the Dunnigan community is not projected to experience significant growth in the near future. In fact, the Yolo County General Plan (2009) projects a population increase of only 2.5 percent between 2013 and 2015 for the Dunnigan community.
- b-c) The County of Yolo is currently processing an application for the Dunnigan Specific Plan (DSP) which would create new development and growth in the Dunnigan community. If the County Board of Supervisors approves the specific plan it will result in a significant expansion of the 3,110-acre community of Dunnigan. If the DSP were to reach full build out as it is currently envisioned it would provide approximately 9,230 additional dwelling units. This would constitute a substantial increase in the size of the Dunnigan community, and would require that additional municipal services be added in the area. While the developers would likely be responsible for building the infrastructure needed to offer an array of municipal services to the community, LAFCo would still need to designate an organization to operate the municipal

services once the infrastructure was in place. The CSA is one possible vehicle for operating additional services in the community, as it already has the latent powers to provide such services and could receive staff support from the County. However, considering the size and scale of the new development proposed, a community services district would likely be preferable.

The Dunnigan Specific Plan is currently mired in significant General Plan policy issues and approval of the Specific Plan is uncertain at this time. Considering that approval of the Specific Plan would trigger a complete reevaluation of the delivery of municipal services and governance structures, this MSR assumes no development under the proposed Specific Plan.

Growth and Population MSR Determination

At this time the Dunnigan community is not projected to experience any significant development or growth that might impact the CSA’s street lighting service delivery. However, the County of Yolo is currently considering an application for a Dunnigan Specific Plan (SP), which would result in significant development and growth in the Dunnigan community, and subsequently a reevaluation of the delivery of municipal services in the community. The Dunnigan SP has not yet been approved by the Yolo County Board of Supervisors, and LAFCo has assumed no development under the proposed Specific Plan until such time as it is formally approved.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

	YES	MAYBE	NO
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any “inhabited unincorporated communities” (per adopted Commission policy) within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the statewide median household income)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) If “yes” to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community (if “no” to either a) or b), this question may be skipped)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

a) The Dunnigan CSA does not provide any public services related to sewers, municipal and industrial water, or structural fire protection. The CSA’s only service is public street lighting.

A “yes” response indicates that the agency provides a service that may trigger the provisions of SB 244 and a LAFCo determination regarding any disadvantaged unincorporated communities within or adjacent to the agency’s sphere of influence is required. A “no” response indicates that the provisions of SB 244 would not apply to a SOI update, if applicable.

- b) The term “Inhabited Unincorporated Communities” is defined per Commission adopted policy as those areas on the County of Yolo 2030 General Plan Land Use Map (see Figures LU-1B through LU-1H) that contain land use designations that are categorized as Residential by Table LU-6. The communities of Rumsey and West Kentucky are also included in this definition (even though the current land use designations are Agriculture (AG) and Commercial Local (CL) respectively) because their existing uses are residential. These communities are as follows:

Binning Farms	Guinda	Rumsey
Capay	Knights Landing	West Kentucky
Clarksburg	Madison	West Plainfield
Dunnigan	Monument Hills	Willow Oak
El Macero	North Davis Meadows	Willowbank
El Rio Villa	Patwin Road	Yolo
Esparto	Royal Oak	Zamora

Dunnigan is considered an “inhabited unincorporated community”.

According to SB 244 (Chapter 513, Statutes of 2011) disadvantaged unincorporated communities, or “DUCs,” are inhabited territories where the annual median household income is less than 80 percent of the statewide annual median household income.

As established above, the only inhabited unincorporated community within or contiguous to the Dunnigan CSA’s sphere of influence is the town of Dunnigan. Dunnigan has a median household income of \$61,111, which is nearly equivalent to the statewide median household income of \$61,400 (U.S. Census Bureau, 2010). A community is only considered disadvantaged for the purposes of SB 244 if the community has a median household income level at less than 80% of the median statewide income, which means that Dunnigan is not a disadvantaged unincorporated community.

Disadvantaged Unincorporated Communities MSR Determination

The Dunnigan CSA does not provide any public services related to sewers, municipal and industrial water, or structural fire protection. Additionally, the Dunnigan community is not considered a disadvantaged unincorporated community, as its median household income is nearly equivalent to the statewide median household income. Therefore, the provisions of SB 244 regarding disadvantaged unincorporated communities do not apply to the Dunnigan CSA.

3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Are there any concerns regarding public services provided by the agency being considered adequate?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

b) Are there any significant infrastructure needs or deficiencies to be addressed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-b) Residents in the Dunnigan community, particularly the Dunnigan CSA Advisory Committee, have expressed some concerns to LAFCo about an inadequate amount of street lighting in Dunnigan. The Advisory Committee would like to add street lights at road intersections that serve residential and commercial areas, some of which are beyond the CSA's present boundaries. Many of the proposed additions to the Dunnigan CSA's street lighting network stem from concerns over public safety such as increased auto safety at intersections, increased visibility of pedestrians, and the deterrence of criminal activity.

In a Draft Dunnigan CSA Lighting Plan dated March 2014, the advisory committee identifies the following six priorities for additional lighting due to public safety concerns:

1. Road 5 at Road 88A (road is narrow and dangerous)
2. Road 5 at 88B (road is narrow and dangerous)
3. Road 4 at Highway 99W (dangerous corner with poor visibility)
4. Road 89, south of its split from Highway 99 (fast moving traffic in both directions)
5. North of the post office parking lot, on the west side of Highway 99
6. West of I-5 on the south side of Road 4, between Road 88A and Road 88B

In addition to safety concerns, the advisory committee's street lighting plan expresses concerns that the current lighting infrastructure and system do not adequately take advantage of new technologies such as LED lighting and solar panels, which could improve brightness, lengthen bulb life, and reduce overall energy use and costs.

In order to implement the proposed street lighting plan (including adding new lighting and updating the technology used) the CSA will likely need to consider taking several steps aimed at expanding the CSA's service boundary and increasing its revenues.

1. Receive LAFCo approval to expand the CSA's sphere of influence to include the territory the CSA would eventually like to annex.
2. Commission a rate study to determine both the one-time and ongoing revenues, and subsequent rates, which will be necessary to sustain the proposed lighting service improvements.
3. Conduct Proposition 218 proceedings to raise the CSA's rates for lighting service.
4. Conduct proceedings to annex additional land into the CSA service boundaries.

In this MSR/SOI update, LAFCo can only address the CSA's Sphere of Influence. However, LAFCo will need to be involved in any future changes to the agency's service boundaries and LAFCo staff will be available to discuss annexation proceedings when the CSA is ready to begin the process.

As defined by the CKH Act, "sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission" (§56076). SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. Expanding a district's sphere does not allow the district to begin offering services within the new area, but rather, acknowledges that the sphere is an area of land that may make sense to be included within the district's boundaries at some point due to growth and development.

Given this definition, and the CSA's mandate to provide public lighting to the community of Dunnigan, it makes sense for LAFCo to consider expanding the CSA's current sphere of influence to include the entire town of Dunnigan (see the sphere of influence study later in this report for further discussion and determinations). The CSA's existing boundaries limit the provision of adequate lighting to the town of Dunnigan, as some of the areas where public lighting would be helpful for the safety and wellbeing of the community are not currently within the CSA's boundary or sphere. If LAFCo approves changes to the CSA's sphere the CSA will still be required to go through formal annexation proceedings before it can offer services in the expanded area.

- c-d) LAFCo does not have any concerns about the capacity of Dunnigan CSA to provide street lighting services to the town of Dunnigan at this time. The service is structured as a simple funding pass-through, and does not require extensive equipment or infrastructure.

However, should the CSA move forward with adding new lighting areas, as proposed in the advisory committee's draft street lighting plan, LAFCo does want to note that financial capacity may become an issue. As evidenced in Section 4 of this MSR, the CSA is barely able to support its existing level of service at its current funding level. In order for the CSA to grow its services and begin using new technology it will first need to carefully consider how such changes will be funded.

- e) LAFCo is not aware of any upcoming State legislative changes pertaining to public street lighting.
- f) The town of Dunnigan is not a disadvantaged unincorporated community, and there are no service needs or deficiencies relating to SB 244 that need to be addressed in this MSR.

Capacity and Adequacy of Public Facilities and Services MSR Determination

Residents in the Dunnigan community and members of the Dunnigan CSA Advisory Committee have expressed to LAFCo that the existing street lighting is not providing an adequate level of public safety. The Dunnigan CSA Advisory Committee is currently considering increasing the amount of street lighting to better serve the community. In some cases, this expanded lighting is needed in areas outside of the CSA's current boundaries, which will require an initial expansion of the CSA's sphere of influence, and eventually an annexation of additional parcels into the CSA's boundaries. Additionally, residents would like to upgrade the lighting system to include cheaper and more advanced lighting technology, such as LED or solar lights.

LAFCo has no concerns about the CSA’s current capacity to offer street lighting services, but does have some concern over the financial capacity of the CSA to support an expanded street lighting network. If the CSA chooses to provide expanded services, LAFCo cautions that it first needs to consider the financial implications of its choices, and likely undergo Proposition 218 proceedings to increase its revenues.

4. FINANCIAL ABILITY			
Financial ability of agencies to provide services.			
	YES	MAYBE	NO
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Is the organization’s debt at an unmanageable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a) The Dunnigan County Service Area routinely adopts and operates an annual budget as part of the larger Yolo County budget process, which is approved by the Yolo County Board of Supervisors. The table below provides a summary of the budget trends for Dunnigan CSA’s expenditures and revenues since the last MSR was completed in 2006. As evidenced by the table, the CSA has not operated within its revenues for four consecutive FYs (08-09 through 12-13), although in the two most recent years the operating deficit was relatively small.

Revenues during the FYs in question have remained stable, and the budgetary troubles appear to be caused by an increase in service related charges. Most noteworthy of these changes is the significant increase in professional and specialized services, which largely represent charges for County staff time. This charge increased from \$697 in FY 08-09 to \$3,559 in FY 09-10, which constitutes an increase of 410%. CSA staff has stated that this increase is due to a change in Yolo County policy that made all of the CSA’s full cost recovery districts, meaning that staff is required to charge the CSA for all time spent on CSA issues.

YOLO LAFCO MUNICIPAL SERVICE REVIEW/SPHERE OF INFLUENCE STUDY

Dunnigan County Service Area Budgets							
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues:							
Investment Earnings	464.24	502.92	344.28	134.00	68.83	43.30	20.59
Special Assessments	6,365.35	6,802.00	6,754.50	6,593.00	6,536.00	6,498.00	6,574.00
TOTAL REVENUES	6,829.59	7,304.92	7,098.78	6,727.00	6,604.83	6,541.30	6,594.59
Expenditures:							
Office Expense	0.00	0.00	0.00	262.18	0.00	0.00	0.00
Auditing & Fiscal Services	340.00	357.00	358.00	344.00	344.00	608.00	608.00
Professional & Specialized Services	380.52	697.80	697.61	3,559.80	3,380.14	1,721.84	637.90
Utilities	5,413.70	5,182.93	4,923.65	4,926.54	4,961.97	4,582.85	5,487.01
TOTAL EXPENDITURES	6,134.22	6,237.73	5,979.26	9,092.52	8,686.11	6,912.69	6,732.91
REVENUES LESS EXPENDITURES	695.37	1,067.19	1,119.52	-2,365.52	-2,081.28	-371.39	-138.32
SOURCE: County of Yolo Budget and Revenue Status Reports							
End of Year Fund Balances	10,077.00	11,144.00	12,263.00	9,898.00	7,817.00	7,445.00	7,584.00
SOURCE: Yolo County Financial Statements							

- b) The CSA does not currently have a dedicated reserve, which limits its ability to respond to unexpected issues relating to the CSA’s street lighting system. However, the CSA will receive a fund transfer of approximately \$19,000 during the current FY due to the dissolution of the Dunnigan Special Road Maintenance District. The former District’s remaining balance is being credited to the Dunnigan CSA, and the CSA may choose to spend it however it wishes. One option is for the CSA to place some of these funds in reserve for unexpected events, which would be in keeping with nationwide financial management best practices. The lack of reserve may also be addressed if the CSA chooses to increase its special assessment through Proposition 218 proceedings, as the CSA may include a temporary assessment meant to build an adequate reserve.
- c) The Dunnigan CSA currently collects \$19 per parcel each year to provide its street lighting service. This fee schedule is adequate to support the current level of service, but will be inadequate to support any expanded services. If the CSA chooses to move forward with expanding its service level it will need to consider conducting Proposition 218 proceedings to increase its special assessment for street lighting, but will first need to commission a rate study to determine the expected cost and appropriate rates for providing the service.
- d) All maintenance and replacement of the Dunnigan CSA’s street lighting system is provided by PG&E when necessary, and billed to the CSA.
- e) The Dunnigan CSA is a part of the County of Yolo, and is governed by the Yolo County Board of Supervisors. As such, the CSA is subject to the financial policies that have been adopted by the County, which the County is currently in the process of re-writing to better align with nationwide best practices in financial management.
- f) The CSA does not currently have any debt.

Financial Ability MSR Determination

Overall, the Dunnigan CSA seems to be financially stable, but LAFCo does have a few concerns over the revenue levels and overall financial management practices of the CSA. The CSA has had some difficulty operating within its revenues in recent years, and is beginning to consider expanding its service level, which will increase its operating costs even further. If the CSA chooses to expand its services it may need to consider conducting Proposition 218 proceedings to ensure that it receives adequate funding for its services.

The CSA funds also lack a dedicated reserve that can be used during emergencies or unexpected events. If the CSA chooses to undergo Proposition 218 proceedings this may be an opportunity to increase revenues enough to expand its service level, as well as to collect an adequate reserve.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) Dunnigan CSA currently contracts with PG&E to supply electricity as well as to install, maintain, and service its light poles. This partnership between the CSA and PG&E is likely the only realistic option for public lighting service provision and maintenance in the community, as the CSA cannot afford to purchase and maintain the equipment necessary to operate on its own.

The CSA also shares many services with the County, which offers the administrative, overhead, and management services necessary to keep the CSA functioning. Additionally, the CSA Coordinator position is shared between the various CSA's in Yolo County, which allows small CSA's who could not independently afford a dedicated staff member to receive the attention and staffing they need to function.

- b-d) LAFCo is not aware of any alternate governance options at this time. However, as mentioned in the discussion for 1b), approval of the proposed Dunnigan Specific Plan would trigger a reevaluation of the provision of municipal services in the Dunnigan community and alternate governance options may be appropriate to consider at that time.

Shared Services MSR Determination

LAFCo staff is not aware of any opportunities for shared services or alternate governance options that are not already being utilized, which might reduce costs, increase efficiencies, make excess capacity available to others, or avoid duplicative efforts.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with operational efficiencies such as budget development, staff turnover, or decision-making processes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Is there a lack of regular audits, adopted budgets and public access to these documents?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency, enhance services, or eliminate redundancies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-b) The Yolo County Board of Supervisors meets on various Tuesdays in Room 206 of the County Administration Building, where they make decisions regarding the Dunnigan CSA during their regular meeting agendas. The Board is in compliance with public meeting regulations, and all meeting materials (including agendas, minutes, and video recordings) can be accessed on the County's website.

Additionally, the Dunnigan CSA advisory committee meets on the third Tuesday of every month at 7:00pm, and publicly notices their meetings in order to comply with Brown Act regulations and to ensure that meetings are publicly accessible. The committee is currently at its full capacity of five members, and has not had any recent issues with filling vacancies. However, the committee did report to LAFCo staff that the group was not actively meeting for several years. The committee only began meeting again in September 2013.

c) At the February 25, 2014 Advisory Committee meeting, several of the members of the Advisory Committee and public expressed concerns to LAFCo regarding the management of the CSA particularly with regards to financial matters. The County's policy shift to a full cost recovery model has left the community feeling unreasonably

charged for staff time (see the discussion under item 4a). When the Advisory Committee began actively meeting again in 2013 they requested that the CSA Coordinator no longer attend their meetings in order to realize savings in staff costs.

Senior County staff and representatives of the CSA Advisory Committee have met to discuss and resolve these disagreements, and County staff has made noteworthy efforts to resolve issues with the Dunnigan residents and Advisory Committee. However, the relationship appears to remain strained, and significant efforts are required on the part of the Interim Director of PPW and staff from District 5 Board of Supervisors to keep the relationship with the Dunnigan residents and Advisory Committee intact.

This is particularly noteworthy for the CSA at present, because the advisory committee is planning some significant changes for the CSA (such as additional lighting, updated technology, expanded boundaries, and increased rates). Some of these projects will require a significant amount of research and logistical implementation that will have to be conducted at the staff level, and communication between staff and the advisory committee will be essential to the success of these efforts. LAFCo does not view the current solution, in which the PPW Interim Director and the Deputy Supervisor of BOS District 5 attend Advisory Committee meetings and provide Dunnigan residents with information, as sustainable if the CSA expands its service area, because the Advisory Committee will need the technical expertise of the CSA Coordinator to navigate the Proposition 218 process and annexation process.

- d) The Dunnigan County Service Area is part of the County of Yolo, and is therefore subject to the same financial regulations and practices of the County. The Board of Supervisors routinely adopts a budget for the CSA as part of their annual budget process, the County Auditor-Controller provides financial reports at the close of each FY, and the County also commissions an independent audit each year. This information is all publicly available on the County Auditor-Controller website.

However, the Dunnigan CSA documentation is very difficult to pinpoint in the County's financial documents (such as adopted budgets, financial reports and audits), which often span several hundred pages and dozens of County departments. The CSA webpage currently has very little posted on it, which could instead provide an opportunity to communicate information to the Dunnigan residents. Even at the current funding levels of the CSA, spending minimal staff time maintaining the website could potentially improve communication between CSA/PPW staff and the Dunnigan residents. Additionally, providing adequate financial and operations documentation on the website would increase the overall transparency of the organization. The CSA has stated that it intends to begin providing adopted budgets and third party financial audits on each CSA website beginning in fiscal year 14/15.

- e) LAFCo currently is not aware of any possible changes to the governance structure that would increase accountability, enhance services, or eliminate redundancies. The Advisory Committee inquired about forming a Community Services District (CSD) so that they could have independence from the County and obtain local decision making ability, however, a CSD doesn't appear to be financially viable for a single purpose agency that provides a pass through function for PG&E bills. Should the County approve the Dunnigan Specific Plan, however, there would be the potential to form a CSD.
- f) LAFCo is not aware of any overlapping boundary issues that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning

practices. The Dunnigan CSA does have overlapping boundaries with several other special districts, but none offer similar services that would cause potential confusion or conflict.

Accountability, Structure and Efficiencies MSR Determination

The CSA has frequent, publicly accessible meetings that are well publicized in accordance with the Brown Act. There appear to be no issues with filing advisory committee vacancies. The CSA adopts annual budgets and completes annual audits as part of the county wide financial management policies. There are no recommended changes to the organizations structure that would enhance services or eliminate deficiencies or redundancies in services. There are no overlapping boundaries that confuse the public and cause service inefficiencies.

Because the advisory committee is planning some potentially significant changes for the CSA (such as additional lighting, updated technology, expanded boundaries, and increased rates), the CSA should continue to improve communication with the Advisory Committee. Such projects will require a significant amount of research and logistical implementation that will have to be conducted at the staff level, and communication between staff and the advisory committee will be essential to the success of these efforts.

7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.

	YES	MAYBE	NO
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) LAFCo staff met with several Dunnigan CSA stakeholders while researching this MSR, including the CSA advisory committee, local Dunnigan residents, staff in Supervisor Chamberlain’s office (the Board member representing District 5) and staff from the PPW Department. None of these parties identified additional service delivery issues that need to be resolved in this MSR.

Other Issues MSR Determination

Outreach with multiple Dunnigan CSA stakeholders has not identified any additional issues related to effective or efficient service delivery that might be resolved in this MSR.

SPHERE OF INFLUENCE STUDY

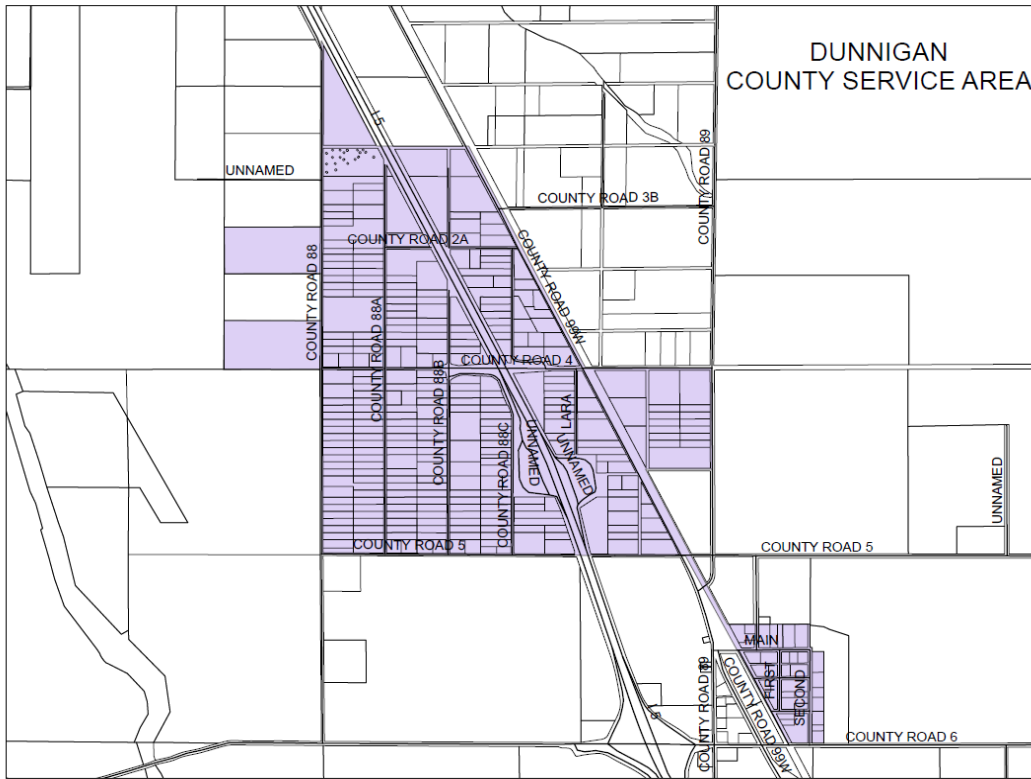
On the basis of the Municipal Service Review:

- Staff recommends that the Municipal Service Review DOES NOT identify and support the need to change the agency’s Sphere of Influence. Therefore, NO CHANGE to the agency’s SOI is recommended and SOI determinations HAVE NOT been made.
- Staff recommends that the Municipal Service Review DOES identify and support the need to change the agency’s Sphere of Influence. Therefore, A CHANGE to the agency’s SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

SPHERE OF INFLUENCE MAPS

Existing Sphere

The current boundaries for the Dunnigan CSA are as reflected in the map below. The current SOI is coterminous with the boundaries.



Proposed Sphere

This SOI study proposes that the SOI for the Dunnigan CSA be expanded to reflect the sphere shown in the map below. This will provide the CSA with the opportunity of annexing the sphere into its boundaries at some point in the future, in order to provide lighting services throughout the entire Dunnigan community.



Dunnigan Proposed Sphere of Influence

POTENTIALLY SIGNIFICANT SOI DETERMINATIONS

The SOI determinations below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages.

- Present and Planned Land Uses
- Need for Public Facilities and Services
- Capacity and Adequacy of Provide Services
- Social or Economic Communities of Interest
- Disadvantaged Unincorporated Communities

1. PRESENT AND PLANNED LAND USES

The present and planned land uses in the area, including agricultural and open-space lands.

	YES	MAYBE	NO
a) Are there any present or planned land uses in the area that would create the need for an expanded service area?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the SOI conflict with planned, orderly and efficient patterns of urban development?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is there a conflict with the adopted SACOG Metropolitan Transportation Plan/Sustainable Communities Strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Would the SOI result in the loss of prime agricultural land or open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Would the SOI impact the identity of any existing communities; e.g. would it conflict with existing postal zones, school, library, sewer, water census, fire, parks and recreation boundaries?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any natural or made-made obstructions that would impact where services can reasonably be extended or should otherwise be used as a logical SOI boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Would the proposed SOI conflict with a Census boundary, such that it would compromise the ability to obtain discrete data?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) As discussed in the MSR, the County is considering a Dunnigan Specific Plan that would potentially create the need for an expanded service area for the CSA. Considering that approval of the Specific Plan would trigger a complete reevaluation of the delivery of municipal services and governance structures, this MSR assumes no development under the proposed Specific Plan.
- b-g) The CSA only provides public street lighting services within an existing community. The proposed SOI will remain within the established community of Dunnigan, and will not impact orderly patterns of urban development, prime agricultural land, open space, existing community identities, or Census boundaries.

Present and Planned Land Uses SOI Determination

The proposed SOI for Dunnigan CSA will remain within the established community of Dunnigan, and will not impact orderly patterns of urban development, prime agricultural land, open space, existing community identities, or Census boundaries.

2. NEED FOR PUBLIC FACILITIES AND SERVICES

The present and probable need for public facilities and services in the area.

	YES	MAYBE	NO
a) Would the SOI conflict with the Commission’s goal to increase efficiency and conservation of resources by providing essential services within a framework of controlled growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the SOI expand services that could be better provided by a city or another agency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Does the SOI represent premature inducement of growth or facilitate conversion of agriculture or open space lands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Does the SOI conflict with the Regional Housing Needs Analysis (RHNA) or other SACOG growth projections?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any areas that should be removed from the SOI because existing circumstances make development unlikely, there is not sufficient demand to support it or important open space/prime agricultural land should be removed from urbanization?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Have any agency commitments been predicated on expanding the agency’s SOI such as roadway projects, shopping centers, educational facilities, economic development or acquisition of parks and open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-f) The CSA only provides public street lighting services within an existing community. The proposed SOI will remain within the established community of Dunnigan, and will not encourage growth, sprawl, or the conversion of agricultural or open space lands.

Need for Public Facilities and Services SOI Determination

The proposed SOI will remain within the established community of Dunnigan, and will not encourage growth, sprawl, or the conversion of agricultural or open space lands.

3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

	YES	MAYBE	NO
a) Are there any issues regarding water availability and sewer capacity for the proposed SOI territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency’s willingness and ability to extend services?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with the agency’s ability to maintain an adequate level of service currently and/or with future extension of services per the proposed SOI?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) The community of Dunnigan has no community water or wastewater system. Instead, the community has nine private wastewater pond treatment systems for the provision of sewer, and individual wells for water. The proposed SOI is within the Dunnigan community, and water/wastewater services are the same in both the proposed SOI and the existing CSA boundaries.
- b) The Dunnigan CSA advisory committee is eager to extend public lighting services to an expanded area, and Supervisor Chamberlain’s office (the Board member representing the Dunnigan community) has stated that he is supportive of the proposed changes.
- c) Currently there are no issues with the CSA’s ability to adequately deliver services. With the proposed extension of services the CSA will have additional financial demands that will need to be addressed. The CSA is aware of these issues, and hopes to eliminate this problem by raising their rates through Proposition 218 proceedings. If the CSA’s Prop 218 efforts fail, it will have to re-assess its financial capacity to expand its services.

Capacity and Adequacy of Provided Services SOI Determination

LAFCo has no concerns over the availability of water, sewer, and structural fire protection services in the CSA’s proposed SOI. The community has no community water or wastewater system, but it does have nine private wastewater pond treatment systems for the provision of sewer, and individual wells for water.

The proposed SOI should allow the Dunnigan CSA to more adequately meet the lighting needs of its community by providing lighting in areas that are currently dark, and often unsafe. However, the CSA may have issues with financial capacity if it chooses to expand its boundaries, which may be resolved through a Proposition 218 proceeding to raise the lighting rates.

4. SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

	YES	MAYBE	NO
a) Are there any “inhabited unincorporated communities” (per adopted Commission policy) within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (same as MSR checklist question 2b)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) As established in section 2b of the MSR, the only inhabited unincorporated community within or contiguous to the Dunnigan CSA’s sphere of influence is the town of Dunnigan. Dunnigan has a median household income of \$61,111, which is nearly equivalent to the statewide median household income of \$61,400 (U.S. Census Bureau, 2010). A community is only considered disadvantaged for the purposes of SB 244 if the community has a median household income level at less than 80% of the median statewide income, which means that Dunnigan is not a disadvantaged unincorporated community.

Social or Economic Communities of Interest SOI Determination

There are no inhabited unincorporated communities within the Dunnigan CSA’s proposed or current SOI that are considered disadvantaged, as the proposed SOI remains within the established town of Dunnigan, and Dunnigan’s median household income is nearly equivalent to the statewide median household income.

5. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

	YES	MAYBE	NO
a) Does the subject agency provide public services related to sewers, municipal and industrial water or structural fire protection (same as MSR checklist question 2a)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) If yes, does the proposed SOI exclude any disadvantaged unincorporated community (per MSR checklist question 2b) where it either may be feasible to extend services or it is required under SB 244 to be included?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) The Dunnigan CSA does not provide public services related to sewers, municipal and industrial water or structural fire protection, and Dunnigan is not a Disadvantaged Unincorporated Community. Therefore, the MSR did not identify a potentially significant finding related to DUCs.

- b) The proposed SOI does not exclude any disadvantaged unincorporated communities.

Disadvantaged Unincorporated Communities SOI Determination

The Dunnigan CSA does not provide any public services related to sewers, municipal and industrial water, or structural fire protection. Therefore, the provisions of SB 244 regarding disadvantaged unincorporated communities do not apply to proposed SOI.

REFERENCES

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